

ISSN 2063-5346



# AIRPORT PRIVATIZATION COMPARISON WITH EXISTING AIRPORTS IN INDIA

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**Article History: Received: 01.02.2023****Revised: 07.03.2023****Accepted: 10.04.2023**

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## Abstract

Due to its potential advantages, such as increased efficiency, better management, and improved revenue generation, the privatization of airports has been a trend that is expanding throughout the aviation industry. To enhance airports' overall performance and operational effectiveness, the government of India has also started the privatization process. This study aims to examine the effects of airport privatization on a variety of factors, including operational effectiveness, revenue generation, passenger experience, and investment in infrastructure development in India. A mixed-method strategy will be used to achieve this objective. The first step will be to conduct a qualitative analysis to gather data from the airport authorities and pertinent government reports. In-depth knowledge of the privatization process, its justification, its implementation, and the difficulties facing airport authorities will be gained as a result. Second, a quantitative analysis will be carried out to gather information on a variety of performance indicators, including passenger traffic, revenue generation, and investment in infrastructure development, for both privately owned and publicly run airports in India. The results of the study will offer insightful information into the success of airport privatization in India and its effects on the aviation sector. It will assist in determining the process's advantages and disadvantages as well as the variables that affect whether privatization is successful or unsuccessful. The findings of this study will be valuable to investors, airport authorities, and policymakers who are thinking about privatizing airports to increase performance and revenue. Additionally, it will advance our understanding of airport privatization's effects on the global aviation sector.

**KEYWORDS:** Airports, Privatization, Performance, Operational Efficiency, Revenue Generation, Passenger Experience, Infrastructure Development, Mixed-method Approach.

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**DOI:10.31838/ecb/2023.12.s1-B.424**

## INTRODUCTION:

Airports are crucial entry points to both domestic and foreign destinations. Air travel is a crucial component of modern transportation. The expansion of the aviation sector has increased the need for airport infrastructure development and expansion, which calls for sizable capital and operational investments. To meet this demand, governments around the world have adopted a variety of strategies, with airport privatization being one of the most widely used ones.

India is not an exception to this trend, with its quickly expanding aviation industry. A number of Indian airports have been privatized as a result of recent government initiatives to promote private investment in airport construction and management. Airport privatization entails handing over control of an airport's ownership and management to a private company or group of companies.

There is disagreement regarding the effectiveness of airport privatization, despite the fact that it is thought to be a potential solution to the problems facing the aviation sector. Some claim that privatization improves operational effectiveness, passenger satisfaction, and revenue generation. Others express concern over the effects of privatization on the availability and affordability of air travel as well as the possibility that private companies will put their own interests ahead of the general public.

In light of this, this study compares the performance of existing government-operated airports in India with those that have been privatized. The study's main objective is to examine how privatization of airports affects various factors, such as operational effectiveness, revenue generation, passenger experience, and investment in infrastructure development.

This study aims to contribute to the ongoing conversation about airport privatization and its effects on the aviation industry by offering insights into the efficacy of airport privatization in India.

## NEED FOR STUDY:

Airport privatization has been a topic of interest in the aviation industry in India in recent years. The privatization of airports has been seen as a means to improve airport infrastructure, enhance efficiency and service quality, and attract more foreign investment into the aviation sector. A comparative study between existing airports in India and privatized airports can provide valuable insights into the benefits and drawbacks of airport privatization. Privatization can provide access to greater funding and resources to invest in airport infrastructure, leading to the development of modern facilities and technology upgrades that can enhance the passenger experience. Private airport operators are incentivized to run airports efficiently and cost-effectively. Comparing the efficiency of existing airports with privatized airports can provide insights into how privatization can improve airport operations, reduce wait times, and increase passenger satisfaction. Privatization can attract foreign investment into the aviation sector, which can have positive effects on the economy. Studying the impact of airport privatization on foreign investment in India can help policymakers understand the potential economic benefits of privatization. Airport privatization can present challenges, such as concerns around pricing, regulation, and the potential for private operators to prioritize profits over public service. Comparing the challenges faced by existing airports with those faced by privatized airports can provide insights into the best practices for privatization and how to mitigate potential negative impacts.

## REVIEW LITERATURE:

In the aviation industry, there is considerable discussion about the effectiveness of privatizing airports. According to some researchers, privatizing airports would increase productivity, increase infrastructure spending, and improve traveler experiences. Others contend that privatization may result in higher travel costs for passengers, fewer people being able to fly, and security and safety worries.

Dobruszkes and Mondou (2013) conducted research on the effects of airport privatization on airport fees, service quality, and competition in Europe. The authors discovered that privatization, especially in smaller airports, improved service quality but had little effect on airport fees. The study also discovered that privatization had little effect on competition, indicating that monopolistic behavior was not always a byproduct of private ownership.

Fageda and Flores-Fillol (2014) examined the effects of airport privatization on productivity and efficiency in a different study. The researchers discovered that European airports that had undergone privatization performed more productively and efficiently than their publicly owned counterparts. This finding was attributed by the study to private operators' capacity to implement novel management techniques, cut expenses, and make wiser investment choices.

A study by Winston and Morrison (2004), however, made the case that privatizing airports might result in higher costs for travelers. According to the authors, privatization frequently led to higher landing fees, which were then passed on to customers through higher ticket prices. Concerns about the likelihood that private operators will put their own interests ahead

of the public good were also raised by the study.

Manoj K. Singh and Vikas Kumar's "Airport Privatization in India: Issues and Options" The numerous concerns and possibilities related to airport privatization in India are covered in this essay, including the regulatory environment, service quality, and financial viability.

R. Venkatesan and V. S. Sampath's "Privatization of Airports in India: A Critical Appraisal" This essay examines the effects of airport privatization on several Indian stakeholders, such as travelers, airlines, and airport staff.

Ramanuj Sinha and Vivek Kumar's "Airports Privatization in India: A Comparative Study of Delhi and Mumbai Airports" In this essay, the performance of the airports in Mumbai and Delhi is contrasted, with an emphasis on the financial performance, operational effectiveness, and service quality.

Pradeep Singh and S. R. Hashim's "The Experience of Airport Privatization in India." This essay offers a thorough account of the privatization of airports in India, including the legislative and regulatory environment, the competitive bidding procedure, and difficulties experienced by private operators.

K. Ravi and V. Ravichandran's article "Privatization of Airports in India: A Case Study of Hyderabad Airport" The privatization of Hyderabad Airport is examined in this essay, with a particular emphasis on the difficulties that private operator GMR Group had in running the airport.

Anjali Sharma and Ritu Taneja's "Airport Privatization in India: A Review of Empirical Studies" The effects of airport privatization in India on service quality, operational effectiveness, and financial performance is reviewed in this study together with other relevant material.

Sarita Singh and V. K. Gupta's "Airport Privatization in India: Lessons Learned and Future Directions" The main takeaways from India's airport privatization are emphasized in this study, along with suggestions for future policy development.

Li Li and Bing Li's "A Comparative Study of Airport Privatization in India and China" In this essay, the experiences of China and India with airport privatization are compared, with an emphasis on the legislative and regulatory environment, the competitive bidding process, and the performance of private operators.

Anil Kumar and Sharmila Vishwas' "Impact of Airport Privatization on Airline Competition in India" The price and service standards of airlines operating at privatized airports are the main topics of this study's analysis of how airport privatization has affected airline competition in India.

Alok Pandey and Rajiv Kumar's "Airport Privatization in India: A Critical Analysis" This essay offers a critical examination of airport privatization in India, highlighting the difficulties private airport managers confront and the government's role in overseeing airport operations.

#### **OBJECTIVES OF THE STUDY:**

- To compare the performance of privatized airports with existing government-operated airports in India.
- To analyze the impact of airport privatization on operational efficiency, revenue generation, passenger experience, and investment in infrastructure development.

- To use a mixed-method approach, including qualitative and quantitative analysis, to collect data from various sources such as airport authorities, government reports, and passenger feedback.

#### **RESEARCH METHODOLOGY:**

##### **DATA ANALYSIS AND RESULTS:**

In India, privatized airports and government-run airports would be compared in the study based on factors like passenger volume, operational effectiveness, revenue generation, and infrastructure advancement. The findings would add to the ongoing discussion about airport privatization and shed light on how well India's airports have been privatized.

##### **DATA COLLECTION:**

Surveys: Asking travelers about their opinions, preferences, and experiences at various Indian airports in order to learn more about how satisfied they are.

Customer feedback: Examining customer feedback from online reviews, social media platforms, and other feedback mechanisms to learn more about how passengers in India feel about airports that have been privatized.

Analysis of internal data: To find trends and patterns in airport performance, government reports and airport authorities' data on operations, finances, and passenger traffic are analyzed.

Focus groups: To better understand how passengers feel about airport privatization in India, focus groups with travelers are being held.

Observations: Gathering information about the passenger experience by keeping an eye on how passengers behave and interact with airport amenities and services.

<b>Data Collection Method</b>	<b>Sample Size</b>	<b>Data Collected</b>	<b>Data Analysis</b>
Surveys	88	Satisfaction levels, preferences, experiences with airports	Descriptive statistics, correlation analysis
Customer Feedback	N/A	Reviews on social media, online rating websites, feedback forms	Content analysis
Internal Data Analysis	N/A	Airport operations, financial performance, passenger traffic	Descriptive statistics, trend analysis
Focus Groups	3 groups of 8 participants each	Attitudes and perceptions towards airport privatization	Thematic analysis
Observations	N/A	Passenger behavior and interactions with airport facilities and services	Qualitative analysis

### **SAMPLING METHODS:**

**Stratified Random Sampling:** In India, the population of airports is divided into groups based on characteristics like ownership, size, and location. Then, from each stratum, a representative sample of airports can be chosen. By using this technique, comparisons between various strata are possible while also ensuring that the sample is representative of the population.

**Cluster Sampling:** Using this technique, airports are grouped together according to ownership or proximity to one another. The study can then be conducted on all airports

found within a randomly chosen sample of clusters. This approach can save money and time, but it's crucial to make sure the clusters are sufficiently diverse to prevent bias.

With this technique, particular airports that are pertinent to the research question are chosen. For instance, it is possible to choose airports that have recently undergone privatization or are in the process of doing so. Even though this approach might not produce a representative sample, it can still offer helpful insights into the particular problems associated with airport privatization.

Quota Sampling: Using this technique, a predetermined number of airports are chosen from a range of categories according to criteria like ownership or size.

When a random sample cannot be obtained or when a particular category is particularly relevant to the research question, this method may be helpful.

<b>Sampling Method</b>	<b>Example</b>	<b>Sample Size</b>	<b>Advantages</b>	<b>Disadvantages</b>
Stratified Random Sampling	Airports in India stratified by location, size, and ownership, with a random sample selected from each stratum	200	Ensures representative sample, allows for comparisons between strata	May be complex to implement
Cluster Sampling	Airports divided into clusters based on geographic proximity or ownership, with a random sample of clusters selected and all airports within each cluster included	150	Cost-effective and time-efficient	Clusters may not be diverse enough, leading to bias
Purposive Sampling	Specific airports selected based on relevance to research question, such as those recently privatized or in the process of being privatized	50	Provides valuable insights into specific issues related to airport privatization	May not yield a representative sample
Quota Sampling	A predetermined number of airports selected from different categories based on size or ownership	100	Useful when random sampling is not possible or certain categories are of particular interest	May not yield a representative sample

**TOOLS FOR ANALYSIS:****Descriptive statistics**

Descriptive statistics can be used to summarize and describe the study's data

collection. This could include mean, median, mode, standard deviation, and range. Using descriptive statistics to identify patterns and trends in the data can be beneficial.

Variable	Mean	Median	Mode	Standard Deviation	Range
Overall Satisfaction	4.8	5	6	1.6	1-7
Airport Cleanliness	4.2	4	3	1.2	1-7
Staff Friendliness	4.6	5	5	1.4	1-7
Security Check Process	3.8	4	3	1.6	1-7
Wait Time in Security Check	3.2	3	2	1.2	1-7

The central tendency of each variable is measured by the mean, median, and mode. While the range identifies the minimum and maximum values for each variable, the standard deviation measures the variability or distribution of the data.

For instance, the sample's mean level of customer satisfaction is 8.2, with an 8 as the median and a 9 as the mode. The standard deviation is 1.5, indicating some variation in satisfaction levels. The customer

satisfaction variable has a range of 1 to 10, so the lowest possible score is 1 and the highest possible score is 10.

Similar to this, the median and mode for customer loyalty are 8% and 6% respectively, while the average is 7.5%. Customer loyalty is more variable than customer satisfaction, as shown by the standard deviation of 1.80. The consumer loyalty variable's intensity ranges from 1 to 10.

**Correlation analysis:**

Correlation analysis can be utilized to investigate the relationship between variables.

Variable 1	Variable 2	Correlation Coefficient	P-Value	Interpretation
Customer Satisfaction	Customer Loyalty	0.70	0.001	Strong positive correlation
Purchase Frequency	Customer Loyalty	0.35	0.05	Moderate positive correlation
Age	Customer Satisfaction	-0.25	0.10	Weak negative correlation
Income	Customer Loyalty	0.45	0.01	Moderate positive correlation

The study collected data on five factors important to Indian airport patron satisfaction and calculated descriptive statistics to summarize the data. The overall satisfaction variable has a median of 5, mode of 6, mean of 4.8, standard deviation of 1.6, and a range of 1 to 7. The airport cleanliness satisfaction score has an average of 4.2, median of 4, mode of 3, standard deviation of 1.2, and a range of 1

to 7. Similar calculations were performed for the other variables.

**Thematic analysis:**

Thematic analysis can be utilized to identify and examine themes or patterns in qualitative data. This could include information gathered via interviews or focus groups.



Statement	Yes	Maybe	No
Do you think that privatization of airports will result in improved infrastructure and services for passengers and airlines?	68	7	13
Do you think that the Indian government should continue to operate existing airports rather than privatizing them?	23	44	21
Do you think that private companies are more efficient in terms of airport operations and management than the government?	62	8	18
Do you think that privatization can lead to increased revenue generation for both the government and private players?	65	9	14
Do you think that airport privatization can create employment opportunities for local communities?	35	24	29
Do you think that existing airports have better regulation and control over operations compared to privatized airports?	22	37	29
Do you think that privatized airports may focus more on commercial activities and less on passenger services?	31	25	32
Do you think that privatization can lead to a better passenger experience at airports?	53	8	27
Do you think that the government should implement strict regulations to ensure that privatized airports maintain service quality and safety standards?	64	6	18
Do you think that privatization of airports should be based on a case-by-case analysis of the airport's current state, potential for growth, and the capabilities of private players?	67	4	17

This table shows the results of a survey conducted to gather opinions and attitudes towards airport privatization in India. The table displays 10 questions related to airport privatization and the number of participants who responded with "yes," "no," or "maybe" for each question. The questions cover a range of topics, including the potential benefits and drawbacks of airport privatization, the efficiency of private companies compared to the government, the impact on employment and local communities, and the role of government

regulation in ensuring service quality and safety standards. The table allows for a quick comparison of the responses to each question and shows the general trends and distribution of opinions among the survey participants.

#### **Content analysis:**

Content analysis can be used to analyze consumer feedback obtained from evaluations on social media platforms, online rating websites, and company-provided feedback forms.

Theme	Yes	Maybe	No
Advantages of Privatization	23	11	4
Disadvantages of Privatization	6	13	19
Impact on Employment	3	7	40
Impact on Local Communities	4	7	35
Government Regulation and Oversight	6	13	19

The responses of survey respondents to several privatization-related issues are shown in the table below. The topics covered include the benefits and drawbacks of privatization, how it affects employment, how it affects local communities, and how it affects government regulation and monitoring. The number of participants for each theme is shown in the table as "Yes", "Maybe", or "No".

23 people gave the "Yes" response when asked if privatization has advantages, indicating that they agree with this statement. On the other side, 19 people gave the "No" response, indicating that they do not think privatization is advantageous.

Nineteen people gave the "No" response when asked if privatization has drawbacks, suggesting that they think it can have unfavorable effects. Only 6 participants, on the other hand, indicated they agreed that privatization could have drawbacks by responding "Yes".

Forty respondents gave the "No" response when asked about the effects on employment, suggesting that they think privatization may have a bad effect on employment.

35 respondents gave the "No" response when asked whether privatization would have an effect on local communities, indicating that they thought it may.

19 respondents said "No" when asked whether they supported government regulation and monitoring of the privatization process, suggesting that they thought these actions were insufficient.

### Regression analysis:

Regression analysis can be used to examine the relationship between variables and predict future results. For instance, regression analysis could be used to predict customer retention based on variables such as customer satisfaction and loyalty program participation.

Predictor Variable	Beta Coefficient	Standard Error	T-Value	P-Value	Interpretation
Size of Airport	0.38	0.13	2.92	0.005	Positive relationship with passenger traffic
Location of Airport	-0.24	0.11	-2.18	0.034	Negative relationship with passenger traffic
Airport Facilities	0.54	0.16	3.36	0.002	Positive relationship with passenger satisfaction
Government Funding	0.31	0.09	3.45	0.001	Positive relationship with airport development/expansion

The table shows a regression analysis of predictor variables, including airport size, location, facilities, and funding sources, and their associations with passenger traffic, satisfaction, and airport development in the context of airport privatization. The results suggest a positive correlation between passenger volume, satisfaction, and airport growth/expansion with airport size, facilities, and government funding. On the other hand, a negative correlation exists between airport location and passenger traffic, indicating lower passenger traffic in less accessible areas. The standard error, t-value, p-value, and beta coefficient are used to determine statistical significance and the strength and direction of the relationships.

#### LIMITATIONS OF THE STUDY:

1. The study might only compare a particular set of airports and might not be relevant to airports in other countries or in India.
2. The study may have relied on a small number of data sources that don't necessarily reflect the performance and effects of airport privatization.
3. The study may rely on participant self-reported data, which may be inaccurate or biased.
4. The study may have a small sample size that is not necessarily representative of all airport users.
5. Other potential factors that might have an impact on the success of airport privatization may not be taken into account by the study because it may only take certain factors into account in its analysis.
6. The study may not have taken into account outside variables that could have an impact on its findings, such as current political or economic conditions, shifts in consumer behavior, or market trends.

**CONCLUSION:**

It is clear from the data analysis and study results that airport privatization has both benefits and drawbacks. Improvements in amenities and services have come about as a result of India's airport privatization, but users have also had to pay more. A mixed bag of positive and negative effects have been seen in terms of the impact on employment and local communities. The success of the privatization process and minimizing any potential negative effects depend on the government's role in regulating and overseeing it. The size and facilities of the airport, as well as government funding for development and expansion, were found in the study to be positive predictors of passenger traffic and satisfaction. The airport's location, on the other hand, had a detrimental effect on the volume of travelers. In order to draw more travelers and raise customer satisfaction, these findings suggest that airport authorities should concentrate on enhancing and expanding existing facilities as well as securing government funding for new ones. In conclusion, this study offers important new understandings of how airport privatization in India has affected passenger satisfaction and traffic, among other things. The results can be used to guide strategies and policies aimed at bettering airport operations and enhancing the general customer experience. The study has a number of limitations, including the small sample size and narrow focus on just a few airports in India, which must be taken into consideration. Future studies should address these drawbacks and offer a more thorough understanding of how privatizing airports in India has affected the country's aviation industry.

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