

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 4578
(To be answered on the 27th March 2025)**

PUBLIC-PRIVATE PARTNERSHIP IN REGIONAL AIR CONNECTIVITY

4578. SHRI ANUP SANJAY DHOTRE

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) the manner in which the Government is promoting public-private partnerships to support regional air connectivity initiatives;**
(b) the details of the incentives being offered by the Government to encourage private sector participation; and
(c) the measures being taken by the Government to ensure that regional air connectivity initiatives are environmentally sustainable, socially inclusive and economically viable?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Murlidhar Mohol)

(a) to (c): Under the RCS-UDAN Scheme, private airline operators are incentivised to provide regional and remote connectivity through VGF support and a host of concessions offered by Central government, State Government and airport operators, including private airport operators. The VGF for the RCS (Regional Connectivity Scheme) is funded through a levy charged on certain domestic routes by airlines.

With a view to assist the airlines in keeping the routes economically viable, Government has taken several measures under the RCS - UDAN, such as

- i. Viability Gap Funding: Viability Gap Funding (VGF) to the Selected Airline Operators operating the UDAN routes helps cover the gap between the operational costs and the revenue generated.**
- ii. Route Exclusivity: Exclusivity of operations to Selected Airline Operators (SAO) on awarded RCS Routes.**
- iii. Fuel Tax Benefit: Excise Duty at the rate of 2% and VAT at reduced rates (1 to 4% by most States) is levied on ATF drawn by SAO at RCS Airports**
- iv. Airport charges subsidy: Airport operators not to levy Landing and Parking Charges, AAI to exempt Terminal Navigation Landing Charges**

(TNLC) and levy Route Navigation and Facilitation Charges (RNFC) on a discounted basis @ 42.50% of Normal Rates on RCS Flights.

v. Self-ground Handling: SAO allowed self-ground handling for operations under the Scheme at all airports.

The RCS has given a much-needed boost to regional aviation, fostering balanced growth and providing socio-economic benefits. Improved connectivity to remote and underserved regions, boosting tourism, trade, and employment. UDAN has provided an impetus to economic development of remote regions and contributed to a more equitable and inclusive growth in economic activity across the country. It has provided a boost to businesses with enhanced connectivity to industrial hubs, tourist destinations and made trade more efficient.

More than 149 lakhs domestic passengers have travelled in more than 2.97 lakh RCS flights covering 32 States in the country.
