

# **Air India Crash in Ahmedabad: Safety, Operational and Regulatory Concerns**

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## **Summary**

*The recent tragic crash of Air India's Boeing 787 Dreamliner aircraft in Ahmedabad, India, immediately after take-off, has fuelled widespread concerns about safety and operational concerns across the civil aviation ecosystem. Whilst investigations from data recovered from the aircraft's black boxes are ongoing, the accident has caused flight disruptions as well as regulatory and reputational concerns.*

On 12 June 2025, Air India 171, a scheduled international passenger flight, operated by Air India from Ahmedabad to London, crashed within seconds of take-off. The 11-year-old Boeing 787 Dreamliner aircraft operating the flight crashed approximately 36 seconds after take-off. The aircraft was carrying 230 passengers and 12 crew members. Of these, only one passenger survived. The crash also killed 19 people and injured at least 60 more on the ground.

This was the first fatal accident of the 787 Dreamliner, which entered commercial service in 2011. Initial reports suggest multiple technical issues, including possible engine failure and incorrect flap configuration. India's aviation regulator has ordered urgent checks across Air India's Boeing 787 fleet to verify safety compliance. The crash has also renewed pressure on Boeing, whose aircraft have recently faced scrutiny over safety and manufacturing concerns.

The tragic crash has propelled extensive concern and disquietude in India's aviation sector. It has triggered a chain reaction across regulatory, operational and market landscapes. However, even as the data from the black boxes, recovered from the crash site, has been successfully downloaded and is being analysed, the sector has rallied to reshape fleet strategy, risk management and investor sentiment.

We need to examine how this event has disrupted business, not only in Air India but in the entire aviation ecosystem – from the grounding of aircraft to uncertainty in the stock markets, and the role of compliance and confidence restoration.

## **Disruptions in Operations**

Following the crash, Indian civil aviation regulator, the Directorate General of Civil Aviation (DGCA), announced enhanced safety inspections of Air India's fleet of 33 Boeing 787 Dreamliners. As a consequence, and due to aircrafts being grounded for extensive checks, Air India has announced the cancellation of 15 per cent of its wide-body long-haul flights until mid-July 2025.

While most of the Dreamliners have cleared safety checks, the impact on flight schedules has been significant, as all airlines have had to balance passenger rebooking, fleet readiness and regulatory timelines.

## **Regulator Advises Stringent Supervision**

The DGCA has notified that recent surveillance conducted on Air India's Boeing 787 fleet did not reveal any major safety concerns. However, it has flagged certain maintenance-related issues, urging Air India to ensure better coordination across engineering, operations and ground-handling units, secure the availability of adequate spares to minimise delays and adhere strictly to regulatory timelines and passenger communication protocols.

## **Turmoil in the Financial Markets**

The crash has shaken investor sentiment across aviation-linked stocks. Although Air India is not yet publicly listed, the incident could weigh heavily on its Initial Public Offering plans. Globally, Boeing's stock dropped by nearly five per cent, as the 787 Dreamliner programme came under scrutiny. Share prices of Singapore Airlines (SIA), which has a 25.1 per cent stake in Air India, dropped by 2.1 per cent on the Singapore Exchange after the crash.

Concerns were expressed regarding SIA's engineering company, which plays a critical role in Air India's maintenance, particularly for its wide-body fleet, and supports the development of new base maintenance facilities in Bengaluru. As investigations continue and regulatory scrutiny sharpens, SIA's actions in the coming weeks will be critical in shaping its long-term reputation in India, a market in which it has invested heavily, and one that could very well define the next chapter of its global expansion.

Early estimates also suggest total insurance claims from the crash could range between S\$260million and S\$600 million. These include full hull loss of the aircraft, passenger liability under the Montreal Convention and third-party damage, including damage to nearby structures such as the BJ Medical College, onto which the aircraft crashed. Much of this liability may fall on global reinsurers, prompting expectations of higher aviation insurance premiums and tighter renewal conditions in 2026.

## **Reputational Concerns**

The DGCA has sought pilot and dispatcher training records from Air India as part of its probe. Legal experts warn that if negligence is established, liability could exceed the airline's approximately S\$2 billion insurance coverage, especially if courts award punitive damages. Internally, the airline will need to reassure stakeholders – ranging from passengers to policymakers – about the robustness of its safety culture and governance framework.

## **Air India's Safety Record**

Led by former SIA executive Campbell Wilson since 2022 (he was the Chief Executive Officer of the airlines' low cost carrier, Scoot), the revamped Air India now operates a fleet of 198

planes, has placed orders for 570 more, and controls about 30 per cent of India's domestic market, positioning it as a key player in a fast-growing aviation sector. It is acknowledged that the airline has made huge strides in safety over the past three years following its takeover by Tata and SIA. In fact, it received its International Air Transport Association's operational safety audit certification last year and has introduced a slew of new crew safety protocols.

## **Managing the Narrative and Rebuilding Passenger Confidence**

While the DGCA's assurance of no systemic safety lapse in Air India's Dreamliner fleet offers some relief, the damage to brand trust and investor confidence is real. For airlines and aviation-linked businesses, this incident reinforces the need for proactive crisis management, stringent internal audits and open communication with all stakeholders.

Air India's future credibility and reliability as a trustworthy airline will depend on how effectively, transparently and swiftly it can restore passenger and shareholder confidence. SIA, which has a benchmark for operational experience, will have to put its technical competence and stakeholder responsibility to restore confidence and long-term stability in the airline's operations. Much will depend on how swiftly remedial and public confidence-building measures are undertaken after the findings from the data from the black boxes emerge.

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