



# The Indian Journal for Research in Law and Management

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## THE SKY IS NOT THE LIMIT: LEGAL TURBULENCE IN INDIA'S AVIATION INDUSTRY

- Swasti Jain

*The story of the Indian aviation industry is one of progress, globalization and technological advancement. Aviation is one of the largest employers and it has become indispensable for millions of passengers traveling on business or leisure every year. However, behind the imposing facade of sparkling airport terminals and ever-expanding aircraft fleet lies an industry constantly embroiled in legal battles. The business of flying is today more than ever an arena for legal battles involving passenger rights, environmental liabilities, insolvency disputes, legislative changes and new technologies.*

*One such change brought forth recently to combat this legal quagmire is the enactment of the Bharatiya Vayuyan Adhiniyam, 2024, which replaced the Aircraft Act, 1934.<sup>1</sup> While the bill represents a welcome reform, it also goes on to highlight the increasing complexity of Indian aviation law.*

### 1. REGULATORY CHALLENGES AND THE ROLE OF THE DGCA

The apex aviation regulator in India is the Directorate General of Civil Aviation (DGCA). The DGCA has been cracking down on airlines over the years with regard to compliance-based actions especially for air safety and operational standards.<sup>2</sup> In a highly competitive and low

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<sup>1</sup> Bharatiya Vayuyan Adhiniyam, 2024, No. 2, Acts of Parliament, 2024, INDIAN KANOON <https://indiankanoon.org/doc/125237578/> (last visited May 9, 2026).

<sup>2</sup> Directorate General of Civil Aviation, Civil Aviation Requirements, Section 1, Series C, Pt. I, GOV'T OF INDIA, <https://www.dgca.gov.in> (last visited May 9, 2026).

profit margin business such as Indian aviation, it has become an uphill task for the authorities to balance regulatory enforcement and commercial interests.

Simultaneously, consumer protection groups constantly criticize the authorities for no action being taken against the airlines committing such violations, hence creating a perpetual tension between the said groups, the airlines and the regulators.

## **2. PASSENGER RIGHTS AND CONSUMER PROTECTION**

Passenger rights have long been one of the most contentious issues in Indian aviation law. Flight delays, cancellations, overbooking and disputes related to refunds are becoming an everyday phenomenon in Indian aviation especially after COVID-19. While the DGCA has already notified Civil Aviation Requirements (CARs) on compensating passenger rights, these provisions are often seen to be inconsistent.<sup>3</sup> Indian consumer forums and courts have now become proactive and have recognised that airlines can no longer take passengers for granted when it comes to denied boarding, refunds and lost luggage.

Awareness among passengers regarding their rights has significantly risen over the last decade. Unruly passenger behavior is yet another controversy that leads to legal challenges. Cases involving high profile individuals causing disturbance mid-flight were the prime catalysts for a rigid framework for discipline in the flight. The idea behind “no-fly lists” is undeniably essential for maintaining the sanctity of air travel, but there are still concerns regarding due process being upheld before passengers are considered problematic for airlines.<sup>4</sup>

## **3. THE GO FIRST CRISIS AND LEASING ISSUES**

Insolvency proceedings regarding Go First Airline, formerly known as Go Air, stand as one of the most significant legal cases in recent times. The case highlighted severe clashes between Indian insolvency laws and international obligations related to aircraft leasing stated in the Cape Town Convention.<sup>5</sup> With most Indian airlines depending on leased aircraft, leasing companies play a significant role in keeping the aviation business in India functioning.

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<sup>3</sup> Directorate General of Civil Aviation, Passenger Charter Requirements, GOV'T OF INDIA, <https://www.dgca.gov.in/digigov-portal/?page=passengerCharter#> (last visited May 9, 2026).

<sup>4</sup> Ministry of Civil Aviation, Unruly Passengers and No-Fly List Guidelines, GOV'T OF INDIA, <https://www.civilaviation.gov.in> (last visited May 9, 2026).

<sup>5</sup> Convention on International Interests in Mobile Equipment, Nov. 16, 2001, 2307 U.N.T.S. 285, <https://www.unidroit.org/instruments/security-interests/cape-town-convention/> (last visited May 9, 2026).

Insolvent Go First brought forward an unprecedented challenge for international leasing companies, who faced problems getting possession of their assets due to the moratorium under the Insolvency and Bankruptcy Code. The case cast shadows of doubt on the security of assets, particularly aircrafts held by international leasing companies within India. Not only was this detrimental to the reputation of Indian aviation in the global market, it also threw a stark light on how legal uncertainty can reduce foreign investment. An industry such as aviation which is heavily reliant on foreign capital and leased aircraft demands predictable laws and regulatory frameworks.

#### **4. ENVIRONMENTAL CONCERNS AND GREEN AVIATION**

Another important legal battle faced by the Indian aviation industry is the fight for environmental justice. Historically, the aviation industry enjoyed unprecedented freedom from strict environmental laws, as international emissions were viewed as impossible to regulate through domestic laws. However, the same is no longer the case, with participation in initiatives like CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), the aviation industry faces increasing pressure to follow environmental friendly practices.<sup>6</sup>

The sector also comes under fire from its own consumers on the grounds of false environmental advertising and branding. The issue arises when aviation companies market green claims without factual evidence, thereby misleading consumers and creating misrepresentation of the airline. With growing environmental activism, climate litigation is also rising throughout the globe. Aviation companies can no longer treat sustainability practices and green claims as a mere marketing strategy. It is now slowly becoming a legal necessity.

#### **5. CONCLUSION**

While Indian aviation is moving at a swift pace, the laws concerning the sector have not kept pace with emerging trends. The various issues concerning passenger rights, insolvency disputes, environmental accountability and regulatory enforcement demonstrate the challenges existing in Indian aviation law. Even recent legislations like the Bharatiya Vayuyan Adhinyam, 2024 represent only the beginning of reform. With aviation projected to become a

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<sup>6</sup> Int'l Civ. Aviation Org., Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), <https://www.icao.int/CORSIA> (last visited May 9, 2026).

major contributor to the Indian economy, it is crucial that aviation laws evolve simultaneously to support both the industry and the rights of the people dependent on it.