Aviation

Jul-26 – Muted onset of a seasonally lean quarter

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Aviation ▸ Sector Report ▸ **August 21, 2026**

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Domestic air traffic growth moderated in Jul-26, while Aug-26 trends indicate further moderation amid airline-led capacity rationalization and a seasonally lean quarter. IndiGo further consolidated its leadership, with market share reaching a record 67.4%. In contrast, SpiceJet's market share fell to a record low of 1.6%, along with sharp deterioration in operational performance. Airfare regulation is seeing renewed focus, though the GoI continues to rule out fare caps, maintaining that airfares should remain dynamically determined by demand and supply.

Domestic pax growth stalls; IndiGo extends its lead

India's domestic passenger air traffic fell 5% yoy to 12.0mn in Jul-26, likely owing to airline-led capacity rationalization amid elevated ATF prices and a seasonally lean quarter, with domestic departures down 7.8% yoy in Jul-26. Daily traffic trends in Aug-26 (till date) indicate further moderation, with degrowth of ~6% yoy. IndiGo continued to strengthen its dominant position in the domestic space, with market share rising by 110bps mom to a record high of 67.4%. The Air India Group gained 10bps mom, with its market share rising to 24.0%. In contrast, Akasa shed 90bps mom to 5.5%, while SpiceJet continued to lose ground, with its share falling by 30bps mom to an all-time low of 1.6%.

Load factors soften in Jul, while operational metrics strengthen

Passenger load factor (PLF) plummeted across key airlines in Jul-26, with SpiceJet reporting the highest monthly downtick of 3.7ppts, resulting in Jul-26 PLF of 84.1%. IndiGo and the Air India Group followed, reporting mom decline of 2.7ppts and 2.3ppts, with PLF down to 82.4% and 83.2%, respectively. Akasa's PLF declined by 0.3ppts mom to 91.9%. On-time performance (OTP) improved sequentially in Jul-26. IndiGo continued to top the punctuality chart, with OTP at 91.2%. Akasa followed, with OTP improving to 90.8% from 82.7% mom, while the Air India Group's OTP increased to 88.5% from 85.9% mom. SpiceJet continued to lag, reporting the lowest OTP at 34.6%. Further, cancellations moderated during the month, with the cancellation rate of Air India Group easing to 0.41% from 0.49% mom, while Akasa reported zero cancellations. IndiGo's cancellation rate stood at 0.31% in Jul-26. SpiceJet, though, deteriorated sharply, with cancellations rising to 8.58% from 6.23% mom.

Airfare regulation comes into focus; stronger jet fuel cracks drive up ATF prices

With geopolitical tensions resurfacing, PSU OMCs raised Aug-26 ATF prices by ~Rs5/ltr to ~Rs115/ltr (in Delhi), largely driven by sharp rise in jet fuel cracks. Meanwhile, airfare regulation has come under renewed focus, following the Supreme Court scrutiny of a PIL seeking safeguards against sharp fluctuations in airline ticket prices. The SC has given the Centre till 7-Sep-26 to finalize the new aviation rules and noted that airlines could face regulatory action for non-compliance with government directions on fares. However, this does not imply an immediate fare cap, with the Government maintaining that airfares are dynamically determined by demand and supply.

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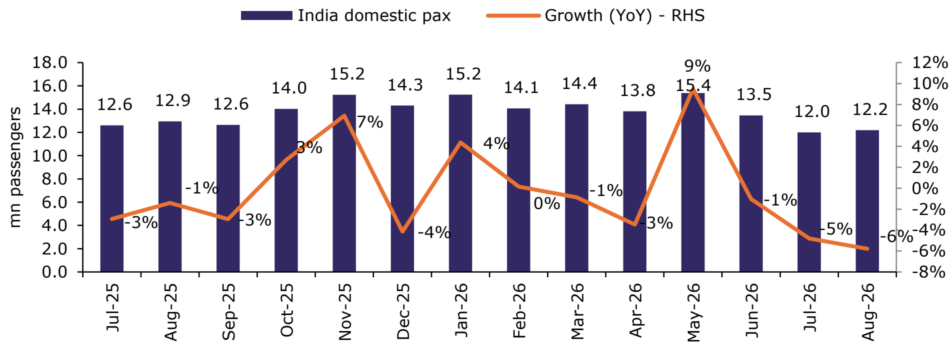
Domestic aviation snapshot: Jul-26

Parameters	Jul-26	Jul-25	yoy	Jun-26	mom	FY27-YTD	FY26-YTD	yoy
Domestic Pax (mn)	12.0	12.6	-4.8%	13.5	-10.9%	54.7	54.6	0.2%
Avg daily pax (mn)	0.39	0.41	-4.8%	0.45	-13.7%	0.45	0.45	0.2%
Pax mkt share (%)								
Indigo	67	65	220bps	66	110bps	66	65	120bps
Tata Group	24	26	-220bps	24	10bps	25	27	-220bps
SpiceJet	2	2	-40bps	2	-30bps	2	2	10bps
Akasa	6	6	0bps	6	-90bps	6	5	60bps
Others	2	1	40bps	2	0bps	1	1	20bps
PLFs (%)								
IndiGo	82.4	84.1	-170bps	85.1	-270bps	84.2	85.4	-120bps
Air India Group	83.2	78.6	460bps	85.5	-230bps	82.7	80.9	180bps
SpiceJet	84.1	84.2	-10bps	87.8	-370bps	85.0	84.9	20bps
Akasa	91.9	90.2	170bps	92.2	-30bps	92.1	91.5	60bps

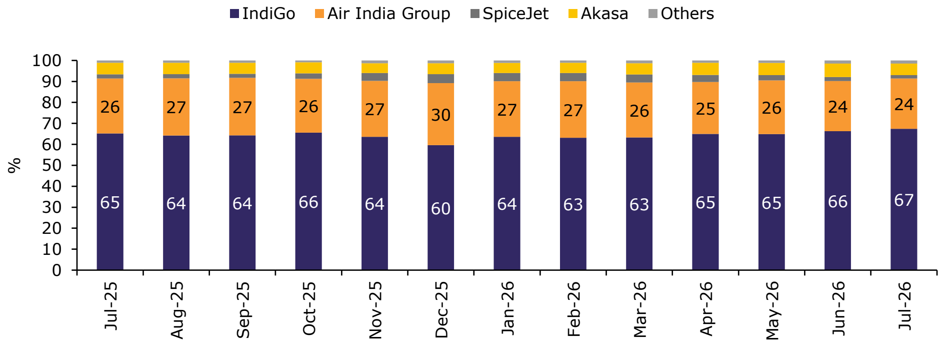
Source: DGCA, Emkay Research

Exhibit 1: India's domestic pax traffic fell 5% yoy in Jul-26; further moderation seen in Aug-26



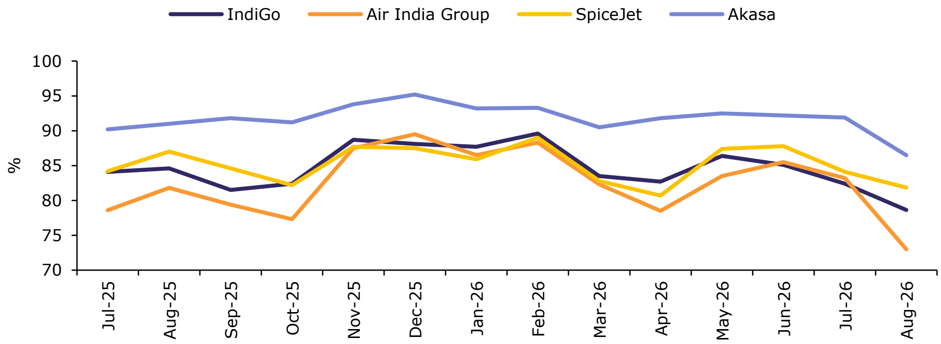
Source: DGCA, Emkay Research; Note: Aug-26 includes daily average till 21-Aug-26

Exhibit 2: IndiGo's pax market share hits a record high in Jul-26



Source: DGCA, Emkay Research

Exhibit 3: Monthly PLF trends across domestic airlines



Source: DGCA, Emkay Research; Note: Aug-26 includes daily average till 21-Aug-26

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