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LEGAL ISSUES IN INDIAN AVIATION INDUSTRY

-Vishakha Soni

INTRODUCTION

The Indian aviation industry plays a vital role in increased tourism and connectivity domestically as well as internationally. Indian aviation industry is one of the fastest growing sectors and currently the third largest domestic aviation market in the world. This sector has been rapidly expanding airport networks which has grown from 74 airports in 2014 to 163 as of October 2025.¹

The Indian Aviation Industry is built on several pillar which governs and regulates this industry such as: Ministry of Civil Aviation (MoCA), Directorate General of Civil Aviation (DGCA), Airports Authority of India (AAI), Airport Economic Regulatory Authority (AERA), Aircraft Act, 1934, Aircraft Rules, 1937, Civil Aviation Requirements (CARs), and International Treaties such as Chicago Convention and the Montreal Convention. Notwithstanding these regulatory mechanisms, this industry continue to face several legal challenges.

CORE LEGAL ISSUES

1. PASSENGERS' RIGHTS AND COMPENSATION:

Passengers rights are mentioned under DGCA guidelines which aims to protect the rights of passenger²s but delayed flights and high cancellation charges misaligns with the passengers' rights. The passengers' rights are also governed by the consumer protection act, 2019³. As the

¹ India Brand Equity Foundation, Aviation Industry Report (Feb. 2026), <https://www.ibef.org/industry/indian-aviation> (last visited July 10, 2026).

² Directorate General of Civil Aviation, Civil Aviation Requirement, Section 3, Air Transport, Series M, Part IV: Facilities to be Provided to Passengers by Airlines due to Denied Boarding, Cancellation of Flights and Delays (Aug. 6, 2010, revised Oct. 27, 2021).

³ Consumer Protection Act, No. 35 of 2019, § 2(42), India Code (2019).

air travel increasing rapidly in India, it also raising complaints of the passengers regarding the poor services, lost baggage, no or delayed refund, cancellation of flights and other various issues that a passenger faces. Under IndiGo Crisis Cases (2025, pending before NCDRC & High Courts), the Delhi high court criticized DGCA and union government for the crisis. Such crisis made the passengers to suffer with losses and infringed rights which sats a question on transparency and rights of passengers.

2. SAFETY AND CRASH LIABILITY:

In the last few years, the Indian aviation industry have raise the disasters in industry. The Ahmedabad Air India flight AI-171 crash on 12 June 2025, led to dead of 281 Indian and foreign nationals. In addition, Air India has also cancelled 66 flights of Boeing due to technical issues. Post the disasters, a lot of flights have experienced technical issues with the latest being the Delhi-Goa flight that had to make an emergency landing in Mumbai.⁴ These such cases puts a huge question mark on the liability on international as well as domestic aviation laws. International liability for passengers' death under the Montreal Convention 1999⁵, deficiency of service claims under the Consumer Protection Act 2019⁶, and the incapability of DGCA⁷ and AAIB.⁸

3. DATA PROTECTION AND PRIVACY:

The aviation industry collects data of the passengers such as their passport photos, biometric details, name, address and shares these details with partners to enhance passengers' experience. In 2021, the Air India Data Leak affected about 4.5 million passengers globally⁹. This puts legal question to passengers' legal right infringement and violating their privacy.

⁴ Revant Sinha & Vibha Kulkarni, Laws on Paper, Crashes in Air: The Indian Aviation Safety Paradox, SCC Online Blog (May 25, 2026), <https://www.scconline.com/blog/post/2026/05/25/indian-aviation-safety-laws-air-india-crash-analysis/#fn2>.

⁵ Convention for the Unification of Certain Rules for International Carriage by Air (Montreal), May 28, 1999, 2242 U.N.T.S. 350.

⁶ Consumer Protection Act, No. 35 of 2019, § 2(42), India Code (2019).

⁷ Directorate General of Civil Aviation, Civil Aviation Requirement, Section 3, Air Transport, Series M, Part IV: Facilities to be Provided to Passengers by Airlines due to Denied Boarding, Cancellation of Flights and Delays (Aug. 6, 2010, revised Oct. 27, 2021).

⁸ Aircraft Accident Investigation Bureau, Preliminary Report on Accident Involving Air India Flight AI-171 (VT-ANB) at Ahmedabad, 12 June 2025 (India).

⁹ Air India, Press Release on Data Security Incident Involving SITA Passenger Service System (Feb.–Apr. 2021), reported in The Economic Times, May 22, 2021, <https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/air-india-server-hacked-data-of-4-5-million-consumers-compromised/articleshow/82849346.cms>.

4. COMPETITION LAW:

The Indian aviation industry has competition law 2002, for anti-competition practices. This industry highly dominated by IndiGo¹⁰. Hence, this domination in aviation industry, raises oligopoly risks. Even IndiGo and Air India faces allegations of excessive cancellation charges, unfair contract terms, and service restrictions, such acts amount to abuse under Section 4 of the Competition Act, 2002.¹¹ The motive of competition law is to make fair market practices, prevents the behaviour of monopolistic and promotion of consumer welfare by regulating pricing, anti-competitive conduct and mergers but this dominance raises the legal issue in aviation industry where one dominates others.

PERSONAL REFLECTIONS ON PREVENTION AND CONCLUSION

For prevention of such legal issues, the competition law ¹²in India must actively monitor to prevent abuse of dominance. Reasonable cancellation charges aligns with the section 74 of ICA,1872 ¹³with effective redressal under the Consumer Protection Act, 2019¹⁴.. Regular audits of airports, airlines and maintenance contractor and strict adherence to DGCA Civil Aviation Requirements (CARs) ¹⁵and ICAO¹⁶ standards are essential. Compliance with GDPR (EU) ¹⁷and upcoming Digital Personal Data Protection Act, 2023 (India) ¹⁸must be ensured. Legal awareness and airline staffs' continuous training on legal obligations and passenger rights will strengthen accountability and nurture a culture where rules, regulations and ethical standards becomes a natural, shared practice across the organization.

¹⁰ Directorate General of Civil Aviation (DGCA), Domestic Air Traffic Report, May 2026, cited in The Financial Express, July 8, 2026.

¹¹ Shyamli Shukla, Competition Law and Market Dynamics in India's Aviation Sector, Mondaq (July 9, 2026), <https://www.mondaq.com/india/antitrust-competition/competition-law-and-market-dynamics-in-indias-aviation-sector>.

¹² Competition Act, No. 12 of 2003, § 4, India Code (2003).

¹³ Indian Contract Act, No. 9 of 1872, § 74, India Code (1872).

¹⁴ Consumer Protection Act, No. 35 of 2019, India Code (2019).

¹⁵ Directorate General of Civil Aviation, Civil Aviation Requirements (CARs), Series M, Part IV.

¹⁶ International Civil Aviation Organization (ICAO), Standards and Recommended Practices.

¹⁷ Regulation (EU) 2016/679, General Data Protection Regulation (GDPR).

¹⁸ Digital Personal Data Protection Act, No. 22 of 2023, India Code (2023).