

AirAsia to make India debut, fuelling fare war
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Asia's biggest budget carrier AirAsia is set to make its maiden flight in India today, fuelling a cut-throat fare war in a sector already reeling from losses.

AirAsia India will fly from the high-tech hub of Bangalore to the popular coastal resort of Goa, as it seeks to become the lowest-cost budget airline in the country.

The airline is offering a promotional fare of 990 rupees (RM54) for flights between the two cities – cheaper than a second-class train ticket.

The carrier's founder and chief executive Tony Fernandes – a millionaire former music executive – was in a celebratory mood ahead of the flight.

"It's a proud day for me as my dad was from Goa," Fernandes said on Twitter.

"Congrats to all my wonderful staff in @airasiain. You have proven that determination, positivity and passion always wins over negative."

Malaysia-based AirAsia already operates international routes into the Indian cities of Bangalore, Chennai, Kochi, Kolkata and Trichy.

Its domestic Indian operation will begin with just one plane servicing one route, but aims to scale up to 10 planes and 10 cities by the end of the fiscal year in March 2015.

The carrier faces a tough battle to break into the Indian market, where no-frills carriers already dominate with a near 65% market share in the country of 1.2 billion people.

AirAsia's rock bottom fares have triggered a price war in an already competitive market.

All but one of India's half-dozen airlines are haemorrhaging losses, worsened by high operating costs including for fuel.

But passenger numbers are expected to triple to 452 million by 2020-21, according to experts, thanks to a rising middle class and lower fares. – AFP, June 12, 2014.

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