

Air India: Can the Maharaja reclaim his lost glory?

Uploaded By: Gareema Bangad

Departments : MBA General,Business Analytics,International Business,Human Resource Management

Published on - 13 Aug 2025, 8:49 am

Closing Date - 28 Aug 2025, 8:49 am

No. of Questions - 4

Total Marks - 40

Problem statement:

Once the pride of Indian aviation, Air India has seen its reputation erode due to operational inefficiencies, financial mismanagement, and repeated safety lapses. Overstaffing, unprofitable route choices, a troubled merger with Indian Airlines, and corruption scandals have deepened losses and weakened service quality. The recent fatal crash of a Boeing 787-8 in June 2025 has further shaken public trust, raising urgent concerns about safety, reliability, and the airline's long-term viability.



In a fiercely competitive aviation market, Air India must confront the challenge of modernising operations, restoring customer confidence, and achieving profitability without losing its heritage-driven identity. Whether the Maharaja can rise again will depend on decisive structural reforms, cultural transformation, and a renewed commitment to service excellence.

Authors: Jayant Palan and Dr Mallika Ahuja

Introduction

Air India was founded by JRD Tata, India's first licensed commercial pilot, with a legacy spanning over more than 90 years of innovation. The airline commenced operations on 15th October 1932, with Jahangir Ratanji Tata (JRD Tata) piloting the inaugural Air India flight from Karachi to Mumbai. Formerly known as Tata Airlines, having Mumbai as its city of origin, Air India has, over the past decades, expanded to cover destinations across southern and eastern Asia, the Middle East, Europe, Africa, Australia, the United States, and Canada. Tata Airlines was renamed Air India in 1946, the same year when the airline went public with a promise of uniqueness, convenience, luxury, and safety in one airline. Air India became a Public Sector Unit (PSU) in 1953, following the Nationalisation of Indian Airlines. Its mascot, the Maharaja, was conceptualised in 1946 by Bobby Kooka. Maharaja has found its place in many different cultures and countries for decades.

Despite its glorious history, Air India's performance has deteriorated significantly over the last two decades. With constant strikes from pilots over hikes in salaries, and opening up travel on loss-making routes to compete with other international airlines, there has been a constant call for the doomsday for Air India. Notably, from 2001 to 2006-07, Air India remained profitable, but subsequent losses were incurred since Air India undertook multiple operations in-house rather than outsourcing them, at the pattern of other airlines. Also, the merger of Air India & Indian Airlines in 2008-09 added to the losses to the tune of ₹*22 billion.

The key factors contributing to its decline include the recurrent operational issues, the shortage of appropriate aircraft, loss-making international operations, and the mismanaged manpower. A recent tragic crash, posing a humongous risk to the goodwill of Air India, the brand casts a shadow of constant doubt, disbelief, and criticism. As Air India navigates a turbulent future, the pressing question remains: Can the Maharaja reclaim his lost glory?

Background

India's pioneering airline has seen its fair share of success. It has been one of the most reliable names for air travel. With the promise of comfort, affordability, and value for money travel experience, Air India has built its brand name as a synonym of credibility. Air India has made multiple differentiating moves, such as providing each business class passenger with carry-on bags, featuring prints of the Maharaja dating back to the 60s and 70s. Art, being an indispensable part of the overall branding of Air India, was visible in every aspect of the airline's crew and merchandise. From ashtrays made of unglazed porcelain, which featured a central shell-shaped design surrounded by a serpent, held up by an elephant on one side and a swan on the other, to owning multi-panel Hussain canvases, Air India was the epitome of travelling with poise.

The airline has been to the rescue of the citizens of this country on countless occasions. Air India's Boeing 747 brought Indians back from China's Wuhan, at the peak of the coronavirus outbreak. The flight included five medical doctors and a paramedic. Yemen- Saudi Arabia Conflict or Lebanon War, even during Saddam Hussein's advances into Kuwait, Air India has always flown out and been on its toes to fulfil the nation's call for service. The airline has put its best foot forward in terms of keeping up with the recent trends in the aviation industry. It has initiated the agreement with RITES, the Recycle Green Project, and the introduction of SAP.

Discussion

The current landscape has changed drastically for Air India and its customers. The service quality of Air India has been consistently under scrutiny. It has consistently failed to meet key dimensions of service quality, i.e., reliability, tangibility, and responsiveness. The gap analysis, through varied research, has identified several operational shortcomings posing a risk to the airline. One major factor acting as contributing to the high operational losses has been overstaffing, hiring more employees than the number needed. Air India hired 11,433 employees as against the estimated requirement of 7,245. The process and benchmarks of the training imparted to the cabin crew have also seen lapses since 2020, due to a probable change in top management.

Additionally, the mismanagement of bilateral air services agreements turned out to be allocations of excess flight slots to foreign carriers. Instances of failed leadership have also painted the airline grey, for instance, the Ministry of Civil Aviation charged Michael Mascarenhas, one of the managing directors, with corruption. As per the ministry reports, the airline lost approximately ₹570 million (US\$6.8 million) attributable to the extra commissions that Mascarenhas sanctioned, and he was, as a consequence, later suspended from the airline. The airline has also reportedly been heavily penalised by the US Transportation Department for failing to post the customer service and tarmac delay contingency plans on its website. These gaps between customer expectations and the services offered by Air India have resulted in a tarnishing of the brand image.

In 2007, when Air India & Indian Airlines incurred losses of ₹5.41 billion and ₹2.31 billion, respectively, there were recurring incidents, fuselage breakages, hijackings, bomb threats, fuel dumping, engine fires and a recent crash. Adding on to the misfortunes, came the recent occurrence when the Boeing 787-8 Dreamliner, with 242 people on board, which was headed for Gatwick Airport, south of the British capital, crashed into a medical college in Ahmedabad on 12th June 2025, killing 240 on board. This unfortunate incident has led to the flaring up of the constant debate as to whether Air India still has got in it the potential to be the flag carrier airline of India. There are ongoing speculations concerning the quality and safety of aircrafts being used by Air India to fly.

Conclusion

It can rightly be said that Air India's journey can be described as a mixed bag. Once celebrated as the epitome of success and being recognised as the pioneer in air travel for a vast country like India, the airline has set numerous benchmarks that have shaped the aviation industry. Its legacy, steeped in prestige and innovation, cannot be undermined. From being under the guidance of Tata, one of the most trusted brands in India, Air India was nationalised only to return to its founding family eventually.

Throughout its decades-long journey in aviation, it reflects the turbulence and transformation that have marked its presence in the skies. From being the most trusted name in Indian aviation to becoming synonymous with operational inefficiencies and customer dissatisfaction, the question that remains unanswered is whether it is the dawn of a new era for India's first and oldest airline. Or we still are to witness its flight to the heights of glory.

References

1. Gangwani S, Rajput A, "Restructuring and transformation journey of AIR India: Leadership lessons for sustainability in the global market." Journal of Emerging Technologies and Innovative Research, 2024, ISSN: 2349-5162.
2. <https://www.cntraveller.in/story/4-stories-that-will-make-you-love-air-india-all-over-again/>
3. <https://www.reuters.com/world/india/plane-crashes-indias-ahmedabad-airport-tv-channels-report-2025-06-12/>
4. Shokeen, Ruvali P, Ram N, "THE FALL OF WORLD'S BEST AIRLINE: A CASE STUDY OF AIR INDIA", NOVATEUR PUBLICATIONS Journal NX- A Multidisciplinary Peer Reviewed Journal ISSN No: 2581 - 4230 VOLUME 7, ISSUE 12, Dec. -2021.
5. Singh S, Bhushan B, Banerjee S, "Case Study Up in the Air: Analysis of Air India's Current Operations and the Road Ahead", Academy of Accounting and Financial Studies Journal (Print ISSN: 1096-3685; Online ISSN: 1528-2635).

Attachments:

- https://s3.ap-south-1.amazonaws.com/stcontent.bslearning.in/global/case_study/513/AirIndiaCantheMaharajareclaimhislostglory_1755074780844.pdf
- https://s3.ap-south-1.amazonaws.com/stcontent.bslearning.in/global/case_study/513/GuidingNotesAirIndia_1755074789111.pdf

Questions:

Question 1: How has over staffing contributed to Air India's operational losses?(10 Marks)

Teachers Input:

One major factor acting as contributing to the high operational losses has been overstaffing, hiring more employees than the number needed. Air India hired 11,433 employees as against the estimated requirement of 7,245. The process and benchmarks of the training imparted to the cabin crew have also seen lapses since 2020, due to a probable change in top management. Additionally, the mismanagement of bilateral air services agreements turned out to be allocations of excess flight slots to foreign carriers. Instances of failed leadership have also painted the airline grey, for instance, the Ministry of Civil Aviation charged Michael Mascarenhas, one of the managing directors, with corruption.

Question 2: Give instances of leadership failures that affected Air India.(10 Marks)

Teachers Input:

Instances of failed leadership have also painted the airline grey, for instance, the Ministry of Civil Aviation charged Michael Mascarenhas, one of the managing directors, with corruption. As per the ministry reports, the airline lost approximately ₹570 million (US\$6.8 million) attributable to the extra commissions that Mascarenhas sanctioned, and he was, as a consequence, later suspended from the airline.

Question 3: Why was the airline penalised by the US Transport Department?(10 Marks)

Teachers Input:

The airline has also reportedly been heavily penalised by the US Transportation Department for failing to post the customer service and tarmac delay contingency plans on its website.

Question 4: What key incidents from 2007 to 2025 affected the brand image and consumer trust for Air India?(10 Marks)

Teachers Input:

In 2007, when Air India & Indian Airlines incurred losses of ₹5.41 billion and ₹2.31 billion, respectively, there were recurring incidents, fuselage breakages, hijackings, bomb threats, fuel dumping, engine fires and a recent crash. Adding on to the misfortunes, came the recent occurrence when the Boeing 787-8 Dreamliner, with 242 people on board, which was headed for Gatwick Airport, south of the British capital, crashed into a medical college in Ahmedabad on 12th June 2025, killing 240 on board. This unfortunate incident has led to the flaring up of the constant debate as to whether Air India still has got in it the potential to be the flag carrier airline of India.

