

## Air India may carve out separate cargo entity

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Gurugram, Haryana: Air India group is consolidating its cargo operations and may eventually carve out a separate entity with dedicated freighters, officials said.

The restructuring exercise will allow the Tata-owned carrier to sharpen focus on the expanding air cargo market, backed by a growing economy and rising trade activity.

"We have been consolidating and streamlining the entire network from all four airlines, to bring it to one function," a senior Air India official said, asking not to be named.

By the end of this year, Vistara is expected to be absorbed by Air India, while AirAsia India will merge into Air India Express.

Air India follows homegrown budget carrier SpiceJet, which has already demerged its cargo operations. IndiGo, India's leading airline, is also

focusing heavily on the segment, including on dedicated freighters.

"Internally, efforts are being streamlined at multiple levels," the official said.

"We are developing a mother software, which will focus on collating all cargo requests, revenue management and commercial aspects of it. Externally, we are streamlining and expanding our global distribution network. We are also onboarding new customers."

The merger scheme is part of Tata group's efforts to consolidate its airline business after the acquisition of erstwhile state-run Air India in 2022.

Asked about Air India's strategy for the cargo business, the official said there is a plan to add dedicated freighters to cater to the growing cargo traffic. "Along with this, we may hive off the cargo segment into a subsidiary to unlock its full potential," the person said, without giving a timeframe. A spokesperson for Air India declined to comment on the matters of hiving off of the cargo unit and adding freighters.

The spokesperson, though, confirmed the company is developing new software and optimising its cargo network. "Over last year, we developed a global KAM (key account management) program to onboard, engage and expand with regional, national and global customers," the spokesperson said. "We have also strengthened our distribution network globally with road feeder service and interline partnerships, solidifying our presence in key international markets."

A second company official said Air India will be partnering with more sales agents, freight forwarders and last mile delivery partners.

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