

India's airport sector to see Rs1 Lakh Crore Investment: ICRA

- A Monitor Desk Report

Date: 13 April, 2025



Dhaka: India's airport sector is set to receive over Rs 1 lakh crore in investments over the next four to five years, according to a new report from ICRA (Investment Information and Credit Rating Agency of India).

The investments are aimed at addressing capacity constraints at airports nationwide, with funds allocated for both the construction of new airports and the expansion of existing facilities.

It said "Given the capacity bottleneck faced by a few airports, the sector will continue to witness substantial capex. Investments of more than Rs. 1,00,000 crore are expected over the next 4-5 years, including greenfield airports".

Greenfield projects include upcoming airports in Jewar (Noida), Navi

Mumbai, Bhogapuram, and Parandur (Chennai). Meanwhile, brownfield expansions are planned at key airports such as Bangalore, Hyderabad, Cochin, Mumbai, and Nagpur. Additionally, several airports under the Airports Authority of India (AAI) will also undergo upgradation.

The report has also projected that airport passenger traffic in India will witness healthy growth in the coming years. Passenger traffic is expected to rise by around 7-9 per cent year-on-year to reach 440-450 million in FY2026.

This follows an estimated 10 per cent growth in FY2025, taking total passenger traffic to 412-415 million.

The revenue of the sample set of airports tracked by ICRA is also likely to grow significantly--by about 18-20 per cent year-on-year in FY2026.

Despite the ongoing investments, the sector's financial health is expected to remain strong. Debt coverage metrics are projected to stay comfortable, with an interest coverage ratio above 5 times and a debt service coverage ratio (DSCR) above 3.5 times in FY2026.

ICRA said "The sector's debt coverage metrics are projected to remain comfortable with interest cover above 5 times".

In FY2025, international passenger traffic grew by 11 per cent, while domestic traffic saw a 9 per cent increase. This growth was supported by improved connectivity to new destinations, an increase in international travel, and a continued rise in domestic leisure and business travel. Better air links to tier II cities and key tourist destinations also contributed to the momentum.

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