

ESG in Freefall:

How Air India's Crash and IndiGo's Crew Crisis Reveal a Sector-Wide Governance Breakdown

A Combined, High-Impact Feature Linking the Two Biggest Failures of Indian Aviation

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SAFETY IS ESG.
GOVERNANCE IS PREVENTION.
AVIATION CANNOT RELY ON LUCK.

ESG IN FREEFALL

ESG in Freefall: How Air India's Crash (ESG Turbulence: How Air India's Safety Promises Fell Apart at 35,000 Feet) and IndiGo's Crew Crisis Reveal a Sector-Wide Governance Breakdown

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1. A Sector at a Crossroads: Two Events, One Pattern

On **June 12, 2025**, Air India Flight AI-171 crashed 32 seconds after take-off — a catastrophic failure involving dual fuel-cutoff activation, killing 260 people. As detailed in the uploaded report, the tragedy was **not only a technical mystery but an ESG collapse**: a breakdown of training, fatigue management, oversight, and board-level governance.

Six months later, **December 2025**, India's largest airline — IndiGo — faced an unprecedented operational meltdown:

- **Hundreds of cancellations daily**
- **Pilots unavailable** under new fatigue-rest rules
- **1,700 pilots improperly trained** on *unapproved simulators*
- DGCA issuing a **show-cause notice and penalties**

Two very different crises.

One identical root cause: ESG failures hidden under glossy reporting.

The Article examines : 1) AIR INDIA: When ESG Misses the Risks That Matter Most (2) INDIGO: When ESG Greenwashing Meets Crew Fatigue and Training Fraud.

Let us examine both issues separately and later see how they are related to the cause of failures.

1) AIR INDIA: When ESG Misses the Risks That Matter Most

The Moment Everything Stopped

June 12, 2025. Flight AI-171 lifts off from Ahmedabad's Sardar Vallabhbhai Patel International Airport. Seconds later, both engines lose thrust. Inside the cockpit, confusion erupts.

“Why did you cut off?”

“I didn’t.”

Thirty-two seconds later, the Boeing 787 crashes into a hostel at B.J. Medical College, killing 241 passengers and crew and 19 people on the ground. One survivor. The nation stunned.

Investigators later found that both **fuel control switches** had moved from *RUN* to *CUTOFF* within seconds of takeoff. Whether by accident, error, or mechanical design flaw, the outcome was catastrophic.

But beneath the technical mystery lay a deeper systemic failure — not just of engineering, but of **Environmental, Social, and Governance (ESG)** responsibility. This was a tragedy that exposed the difference between ESG as branding, and ESG as accountability.

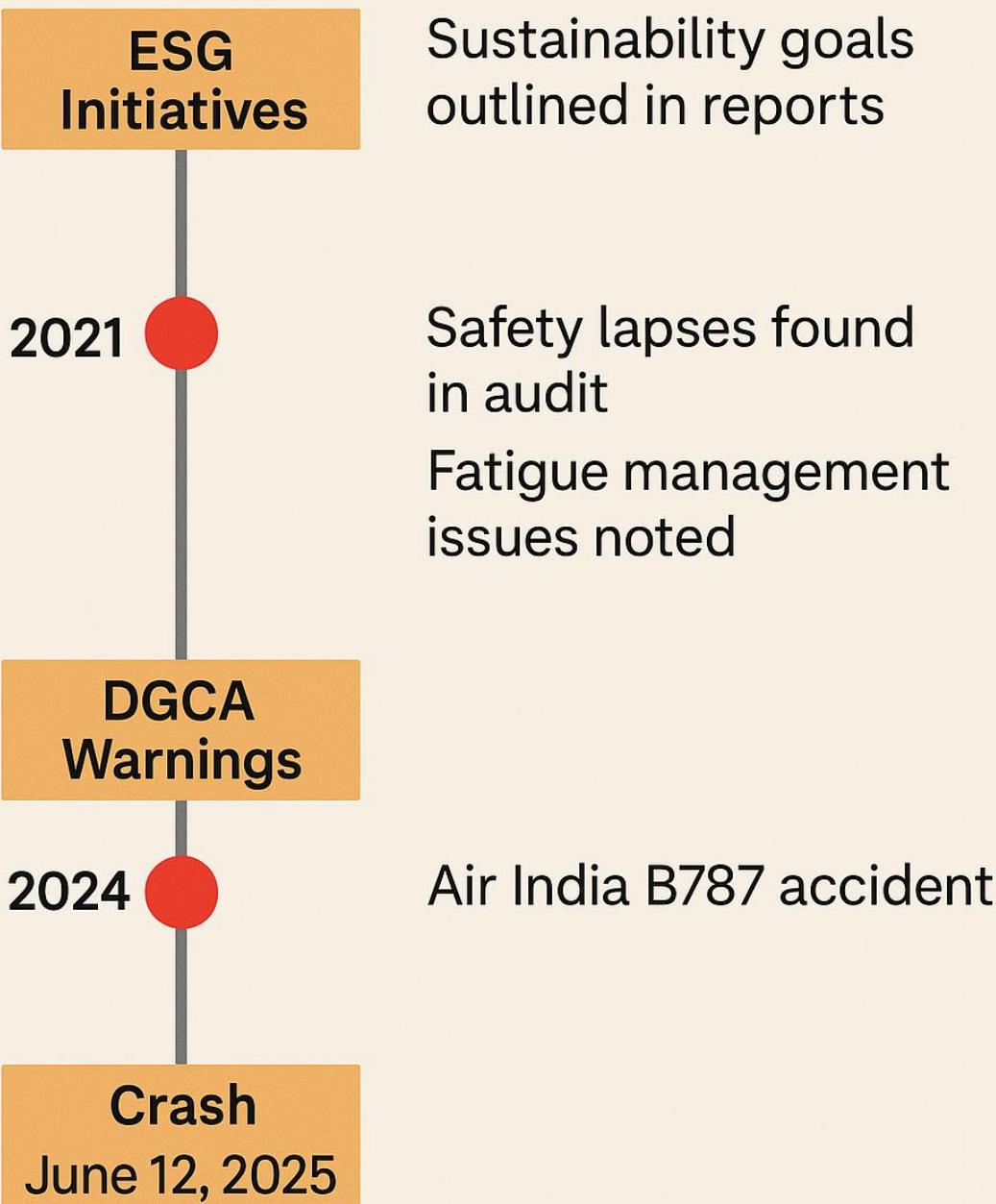
1. The ESG Promises: Glossy on Paper, Hollow in Practice

Between 2021 and 2024, Air India's public communications were filled with pledges of progress — sustainability drives, plastic reduction, fuel efficiency, and digital transformation. The airline touted environmental achievements like cutting single-use plastics by 80% and experimenting with sustainable aviation fuel.

But ESG is not about emissions. It is about how a company governs risk, protects people, and sustains trust. And that is where the cracks begin to show.

Air India's **2023–24 Annual Report** celebrated modernization but omitted any section on safety performance, regulatory findings, or fatigue management. Its “Sustainability Efforts” webpage focused solely on green initiatives — not a word about crew welfare, training standards, or safety audits. Unlike global peers such as Singapore Airlines or Lufthansa, which include safety KPIs in their ESG frameworks, Air India's ESG narrative was **environment without governance, sustainability without safety**.

Timeline of Trust



2. The ESG Reality Check: Systemic Failures Emerge Governance Collapse

In July 2025, India's aviation regulator, the **DGCA**, released audit findings that listed **51 safety lapses** across Air India's operations. These included the use of **unapproved simulators**, inadequate crew training, and poor rostering systems. In regulatory language, which is a governance red alert.

The DGCA also flagged **systemic lapses in fatigue management**, issuing formal warnings for non-compliance with Flight Duty Time Limitations (FDTL) and rest requirements. The agency's records show 29 separate violations in 2023–24 — a pattern, not an anomaly.

Social Breakdown

Under the “S” of ESG, fatigue and training fall squarely within employee well-being. But pilots reported intense scheduling pressure, insufficient simulator hours, and fatigue risks unaddressed by management. These concerns, long known within the aviation workforce, never surfaced in Air India's ESG disclosures.

Environmental Blind Spot

When the 787 crashed, it released thousands of liters of jet fuel, contaminating soil and air around the impact zone. Yet Air India's environmental communications mention no framework for environmental disaster response or remediation.

| ESG Pillar | Key Promises (Air India 2023-24) | Actual Findings (2024-25) |
|---|--|--|
|  Environmental | <p>Reducing environmental footprint, waste, and emissions</p> <p>Enhancing energy and fuel efficiency</p> <p>Commitment to sustainability, and environmental stewardship</p> | <p>Crash led to fuel spill and environmental damage</p> <p>Limited disclosed data on actual emission reductions</p> <p>No mention of product safety/advisory compliance in SG reporting</p> |
|  Social | <p>Prioritizing labor practices, safety and well-being</p> <p>Ensuring human rights and a safe workplace</p> <p>Focus on mental health and fatigue risk management</p> | <p>Pilot was fatigued with only 2 hours sleep</p> <p>Crew scheduling violated DGCA fatigue management</p> <p>DGCA audit found training deficiencies and inadequate risk measures</p> |
|  Governance | <p>Strong corporate governance framework</p> <p>Robust oversight mechanisms and ethical business conduct</p> | <p>Inadequate board-level risk oversight; no published safety governance KPIs</p> <p>Delayed implementation of FAA advisories on fuel-switch ergonomics</p> |

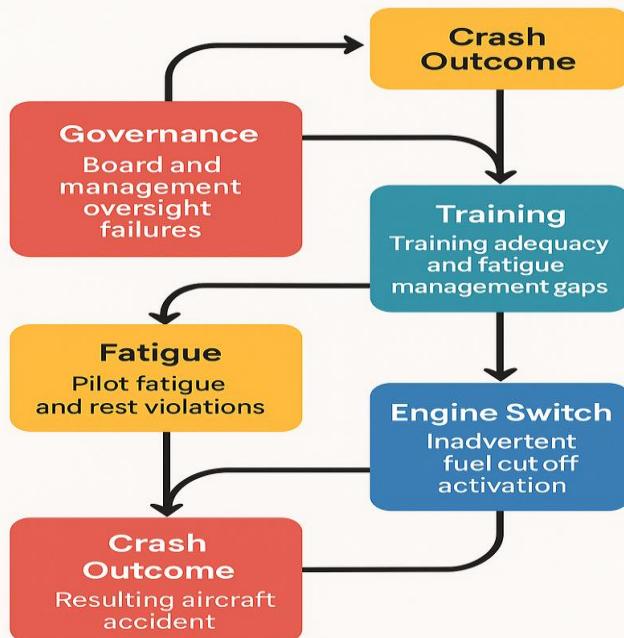
3. The Boardroom Conspiracy: Governance Without Accountability

ESG in many companies has become a “**boardroom conspiracy**” — a way to look compliant without being accountable. His post about Air India’s crash put it bluntly:

“If it was pilot error, it is a social failure. If it was mechanical, it is governance failure. Either way, ESG has failed.”

For Air India, the crash exposed a governance blind spot. Board-level ESG oversight was focused on brand reputation and sustainability PR, not operational risk. Internal committees did not connect fatigue management to ESG accountability. Safety audits were treated as compliance paperwork, not boardroom agenda items.

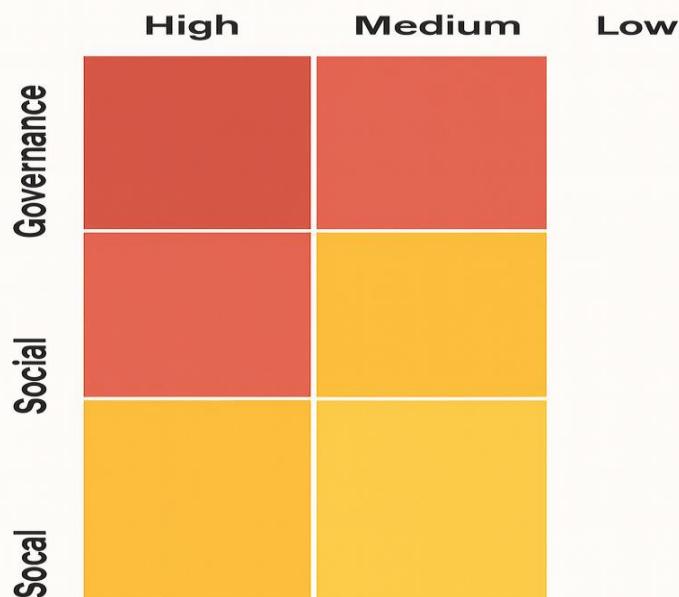
THE ESG FAILURE FLOW MAP



4. ESG Disclosures vs. ESG Reality

| ESG Promise (2023–24) | Actual Finding (2024–25) | ESG Pillar Breach |
|--------------------------------------|--|-------------------|
| “Strong governance framework” | DGCA found 51 safety lapses | Governance |
| “Prioritizing employee well-being” | Crew fatigue and training violations | Social |
| “Environmental stewardship” | Crash site fuel spill, poor response | Environmental |
| “Ethical and transparent operations” | Record-altering allegations at Air India Express | Governance |
| “Sustainable growth” | Loss of 260 lives due to systemic safety failure | All |

EMERGING ESG RED ZONES



5. What the Crash Taught ESG

The AI-171 disaster is more than a safety investigation — it's a mirror for ESG itself. If ESG frameworks cannot foresee, measure, and prevent such failures, then ESG loses its moral and operational authority.

The crash showed that ESG is not about carbon footprints. It is about the human footprint of negligence — where fatigue, inadequate governance, and muted transparency converge. Air India's omission of safety data from its ESG reporting mirrors its lack of early-warning systems for operational risk. ESG failures did not just coexist with safety failures — they were the same failure, viewed through different lenses.

ESG Non-Compliance and the Air India Crash

| 2023-24 ESG REPORT FINDINGS | CONNECTION TO CRASH INCIDENT |
|---|--|
| <p>SOCIAL</p> <ul style="list-style-type: none"> • Pilot fatigue a “major area of concern” • Gaps in training programs persisted | <ul style="list-style-type: none"> • Pilot had inadequate rest before the flight • Error in handling fuel cut-off switches |

6. The Path Forward: ESG as a Safety Instrument

To rebuild trust, Air India — and the broader aviation sector — must redefine ESG from the ground up.

I. Governance Rebuild

- Establish a **Board Safety & ESG Risk Committee** with independent safety experts.
- Create a **Regulatory Action Tracker (RAT)** for all findings published quarterly.

II. Social Reinforcement

- Deploy **FRMS 2.0**: biometric rostering, real-time duty alarms, and anonymous fatigue reporting.
- Disclose crew well-being metrics in ESG filings.

III. Environmental Readiness

- Include **emergency response protocols** and environmental remediation performance in sustainability reports.

IV. Transparency & Accountability

- Publish a **Safety & ESG Addendum** — list violations, close-out actions, and progress.
- Adopt **third-party ESG audits** aligned with SASB and GRI standards.
“Sustainability at 35,000 feet begins with trust on the ground.”

7. From Conspiracy to Conscience

The Air India tragedy turned a marketing acronym into a moral reckoning. ESG is not paperwork. It is protection — for employees, passengers, and the planet.

If governance had worked as claimed, if fatigue systems were truly enforced, if the board had connected risk and responsibility, 260 people might still be alive.

The final report on Flight AI-171 will determine mechanical versus human fault. But for ESG, the verdict is already in.

ESG failed — not because it was absent, but because it was ignored.

Call to Action:

Karmayeva Adhikaraste

For every airline, regulator, and corporate board, the lesson is the same: ESG cannot be confined to climate charts or glossy reports. Its real test comes in those 32 seconds between takeoff and tragedy.

PART II — INDIGO ESG & MTAS ANALYSIS — When ESG Greenwashing Meets Crew Fatigue and Training Fraud

A Parallel Case of Governance Drift, Training Failures, and ESG Blind Spots

Mapping the Crisis

In December 2025, IndiGo — India's largest airline with nearly 65% domestic market share — entered an unprecedented operational meltdown. Over several days, hundreds of flights were cancelled across Delhi, Bengaluru, Kolkata, and Mumbai. Passengers slept on airport floors; queues spiralled out of terminals; chaos eclipsed the airline's reputation for punctuality and efficiency.

The public narrative cited “crew unavailability” and “operational disruptions,” but the full picture revealed a deeper structural failure.

Simultaneously, the DGCA issued a **show-cause notice** stating that nearly **1,700 IndiGo pilots had undergone training on simulators that were *not* approved for Category C airport operations**. These airports — like Calicut, Leh, and Kathmandu — require specialized training due to terrain, weather, and short runway profiles.

The convergence of a **crew crisis**, a **training compliance failure**, and **regulatory action** was not random. It exposed a governance breakdown mirroring the patterns observed in Air India's ESG collapse.

Threats Emerging from the Crisis

1. Operational Fragility

IndiGo's ability to manage schedules cracked under DGCA's stricter Flight Duty Time Limitations (FDTL), rolled out to reduce fatigue risk. The airline lacked:

- Adequate pilot buffers
- Predictive fatigue modelling
- Contingency roster planning

2. Training Integrity Risk

Training 1,700 pilots on unqualified simulators is an aviation equivalent of using faulty medical instruments: technically possible but dangerous, legally indefensible, and ethically unacceptable.

This threatens:

- landing performance
- emergency handling
- terrain-awareness precision
- regulatory trust

3. Governance Weakness

IndiGo's ESG reports highlight structured safety management, but DGCA's 23 safety lapses, simulator breaches, and procedural deviations show a mismatch between disclosed governance and actual governance.

4. Social / Human Capital Risk

Fatigue exposure rose sharply as crews were stretched thin. Evidence strongly suggests:

- schedules were too tight
- rest was insufficient
- hiring did not keep pace with expansion

This mirrors the human-factor concerns spotlighted in the Air India investigation.

5. Sector-Wide Reputational Risk

When India's most reliable airline crashes operationally — without a crash — investors and regulators begin questioning:

- Is this a one-off event?
- Or a systemic governance deterioration across Indian aviation?

Assessment: How ESG & Governance Failed at IndiGo

A. Governance Misalignment

IndiGo's board and senior leadership underestimated the implications of the new FDTL rules, despite DGCA circulating drafts months ahead. Other carriers adjusted schedules gradually. IndiGo waited until regulations became binding — then the system collapsed.

A governance model that reacts *after* failure is not governance; it is damage control.

B. Safety System Blind Spots

ESG reporting showcased:

- safety management systems
- risk registers
- emergency preparedness

But omitted:

- simulator qualification discrepancies
- FDTL exception rates
- fatigue-reporting trends
- regulatory audit findings

This selective transparency creates stakeholder blind spots.

C. Training System Breakdown

Training on unapproved simulators is not a clerical error — it requires:

- documentation failures
- oversight lapses
- procedural bypasses

It is a red flag indicating:

- internal audit system weakness
- compromised safety culture
- performance pressure exceeding compliance norms

D. Misalignment Between Growth & Readiness

IndiGo expanded fleet size, routes, and block hours.

But growth outpaced the capacity of:

- training pipelines
- instructor resources
- pilot hiring
- risk controls

This is classic overextension — a risk often underestimated in ESG frameworks.

Solutions (MTAS Prescriptions)

1. Immediate Governance Reset

- Establish a **Board Safety & ESG Oversight Committee** with independent aviation experts.
- Quarterly public briefings summarizing DGCA findings and closure timelines.
- A mandatory **Regulatory Action Tracker** integrated into ESG reporting.

2. Training Compliance Overhaul

- Zero-tolerance policy for unapproved devices.
- Re-train all 1,700 pilots on DGCA-approved simulators with documented evidence.
- Annual third-party audits of training center compliance.

3. Fatigue-Risk Management System (FRMS 2.0)

- AI-based predictive roster modelling.
- Automatic prevention of illegal rostering.
- Anonymous fatigue reporting with guaranteed protection.

4. ESG Transparency Upgrade

IndiGo must disclose:

- safety KPIs
- training compliance
- crew rest metrics
- audit findings & closure
- simulator audit trails

Otherwise ESG is narrative, not governance.

5. Operational Resilience Framework

- Build a 20–25% pilot buffer
- Limit schedule expansion without proportional crew growth
- Introduce disruption playbooks with passenger-first protocols

Conclusion (Part II)

IndiGo's December 2025 crisis looked like a scheduling failure. It was a **governance failure disguised as an operational event**.

Just like Air India's tragedy revealed, IndiGo's disruptions show that:

Environmental metrics mean little when governance collapses.
Safety is ESG's foundation — not its footnote. Adhikaraste
Ms. Phoebe Kedarkhene

● PART III — CROSS-CASE ESG SYNTHESIS (AIR INDIA + INDIGO)

Two Crises. Two Airlines. One Governance Problem.

Aviation's ESG Illusion: A Sector Built on Green PR, Not Safety Reporting

Air India's catastrophic crash and IndiGo's operational paralysis may appear unrelated — one technical and fatal, the other logistical and reputational.

But when viewed through ESG, safety governance, and MTAS diagnostics, they reveal a **single, systemic pattern**:

1. Under-reporting of Material Risks

Both airlines:

- showcased environmental progress
- emphasized sustainability branding
- omitted safety lapses from ESG reports
- downplayed fatigue issues
- avoided transparency around DGCA findings

In aviation, **safety is the ultimate ESG indicator**, yet it is the least disclosed.

Why Both Failures Happened for the Same Reason

1. Governance drift

Boards relied on ESG presentations, not ESG risk instrumentation.
Critical safety systems were not escalated as ESG issues.

2. Training integrity failures

Air India: unapproved simulators + inconsistent proficiency checks
IndiGo: 1,700 pilots on unapproved sims

3. Fatigue management dysfunction

Air India: fatigue, workload, human-factor ambiguity
IndiGo: FDTL collapse, insufficient rest buffers

4. Disconnect between ESG promises and operations

Environmental stewardship was highlighted;
risk stewardship was neglected.

The Missing ESG Chapter in Indian Aviation

Aviation ESG today focuses on:

- reducing plastic
- carbon-offset narratives
- fleet efficiency

But true ESG — ESG that protects life — requires:

- fatigue data
- training quality metrics
- DGCA audit results
- safety non-compliance logs
- crew welfare analytics
- emergency readiness systems

These remain largely absent.

Final Synthesis

IndiGo's December chaos and Air India's June tragedy are two sides of the same coin:

When ESG becomes branding instead of governance, aviation becomes vulnerable.

When safety isn't disclosed, safety isn't managed.

And when boards don't question training and fatigue, risks grow quietly — until they explode.

● Role of Independent Directors in Air India & IndiGo Governance Failures

Independent Directors (IDs) exist for one reason, to protect the company from the company itself.

Their duty is to challenge management, question assumptions, and defend stakeholder interests when operational complacency sets in.

In both the Air India crash and the IndiGo crew crisis, Independent Directors had **clear statutory and fiduciary duties** that were either:

- Not exercised,
- Not triggered, or
- Not escalated to the Board.

Here is the exact breakdown.

✈ 1. Air India Crash — Independent Director Responsibilities

The AI-171 crash exposed failures in:

- Training
- Fatigue management
- Cockpit ergonomics
- Compliance with FAA advisories
- DGCA safety audit follow-up

✓ What the Independent Directors should have done:

A. Ensure risk reporting reaches the Board

DGCA had already flagged:

- 51 safety lapses
- Simulator non-compliance
- Fatigue rule breaches

IDs should have demanded:

- Monthly safety dashboard
- Status of audit closure
- Training compliance report
- Human-factor risk assessments

If these were not presented, IDs were obligated to **call them out**.

B. Challenge management on ‘underplayed’ risks

When a national airline operates a fleet with known vulnerabilities (e.g., the 2018 FAA advisory related to fuel cut-off switches), IDs must ask:

- “What corrective actions have we taken?”
- “Is our fleet exposed?”
- “What is the cockpit-design risk?”
- “If optional advisories weren’t implemented, who approved that?”

C. Oversight of Safety Committees

IDs must ensure the Safety Committee:

- Meets regularly
- Reviews actionable data
- Has expertise-based representation
- Sends red-flag items directly to the Board

If the committee was inactive or toothless, IDs must intervene.

D. Protect employee welfare and human-factor risks

The crash raised fatigue and training issues. IDs are the primary guardians of the “S” in ESG:

- Crew rest
- Psychological readiness
- Roster stress
- Human-factor alerts

IDs should have insisted on **FRMS (Fatigue Risk Management System)** long before the tragedy.

2. IndiGo Crew Crisis — Independent Director Responsibilities

The IndiGo meltdown was NOT just a rostering issue.
It was a **governance failure with operational symptoms**.

✓ What Independent Directors should have done:

A. Oversight of regulatory compliance

1,700 pilots trained on unapproved simulators is **not operational negligence** — it is a **systemic governance failure**.

IDs must ask:

- “How did unapproved simulators enter the training pipeline?”
- “Where was internal audit?”
- “Why weren’t training qualifications escalated?”

This is a breakdown that IDs are specifically placed to detect.

B. Stress-test the organisation against regulatory changes

DGCA’s new FDTL (duty-time) norms were public long before they were enforced.
IDs should have insisted on:

- Transition plans
- Crew buffers
- Disruption modeling
- Contingency staffing plans

The crisis showed that IndiGo had **no resilience model**.

C. Question aggressive growth without human capital readiness

IndiGo expanded aggressively, but:

- Pilot hiring lagged
- Simulator capacity lagged
- Fatigue-reports increased
- Rostering became brittle

IDs are supposed to challenge management’s growth assumptions, not rubber-stamp them.

D. Escalate cracks in safety culture

When pilots threaten mass sick leave, or training quality weakens, IDs must treat it as:

- A culture issue
- A safety risk
- A long-term reputation risk

Not as a “temporary operational disruption.”

3. What Both Incidents Reveal About Independent Directors

Across both airlines, IDs should have:

1 Insisted on transparent ESG reporting

Current ESG reports focused on environmental metrics while ignoring:

- Safety KPIs
- Fatigue metrics
- Simulator compliance
- DGCA findings

IDs must bridge this gap.

2 Demanded scenario-based safety reviews

IDs must ensure that high-risk assets (aircraft) have:

- Human-factor risk analysis
- Equipment-specific risk mapping
- Rare-scenario training drills

These were missing in both cases.

3 Protected whistleblowers & red-flag channels

No pilot, trainer, or engineer should fear raising concerns.

IDs should oversee:

- Anonymous reporting channels
- Assurance that reports reach Board
- Shield against internal retaliation

Both airlines lacked this culture.

4 Ensured Board had aviation expertise

Aviation is a high-skill domain.

Boards relying on generic business experience will fail.

IDs must insist on:

- Aviation experts
- Safety specialists
- Human-factor experts

Otherwise, ESG collapses.

🔥 Final Assessment: Independent Director Accountability

In both Air India and IndiGo, Independent Directors were the last line of defence — and that defence did not activate.

- They should have demanded full safety transparency
- They should have interrogated management decisions
- They should have stress-tested assumptions
- They should have escalated operational risks to governance risks
- They should have ensured ESG meant safety, not sustainability PR

⚠️ **If Independent Directors had asked the right questions at the right time, both incidents were preventable.**



FULL MTAS-BASED GOVERNANCE AUDIT CHECKLIST FOR INDEPENDENT DIRECTORS
(For Aviation Boards and High-Risk Sectors)

MTAS = Mapping – Threats – Assessment – Solutions

This checklist is designed for Independent Directors to uncover hidden operational and governance risks and prevent a repeat of the Air India or IndiGo failures.

M — MAP THE RISKS

✓ **Safety & Operational**

- Are all DGCA findings mapped and tracked to closure?
- Are simulator certifications valid, current, and audited?
- Are fatigue levels monitored with real-time metrics?
- Is pilot readiness assessed beyond compliance norms?
- Are aircraft-specific technical advisories fully implemented?

✓ **Human Capital**

- Is workforce morale, fatigue, rest compliance, and training quality mapped?
- Are whistleblower reports escalating to IDs?

✓ **ESG Disclosure**

- Are ESG reports reflecting real operating risks?
- Are safety KPIs materially disclosed?

T — IDENTIFY THREATS

✓ **High-Impact Threats**

- Incorrect training
- Fatigue spikes
- Procedural bypass
- Governance drift
- Regulatory tightening
- Culture of silence

✓ **Audit Questions:**

- Has any risk been normalised over time?
- Are any DGCA or internal audit findings recurring?
- Are management explanations unchallenged?
- Is safety culture weakening?

A — ASSESS ROOT CAUSES

✓ Governance

- Does the Board have aviation expertise?
- Are safety dashboards independently validated?
- Are ESG disclosures audited for completeness?

✓ Culture

- Do employees fear raising concerns?
- Are shortcuts incentivised indirectly (KPIs, targets)?

✓ Systems

- Are FRMS, training management, and simulator approval systems robust?
- Are risk registers current and comprehensive?

S — SOLUTIONS & OVERSIGHT EXPECTATIONS

✓ Governance Strengthening

- Quarterly Safety & ESG Committee briefings to full Board
- Annual independent ESG & safety audit
- CEO/COO attestation on training integrity

✓ Systems & Controls

- Implement FRMS 2.0
- Build predictive rostering models
- Public-facing safety dashboards (delayed by DGCA guidelines)

✓ Culture & People

- Mandatory human-factor audits
- Strengthen whistleblower channels reporting directly to IDs

✓ Reporting & Transparency

- Mandatory disclosure of safety KPIs
- Integration of ESG risk reporting into Board packs

 **FINAL SUMMARY**

Independent Directors must operate as the last line of defence against systemic aviation failures.

This Board Note and MTAS Checklist equip IDs with the precise tools, questions, and oversight structures needed to prevent:

- training failures,
- fatigue-related risks,
- governance drift,
- and safety breakdowns.

When used consistently, this framework can prevent the next Air India or IndiGo-level incident.

This combined case file is not criticism of two airlines.

It is a wake-up call for an entire sector.



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Place: Ahmedabad

Date: December 6th, 2025.

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Knowledge Series

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