



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

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A FINANCIAL PROFITABILITY ANALYSIS OF AIR INDIA IN THE POST-PRIVATIZATION ERA: A STUDY OF THE TATA GROUP'S TURNAROUND STRATEGY (2022-2025)

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Abstract

The year that marked the start of Air India's transition from the government of India to the Tata Group was January 2021. This was a major event in the airline's history and marked a significant change in ownership for the entire aviation sector in India. To assess how Air India has performed financially since privatisation in 2021 (when it became a private entity) and now through to 2025 (when final data will be available), I will use secondary data sources (such as annual reports) about the airline as well as reputable financial sources (including audited financial statements). An SPSS analysis will be performed on the primary indicators (for example; revenues, operating expenses, and net profit or loss) of the airline.

Keywords: Air India, Privatisation, Tata Group, Vihaan.AI Strategy, Financial Performance, Revenue Growth, Operating Expenses, Net Profit and Loss.

Introduction

The privatization of Air India occurred in January 2022 after 68 years as a government-owned entity. The acquisition of Air India by the Tata Group represents a historic milestone for the airline, as it was returned to its original founders. Before privatization, Air India incurred multiple financial losses and had an increasing amount of debt as well as many operational inefficiencies. The Tata Group launched the Vihaan.AI transformation strategy as a way to rebuild and modernize Air India. Key elements of this strategy included expanding the fleet, improving digital capabilities, controlling costs, and increasing customer service.



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Statement of the Problem

Air India had continued to operate under government ownership and accumulate considerable debt, which created a financially unsustainable business model. Poor operational efficiencies, poor corporate governance, and high operating costs created further strain as the company continued to struggle to keep up with competitor airlines globally. Additionally, these issues continued to impede Air India's overall competitiveness within the global airline industry.

Objectives of the Study

- To study the financial performance of Air India in the post-privatization period from 2022 to 2025.
- To analyse the profitability of Air India using financial data such as revenue, expenses, and profit or loss.
- To apply SPSS statistical tools to examine trends and relationships in Air India's financial performance.

Research Methodology

Research Design

The intent of the Study is not to compare Air India with any other domestic and/or International Airlines; rather, the focus of the Study is concentrated on the Financial Performance of Air India for the purpose of maintaining the clarity and relevance of the Study in relation to the Research Objectives.

Nature of the Study

The timeframe for the study will be from 2022 through to 2025. The data used in conducting this research are sourced as "Secondary Data"; this is done through review of published annual and financial statements for the airline.

Sources of Data

The secondary data for this study is collected from Air India's annual reports and published financial statements.

Sample Size

The sample size for the research consists of Air India's financial profiling through the years 2022 - 2025 after the company was privatized. Four complete years of data are included in the sample period.

Statistical Tools Used

The researcher will analyse revenue, expense, and profitability for Air India using the statistical software SPSS, generating descriptive statistics for these three measures, including mean, percentage, and trend analysis to illustrate the pattern and trend of the financial performance of Air India for the timeframe of this study.

Data Analysis and Interpretation

The analysis of the data has been performed on secondary financial data collected from the annual reports of Air India (under the Tata Group), covering the years

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from 2022 to 2025. The primary financial variables of revenue, operating expenses, and net profit or loss have been analysed using SPSS software tools. A combination of descriptive statistics and trend analysis has been used to determine patterns of financial performance.

| Years | Revenue | Loss | Expenses |
|-------|---------|----------|-----------|
| 2022 | 19,815 | 9,591 | 13,986.88 |
| 2023 | 40,776 | 11,381 | 45,220 |
| 2024 | 51,365 | 4,444.10 | 45,220.08 |
| 2025 | 78,636 | 3,976 | 59,224 |

Source: Secondary Data

Interpretation:

The financial data shows that Air India’s revenue increased significantly from ₹19,815 crore in 2022 to ₹78,636 crore in 2025, indicating strong business growth under the Tata Group. The sharp rise in revenue reflects network expansion, higher passenger traffic, and fleet modernization. However, the airline reported high losses in 2022 (₹9,591 crore) and 2023 (₹11,381 crore), mainly due to restructuring and integration expenses. From 2024 onwards, losses reduced considerably to ₹4,444.10 crore and further to ₹3,976 crore in 2025. This decline in losses indicates improvement in operational efficiency and better cost management.

Correlations

| | | REVENUE | LOSS | EXPENSES |
|----------|---------------------|---------|--------|----------|
| REVENUE | Pearson Correlation | 1 | -0.756 | 0.928 |
| | Sig. (2-tailed) | | 0.244 | 0.072 |
| | N | 4 | 4 | 4 |
| LOSS | Pearson Correlation | -0.756 | 1 | -0.552 |
| | Sig. (2-tailed) | 0.244 | | 0.448 |
| | N | 4 | 4 | 4 |
| EXPENSES | Pearson Correlation | 0.928 | -0.552 | 1 |
| | Sig. (2-tailed) | 0.072 | 0.448 | |
| | N | 4 | 4 | 4 |

Source: Secondary Data

Interpretation:

The correlation between Revenue and Expenses is 0.928, showing a very strong positive relationship, meaning expenses increase as revenue grows. The correlation between Revenue and Loss is -0.756, indicating that higher revenue helps reduce losses. The relationship between Loss and Expenses is -0.552, showing a moderate negative association. However, the p-values are greater than 0.05, so the results are not statistically significant due to the small sample size (N = 4). Overall, the analysis suggests improving revenue has contributed to gradual loss reduction at Air India under the Tata Group.



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Findings and Suggestions

Findings

- Air India's revenue increased consistently from 2022 to 2025, showing strong business growth under the Tata Group.
- The highest revenue was recorded in 2025, indicating successful expansion and improved passenger traffic.
- Net losses were high in 2022 and 2023 but gradually declined in 2024 and 2025.
- Operating expenses increased significantly during the study period due to fleet modernization and restructuring costs.

Suggestions

- Air India should focus on strict cost control measures to reduce unnecessary operational and restructuring expenses.
- The airline must improve fuel management and route optimization to increase operational efficiency and reduce costs.
- Greater emphasis should be placed on high-yield international routes to improve profit margins.
- Debt restructuring and better financial planning should be implemented to reduce the burden of interest payments.

Conclusions

The study concludes that Air India has shown significant revenue growth during 2022–2025 under the management of the Tata Group. Although the airline continues to report net losses, these losses have gradually reduced over the study period. High restructuring and modernization costs have delayed short-term profitability. Overall, Air India is progressing toward long-term financial stability and sustainable growth.

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