

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 616
(To be answered on the 13th December 2018)**

TERMS OF CONTRACT UNDER UDAN SCHEME

616. KUNWAR BHARATENDRA

**Will the Minister of CIVIL AVIATION
नागर विमानन मंत्री**

be pleased to state:-

- a) the measures being undertaken to ensure that airlines do not back out after being granted the contracts under UDAN scheme;
b) whether the Government has undertaken any measures for ensuring Centre-State cooperation while implementing UDAN scheme; and
c) if so, the details thereof?

ANSWER

**Minister of State in the Ministry of CIVIL AVIATION
नागर विमानन मंत्रालय में राज्य मंत्री**

(Shri Jayant Sinha)

(a): The Selected Airline Operator (SAO) is required to enter into a three year contract with the Implementing Agency for operating Regional Connectivity Scheme (RCS) - UDAN (Ude Desh ka Aam Nagrik) Flights as per the RCS terms. The Selected Airline Operator is also required to comply with all applicable regulations for such operations under this scheme including those of the Directorate General of Civil Aviation (DGCA). At the time of signing the contract, the Selected Airline Operator is required to submit a Performance Guarantee to the Implementing Agency for an amount equivalent to five percent (5%) of the total Viability Gap Funding (VGF) amount to be provided to such Selected Airline Operator in the first year of its operations, subject to a minimum of Rs. Five Lakhs (Rs. 5,00,000/-) per RCS Route.

Performance Guarantee submitted by the Selected Airline Operator shall be liable to encashment as per the terms and conditions of the contract, if the Selected Airline Operator fails to:

- i) Ensure integrity of the scheduled flights on routes proposed under the contract signed with the Implementing Agency, i.e. it fails to operate at least 70% of the scheduled flights on routes proposed under the contract signed with the Implementing Agency in a specified period or**

ii) Adhere to any other terms and conditions of the contract signed with the Implementing Agency. Upon such encashment, the Selected Airline Operator will be required to replenish the Performance Guarantee within a specified period, failing which the Implementing Agency will be entitled to terminate the contract and proceed as per provisions of the contract.

(b) & (c): A tripartite Memorandum of Understanding (MoU) is signed between the Ministry of Civil Aviation, Airports Authority of India and State Governments for providing concession as envisaged in the RCS documents to the Selected Airline Operator at RCS airports located in their respective States.
