

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 904  
(To be answered on the 21<sup>st</sup> July 2016)**

**REGIONAL CONNECTIVITY SCHEME**

**904.      SHRI S.R. VIJAYAKUMAR  
            DR. SHASHI THAROOR  
            SHRI B. VINOD KUMAR  
            SHRIMATI VEENA DEVI  
            SHRIMATI RAKSHATAI KHADSE  
            SHRI T. RADHAKRISHNAN  
            SHRI MALLIKARJUN KHARGE  
            SHRI GUTHA SUKENDER REDDY  
            SHRI BIDYUT BARAN MAHATO  
            SHRI M.B. RAJESH**

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

**be pleased to state:-**

- (a) whether the new civil aviation policy proposes to introduce the Regional Connectivity Scheme (RCS) in the country, if so, the details thereof;**
- (b) whether the Government proposes to permit local body participation to select sites under RCS and take into account the needs of local stakeholders in order to promote accessibility and tourism, if so, the details thereof and if not, the reasons therefor;**
- (c) whether the Government proposes to provide regional air connectivity with unserved and underserved airports at an airfare of Rs. 2500 an hour with small aircraft and also provide subsidy to airlines for the purpose through regional connectivity fund, if so, the details thereof;**
- (d) whether the Government proposes to operate passenger flights on routes connecting major airports to unserved and underserved airports and vice versa under the RCS as per the recently drafted policy with the help of State Governments and Viability Gap Funding (VGF), if so, the details thereof;**
- (e) the number of airlines that have applied for unserved airports of the country after the announcement of said policy, airport-wise;**
- (f) whether helicopter services are proposed for North-Eastern Region under Public Private Partnership modal, if so, the details thereof; and**
- (g) whether the Government has decided to come up with easy entry and easy exit rules for airlines and 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) to (g): Yes Madam, The Government has recently approved National Civil Aviation Policy 2016 which inter-alia envisages Regional Connectivity Scheme (RCS). Details of the Scheme as envisaged in the National Civil Aviation Policy, 2016 is attached at Annexure.

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## Regional Connectivity Scheme

- a) The Regional Connectivity Scheme (RCS) will come into effect in the second quarter of 2016-17.
- b) Ministry of Civil Aviation (**MoCA**) will target an indicative airfare of Rs 2500 per passenger approximately, indexed to inflation, for a significant part of the capacity of the aircraft for a distance of 500kms to 600 kms. on RCS routes (equivalent to about one hour of flight). The cap for helicopters under RCS will be higher. The scheme will offer a flexible menu of options to the interested scheduled airline operators.
- c) This will be implemented by way of:
- i) Revival of un-served or under-served airports/ routes, including routes connecting Agatti and Leh,
  - ii) Concessions by different stakeholders,
  - iii) Viability Gap Funding (**VGf**) for operators under RCS
  - iv) Cost-effective security solutions by Bureau of Civil Aviation Security (**BCAS**) and State Governments.
- d) Currently around 75 out of 450 airstrips/airports have scheduled operations. Revival of the remaining air strips and airports will be "demand driven", depending on firm demand from airline operators, as No-Frills Airports will be done at an indicative cost of Rs 50 crore to Rs 100 crore, without insisting on its financial viability. Inputs from and willingness of the State Governments will be taken before revival of any airport is undertaken. AAI/ State Govts can explore possibilities of developing these airports through PPP also.
- e) RCS will be made operational only in those States which reduce VAT on Aviation Turbine Fuel (ATF) at these airports to 1% or less for a period of 10 years.
- f) State Government will provide land free of cost and free from all encumbrances and also provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc) as required.
- g) For upto 10 years from the date of commencement of flight operations under RCS:
- i) There will be no airport charges levied for operations under RCS. Landing, parking and Terminal Navigation Landing charges (TNLC) shall be waived and Route Navigation and Facilitation charges (RNFC) will be levied on a nominal basis.
  - ii) Service tax on tickets will be levied on 10% of the taxable value (abatement of 90%) of tickets for passengers embarking from or terminating in an RCS airport, without any input credits for an initial period of 1 year from the date of commencement of operations of the RCS airport as notified by MoCA.
  - iii) State government will provide police and fire services free of cost. Power, water and other utilities will be provided at substantially concessional rates.
  - iv) Self ground handling by airlines will be allowed for operations under RCS at all airports.



- v) Excise duty at a rate of 2% shall be levied on Aviation Fuel drawn by operators from the RCS airports for an initial period of three years from the date of notification.
- vi) VGF indexed to ATF prices and inflation will be provided for a particular route, on a competitive bidding basis if necessary, for a period upto 10 years from commencement of operation by an airline.
- h) VGF will be shared between MoCA and the State Government in the ratio of 80:20. For the North Eastern States, the ratio will be 90:10. The payment of the full amount of VGF will be made to the airline operator from the Regional Connectivity Fund (RCF) and the State Governments will be subsequently asked reimbursement.
- i) MoCA's share of VGF will be provided through the RCF.
- j) RCF will be funded by a levy from a date to be notified by the Government under Section 5(2)(ab) of the Aircraft Act 1934. The RCF levy per departure will be applied on all domestic routes other than Cat II / Cat IIA routes, RCS routes and small aircraft below 80 seats irrespective of the routes. The rate of the levy will be decided by the Ministry of Civil Aviation from time to time.
- k) The premium realized, if any, from the allotment of additional capacity entitlements on international routes will also go to RCF.
- l) The RCF will be collected and operated by AAI or any other entity identified by MoCA. This Implementing Agency shall be provided appropriate administrative charges for implementing the scheme. The Implementing Agency will also provide necessary details to the State Governments for collecting the share of VGF from them.
- m) Similarly, upto 10 years from the date of commencement of cargo operations at the RCS airports, the air freighters will be entitled to the following:
- There will be no airport charges levied for operations under RCS. TNLC shall be waived and RNFC will be levied on a nominal basis.
  - Excise Duty on ATF drawn by cargo operators from the RCS airports shall be at the rate of 2% for a period of 3 years from the date of notification.
  - However, Cargo operators will not be entitled to VGF.
- n) Continuance of VGF for a particular route will be subject to appropriate Passenger Load Factor continuously for a prescribed period and subject to review after 3 years.
- o) Prioritization of routes will be carried out and reviewed from time to time so that there is balanced growth of regional connectivity in different parts of the country.
- p) Operators will be provided a menu of options, with in-built mechanism for ease of entry into and exit from RCS.
- q) They will have freedom to enter into code shares with both domestic and international airlines.

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