

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 223
(To be answered on the 16th March 2023)**

FINANCIAL ASSISTANCE UNDER RCS-UDAN

***223. SHRI POCHA BRAHMANANDA REDDY**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a): whether any steps have been taken/proposed to be taken by the Government to provide financial support under Regional Connectivity Scheme - Ude Desh Ka Aam Nagrik (RCS-UDAN) to meet the gap between the cost of airline operations and expected revenues on regional routes; and

(b): if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Jyotiraditya M. Scindia)

(a) to (b): A Statement is laid on the Table of the House.

STATEMENT IN RESPECT OF LOK SABHA STARRED QUESTION NO. 223 REGARDING "FINANCIAL ASSISTANCE UNDER RCS UDAN" TO BE ANSWERED ON 16.03.2023.

(a) & (b): Ministry of Civil Aviation has launched Regional Connectivity Scheme (RCS) - UDAN (Ude Desh ka Aam Nagrik) on 21-10-2016 to stimulate regional air connectivity and making air travel affordable to the masses. UDAN is a self-financing scheme. Under UDAN, 469 routes connecting 74 unserved and underserved airports including 9 Heliports & 2 water aerodromes have been operationalized as on 28.02.2023.

Promoting affordability of regional air connectivity is envisioned under UDAN by supporting Selected Airline Operators (SAOs) through concessions by Central Government, State Governments/UTs and airport operators to reduce the cost of airline operations on regional routes and providing financial (Viability Gap Funding or VGF) support to meet the gap, if any, between the cost of airline operations and expected revenues on such UDAN routes.

The concessions offered under the scheme are as under:

Airport operators:

- i) Airport operators shall not levy Landing and Parking Charges on RCS Flights.**
- ii) AAI shall not levy any Terminal Navigation Landing Charges (TNLC) on RCS Flights.**
- iii) Route Navigation and Facilitation Charges (RNFC) will be levied by AAI on a discounted basis @ 42.50% of Normal Rates on RCS Flights.**
- iv) Selected Airline operators shall be allowed self-ground handling for operations under the Scheme at all airports.**

Central Government:

- i) Excise Duty at the rate of 2% shall be levied on Aviation Turbine Fuel (ATF) purchased by selected Airlines Operators from RCS Airports for initial period of three (3) years from the date of notification of this scheme.**
- ii) Selected Airline Operators will have the freedom to enter into code sharing arrangements with both domestic as well as international airlines.**

States Government at RCS Airports within their States:

- i) Reduce VAT to 1% or less on ATF at RCS Airports located within the states for a period of 10 years.**
- ii) Provide minimum land, if required, free of cost and free from encumbrances for development of RCS Airports and provide multi-modal hinterland connectivity as required.**
- iii) Provide security and fire services free of cost at RCS Airports.**
- iv) Providing, or cause to be provided, electricity, water and other utility services at**

substantially concessional rates at RCS Airports.

v)Provide a certain share (20% for States other than North-Eastern States where the ratio will be 10%) of determined VGF.

VGF amount of around Rs. 2433 crore has been released to Selected Airline Operators as on 28.02.2023 for the operation of UDAN flights.
