



ECONOMIC IMPACT OF INTERNATIONAL AIRPORTS ON REGIONAL DEVELOPMENT: A SYSTEMATIC REVIEW OF LITERATURE AND RESEARCH AGENDA FOR KEMPEGOWDA INTERNATIONAL AIRPORT, BENGALURU

A Textual, Theological and Aesthetic Study of Kṛṣṇa's Flutes, Their Forms, Materials, Measurements and the Idea of the Devotee Becoming the Instrument

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Abstract

International airports have increasingly become important components of modern transport infrastructure and regional economic development. Beyond their primary function of providing air connectivity, airports influence employment generation, investment, trade, tourism, land markets, business activity, accessibility and urbanisation. The relationship between airport development and regional economic growth, however, is complex and varies according to airport size, connectivity, regional economic structure, institutional conditions and the characteristics of surrounding communities. This article reviews the theoretical and empirical literature on the economic impact of international airports on regional development, with particular relevance to the study of Kempegowda International Airport (KIA), Bengaluru. The review examines major theoretical perspectives including infrastructure-led development, endogenous growth theory, accessibility theory, agglomeration economies and growth-pole theory. Empirical studies from developed and developing economies indicate that airport activity can contribute to employment, income, output, investment and population growth, although the magnitude of

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these effects varies across regions. Evidence also suggests that airports can generate spatial spillovers and improve regional accessibility, while simultaneously producing challenges relating to land-use change, rising land values, displacement pressures, congestion and environmental externalities. Recent studies demonstrate that the relationship between air transport and economic growth may be bidirectional and that the benefits of airport infrastructure are not automatically distributed equally across local communities. The review identifies a research gap concerning the integrated assessment of economic and social effects of a major international airport on local communities in an Indian metropolitan region. In particular, limited research simultaneously examines employment, household income, land values and quality of life around Kempegowda International Airport. The article proposes an integrated conceptual framework for examining the economic and social transformation associated with airport-led development and provides a research agenda for future empirical investigation.

Keywords: Airports, regional development, economic impact, employment, household income, land values, accessibility, airport-led development, Kempegowda International Airport, Bengaluru.

1. Introduction

Transport infrastructure is an important component of regional economic development because it facilitates the movement of people, goods, services, capital and information across geographical locations. Among different forms of transport infrastructure, airports occupy a distinctive position because they provide rapid connectivity between regions, cities and international markets. The increasing integration of regional economies into national and global production networks has enhanced the importance of air transport as a facilitator of economic interaction. Consequently, international airports are no longer viewed only as transport facilities but increasingly as strategic infrastructure capable of influencing the economic and spatial development of their surrounding regions.

The economic importance of airports can operate through several channels. Airport construction and operation generate direct employment, while airport-related firms, logistics companies, hotels, restaurants, retail businesses and transport providers create indirect and induced economic activity. Improved air connectivity can also increase the accessibility of a region and make it more attractive to firms, investors, tourists and skilled workers. These mechanisms may contribute to employment and income growth and may encourage the expansion of service-sector activities. Green (2007), for example, examined whether airport activity could predict population and employment growth and considered several measures of airport activity, including passenger boardings, originations, hub status and cargo activity.

The relationship between airports and regional economic development is nevertheless not necessarily automatic. Airports may contribute to economic growth when adequate complementary infrastructure, skilled labour, investment opportunities and institutional capacity are available. The economic benefits may also differ according to airport size and the type of air services provided. Research on German airports indicates that the scale and direction of output effects differ between airports and that differences can be associated with airport capital, air-service patterns and connectivity.

Empirical evidence from different countries supports the importance of airport connectivity for regional development. In Indonesia, Aunurrofik (2018) found that flight frequency, passenger numbers and air cargo were positively associated with regional per-capita income, with cargo showing a particularly strong effect.



In Australia, Baker et al. (2015) identified a bidirectional relationship between regional aviation and economic growth using data from 88 regional airports. Evidence from China also indicates that air transport can stimulate economic growth but may simultaneously contribute to regional income disparities.

These findings are particularly relevant to Bengaluru, one of India's major metropolitan economies and technology centres. The establishment and expansion of Kempegowda International Airport have strengthened Bengaluru's national and international air connectivity and contributed to the development of the northern Bengaluru region. However, airport-led development can produce both positive and negative effects for surrounding communities. Employment opportunities, business expansion, improved connectivity and land-market appreciation may coexist with changes in land use, increased property prices, environmental pressures and changes in traditional livelihoods.

Therefore, a systematic examination of the existing literature is important before assessing the economic impact of Kempegowda International Airport on local communities. The present article reviews the theoretical and empirical literature on airport-led regional development and identifies gaps that can guide empirical research on KIA and its surrounding communities.

2. Statement of the Problem

Large international airports require substantial investments in land, transportation networks, terminals, runways, logistics facilities and supporting infrastructure. These investments can transform the economic structure of surrounding regions. However, the benefits generated by airport development may not be distributed uniformly among local communities.

The existing literature provides considerable evidence concerning the relationship between airport activity and regional economic growth. Nevertheless, important gaps remain. First, many studies concentrate on regional GDP, employment or passenger traffic rather than household-level economic changes. Second, relatively fewer studies simultaneously consider employment, household income, land values and social conditions. Third, the distributional effects of airport development among local communities require greater attention. Fourth, evidence relating specifically to major international airports in rapidly urbanising Indian metropolitan regions remains comparatively limited.

The present study therefore considers the literature as a basis for examining whether the economic benefits associated with Kempegowda International Airport are reflected in the economic conditions and quality of life of surrounding communities.

3. Objectives of the Study

The major objectives of this review article are:

1. To examine the theoretical relationship between airport infrastructure and regional economic development.
2. To review empirical studies concerning the economic impact of airports on employment, income, output, investment and regional development.



3. To identify the major channels through which international airports influence surrounding economies.
4. To examine the potential positive and negative effects of airport-led development on local communities.
5. To identify methodological and geographical gaps in the existing literature.
6. To develop a conceptual framework for analysing the economic impact of Kempegowda International Airport on local communities.
7. To suggest areas for future empirical research concerning KIA and Bengaluru.

4. Research Questions

The study addresses the following research questions:

1. How does airport development influence regional economic development?
2. What are the major economic channels through which international airports affect surrounding communities?
3. Does airport activity contribute to employment and household income growth?
4. How does improved air connectivity influence investment and business development?
5. What effects can airport development have on land values and land-use patterns?
6. Are the economic benefits of airport development distributed equally among local communities?
7. What research gaps exist in the literature concerning KIA and local communities?

5. Theoretical Framework

5.1 Infrastructure-Led Development Theory

Infrastructure is generally regarded as a productive factor that can influence economic activity by reducing transaction costs and improving accessibility. Transport infrastructure allows economic agents to interact more efficiently and expands the geographical market available to firms and households. Airports represent an important form of transport infrastructure because they significantly reduce travel time between distant markets.

From an infrastructure-led development perspective, airport investment can increase regional productive capacity through improved connectivity. Businesses may obtain access to larger markets, firms may attract investment, and workers may gain access to wider employment opportunities. However, infrastructure investment produces stronger economic effects when complementary infrastructure and productive capacity are present.



5.2 Endogenous Growth Theory

Endogenous growth theory emphasises the role of investment, human capital, knowledge, technology and innovation in determining long-term economic growth. Airport connectivity can contribute to these processes by facilitating the movement of skilled workers, business professionals, tourists, investors and knowledge.

For a technology-oriented economy such as Bengaluru, international connectivity can potentially strengthen linkages between local firms and global markets. The airport may therefore act as a facilitator of knowledge exchange, business interaction and investment.

5.3 Accessibility Theory

Accessibility refers to the ease with which individuals, firms and regions can reach markets, employment opportunities, services and other locations. Airports increase regional accessibility by reducing the time and cost of long-distance travel.

Improved accessibility can increase the attractiveness of a location for businesses and households. Regions with better air connectivity may gain competitive advantages in attracting investment, tourism and high-value service activities.

Recent evidence from European regions indicates that air accessibility is positively associated with GDP per capita, although the magnitude of the relationship differs according to airport size and regional characteristics.

5.4 Agglomeration Economies

Agglomeration economies arise when firms and workers benefit from geographical concentration. Airports can strengthen agglomeration by improving connectivity between firms, markets and labour pools.

International airports may therefore encourage the concentration of logistics, hospitality, business services, technology companies and other economic activities in surrounding areas. These activities can generate employment and income multipliers.

5.5 Growth-Pole Perspective

The growth-pole approach suggests that major investments can become centres of economic activity and stimulate development in surrounding areas. An international airport can function as a growth pole when airport-related investment attracts complementary industries.

The development of commercial areas, hotels, logistics centres, warehousing facilities, industrial clusters and transportation services around airports represents a potential growth-pole mechanism.



6. Methodology

6.1 Research Design

This article adopts a structured literature-review approach. The review focuses on academic research examining the relationship between airports, air transport, economic growth, regional development, employment, income, accessibility and local development.

6.2 Sources of Literature

The literature was identified from academic and institutional sources, including:

- Peer-reviewed journal articles
- Academic databases
- Research repositories
- Government and institutional reports
- International transport and aviation organisations
- Relevant books and theoretical literature

Priority was given to peer-reviewed empirical studies and studies with clearly stated methodologies.

6.3 Selection Criteria

Studies were considered relevant when they examined one or more of the following:

- Airport infrastructure
- Air transport
- Regional economic growth
- Employment
- Income
- Investment
- Population growth
- Accessibility
- Land development
- Local economic development
- Airport-led urbanisation

Studies unrelated to regional or economic effects of airports were excluded from the substantive review.



6.4 Analytical Approach

The literature was analysed thematically under the following dimensions:

1. Airport infrastructure and regional growth
2. Employment effects
3. Income and output effects
4. Accessibility and connectivity
5. Investment and business activity
6. Land-use and property-market effects
7. Spatial spillovers
8. Social and environmental effects
9. Distributional consequences
10. Research gaps

7. Review of Empirical Literature

7.1 Airports and Employment

Employment is one of the most frequently examined economic effects of airport development. Airport activity creates direct employment within airport operations and indirect employment through airlines, logistics, ground handling, retail, hospitality and transportation.

Green (2007) examined airport activity and its relationship with metropolitan employment and population growth. The study considered passenger boardings, originations, hub status and cargo volume as indicators of airport activity. The findings supported the importance of airport activity in understanding metropolitan economic development.

Percoco (2010) examined airport activity and local development in Italian provinces. The study extended the conventional employment-airport relationship by considering selection effects and spatial spillovers. It reported an elasticity of service-sector employment with respect to airport passengers of approximately 0.045 and a positive spillover effect from neighbouring airports.

These findings indicate that airport employment effects extend beyond airport boundaries. Consequently, the analysis of KIA should include both direct airport employment and indirect employment generated in surrounding communities.



7.2 Airports and Regional Economic Growth

A substantial body of research has examined the relationship between air transport and regional economic growth.

Mukkala and Tervo (2013) investigated the direction of causality between air transportation and regional economic growth using European regional data. Their analysis demonstrates the importance of distinguishing between correlation and causation because economically growing regions may themselves generate greater demand for air transport.

Baker et al. (2015) analysed 88 regional airports in Australia and found evidence of short- and long-run relationships between regional aviation and economic growth. Their findings suggest a bidirectional relationship in which aviation influences economic growth while regional economic performance also influences air-transport demand.

Volkhausen (2022) examined regional airports in the European Single Aviation Market using a difference-in-differences research design. The study reported positive effects of regional airport presence on economic activity, population and employment, although the magnitude varied across outcomes.

Wong et al. (2022) examined air transport, economic growth and regional inequality across three Chinese macro-regions. Their findings suggest that air transport can promote economic growth but can also widen regional income disparities. This finding is important because economic growth generated by airport development does not necessarily imply equal distribution of benefits.

7.3 Air Transport and Regional Income

Air transport can influence regional income by increasing employment, productivity, tourism, investment and market accessibility.

Aunurrofik (2018) examined Indonesian regencies and found positive and significant effects of flight numbers, passenger traffic and air cargo on regional per-capita income. The study particularly identified air cargo as an important factor, suggesting that airports designed only for passenger transport may generate different economic outcomes from airports that also support trade and business activity.

This finding has direct relevance for KIA because Bengaluru is an important centre for technology, business services, manufacturing, logistics and international trade. Therefore, passenger traffic alone may not adequately represent the airport's economic impact.

7.4 Airport Accessibility and Economic Development

Accessibility is an important mechanism through which airports influence regional economies. Improved air accessibility reduces effective geographical distance between markets and increases the potential for business interaction.

Research on European regions has found a positive long-run relationship between air accessibility and GDP per capita, although the relationship varies by airport size. The evidence also suggests that causality can



differ between regions, demonstrating that airport accessibility should be examined within its broader regional economic context.

For Bengaluru, accessibility effects may be particularly important because KIA connects the metropolitan region with national and international destinations. Improved connectivity may therefore influence business location decisions, tourism, investment and employment.

7.5 Airports and Investment

International airports may improve the attractiveness of regions for investment by reducing travel costs and increasing access to international markets. Multinational firms and internationally oriented businesses often require frequent movement of employees, managers, clients and high-value goods.

Airport development can therefore interact with industrial parks, technology clusters, logistics centres, hotels and commercial real estate.

However, the investment effect is conditional rather than automatic. Airport infrastructure must be supported by roads, public transport, utilities, telecommunications, skilled labour and institutional capacity.

7.6 Airports and Land-Use Transformation

Large airport projects require substantial land and frequently stimulate development in surrounding areas. Improved accessibility may increase the demand for commercial, residential and industrial land.

This can result in increased land values and changes in land use. Agricultural land may gradually be converted into residential layouts, commercial establishments, warehouses, logistics centres and other urban uses.

For local communities, rising land values can create wealth effects for landowners but may also increase housing costs and create displacement pressures for households that do not own land.

Therefore, land value should be treated as an important economic variable in an empirical study of KIA.

7.7 Spatial Spillovers

Airport impacts do not necessarily stop at administrative boundaries. Businesses and households may locate outside the immediate airport zone while still benefiting from airport accessibility.

Percoco (2010) provides evidence of positive spillover effects associated with neighbouring airports.

This suggests that the geographical definition of an airport impact study is important. A study restricted only to airport premises may underestimate the broader regional impact.

For KIA, communities located within different distance bands could therefore be examined, such as:

- 0–5 km
- 5–10 km
- 10–20 km



Such spatial classification can help identify whether economic effects decline with distance from the airport.

8. Positive and Negative Effects of Airport Development

The literature suggests that airport development can produce both benefits and costs.

Positive Economic Effects

- Employment generation
- Household income growth
- Business expansion
- Investment attraction
- Tourism development
- Improved market access
- Improved connectivity
- Logistics development
- Land-value appreciation
- Infrastructure development
- Growth of service industries

Potential Negative Effects

- Land acquisition pressures
- Displacement
- Rising property prices
- Traffic congestion
- Noise pollution
- Air pollution
- Environmental degradation
- Pressure on local infrastructure
- Changes in traditional occupations
- Unequal distribution of economic benefits



The existence of positive aggregate economic effects therefore does not necessarily imply improvements in the welfare of every affected household.

9. Research Gap

The review identifies several important research gaps.

First, much of the existing literature examines airport effects at the regional or metropolitan level using GDP, employment or passenger traffic. Comparatively less attention has been given to household-level economic changes.

Second, relatively few studies integrate employment, household income, land values and quality of life into a single analytical framework.

Third, many studies focus on developed economies in Europe, North America and Australia. Evidence from rapidly urbanising Indian metropolitan regions remains comparatively less developed.

Fourth, the causal relationship between airport activity and economic development remains an important methodological issue because economically prosperous regions can themselves generate greater airport demand.

Fifth, the distributional consequences of airport-led growth require greater attention. Aggregate growth may coexist with unequal benefits among landowners, workers, tenants, farmers and informal-sector households.

Sixth, there is a need to examine both positive and negative externalities associated with airport development.

Seventh, limited research has specifically examined the economic transformation of communities surrounding Kempegowda International Airport using primary household-level evidence.

Finally, there is a need to develop an integrated Quality of Life Index that can capture economic, social, infrastructural and environmental changes associated with airport-led development.

10. Conceptual Framework for the KIA Study -The literature reviewed in this article suggests the following conceptual relationship:

Kempegowda International Airport



Improved Air Connectivity



Accessibility and Market Integration



Investment + Business Development + Tourism + Logistics



↓

Employment Generation

↓

Household Income

↓

Land-Use Change + Land-Value Change

↓

Infrastructure and Urbanisation

↓

Changes in Quality of Life

At the same time:

Airport Development

↓

Environmental Externalities + Congestion + Land Pressure

↓

Social and Economic Costs

↓

Unequal Distribution of Benefits

The final economic impact on local communities can therefore be understood as the combined effect of economic benefits and social/environmental costs.

11. Proposed Variables for Future Empirical Study

Dimension	Variables
Airport Activity	Passenger traffic, aircraft movements, cargo
Employment	Employment status, occupation, formal/informal employment
Income	Monthly household income, annual income, income sources
Business	Number of businesses, turnover, business expansion
Land	Land ownership, land value, land-use change



Housing	House ownership, rental cost, housing quality
Infrastructure	Roads, electricity, water, sanitation, internet
Accessibility	Travel time, transport availability, market accessibility
Education	School access, educational attainment
Health	Healthcare access, health facilities
Environment	Noise, air quality, waste, congestion
Quality of Life	Economic, social, infrastructural and environmental indicators

12. Suggested Hypotheses for the Main Ph.D. Study

H01

There is no significant relationship between proximity to Kempegowda International Airport and employment opportunities among local households.

H02

There is no significant relationship between airport development and household income levels.

H03

There is no significant difference in land values between areas located at different distances from KIA.

13. Policy Implications

The literature suggests that airport development policies should move beyond passenger-capacity expansion and consider the wider regional development effects.

First, employment generated by airport development should benefit surrounding communities through local recruitment and skill-development programmes.

Second, government agencies should improve transport connectivity between nearby villages and the airport.

Third, land-use planning should protect vulnerable households from displacement and unmanaged urbanisation.

Fourth, local communities should have access to information regarding land-market transformation and development projects.

Fifth, airport-led development should be integrated with regional economic planning.

Sixth, environmental monitoring should accompany airport expansion.

Seventh, policymakers should evaluate the distribution of economic benefits rather than focusing only on aggregate regional GDP.



Finally, a community-oriented Quality of Life Index can be used to monitor whether airport-led economic growth translates into measurable improvements in household welfare.

14. Conclusion

International airports have become important components of regional economic infrastructure. The literature reviewed in this article demonstrates that airports can influence regional development through multiple channels, including improved accessibility, employment generation, income growth, investment, tourism, logistics and business development. Empirical evidence from Europe, Australia, China, Indonesia, Italy and other regions generally supports a positive association between air transport and regional economic activity, although the magnitude and direction of effects vary across regions and airport types.

The literature also demonstrates that airport development should not be evaluated solely through passenger traffic or aggregate economic output. Airport activity can generate spatial spillovers, influence land markets and transform surrounding communities. At the same time, economic benefits may be unevenly distributed and can coexist with environmental pressures, land-use change and rising property values.

The review identifies a significant opportunity for research on Kempegowda International Airport. Bengaluru's economic structure, technology-oriented economy, rapid urbanisation and expanding airport-related development provide an important context for examining airport-led regional transformation. A comprehensive study combining employment, household income, land values, business activity, infrastructure and Quality of Life can provide a more complete understanding of the airport's local economic impact.

The proposed research framework therefore moves from a narrow assessment of airport activity towards a broader community-centred analysis of economic and social transformation. Such an approach can contribute to the literature on airport economics while also generating evidence useful for regional planning and public policy in Bengaluru.

15. Limitations of the Review

This article primarily focuses on literature concerning the economic and regional-development effects of airports. The literature varies substantially in terms of geographical scale, data availability, research design and definitions of economic impact. Consequently, direct comparison between studies should be undertaken carefully.

Further, the review identifies a research agenda rather than providing a causal estimate of the impact of KIA. The causal impact of KIA requires primary and secondary data and appropriate econometric techniques. The proposed empirical study will therefore complement the present review by examining household-level evidence from communities surrounding the airport.



16. Scope for Future Research

Future research should investigate:

1. Household-level employment effects.
2. Changes in household income.
3. Land and property-value changes.
4. Business development around KIA.
5. Changes in occupational structure.
6. Agricultural-to-non-agricultural land conversion.
7. Airport-induced urbanisation.
8. Infrastructure improvement.
9. Environmental externalities.
10. Quality of Life Index.
11. Spatial variation in airport impacts.
12. Distributional effects among different social and economic groups.

A longitudinal "before and after" analysis, wherever reliable historical data are available, would further strengthen the empirical assessment.

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