



RCS-UDAN-Small Aircraft Sub-Scheme ("SAS") Version 1.0 Ministry of Civil Aviation, Government of India

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List of Abbreviations

- i. AAI:Airports Authority of India
- ii. AOP: Air Operator Permit
- iii. ASF: Aviation Security Fee
- iv. ATF: Aviation Turbine Fuel
- v. CPI: Consumer Price Index
- vi. DF:Development Fee
- vii. DGCA: Directorate General of Civil Aviation
- viii. GDP: Gross Domestic Product
- ix. GSTGoods and Service Tax
- x. ICAO:International Civil Aviation Organization
- xi. INR:..... Indian Rupees
- xii. IT:Information Technology
- xiii. MoCA: Ministry of Civil Aviation
- xiv. NCAP: National Civil Aviation Policy
- xv. PLF:Passenger Load Factor
- xvi. PSU:Public Sector Undertaking
- xvii. RCF:Regional Connectivity Fund
- xviii. RCS: Regional Connectivity Scheme
- xix. RDG: Route Dispersal Guidelines
- xx. RNFC: Route Navigation Facility Charges
- xxi. TNLC: Terminal Navigation Landing Charges
- xxii. UDF: User Development Fee
- xxiii. VAT: Value Added Tax
- xxiv. VGF: Viability Gap Funding
- xxv. SAOSelected Airline Operator
- xxvi. CAR..... Civil Aviation Requirement

1 Scheme Objectives and Guiding Principles¹

1.1 Background

- 1.1.1 The Ministry of Civil Aviation (MoCA), Government of India released the National Civil Aviation Policy 2016 (NCAP 2016). One of the objectives of NCAP 2016 is to “enhance regional connectivity through fiscal support and infrastructure development”.
- 1.1.2 As per an ICAO study - “Economic benefits of civil aviation: ripples of prosperity”, the output and employment multipliers of aviation are 3.25 and 6.10 respectively. This implies that every 100 Rupees spent on air transport contributes to 325 Rupees worth of benefits, and every 100 direct jobs in air transport result in 610 jobs in the economy as a whole. In fact, the study attributes over 4.5% of the global Gross Domestic Product (GDP) to civil air transport.
- 1.1.3 As the Indian economy grows, consumption-led growth in populated metros is expected to spill over to hinterland areas. This is also expected to be on account of factors of production (land, labor, etc.) becoming costlier in the densely populated metro cities. In this scenario, air connectivity can provide required impetus to the economic growth of regional centers (towns / cities).
- 1.1.4 In this context, one of the key objectives of NCAP 2016 is to “establish an integrated eco-system which will lead to significant growth of civil aviation sector, which in turn would promote tourism, increase employment and lead to a balanced regional growth”.
- 1.1.5 NCAP 2016 also seeks to sustain and nurture a competitive market environment in the civil aviation sector. While it would be best for growth in the sector and establishment of regional air connectivity to materialize through open market mechanisms in terms of airlines assessing demand on various routes, developing networks through deployment of appropriate capacities & technologies, infrastructure developing in sync with demand, etc. it was felt that facilitating / stimulating regional air connectivity would be desirable from a public policy perspective and may need financial support, at least in the initial period, to trigger participation of players. It is in this context that NCAP 2016 provides for a Regional Air Connectivity Scheme (“RCS” or “Regional Connectivity Scheme”).
- 1.1.6 After, 4 successful rounds of the Regional Connectivity Scheme, the MoCA has now decided to introduce a special sub-scheme for operationalizing regional routes with a focus on small aircraft operations, the Small Aircraft Sub-Scheme (“SAS” or “the Scheme”).
- 1.1.7 The operation of the Scheme is proposed to be through a market mechanism where operators will assess demand on routes; submit proposals for operating / providing connectivity on such route(s); seek VGF, if any, while committing to certain minimum operating conditions; and the same shall be finalized in interaction with other market participants as provided for in this Scheme.

¹ This document is not a contract and does not create any enforceable rights and obligations. Terms and conditions of operations under the scheme would be contained in a suitable contract to be signed between the Implementing Agency and the Selected Airline Operator.

- 1.1.8 MoCA acknowledges that different / same aircraft operated by different operators for the same stage lengths can have different cost of operations because of differences in inherent economics of aircraft types for various stage lengths, cost of operations specific to operators in terms of various business parameters such as business models, fleet utilization, scale of operations, etc. Specification of (normative) VGF Caps upfront, wherever applicable, has, therefore been considered important to ensure transparent operation of a market-based mechanism under this Scheme rather than through determination subsequent to receipt of varied proposals.
- 1.1.9 While, it is the intent and focus of the Scheme that operation of a market based mechanism facilitates discovery of the optimum support requirements within specified caps/limits, wherever applicable, MoCA recognizes that in certain cases it is possible that a market based discovery of optimum support requirements may not happen due to lack of competition / uncertainty in market conditions and ex-post, the specified (normative) caps may end up seeming to be higher than the actual support requirement in future on account of factors like higher airfares for Non-RCS SAS Seats, higher load factors, etc. Given that the focus of the Scheme is to provide air connectivity where it does not exist, and through a new mode/mechanism, the quantum or probability of such eventualities / outcomes in future cannot be ascertained by MoCA and potentially even the market ex-ante on account of the multiplicity of unascertainable factors. Further, the Scheme is premised on and continuing to encourage an open market mechanism where operators will be assessing demand on routes, developing networks through deployment of appropriate capacities & technologies, and take risks on account of factors like marketing of capacities, realizable demand, effect of ATF prices on costs / fares for Non-RCS SAS Seats, etc. Accordingly, in consultation with stakeholders, MoCA recognizes that the risks retained with the operators have to be seen in their entirety.
- 1.1.10 MoCA had earlier released four versions of the Regional Connectivity Scheme, in December 2016 (“Version 1.0”), in September 2017 (“Version 2.0”), in October 2018 (“Version 3.0”), and in December 2019 (“Version 4.0”). Subsequently, MoCA and AAI conducted bidding processes and awarded a number of RCS Routes to the Selected Airline Operators. It is hereby clarified that the provisions contained under this Scheme document shall be applicable to:
- 1.1.10.1 any bidding process which may be conducted under the SAS by MoCA, the Implementing Agency or the RCS Trust, as the case may be; and
- 1.1.10.2 any Selected Airline Operator Agreement and any other agreement(s) which may be entered into under the SAS by the Implementing Agency or the RCS Trust, as the case may be, with any Selected Airline Operator,
- 1.1.10.3 on or after the date of notification of this Scheme for awarding the concessions/support provided in this Scheme under SAS.

For the avoidance of any doubt, the bidding processes conducted, and the Selected Airline Operator Agreements and any other agreements/documents executed, pursuant to the various aforementioned versions of the Regional Connectivity Scheme shall continue to be governed under and in accordance



with the provisions of the relevant versions of the Regional Connectivity Scheme and any other document(s) issued by MoCA and/or the Implementing Agency pursuant to the Regional Connectivity Scheme.

1.2 Scheme Objectives

- 1.2.1 The primary objective of SAS is to facilitate / stimulate regional air connectivity through creating a growth-oriented framework with a specific focus on operations through small aircraft (including seaplanes).
 - 1.2.1.1 Promoting affordability of regional air connectivity is envisioned under SAS by supporting airline operators through (1) concessions by Central Government, State Governments (reference deemed to include Union Territories as well, unless explicitly specified otherwise) and airport operators to reduce the cost of airline operations on regional routes / other support measures and (2) financial support to meet the gap, if any, between the cost of airline operations and expected revenues on such routes.
- 1.2.2 Through this Scheme, it is also the intent of the MoCA to facilitate creation of an ecosystem for small aircraft operations in the country and to provide the framework necessary for bringing together relevant stakeholders such as States, airlines, airport operators and policy makers to collaborate towards the success of this initiative.

1.3 Focus Areas for Small Aircraft Operations

- 1.3.1 It is felt that small aircraft operations (including seaplanes) in the country is a segment of air travel for which there is significant opportunity for growth and one that has the potential to unlock multiple benefits for various stakeholders. Some of the opportunity areas identified by the MoCA include:
 - 1.3.1.1 The availability of 219 airports supporting small aircraft operations, demonstrates that a traditional barrier to operations (infrastructure availability) is not applicable and there is significant potential for small aircraft operations to connect these remote regions
 - 1.3.1.2 With a coastline of more than 7500 km and numerous other water bodies, India's topography provides ample scope for seaplane operations to be successful
- 1.3.2 Across the globe, small aircraft operations have provided business and convenience services, whereas seaplane operations have primarily been catering to tourism and leisure activities, primarily working on chartered service model (NSOP). In accordance, small aircraft operations may be particularly suited to cater to the following kinds of routes:
 - 1.3.2.1 Origin-Destination pairs with relatively shorter stage lengths (typically in the range of 50-350 kms stage length) wherein operations through larger aircraft are generally not commercially feasible.
 - 1.3.2.2 Providing increased connectivity to smaller/Tier-3 cities on routes which may not have enough demand to be catered to by larger aircraft or to provide last mile connectivity to such cities.

- 1.3.2.3 To provide a fillip to regional growth by catering to routes serving niche markets such as tourist specific routes/circuits or those primarily catering to pilgrims etc. as well as by connecting smaller industrial hubs/centres.

1.4 Need for a Dedicated Small Aircraft Scheme

- 1.4.1 The Ministry's Regional Connectivity Scheme has been widely successful. Under four rounds of bidding, 403 routes have already been operationalized, providing much needed air connectivity to 65 Unserved and Underserved Airports.
- 1.4.2 However, small aircraft operations have not been taken up in the desired manner under the Regional Connectivity Scheme. Through the experience of the MoCA and the AAI in formulation and implementation of the RCS, certain challenges pertaining to small aircraft operations in the country have been identified. These include:
- 1.4.2.1 In the country, there are a limited number of players, especially scheduled carriers with small aircraft in their fleet.
- 1.4.2.2 High cost of small aircraft operations as a result of expensive aircraft acquisition/leasing costs (especially for seaplanes), has led to a muted interest from airline operators in the routes that have been made available for bidding.
- 1.4.2.3 Further, even though on an overall level, subsidizing small aircraft operations is more cost efficient for governments, on a per seat level, given the cost structure, these operations are more expensive on a per seat level and therefore, find it difficult to compete with larger aircraft.
- 1.4.3 The above factors help demonstrate why the same Regional Connectivity Scheme that has been successful in driving regional connectivity pan-India has not been as successful in enhancing small aircraft operations. Thus, it is now felt that a dedicated sub-scheme is required develop an ecosystem to provide impetus to small aircraft operations in the country.

1.5 Guiding Principles of the Scheme

- 1.5.1 The key guiding principles for SAS would be:

State Governments' buy-in and support to determine eligibility: Given the fact that (1) The nature of small aircraft operations is such that the routes would primarily be intra-state with localized benefits for the region's economy/tourism etc and (2) Limited financial (VGF) support is being generated from within the sector via the levy. Consequently, additional financial support from State Governments would be required. SAS is accordingly to be made operational only in States and at airports/ Water Aerodromes / Helipads (irrespective of ownership by AAI / State Governments / private entities / Ministry of Defence, Government of India) which demonstrate their commitment and support to regional air transport operations by providing concessions and 100% financial support, or 90% if it is in a Priority Area, as required under the Scheme.

- 1.5.1.1 **Flexibility:** It has been realized that with small aircraft operations there is no ‘one size fits all’ solution. Therefore, the intent of the MoCA, through the SAS, is to create an overarching ‘plug and play’ framework wherein States, in consultation with airline operators and MoCA and AAI shall have the flexibility to choose from three (3) innovative operating models and as well govern other key parameters for routes that they wish to propose under the SAS.
- 1.5.1.2 **Rationale of Regional Connectivity Fund (RCF):** Small Aircraft Operations is a key tenet of Regional Connectivity, which in turn is a key element of NCAP 2016, which envisions domestic ticketing of 30 crores by 2022 and 50 crores by 2027. Small Aircraft Operations would help promote growth of the entire civil aviation sector. These operations would lead to creation of regional air connectivity / services that would have spin-off benefits within the sector in terms of passengers taking other flights (not under SAS or RCS) and using airports / airport services that are not at concessional rates under SAS/RCS. Accordingly, the Regional Connectivity Fund (RCF) which is funded through application of a levy on scheduled flights being operated within India, as per notifications issued by the Ministry of Civil Aviation from time to time would be utilized as the mechanism for providing financial support on eligible routes under SAS as well. It is clarified that the levy on scheduled flights would only be utilized for RCS SAS Flights on a case-by-case basis as per directions provided by MoCA. It is further clarified that the RCF would not be utilized unless the Full Support Option is selected by the Proposing State(s).
- 1.5.1.3 **Demand driven mechanism:** The MoCA would like to see airlines operating in a competitive environment and accordingly development of regional air connectivity routes is proposed to be left to market forces such that airlines undertake assessment of demand and nature of supply required on particular routes and lead the process under RCS.
- 1.5.1.4 **Sustainability of operations:** A key guiding principle would be to encourage sustainability of operations under SAS in the long term – such that the connectivity established is not dependent on support in perpetuity. Accordingly, under SAS, financial and other concessions are proposed to be provided for a limited period to facilitate / stimulate regional air connectivity. However, it is recognized that for select Priority Areas, funding may need to be provided for longer periods of time to support provision of air transport services to such areas.
- 1.5.1.5 **Periodic review of SAS:** Acknowledging the fact that market dynamics will change over time, MoCA may amend various Scheme provisions from time to time as and when necessary for efficacy in accomplishment of objectives and undertake a review at least once every 3 years.
- 1.5.1.6 **Adherence to Core Aspects:** The SAS would still adhere to some of the marquee principles/features of the RCS, including, but not limited to, connectivity to unserved regions, transparent and competitive processes and developing a market linked mechanism.

1.6 Definitions

- 1.6.1 In line with NCAP 2016 and in order to operationalize the Scheme, unless the context requires otherwise, following terms under the Scheme shall have the meanings ascribed below:
- 1.6.1.1 **‘Airfare Cap’** shall mean the maximum permissible airfare for an RCS SAS Seat as specified under the Section 2.3.2 and 2.3.3 of the Scheme and as published / updated on AAI / MoCA website from time to time.
- 1.6.1.2 **‘Financial Quarter’** shall mean a continuous period of three (3) calendar months ending on 30th June, 30th September, 31st December and 31st March, as the case may be.
- 1.6.1.3 **‘Helipad’** shall mean a designated area for landing and take-off of helicopter(s) where scheduled and/or non-scheduled commercial helicopter operations can be permitted as per DGCA regulations.
- 1.6.1.4 **‘Implementing Agency’** shall be as defined under Section 2.1.1.
- 1.6.1.5 **‘Minimum Performance Specifications’** shall mean the service conditions mentioned in Section 3.3 which must be met by a Selected Airline Operator for operation of RCS SAS Flights.
- 1.6.1.6 **‘Non-RCS SAS Route’** shall mean a route, which is not an RCS SAS Route.
- 1.6.1.7 **‘Non-RCS SAS Seat(s)’** shall mean revenue passenger seat(s) on an RCS SAS Flight, which are not RCS SAS Seats within the RCS SAS Flight Capacity. Further, such seats can be offered/ deployed as per the commercial operations of the Selected Airline Operator.
- 1.6.1.8 **‘Performance Guarantee’** shall mean performance security in the form of an unconditional and irrevocable bank guarantee to be submitted by a Selected Airline Operator to the Implementing Agency pursuant to Section 3.10.2 or 3.10.3 as the case may be, within 30 days from the date of issuance of Letter of Award (LOA) to such Selected Airline Operator or as extended from time to time by the Implementing Agency.
- 1.6.1.9 **‘Regional Connectivity Fund (RCF)’** shall mean the fund / corpus created through application of a levy on scheduled flights being operated within India or through any other sources, as per the notifications issued by the Ministry of Civil Aviation from time to time.
- 1.6.1.10 **‘RCS Airport’** shall mean any airport licensed / approved by DGCA or Water Aerodrome or Helipad, as the case may be (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India), as notified by MoCA from time to time.
- 1.6.1.11 **‘RCS Concession Airport’** shall mean an RCS Airport, for which the State Government and airport / Water Aerodrome / Helipad owner / operator have extended concessions / support measures as specified under NCAP 2016 and presented under Section 2.1.2 of this Scheme.

1.6.1.12 **‘RCS SAS Flight’** shall mean a domestic flight using a fixed wing aircraft (including seaplanes) or a helicopter, operated by a Selected Airline Operator pursuant to this Scheme on an RCS SAS Route and satisfying the conditions specified in Section 3.3.

1.6.1.13 **‘RCS SAS Flight Capacity’** shall mean the maximum number of passenger seats per RCS SAS Flight offered on an RCS SAS Route, provided that such number of passenger seats offered cannot be less than 70% of aircraft’s passenger seating capacity, i.e., the total number of passenger seats onboard for an aircraft. The remaining seats, i.e., aircraft passenger seating capacity other than RCS SAS Flight Capacity, if any, can be offered/ deployed as per the commercial operations of the Selected Airline Operator.

1.6.1.14 **‘RCS SAS Route’** shall mean:

- 1) a non-stop air service connection (also referred to as a ‘route’) between an identified pair of origin and destination airports / Water Aerodromes / Helipads within India proposed / operated pursuant to the Scheme, satisfying all of the following conditions:
 - a) at least one of the origin or destination points is an RCS Concession Airport. Provided that in case of a non-stop air service connection between two airports, at least one of the RCS Concession Airport should satisfy the definition of Underserved Airport or Unserved Airport, on the Scheme release date (Scheme Version 1.0), in which an application is made pursuant to this Scheme.
 - b) Provided that, for route(s) which have been awarded under the Scheme as RCS SAS Routes or the Regional Connectivity Scheme as RCS Routes as part of an Individual Route Proposal or a Network Proposal where (i) the Selected Airline Operator has not yet commenced operations and / or (ii) where the Letter of Award issued to the Selected Airline Operator or the Selected Airline Operator Agreement for such route(s) is in force, shall not be considered for bidding under the Scheme.
 - c) for a route that at any stage during the bidding process, up to the date of signing of the Selected Airline Operator Agreement, an airline / seaplane operator / helicopter operator commences operation on such route without any support/concession under the Scheme, such route shall be treated as per the provisions of Section 3.2.2;
 - d) the stage length (in km as per the flight path declared by AAI) between the origin and destination airports is not more than 500 kms for operations through Category-1 and Category-1A fixed wing aircraft (including seaplanes).
- 2) any Served RCS SAS Routes, defined in 1.6.1.19

“Provided that Served RCS SAS Routes shall also be considered as RCS SAS Routes even if they do not satisfy the conditions listed at (a) and (b) above.

- 1.6.1.15 ‘**RCS SAS Seat(s)**’ shall mean the number of passenger seats to be sold at or below the applicable Airfare Cap by the Selected Airline Operator within the RCS SAS Flight Capacity and shall be subject to Section 3.3 of the Scheme.
- 1.6.1.16 ‘**SAS Operational Quarter(s)**’ shall mean the continuous three-month period starting from the date of commencement of the RCS SAS Route.
- 1.6.1.17 ‘**Selected Airline Operator (“SAO”)**’ shall mean a fixed wing aircraft or seaplane or helicopter operator selected pursuant to the mechanism specified under the Scheme for providing air connectivity on an RCS SAS Route.
- 1.6.1.18 ‘**Served Airport**’ shall mean any airport, which is not an Unserved Airport or an Underserved Airport.
- 1.6.1.19 ‘**Served RCS SAS Routes**’ or ‘**SeRCS SAS**’ shall mean the unconnected routes connecting two Served Airports, suggested by the respective Proposing States.
- 1.6.1.20 ‘**Underserved Airport**’ shall mean any airport which is not an Unserved Airport and at which, there are no more than seven (7) scheduled commercial flight departures per week as per the latest flight schedule published by the DGCA on its website.

Provided that, for determination of number of scheduled commercial flight departures per week from an airport, route(s) which have been awarded under the Scheme as RCS SAS Routes as part of an Individual Route Proposal or a Network Proposal where (i) the Selected Airline Operator has not yet commenced operations and / or (ii) where the Letter of Award issued to the Selected Airline Operator or the Selected Airline Operator Agreement for such route(s) is in force, shall also be considered.

- 1.6.1.21 ‘**Unserved Airport**’ shall mean any airport at which, there have been no scheduled commercial flights during the last two (2) flight schedules published by the DGCA on its website.
- 1.6.1.22 ‘**Viability Gap Funding (“VGF”)**’ shall mean the financial support provided to the Selected Airline Operator for operation of RCS SAS Flight(s) from the Regional Connectivity Fund or any other source as may be determined by the Proposing State(s) or Implementing Agency pursuant to this Scheme.
- 1.6.1.23 ‘**Tenure of VGF Support**’ shall have the meaning as ascribed in Section 2.1.4 of this Scheme.
- 1.6.1.24 ‘**Water Aerodrome**’ shall mean a designated area for landing and take-off of seaplane(s) where scheduled and/or non-scheduled commercial seaplane operations can be permitted as per DGCA regulations and applicable law.

2 Features of the Scheme

2.1 Key Constructs

2.1.1 Roles and Responsibilities of different stakeholders under SAS

2.1.1.1 **Ministry of Civil Aviation** – This Scheme shall be under the purview of the Ministry of Civil Aviation. The MoCA shall act as the policy owner, responsible for providing oversight and policy level decision making as well as necessary course correction directions during the periodic reviews of the SAS.

2.1.1.2 **State (or UT) Governments (“Proposing State(s)”)** - The Proposing State shall have the responsibility of proposing routes or airports/airstrips for bidding under this Scheme and shall decide upon certain key parameters governing the routes. Further, States shall also be involved in the implementation of the Scheme by either (i) setting up dedicated cells/ teams within their civil aviation departments/other relevant departments to take care of day-to-day operations and engagement with airline operators including for disbursement of funds, query redressal etc. or (ii) by engaging the Implementing Agency appointed by MoCA to perform these functions on behalf of the States. Such an appointment shall be at the payment of additional administrative charges.

2.1.1.3 Ministry of Tourism, Ministry of DONER, Ministry of Ports, Shipping and Waterways or other relevant government agencies/ministries – These ministries have been valued partners of MoCA in various rounds of the RCS. Therefore, through this Scheme, MoCA would like to extend an option for these entities and any other relevant ministries/ departments to engage in the SAS as well. Their role shall be in line with that of a Proposing State as provided in Section 2.1.1.2.

2.1.1.4 **Implementing Agency** - The Ministry of Civil Aviation may designate any entity as the Implementing Agency under this Scheme and such entity shall be responsible for undertaking tasks and activities for implementation of the Scheme. As provided in NCAP 2016, the Implementation Agency shall be provided appropriate administrative charges for implementing the Scheme, as may be determined by MoCA from time to time (the current charges applicable to be paid by the Proposing States have been specified in this Scheme). If the Implementing Agency is AAI, it shall utilize the Regional Air Connectivity Fund (RACF) Trust, as established and defined under the Regional Connectivity Scheme, for performing its responsibilities under the Scheme. Responsibilities of the Implementing Agency shall include inter alia: -

- 1) Receiving proposals submitted by the Applicants and taking necessary administrative actions for identification of Selected Airline Operator pursuant to the Scheme.
- 2) Acting for and on behalf of MoCA/Proposing States/Other Agencies for collection and disbursement of funds - In order to facilitate the collection and disbursement of funds under the Scheme, a bank account shall be established for this purpose with an identified bank. The Implementing Agency through the

RACF Trust shall be authorized to deposit funds into, and withdraw funds from, the bank account for disbursement of VGF to Selected Airline Operators in accordance with this Scheme;

- 3) As provided in NCAP 2016, payment of VGF may be made to the Selected Airline Operator from the RCF and the Proposing States will be asked to reimburse the applicable share towards VGF for respective RCS SAS Routes. Proposing State(s) may provide an initial advance payment to the RCF covering 3 months of the expected VGF Outflow to ensure timely disbursal of funds. The Implementing Agency shall be responsible for managing accounts / statements with respect to RCF collections, payments to Selected Airline Operators and reimbursements from Proposing States including, inter alia, any required communications seeking payments, reimbursements, reconciliation of accounts, etc.
- 4) The Implementing Agency shall be responsible to compute and notify revision of Airfare Caps and VGF Caps as well as approved airfare and VGF as part of various Selected Airline Operator Agreements in accordance with the Scheme on quarterly basis; and
- 5) Any other tasks and activities required for implementation of the Scheme such as responding to queries from airline operators, VIP references, RTIs and parliament questions etc.

2.1.1.5 The Airports Authority of India (AAI) is being designated as the Implementing Agency through its RCS Cell headed by Executive Director RCS (ED-RCS) under this Scheme. The Proposing State(s) shall have two (2) options through which to engage the Implementing Agency to fulfil the roles and responsibilities listed above. These shall be:

- 1) **No Support by AAI/ RCS Cell:**
Under this option, the Proposing State(s) shall be responsible to fulfil all of 2.1.1.4.1 - 2.1.1.4.5 through its own means. AAI shall not be responsible for any support and therefore there would not be any fee payable from the Proposing State(s) to AAI. Under this option the Proposing State(s) would be deemed as the Implementing Agency and would be required to discharge all of the obligations expected from the Implementing Agency in a timely manner.
- 2) **Full Support by AAI/ RCS Cell:**
Under this option, AAI will be responsible for fulfilling all of responsibilities mentioned in 2.1.1.4.1 to 2.1.1.4.5. To compensate AAI for the services provided under 2.1.1.4.1 to 2.1.1.4.5, the Proposing State(s) shall pay AAI an



administrative fee of 5% of the total expected VGF Outflow under the round proposed.

2.1.2 Mechanism for Provision of Financial Support

2.1.2.1 Under this Scheme, support shall be provided to Selected Airline Operator(s) in the form of VGF and other concessions / support offered by the Central Government, Proposing State(s) or State Governments and airport / Water Aerodrome / Helipad operators as detailed below.

2.1.2.2 Concessions offered by the Central Government are as follows:

- 1) Excise Duty at the rate of 2% shall be levied on Aviation Turbine Fuel (ATF), drawn by Selected Airline Operators at RCS Airport(s) for RCS SAS Flights, in accordance with such provision in the Regional Connectivity Scheme. Upon transition to GST, rates will be applicable as determined under GST and exemptions/ concessions shall be given as permissible so that such a reduced level of taxation could ideally be continued.
- 2) Selected Airline Operators will have the freedom to enter into code sharing arrangements with domestic as well as international airlines pursuant to applicable regulations and prevailing air service agreements. For avoidance of doubt, the concessions and VGF under the Scheme shall be available only to the Selected Airline Operator for the RCS SAS Route and shall continue as finalized pursuant to the mechanism outlined under the Scheme.

2.1.2.3 Concessions / support offered by the respective Proposing States or State Governments at RCS Concession Airports within their States are as follows. The notification and MOUs with the State Governments are available at <https://www.aai.aero/en/rcs-udan>:

- 1) Reduction of VAT to 1% or less on ATF at RCS Concession Airports located within the State for a period of ten (10) years from the date of notification of the Regional Connectivity Scheme. Upon transition to GST, rates will be applicable as determined under GST and exemptions/ concessions shall be given as permissible so that such a reduced level of taxation could ideally be continued.
- 2) Coordinating with oil marketing companies for provision of fueling infrastructure on best effort basis.
- 3) Provision of minimum land, if required, free of cost and free from all encumbrances for development of RCS Concession Airports and also provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc.) as required;

- 4) Provision of security and fire services free of cost at RCS Concession Airports through appropriately trained personnel and appropriate equipment as per applicable standards and guidelines by relevant agencies;
- 5) Provision of, directly or through appropriate means, electricity, water and other utility services at substantially concessional rates at RCS Concession Airports; and
- 6) Provision of 100% share towards VGF for respective RCS SAS Routes as proposed by the Proposing State and awarded under the Scheme, provided the share of Proposing States in the North-Eastern region of India and Union Territories would be 10%.
- 7) Provision of facilities required for day VFR aircraft operations shall be provided by the State in line with Civil Aviation Requirements for any RCS Concession Airport that is not currently operational. The Implementing Agency may provide support to the States for such development, on a chargeable basis, alternatively, the States may engage any other party for the provision of such facilities.

2.1.2.4 Proposing States, at their discretion, may consider extending any additional support (such as marketing support or reimbursement of statutory costs, airport charges, taxes, etc, on actuals based on submission of bills) for promotion of RCS SAS Flights.

2.1.2.5 Concessions offered by the airport / Water Aerodrome / Helipad operators are as follows:

- 1) Airport / Water Aerodrome / Helipad operators (whether under the ownership of the AAI, Proposing States, private entities or the Ministry of Defence, Government of India) shall not levy Landing Charges and Parking Charges or any other charge subsuming a charge for such aspects in future on RCS SAS Flights including ASF / UDF charges among others.
- 2) Selected Airline Operators shall be allowed to undertake ground handling for their RCS SAS Flights at all airports / Water Aerodromes / Helipad.
- 3) AAI/ airport operator shall not levy any Terminal Navigation Landing Charges (TNLC) on RCS SAS Flights.
- 4) Route Navigation and Facilitation Charges (RNFC) will be levied by AAI on a discounted basis @ 42.50% of Normal Rates on RCS SAS Flights. Normal Rates refer to applicable rates specified by the AAI on its website from time to time without any discounts or concessions.

Provided that the concessions offered by the airport operator and Central Government shall not be available for RCS SAS Flights operating on Served RCS SAS Routes.

2.1.3 Tenure of the Scheme

2.1.3.1 In line with NCAP 2016, the Scheme will be applicable, subject to periodic review, for a period of 10 years from the date of notification of Regional Connectivity Scheme Version 1.0 by the MoCA.

2.1.3.2 Consistent with the objectives of the Scheme, it is the intent of the MoCA and the Implementing Agency to continue with the Scheme for the period specified in 2.1.3.1 above unless unforeseen or exceptional circumstances - such as a court order or other factors beyond the control of the MoCA, constrain the ability of the MoCA and/or the Implementing Agency to continue with the Scheme. In the aforesaid circumstances, the Implementing Agency shall endeavor to honor agreements already entered into with Selected Airline Operators for the remaining term of such agreements.

2.1.3.3 If however, the MoCA and / or the Implementing Agency is required to immediately withdraw the Scheme and / or suspend or cancel agreements entered into pursuant to the Scheme, in such an event, notwithstanding anything mentioned in this Scheme, the MoCA, the Implementing Agency, concerned Proposing States, concerned airport / Water Aerodrome / Helipad operators, or any other agency supporting any of these entities shall not be liable for any loss or damage suffered by the Selected Airline Operator, save and except for the obligation of the Implementing Agency to disburse the applicable VGF amount for RCS SAS Flight operations already undertaken prior to withdrawal / discontinuation of the Scheme.

2.1.4 Tenure of VGF Support

2.1.4.1 Subject to Section 2.1.3.2 above, VGF will be provided for RCS SAS Flights for a period as selected by the Proposing State(s), which shall not be less than one (1) year or greater than five (5) years and shall be only in six (6) month increments. VGF shall be provided from the date of commencement of RCS SAS Flight operations on any RCS SAS Route under a Selected Airline Operator Agreement (Tenure of VGF Support). It is clarified that in case the period selected by the Proposing States is greater than three (3) years or extends beyond the tenure of the Regional Connectivity Scheme i.e. October 2026, the Central Government benefits including exclusivity of operations would not be applicable, unless otherwise extended by the Competent Authority.

2.1.4.2 Even if during such period as determined by the Proposing State(s), an RCS SAS Route ceases to satisfy any of the conditions for an RCS SAS Route as specified under this Scheme, payment of VGF, exclusivity of operations (as mentioned in Section 2.7) and other concessions, as mentioned in Section 2.1.2.2, Section 2.1.2.3 and Section 2.1.2.5 respectively, to the Selected Airline Operator under an existing agreement shall continue to be provided till the expiry of such period. Subsequent to the completion of such period, such benefits to the Selected Airline Operator shall be discontinued.

2.1.5 Operating Models that are promoted under the Scheme

2.1.5.1 It has been determined that there is no 'one size fits all' solution to enhancing small aircraft operations in India. Therefore, it is MoCA's intent to create an overarching

‘plug and play’ framework wherein states, and airlines can come together to decide upon the model that fits best, subject to certain boundary conditions, (“Operating Models”). The details of the Operating Models available under the SAS are provided in Annexure – 6: Operating Models.

2.2 Airports / Water Aerodromes / Helipads to be covered under the Scheme

- 2.2.1 The Scheme will be applicable with respect to RCS Concession Airports.
- 2.2.2 The list of RCS Concession Airports as finalized in consultation with the State Governments, will be published for information of stakeholders from time to time.
- 2.2.3 In case any airline operator wishes to connect an airport / Water Aerodrome / heliport that is not an RCS Concession Airport, it may approach the Implementing Agency and submit an expression of interest based on which the Implementing Agency will coordinate with the concerned agencies for extending the relevant concessions specified under the Scheme. In case any such airport is a defence airport, approval from the Ministry of Defence, Government of India will need to be obtained for permitting joint use / civil operations under the Scheme.
- 2.2.4 In case any rehabilitation / upgradation of infrastructure is required at airports / Water Aerodromes / Helipad to make them operational / suitable for proposed RCS SAS Flight operations, the same can be undertaken by AAI upon payment of appropriate costs of such rehabilitation / upgradation works from respective Proposing State/airport/Water Aerodrome/Helipad operator. In such cases, the ownership and operatorship of such airport(s) / Water Aerodrome(s) / Helipad(s) will continue with the State Government / existing airport / Water Aerodrome / Helipad operator. Such airports / Water Aerodromes / Helipad shall be operationalized subject to extant laws and after obtaining any No Objection Certificate, if required, from existing airport operators pursuant to existing contracts awarded by Central Government / State Government / PSUs or any other stipulations in this regard.
- 2.2.5 An indicative list of Underserved Airports and Unserved Airports in India is placed at Annexure – 1A. An indicative list of Water Aerodromes in India is provided at Annexure – 1B.

2.3 Airfare Caps

- 2.3.1 In line with NCAP 2016, Airfare Caps will be applicable for select operations under the Scheme.
- 2.3.2 The Selected Airline Operator shall not be allowed to charge airfare more than Maximum Airfare, except for GST as specified in Section 2.3.3 below, in Operating Model One (1). The Selected Airline Operator shall also not be allowed to charge airfare more than Maximum Airfare, except for GST as specified in Section 2.3.3 below in Operating Model Three (3), if mandated by the Implementing Agency. It is hereby clarified that airfare for all passenger seats on an RCS SAS Flight will not be subject to any levies or charges imposed by the airport / Water Aerodrome / Helipad operators (whether under the ownership of the AAI, State Governments, private entities or the

Ministry of Defence, Government of India) including charges such as ASF, DF and UDF. However, for Served RCS SAS Routes, the SAO shall be permitted to levy charges of ASF, DF and UDF as may be levied by the respective airport / Water Aerodrome / heliport operators, over and above the applicable Maximum Airfare for such route.

- 2.3.3 The Airfare Caps specified for various stage lengths / flight duration in this Scheme, as may be indexed pursuant to provisions herein, would be considered exclusive of applicable GST (both CGST and SGST) and the SAO shall be permitted to charge applicable GST over and above the Maximum Airfare.
- 2.3.4 Considering that operating costs for a flight vary with stage length / flight duration, Airfare Caps have been specified for various stage lengths / flight duration for fixed wing aircraft (including seaplanes) and helicopter, and placed at Annexure-2 to this Scheme. As mentioned above, Airfare Caps specified for various stage lengths / flight duration are exclusive of applicable GST.
- 2.3.5 MoCA recognizes that changes in ATF prices, inflation, and exchange rate of INR vis-à-vis United States Dollar, have a bearing on cost of operations of airlines and in a market-based pricing scenario airlines can vary airfares in response to changes in these parameters. In the context of RCS and specification of Airfare Cap, it was considered important to the operation of RCS that changes to Airfare Caps as well as Maximum Airfare in future are also specified. Hence, the Airfare Caps as well as Maximum Airfare will be indexed to inflation i.e. Consumer Price Index – Industrial Workers (CPI-IW), ATF prices and exchange rate of INR vis-à-vis United States Dollar . For operation through helicopter the airfare charged on RCS SAS Seats would be indexed to inflation i.e. Consumer Price Index – Industrial Workers (CPI-IW), only.
- 2.3.6 The indexation of Airfare Cap and Maximum Airfare to inflation, ATF prices and exchange rate of INR vis-à-vis United States Dollar will be based on the formula specified in Annexure - 4 and determined for every Financial Quarter. The proportions in the formula have been determined with reference to a broad representative data set / typical cost of operations for airline operators.
- 2.3.7 MoCA also recognizes that airlines will need advance notice for effecting changes in their systems for revision in fares and has considered a one (1) month notice period for revision of Airfare Caps and Maximum Airfare(s) approved under the Scheme. The Airfare Caps and Maximum Airfare(s) applicable for a Financial Quarter will be published by the Implementing Agency one (1) month in advance (i.e. on 01st March for the Financial Quarter starting 1st April).
- 2.3.8 It may be noted that currently CPI-IW data is released by the Government of India with a lag of one (1) month (e.g. CPI-IW for the month of October is released on 30th November), it being recognized that such lag period may vary over time. Considering the notice period of one (1) month mentioned above and lag of 1 month in publishing of CPI-IW data currently, it may be noted that the three (3) month period for which CPI-IW data will be considered for review of indexation will not correspond to the three (3) months of that Financial Quarter. However, on account of the review being undertaken every quarter, CPI-IW data for almost all months will eventually get

considered. Such revision will be applicable prospectively and no adjustments will be made for the past period.

To illustrate, Airfare Cap for the Financial Quarter from 1st April to 30th June will be announced on 1st March. CPI-IW data, exchange rate data, and ATF data to be considered for reviewing indexation of Airfare Cap will be the CPI-IW, exchange rate, and ATF data for the months of November, December and January.

2.3.9 Indexation of Airfare Cap(s) and Maximum Airfare(s) will be based on the formula provided at Annexure – 4.

2.3.10 Airfare Cap(s) and Maximum Airfare(s) shall not include charges for optional/unbundled services as listed by DGCA² from time to time.

2.4 Aircraft Categories

2.4.1 Different fixed wing aircraft (including seaplanes), based on their seating capacity, have been classified into the following two (2) categories for the purpose of this Scheme,

S.No.	Category	Passenger Seating Capacity
1.	Category-1A	<9
2.	Category-1	9 – 20

2.5 VGF Cap

2.5.1 The MoCA acknowledges that different / same aircraft operated by different operators for the same stage lengths can have different cost of operations on account of differences in inherent economics of aircraft types for stage lengths, cost of operations specific to operators in terms of various business parameters such as business models, fleet utilization, scale of operations, etc. Specification of (normative) VGF Caps upfront has therefore been considered important to ensure transparent operation of a market based mechanism under this Scheme rather than through determination subsequent to receipt of varied proposals.

2.5.2 Specifying VGF Caps that satisfy all players would inevitably end up being high and therefore uneconomical from the perspective of Scheme outcome. Accordingly, VGF Caps have been specified with reference to a broad representative data set / typical cost of operations and estimated revenue potential for operations on a typical RCS SAS Route for a particular stage length.

2.5.3 VGF to be provided for each RCS SAS Seat under the Scheme will be capped for different stage lengths for fixed wing aircraft (including seaplanes) and different flight duration for helicopters operation in Operating Model One (1).

2.5.4 The applicable VGF caps for operations through Category-1A, Category-1, fixed wing aircraft for a particular stage length (“VGF Cap”), and VGF Cap for helicopter operation for different flight duration, have been specified at Annexure - 3 to this Scheme. As mentioned in Section 1.6.1.14 d), for operations through a Category-1 and

² http://dgca.nic.in/circular/ATC2_2015.pdf

Category-1A fixed wing aircraft (including seaplanes), the stage length for an RCS SAS Route shall be limited to 500 km.

- 2.5.5 Airline operators must refer to VGF Cap(s) before submitting proposals, as support requirement in excess of such cap for a particular stage length will not be considered under the Scheme. Any proposal not complying with this aspect will be disqualified.
- 2.5.6 As mentioned earlier, VGF is proposed to be provided for a limited period to facilitate / stimulate regional air connectivity to un-served / under-served areas such that the connectivity established is not dependent on VGF in perpetuity.
- 2.5.7 It is expected that competition between players and differences in expectations on business parameters like airfares on Non-RCS SAS Seats, load factors, etc. could lead to variations in proposals by different players. While, it is the intent and focus of the Scheme that operation of a market based mechanism facilitates discovery of the optimum VGF requirements within specified VGF Caps, MoCA recognizes that in certain cases it is possible that a market based discovery of optimum VGF requirements may not happen due to lack of competition / uncertainty in market conditions and ex-post, the specified (normative) VGF Caps may end up seeming to be higher than the actual VGF requirement in future on account of factors like higher airfares for Non-RCS SAS Seats, higher load factors etc. Given that the focus of the Scheme is to provide air connectivity where it does not exist, the quantum or probability of such eventualities / outcomes in future cannot be ascertained by MoCA and potentially even the market ex-ante on account of the multiplicity of unascertainable factors. Further, the Scheme is premised on and continuing to encourage an open market mechanism where operators will be assessing demand on routes, developing networks through deployment of appropriate capacities & technologies, and take risks on account of factors like marketing of capacities, realizable demand, effect of ATF prices on costs / fares for Non-RCS SAS Seats, etc. Accordingly, in consultation with stakeholders, MoCA recognizes that the risks retained with the operators have to be seen in their entirety
- 2.5.8 MoCA also recognizes that Selected Airline Operators may sometimes choose to sell tickets for Non-RCS SAS Seats at prices below the Airfare Caps applicable for RCS SAS Seats on account of a number of business considerations like marketing / promotion of a route, responding to demand in certain lean periods of the year, as a strategy to recover a small proportion of fixed costs (as opposed to operating idle capacity), etc. Provision of VGF may facilitate / promote such outturns, and in such a scenario, the VGF amount for specified number of RCS SAS Seats shall be deemed to have been applied or distributed over all such passenger seats (including non-RCS SAS Seats) for which airfares were at or below the Airfare Caps.
- 2.5.9 Moreover, as per NCAP 2016 and considering various factors that impact the cost of operations of an airline, the VGF Caps as well as approved VGF amounts payable to the Selected Airline Operator(s), determined for specific stage lengths / RCS SAS Routes will be indexed to inflation, ATF prices and exchange rate of INR vis-à-vis United States Dollar to offset changes in uncontrollable cost of operations of players in future. Such revision will be applicable prospectively and no adjustments will be made for the past period.

- 2.5.10 The indexation of VGF to inflation, ATF prices and exchange rate of INR vis-à-vis United States Dollar will be based on the formula specified in Annexure – 5: VGF Cap Indexation Formula and determined for every Financial Quarter. The proportions in the formula have been determined with reference to a broad representative data set / typical cost of operations for airline operators.
- 2.5.11 The VGF Caps specified for various stage lengths / flight duration in this Scheme as well as approved VGF amounts payable to the Selected Airline Operator(s), as may be indexed pursuant to provisions herein, would be considered inclusive of applicable GST, provided that the GST component on VGF amounts paid to the Selected Airline Operator, if any, will be reimbursed to the Selected Airline Operator at actuals from the RCF, upon submission of appropriate evidence of payment of such GST³.

2.6 ASKMs on RCS SAS Flights

- 2.6.1 The Selected Airline Operators shall be permitted to set-off / trade their Available Seat Kilometers (ASKMs) generated on Non-RCS SAS Seats under RDG guidelines as per the existing DGCA rules. For avoidance of doubt, Available Seat Kilometers (ASKMs) generated on RCS SAS Seats will not be allowed for set-off / trading under RDG guidelines.

2.7 Exclusivity of operations

- 2.7.1 As mentioned earlier, sustainability of operations is one of the key guiding principles for RCS. The MoCA recognizes that traffic demand on RCS SAS Route(s) will be uncertain, and with most of such routes being untested/non-operational, the market risk for Selected Airline Operator(s) could be significant. Such market risk would tend to be accentuated on account of possible competition from other airline operators – especially in the early stages of route development. Such competition in the early stages of development of such routes, especially given the demand uncertainty, could ultimately impact achievement of Scheme objectives.
- 2.7.2 Accordingly, to encourage development of such routes by airline operators, Selected Airline Operators shall be granted exclusivity for operating air transport services / flights on an RCS SAS Route (hereinafter referred to as “Exclusivity Period”) under the Scheme. Such Exclusivity Period shall commence from the date of the Letter of Award and end on the earliest to occur of: (a) the expiry or lapse of the time period (including any extension thereof) specified in the Letter of Award for execution of the Selected Airline Operator Agreement and such agreement not having been executed by the Selected Airline Operator within the specified or extended period, (b) expiry of the time period mentioned in the Selected Airline Operator Agreement (c) termination of the relevant Selected Airline Operator Agreement.

Provided that such exclusivity shall not be available for air transport services / flights on Served RCS SAS Routes.

³ The airlines may have reference to the latest version of Notification No. 12/2017- Central Tax (Rate) dated 28th June 2017 for applicability of GST on VGF

- 2.7.3 The exclusivity of operations shall be granted to a Selected Airline Operator only for the specific RCS SAS Route as part of Individual Route Proposal or a Network Proposal for which the bidding has been undertaken and such operator has been identified as the Selected Airline Operator. For instance, if an airline operator has been designated as the Selected Airline Operator for an RCS SAS Route connecting point A to point B and another RCS SAS Route connecting point B to point C, the exclusivity of operations shall be granted to such Selected Airline Operator only on RCS SAS Routes A-B and B-C and not for a direct (non-stop) route connecting point A to point C.
- 2.7.4 During such Exclusivity Period, if any other airline operator(s) intends to operate flights on an RCS SAS Route forming part of Individual Route Proposal or a Network Proposal, it shall be required to obtain a No Objection Certificate (NOC) from the Selected Airline Operator,
- Provided that, such NOC shall only be issued after a period of 180 days from the date of commencement of RCS SAS Flight operations on any RCS SAS Route by the Selected Airline Operator and shall be subject to no default in performance of obligations of the Selected Airline Operator subsisting under the respective Selected Airline Operator Agreement;
- Provided further that such NOC shall only be valid as long as the Selected Airline Operator Agreement is valid and subsisting for such RCS SAS Route. The Selected Airline Operator shall be required to incorporate such condition as part of the NOC being issued.
- Provided further that such airline operator(s), which have obtained a NOC from the Selected Airline Operator for an RCS SAS Route, shall not be provided any benefits or concessions under the Scheme on such RCS SAS Route.
- 2.7.5 Subsequent to completion of the Exclusivity Period, any airline operator may operate flights on that route subject to the prevailing applicable law, including but not limited to civil aviation rules and regulations.

2.8 Miscellaneous

- 2.8.1 MoCA has the authority to issue such directions from time to time, as may be necessary for smooth implementation of the Scheme.
- 2.8.2 The details of bidding process shall be notified by the Implementing Agency through a Notice Inviting Proposal for Selection of Airline Operators under Regional Connectivity Scheme from time to time.
- 2.8.3 MoCA or the Implementing Agency may include any additional condition as may be required in Notice Inviting Proposals and Selected Airline Operator Agreement based on an assessment of its merit and need for efficient operations of the Scheme.

3 Operating Mechanism of the Scheme

3.1 Introduction

3.1.1 The Scheme envisages a market based mechanism for selection of an airline operator to operate on an RCS SAS Route or a network, wherein the Proposals will be evaluated as per the mechanism presented herein, based upon the Operating Model (as provided in Annexure – 6: Operating Models) selected by the Proposing State(s). Pursuant to such evaluation of proposals, a Selected Airline Operator will be identified and the Implementing Agency will enter into an agreement with the Selected Airline Operator for operations on the RCS SAS Route (“Selected Airline Operator Agreement”).

3.2 Eligibility Criteria for Proposals

3.2.1 In order to be eligible for support under this Scheme:

3.2.1.1 A proposal shall either be for an individual RCS SAS Route (“Individual Route Proposal”) or for a set of connected routes (“Network Proposal”);

3.2.1.2 Operations under the Scheme will be permitted through Category 1A and 1 fixed wing aircraft (including seaplanes), and helicopters

provided that operations through seaplanes will be permitted only if there is at least one (1) Water Aerodrome as origin or destination for every route proposed in the Individual Route Proposal or Network Proposal.

3.2.1.3 Bidding under the Scheme shall be permitted only by the airline operators having:

- 1) A valid Scheduled Operator’s Permit (SOP) or a Scheduled Commuter Operator (SCO) permit for scheduled air transport service (passenger) issued by the DGCA, or
- 2) A valid Non-Scheduled Operator’s Permit (NSOP) for non-scheduled air transport service (passenger) issued by the DGCA, or
- 3) A valid air operator permit or equivalent permit issued by the competent civil aviation regulatory authority of any foreign country.

3.2.1.4 Entities who have been designated as Selected Airline Operators (SAO) and awarded RCS SAS Routes by the Implementing Agency pursuant to bidding undertaken in previous round of RCS or the Small Aircraft Scheme, and have not completed their commitments under the Selected Airline Operator Agreements, as determined by the Implementing Agency from time to time at its own discretion, will not be eligible for the bidding.

3.2.1.5 In the event that any of the Applicant eligible under Section 3.2.1.3.3) above is identified as the Selected Airline Operator, such Applicant must obtain a valid AOC for Scheduled Passenger Air Transport Service or Scheduled Commuter Air Transport Services or Non-Scheduled Operator’s Permit from DGCA before commencement of

operations under RCS SAS. MoCA may examine, from time to time, the abovementioned eligibility conditions and may issue appropriate guidelines / directions/clarifications in this regard.

- 3.2.1.6 The Selected Airline Operator shall be obligated to commence RCS SAS Flight operations on an RCS SAS Route, as part of Individual Route Proposal or a Network Proposal within a period of six (6) months from the issuance of Letter of Award for such Individual Route Proposal or a Network Proposal unless any extension is granted by the Implementing Agency.
- 3.2.1.7 Failure by a Selected Airline Operator (SAO) to commence flights within six (6) months from the date of issuance of Letter of Award (LOA) or any extension as granted by the Implementing Agency, would be an event of default which entitles the Implementing Agency to terminate the Selected Airline Operator Agreement (SAOA). In such an event, the Implementing Agency may consider identifying Selected Airline Operator(s) for such routes through a separate process, which shall be notified later by MoCA.
- 3.2.1.8 DGCA may also examine, from time to time, permitting operations under the Scheme using foreign registered aircraft and may issue appropriate guidelines / directions in this regard.
- 3.2.2 In the event that an RCS SAS Route is proposed for bidding under the Scheme in which an application is made and subsequently at any stage during the bidding process, up to the date of signing of the Selected Airline Operator Agreement, an airline / seaplane / helicopter operator commences operation on such route without availing any support/concession under the Scheme, such route shall not be considered for award under the Scheme.

3.3 Minimum Performance Specifications for an RCS SAS Flight

- 3.3.1 Under the Scheme, a Selected Airline Operator will be required to meet the following Minimum Performance Specifications with respect to its RCS SAS Flight operations.
- 3.3.1.1 For Category-1A aircraft (including seaplanes), a Selected Airline Operator shall be required to provide hundred percent (100%) of RCS SAS Flight Capacity as RCS SAS Seats.
- 3.3.1.2 For Category 1 fixed wing aircraft (including seaplanes), a Selected Airline Operator shall be required to provide fifty percent (50%) of RCS SAS Flight Capacity as RCS SAS Seats,

provided that where the Operating Model selected requires one hundred percent (100%) of RCS SAS Flight Capacity as RCS SAS Seats, the same shall be considered,

provided further that where fifty percent (50%) of RCS SAS Flight Capacity is less than nine (9) passenger seats, the minimum number of RCS SAS Seats shall not be less than nine (9). For avoidance of doubt, an airline operator can operate an RCS SAS Flight with a

fixed wing aircraft with 9 passenger seats only when all passenger seats of the aircraft are proposed as RCS SAS Seats;

- 3.3.1.3 For helicopters with a passenger seating capacity of less than or equal to 13 seats, a Selected Airline Operator shall be required to provide hundred percent (100%) of RCS SAS Flight Capacity as RCS SAS Seats.
- 3.3.1.4 For helicopters with a passenger seating capacity of more than 13 seats, the number of RCS SAS Seats in an RCS SAS Flight shall be capped at thirteen (13) passenger seats
- 3.3.2 In addition to the above, a Selected Airline Operator will be required to meet the following Minimum Performance Specifications with respect to the number of RCS SAS Flight operations per week RCS SAS Seats deployed per quarter.
- 3.3.2.1 For RCS SAS Routes and Served RCS SAS Routes, the number of RCS SAS Flights to be operated in a week with VGF shall be a minimum of two (2) per week from the same RCS Concession Airport such that the RCS SAS Flights are operated on at least two (2) days of the week. The number of RCS SAS seats deployed per SAS Operational Quarter shall be a maximum of 40% and a minimum of 10% of the total annual RCS SAS Seats as provided by the Selected Airline Operator Agreement.

3.4 Submission of Proposals

- 3.4.1 An airline / seaplane / helicopter operator (hereinafter called an “Applicant”) can submit proposals satisfying the eligibility conditions and minimum performance specifications provided in Section 3.2 and Section 3.3 respectively (“Proposal”) to the Implementing Agency in the form and manner specified in Section 3.6 hereto and would need to have reference to specified Airfare Caps and VGF Caps if required under the Operating Model selected.
- 3.4.2 Upon notification of the Scheme by MoCA, prospective Applicant(s) can submit Proposals as per the timelines indicated by the Implementing Agency from time to time.
- 3.4.3 Applicants are advised to undertake their own due diligence including assessment of pay load restrictions at various airports / Water Aerodromes / Helipads, market assessment, investigations and analyses including the suitability of the airports / Water Aerodromes / Helipads for RCS SAS Flight operations being proposed by them and would bear full responsibility for the accuracy, adequacy, correctness, reliability and completeness of the assumptions, data & information considered by them. The MoCA, Implementing Agency, concerned State Governments, concerned airport / Water Aerodrome / Helipad operators, or any other agency supporting any of these entities shall not bear any responsibility for any inaccuracy or lack of data / information for the proposed RCS SAS Flight operations by the Applicants.
- 3.4.4 Applicants alone shall bear all costs associated with or relating to the preparation and submission of their proposals or any other costs incurred in connection with or relating to their proposals. All such costs and expenses will remain with the Applicants and the MoCA and/or the Implementing Agency or any other agency shall not be liable in any manner whatsoever to bear or reimburse any costs or other expenses incurred by the

Applicants in preparation or submission of proposals, regardless of the conduct or outcome of the selection process specified under the Scheme.

- 3.4.5 Proposals received till the respective specified deadlines shall be considered by the Implementing Agency for technical and financial evaluation.

3.5 Network Proposal

- 3.5.1 An Applicant may submit a Proposal which is a Network Proposal wherein it proposes to connect a minimum of three (3) and up to a maximum of seven (7) distinct airports / Water Aerodromes / Helipads in a single day, through a network, as part of the same proposal.

- 3.5.2 A Network Proposal shall have multiple routes and can be a combination of RCS SAS Routes and Non-RCS SAS Routes such that there are at least two RCS SAS Routes connecting distinct set of airports / Water Aerodromes / Helipads.

By way of an illustration, a proposal with A-B-C and A-B-C-A routes where, A-B and B-C are two RCS SAS Routes connecting distinct set of airports (A, B and C) and C-A is a Non-RCS SAS Route, shall be considered as Network Proposals. However, a proposal with A-B-A-C routes where A-B and B-A are RCS SAS Routes and A-C is a Non-RCS SAS Route shall not be considered as a Network Proposal.

- 3.5.3 In case of a Network Proposal, all benefits and conditions under the Scheme such as VGF support, exclusivity of operations, Airfare Cap etc. shall be applicable only on the RCS SAS Routes forming part of the Network Proposal.

- 3.5.4 For further clarity, a Selected Airline Operator for a particular Network Proposal will not get any exclusivity of operations or VGF support or other benefits for the Non-RCS SAS Route(s) proposed in its network and its operations on such Non-RCS SAS Routes will not be subject to any Airfare Caps. The Airfare Cap for every RCS SAS Route in a Network Proposal shall be based on the respective stage length / flight duration of such RCS SAS Route and Airfare Caps specified under this Scheme. Further VGF per RCS SAS Seat for each RCS SAS Route in a Network Proposal shall be based on the respective stage length / flight duration of such RCS SAS Route & corresponding VGF Caps specified under this Scheme for a particular aircraft category and the VGF per RCS SAS Seat bid / quoted by the Selected Airline Operator.

3.6 Proposal submission requirements

- 3.6.1 As part of the proposal submission, an Applicant shall be required to submit information under following categories, as may be specified in detail from time to time:

- 3.6.1.1 Information about the Applicant

- 3.6.1.2 Technical Proposal

- 3.6.1.3 Financial Proposal

- 3.6.2 **Applicant Information** - An Applicant shall provide the following information:

- 3.6.2.1 Registered name of the Applicant
- 3.6.2.2 Name of the airline
- 3.6.2.3 Date of incorporation
- 3.6.2.4 Certificate of incorporation
- 3.6.2.5 Copy of a valid Scheduled Operator's Permit or Scheduled Commuter Operator Permit or Non Scheduled Operator's Permit, as the case may be, issued by the DGCA or equivalent permit issued by the competent civil aviation regulatory authority of any foreign country.
- 3.6.3 **Technical Proposal** - As part of the technical proposal, an Applicant shall submit the following information about a proposed RCS SAS Route:
- 3.6.3.1 Proposal Security as indicated by the Implementing Agency from time to time
- 3.6.3.2 Proposed RCS SAS Route on which the Applicant would want to operate i.e. the origin and destination airports / Water Aerodrome proposed to be connected through the RCS SAS Route. In case of operations through helicopters, the Applicant shall submit the coordinates of Helipads proposed to be connected, if not listed in GSR 751E
- 3.6.3.3 Proposed aircraft / seaplane category / helicopter type to be deployed on the RCS SAS Route.
- 3.6.3.4 Seating capacity of the proposed aircraft/ seaplane/ helicopter
- 3.6.3.5 RCS SAS Flight Capacity proposed to be deployed on the RCS SAS Route with breakdown of number of RCS SAS Seats per RCS SAS Flight and number of Non-RCS SAS Seats per RCS SAS Flight
- 3.6.3.6 Number of RCS SAS Seats per week.
- 3.6.4 The stage length / flight duration for a particular RCS SAS Route shall be based on the determination undertaken by the Airports Authority of India.
- 3.6.5 In case of a Network Proposal, the Applicant shall submit the above information for each of the proposed RCS SAS Routes in the Network Proposal along with the proposed network path.

Financial Proposal Information

- 3.6.6 As part of the Financial Proposal when VGF is sought, the Applicant shall submit the following information.
- 3.6.6.1 VGF per RCS SAS Seat or Monthly Lump Sum VGF sought under the Scheme for RCS SAS Flight, as the case may be;
- 3.6.6.2 Maximum airfare pursuant to Section 2.3 for an RCS SAS Seat that the operator, if selected under the Scheme, will charge for RCS SAS Seats on an RCS SAS Flight ("Maximum Airfare"), if required as per the Operating Model selected.

3.6.6.3 Applicants may also be required to submit 1) the number of RCS SAS Seats per RCS SAS Flight and 2) Number of RCS SAS Seats per week, in conformance with their submissions as per Section 3.6.3.5 and 3.6.3.6.

3.6.7 As part of the Financial Proposal when no VGF is sought, the Applicant shall submit the following information.

3.6.7.1 Maximum airfare pursuant to Section 2.3 for an RCS SAS Seat that the operator, if selected under RCS, will charge for RCS SAS Seats on an RCS SAS Flight (“Maximum Airfare”);

such that in Section 3.6.6 and Section 3.6.7, the VGF per RCS SAS Seat or maximum airfare proposed by an Applicant is not more than the VGF Cap and the Airfare Cap respectively, as indicated in the Scheme for the applicable stage length / flight duration of the proposed RCS SAS Route.

3.6.8 In case of a Network Proposal, the Applicant shall submit the above information for each of the proposed RCS SAS Route(s) in the Network Proposal.

3.7 Evaluation of proposals and Applicant selection

3.7.1 After the receipt of Proposal(s), the Implementing Agency shall undertake assessment of information mentioned under Section 3.6.2 and Section 3.6.3 in terms of compliance with Section 3.2 and Section 3.3 and other conditions specified herein and advise the Applicant(s) whether the proposal is complete or incomplete. The Financial Proposals shall not be opened at this stage. For the purpose of smooth implementation of the Scheme, the Implementing Agency may from time to time, issue such directions as may be necessary in consultation with MoCA.

3.7.2 In an event the information provided by the Applicant(s) is incomplete, the Implementing Agency may seek clarifications from the Applicant(s) indicating the incorrect / missing information. The decision of the Implementing Agency in this regard shall be final and binding on all parties.

3.7.2.1 In case of a Network Proposal, the conditions as specified in Section 3.5.4 shall need to be satisfied for each of the RCS SAS Routes in the Network.

3.7.3 In the event, the Implementing Agency receives one or more than one Proposal, the Implementing Agency shall, for all eligible Proposals, undertake opening of the Financial Proposal at a pre-specified date in the presence of Applicants who choose to be present, and for all Financial Proposal(s) that satisfy the conditions as specified in Section 3.6.6 and Section 3.6.7 or Section 3.5.5 as may be applicable, the preferred applicant shall be determined based on the mechanism specified in Section 3.8 and Section 3.9.

3.8 Evaluation of Financial Proposal for an Individual Route Proposal

3.8.1 For Proposals where the Applicant(s) have not requested any VGF as part of the bid, the evaluation of Proposals shall be done on the basis of number of RCS SAS Seats per

week quoted by the Applicants. The Applicant quoting the maximum number of RCS SAS Seats per week shall be declared as the “Preferred Individual Route Applicant”.

- 3.8.1.1 In the event that two or more Applicants are determined as the Preferred Individual Route Applicants, (the “Tied Preferred Route Applicants”), the evaluation of Tied Preferred Route Applicants shall be done on the basis of lowest Maximum Airfare for each RCS SAS Seat to be quoted by the Applicants. The Applicant quoting the lowest Maximum Airfare for each RCS SAS Seat shall be declared as the “Preferred Individual Route Applicant”.
- 3.8.1.2 In the event that such Tied Preferred Route Applicants have quoted the same Maximum Airfare, the Implementing Agency shall specify a separate procedure for breaking the tie at that stage.
- 3.8.2 For Proposals, where the Applicant(s) have requested VGF, the evaluation will be done on the basis of VGF per RCS SAS Seat (“hereinafter referred to as Bidding Parameter”) such that the Applicant who has quoted the lowest VGF per RCS SAS Seat for the proposed RCS SAS Route shall be selected as the “Preferred Individual Route Applicant” for such RCS SAS Route.
 - 3.8.2.1 In the event that two or more Applicants are determined as the Preferred Individual Route Applicants, (the “Tied Preferred Route Applicants”), identification of the Preferred Individual Route Applicant will be as per the process mentioned in Section 3.8.1.1 and 3.8.1.2.

3.9 Evaluation of Financial Proposals for a Network Proposals

- 3.9.1 For Proposals pertaining to Network Proposals where the Applicant(s) (or at least one of the Applicant in case of Identical Networks) have not requested any VGF as part of the bid, the evaluation of Proposal(s) shall be done using the process specified in Section 3.8.1 above based on the total number of RCS SAS Seats per week across all RCS SAS Routes in the network or the lowest total of Maximum Airfares for all RCS SAS Routes as quoted by the Applicant, as the case may be. The identified preferred applicant based on such process shall be declared as the “Preferred Network Applicant”.
- 3.9.2 For Proposals pertaining to Network Proposals where the Applicant(s) have requested VGF, the evaluation of Proposal(s) shall be done on the basis of total of VGF per RCS SAS Seat for all RCS SAS Routes proposed in the network such that the Applicant who has quoted the lowest total of VGF per RCS SAS Seat for all RCS SAS Routes proposed in the network shall be selected as the “Preferred Network Applicant” for such Network Proposal.
 - 3.9.2.1 In the event that two or more Applicants are determined as the Preferred Network Applicants, (the “Tied Preferred Network Applicants”), identification of the Preferred Network Applicant will be as per the process mentioned in Section 3.8.1.1 and 3.8.1.2.
- 3.9.3 The total of VGF per RCS SAS Seat for all RCS SAS Routes proposed in the network for an Applicant shall be calculated as:

$$\sum_{i=1}^m V_i$$

Where:

m is the number of RCS SAS Routes in the Network Proposal of the Applicant

V_i is the VGF per RCS SAS Seat quoted by the Applicant for RCS SAS Route i

3.10 Performance Guarantee

- 3.10.1 As mentioned earlier, the Selected Airline Operator will enter into a Selected Airline Operator Agreement with the Implementing Agency for operating RCS SAS Flights under this Scheme, within a period of 30 days failing which, the Letter of Award may be withdrawn by the Implementing Agency. The Selected Airline Operator shall be required to comply with all applicable regulations for such operations under this Scheme including of the DGCA.
- 3.10.2 At the time of signing the Selected Airline Operator Agreement, the Selected Airline Operator will be required to submit a Performance Guarantee to the Implementing Agency for an amount equivalent to two percent (2%) of the total VGF amount to be provided to such Selected Airline Operator in the first year of its operations, subject to a minimum of Rs. Two lakhs (Rs. 2,00,000/-) per RCS SAS Route for Operating Model 1 and 2. This Performance Guarantee may be in the form of route or network-wise submissions or a single consolidated submission for all the routes awarded to the Selected Airline Operator in a bidding round.
- 3.10.3 At the time of signing the Selected Airline Operator Agreement, the Selected Airline Operator will be required to submit a Performance Guarantee to the Implementing Agency for an amount equivalent to ten percent (10%) of the total 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 SAS Route for Operating Model 3. For each subsequent year after the first year of operations, the Selected Airline Operator shall enhance or renew the Performance Guarantee to an amount equivalent to ten percent (10%) of the total VGF amount to be provided to such Selected Airline Operator for that year. This Performance Guarantee may be in the form of route or network-wise submissions or a single consolidated submission for all the routes awarded to the Selected Airline Operator in a bidding round.
- 3.10.4 In addition to the provisions mentioned under Section 3.13, the Performance Guarantee, if any, will be dealt with by the Implementing Agency as follows:
- 3.10.4.1 Performance Guarantee submitted by the Selected Airline Operator shall be liable to encashment as per the terms and conditions of the Selected Airline Operator Agreement, if the Selected Airline Operator fails to:

- 1) Ensure integrity of the scheduled flights on routes proposed under the Selected Airline Operator Agreement, i.e. it fails to operate at least 70% of the scheduled RCS SAS Seats on routes proposed under the Selected Airline Operator Agreement in a specified period. It is clarified that while determining the total scheduled RCS SAS Seats deployed, the Implementing Agency shall have reference to any flights that may have got cancelled due to adverse weather conditions or other factors beyond the control of the Selected Airline Operator, based on the feedback provided by the relevant stakeholder; or
- 2) Adhere to any other terms and conditions of the Selected Airline Operator Agreement.
- 3) 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 Selected Airline Operator Agreement and proceed as per provisions of the Selected Airline Operator Agreement.

3.10.4.2 Performance Guarantee will be returned by the Implementing Agency to the Selected Airline Operator upon completion of one (1) year from date of commencement of RCS SAS Flight operations on any RCS SAS Route as per the terms and conditions of the Selected Airline Operator Agreement in Operating Model 1 and 2.

3.10.4.3 Performance Guarantee will be returned by the Implementing Agency to the Selected Airline Operator upon the completion of the tenure of financial support of RCS SAS Flight operations on any RCS SAS Route as per the terms and conditions of the Selected Airline Operator Agreement in Operating Model 3.

3.11 Change in deployed capacity

3.11.1 A Selected Airline Operator for an RCS SAS Route may decide to change the capacity deployed on an RCS SAS Route.

3.11.2 In the event that a Selected Airline Operator for an RCS SAS Route intends to increase the capacity deployed on an RCS SAS Route, it shall be required to inform the Implementing Agency in this regard such that:

3.11.2.1 The Selected Airline Operator shall be allowed to (a) change the aircraft type (size) operating on an RCS SAS Route (applicable both for an individual RCS SAS Route or an RCS SAS Route as part of a network) under the Scheme or (b) to increase or decrease the number of flights on such RCS SAS Route to any number such that the number of RCS SAS Flights shall not be less than two (2) per week and the total RCS SAS seats sold in any SAS Operational Quarter can be a maximum of 40% and a minimum of 10% of the annual RCS SAS seats.

3.11.2.2 The Selected Airline Operator shall be allowed to decrease the number of RCS SAS Seats deployed in an aircraft after one year from the date of commencement of RCS SAS Flight operation with prior approval of Implementing Agency. The number of

RCS SAS Seats may be reduced to any number such that the number of RCS SAS Seats deployed in an aircraft cannot be less than 50% of the RCS SAS Seats deployed at the time of execution of the Selected Airline Operator Agreement. The VGF per RCS SAS Seat for the revised number of RCS SAS Seats shall remain as permitted at the time of execution of the Selected Airline Operator Agreement, as indexed in accordance with the provisions of this Scheme.

- 3.11.2.3 The total VGF per year (i.e. a product of number of RCS SAS Seats per week, VGF per RCS SAS Seat as provided by the SAO as part of its Proposal, and number of weeks in a year) as available to the Selected Airline Operator after increase in capacity deployed shall remain the same as permitted at the time of executing the Selected Airline Operator Agreement.
- 3.11.2.4 The Implementing Agency shall undertake a reconciliation of total RCS SAS Seats operated by the SAO in each SAS Operational Quarter as compared to the proposed number of annual RCS SAS Seats submitted as part of its Technical Proposal. The Implementing Agency shall also require the SAO to submit its plans for RCS SAS Flight operations for remaining SAS Operational Quarters in any given year. The number of RCS SAS Seats for which VGF could be disbursed in the remaining SAS Operational Quarters (depending upon the performance of the SAO) shall be limited in a manner that under no circumstances, the total VGF disbursed per year shall be more than the total VGF per year as permitted at the time of executing the Selected Airline Operator Agreement.
- 3.11.2.5 In order to avoid inconvenience to passengers, the airline will have to follow relevant DGCA rules of informing the passengers about changes in the schedule of flight operation, in advance. For avoidance of doubt, the Selected Airline Operator shall not be provided any benefits or concessions under the Scheme on any additional RCS SAS seats deployed in any given SAS Operational Quarter by the Selected Airline Operator on an RCS SAS Route, beyond 40% of the annual RCS SAS seats for RCS SAS Routes.
- 3.11.2.6 In the event that a Selected Airline Operator changes the aircraft type (size) operating on an RCS SAS Route under the Scheme, the number of RCS SAS Seats to be provided shall have reference to Section 3.3.1 and the allowed aircraft type shall have reference to Section 3.2.1.2.
- 3.11.2.7 The total VGF per flight shall be equally spread over the increased number of RCS SAS Seats in a flight. The VGF per RCS SAS Seat shall be adjusted accordingly to arrive at the same total VGF per flight.
- 3.11.3 In the event that a Selected Airline Operator for an RCS SAS Route intends to decrease the capacity deployed on an RCS SAS Route, it shall be required to inform the same to the Implementing Agency. Such decrease in capacity deployed on an RCS SAS Route shall only be permitted if (a) such reduction is on account of change in aircraft type and (b) all minimum conditions (such as number of RCS SAS Seats per RCS SAS Flight) as submitted by such Selected Airline Operator at the time of its selection are continued to be met. No reduction in the number of RCS SAS Seats per RCS SAS Flight shall be

considered by the Implementing Agency save and except if change in RCS SAS Seats per RCS SAS Flight is due to the provisions of section 3.11.2.2 provided herein.

3.11.3.1 In an event where due to any orders/guidelines issued by the DGCA, the actual deployed capacity in an RCS SAS Flight by the Selected Airline Operator is less than the RCS SAS Flight Capacity offered, the RCS SAS Flight Capacity for the purposes of calculation of RCS SAS Seats, disbursement of VGF and compliance with the terms and conditions of the Selected Airline Operator Agreement, shall be considered as the actual deployed capacity on such RCS SAS Flight based on DGCA orders/guidelines.

3.11.4 Change in deployed capacity due to operational reasons

3.11.4.1 The Selected Airline Operator shall be permitted to change the actual deployed capacity on any RCS SAS Route such that there is no change in the RCS SAS Seats deployed annually as per the Selected Airline Operator Agreement. The SAO shall also be permitted to increase or decrease the number of flights on any RCS SAS Route to any number such that the number of RCS SAS Flights shall not be less than two (2) per week and the total RCS SAS Seats sold in any SAS Operational Quarter can be a maximum of 40% and a minimum of 10% of the annual RCS SAS seats as provided in the Selected Airline Operator Agreement.

3.11.5 The Selected Airline Operator shall be allowed to operate charter flights as per the regulations of DGCA, provided that the proposed schedule and service levels or any other conditions under the Scheme are not impacted.

3.11.6 Change in sequence of routes due to operational reasons

3.11.6.1 In an event where due to operational reasons (including but not restricted to slot availability, etc.), the Selected Airline Operator intends to change the sequence of routes as per the Selected Airline Operator Agreement, the Selected Airline Operator (SAO) shall intimate the Implementing Agency in writing before undertaking any such change in sequence of routes.

Provided that, any such change is permitted only for modifying the sequence of RCS SAS Routes in a network but not the direction of routes. For instance, if a network A-B-C-A has A-B and C-A as RCS SAS Routes, a change in sequence to C-A and A-B is permitted. However, a change in direction of routes such as B-A or A-C is not permitted.

3.12 Prioritisation Framework

3.12.1 The Implementing Agency shall have reference to the Scheme objectives at all points of time and prioritize proposals for being supported under the Scheme.

3.12.2 Amongst Proposals, highest priority would be given to proposals comprising routes connecting Unserved Airports, Underserved Airports and Served Airports in that order.

3.12.3 Network Proposal(s) would generally be given a higher priority against an Individual Route Proposal.

3.12.4 At any point of time, in case there are multiple proposals received for a particular Underserved Airport or Unserved Airport, given the scarcity of resources, the Implementing Agency at its discretion, may consider such proposals in a manner that if such Underserved Airport or Unserved Airport becomes Served Airport after awarding certain proposals, no additional proposals may be considered. The Implementing Agency shall also have reference to the VGF requirement while considering such proposals.

3.13 Exit from the Scheme

3.13.1 A Selected Airline Operator may cease RCS SAS Flight operations for any reason any time after one (1) year from the date of commencement of RCS SAS Flight operations on any RCS SAS Route. In the event of such cessation of RCS SAS Flight operations, provided there is no default by the Selected Airline Operator under the Selected Airline Operator Agreement, the Performance Guarantee shall be returned to the Selected Airline Operator.

3.13.2 If however, a Selected Airline Operator ceases RCS SAS Flight operations before completion of one (1) year from the date of commencement of such RCS SAS Flight operations on any RCS SAS Route, the Performance Guarantee shall be liable to be encashed and retained as per the terms and conditions of the Selected Airline Operator Agreement.

3.13.3 If, pursuant to Section 2.1.3.2 of this Scheme, the Scheme is withdrawn at any time, the Performance Guarantee shall be returned to the Selected Airline Operator.

3.13.4 Notwithstanding other provisions under this Scheme, a Selected Airline Operator shall be permitted, as per terms and conditions to be specified under the Selected Airline Operator Agreement, to assign its rights under the Scheme to another airline operator having a valid AOP for a similar type of aircraft as required under the Selected Airline Operator Agreement, provided the Selected Airline Operator has completed at least six (6) months of operations from the date of commencement of RCS SAS Flight operations on any RCS SAS Route. However, the Implementing Agency may also choose to permit a Selected Airline Operator to assign its rights under the Scheme or corresponding Selected Airline Operator Agreement, on a case-by-case basis, as per terms and conditions to be specified under the Selected Airline Operator Agreement, to another airline operator having a valid AOP for a similar type of aircraft as required under the Selected Airline Operator Agreement, at any point of time after the execution of the Selected Airline Operator Agreement based on the Implementing Agency's assessment of the factors justifying such assignment, as submitted by the assignor.

3.14 Reporting Obligations for a Selected Airline Operator

3.14.1 The VGF payment will be made to the Selected Airline Operator from the Regional Connectivity Fund (RCF) or other means on the completion of every month or in accordance with the Operating Model selected.

3.14.2 Additionally, this fund will be used to provide appropriate administrative charges to the Implementing Agency for implementing the Scheme.



3.14.3 For the sanction of monthly VGF payment, the Selected Airline Operator on an RCS SAS Route will be required to submit information on specified parameters, which will be used by the Implementing Agency to monitor adherence to the agreed terms and conditions of Selected Airline Operator Agreement.

3.14.3.1 The Selected Airline Operator shall be required to submit the Flight Manifest as per Aeronautical Information Publication (AIP) requirements.

3.14.3.2 In addition to this, the Selected Airline Operator will need to submit RCS specific information as specified under the Selected Airline Operator Agreement.

3.15 Disbursement of Funds

3.15.1 The VGF shall be disbursed to the Selected Airline Operator only for RCS SAS Seats pertaining to the RCS SAS Flights that have been operated in a month. Monthly checks on the RCS SAS Seats deployed in addition to reconciliations in every SAS Operational Quarter will be undertaken by the Implementing Agency so that the disbursement at the end of each quarter can be adjusted in accordance with Section 3.11.4.1. In an event, GST is applicable on the VGF disbursed to the Selected Airline Operator, the GST component shall be payable from the RCF or by the Proposing State if it has been designated the Implementing Agency.

3.15.2 The Selected Airline Operator(s) will be required to submit to the Implementing Agency, all information pertaining to RCS SAS Flights and Seats operated during a month as required in Section 3.14.

3.15.3 The Implementing Agency will scrutinize the information received from the Selected Airline Operator(s) for compliance with the conditions of Selected Airline Operator Agreement.

3.15.4 The VGF shall be disbursed by the Implementing Agency to the Selected Airline Operator for all deployed RCS SAS Seats, irrespective of the occupancy, for every RCS SAS Flight operated on the RCS SAS Route during the reporting period, after adjustments for any defaults by the Selected Airline Operator under the Selected Airline Operator Agreement.

3.15.5 The incentives / support provided under the Scheme is based on the premise that a Selected Airline Operator shall sell RCS SAS Seats first before selling any other passenger seats on an RCS SAS Flight (including Non-RCS SAS Seats). Provided that, such restriction shall not be applicable on “business class” seats (or any other term as may be used by the Selected Airline Operator to identify seats which are different from other available seats by design, form, factor and/or arrangement, and having a clear well-defined separate section within the aircraft cabin seating arrangement). Provided that, the passengers at all times have an option to choose between RCS SAS Seat(s) and such “business class” seat(s) and shall not be forced to buy such “business class” seats when RCS SAS Seats are available in the RCS SAS Flight.

3.15.6 The Implementing Agency may undertake a review / audit of the performance of a Selected Airline Operator including *inter alia* on this aspect from time to time through independent auditors. The penalties for breach of such principle shall be specified in



the Selected Airline Operator Agreement between the Implementing Agency and the Selected Airline Operator. A Selected Airline Operator shall be required to maintain relevant records for a period of at least 3 years after the expiry of its Selected Airline Operator Agreement to facilitate such monitoring.

3.15.6.1 MoCA recognizes that cancellation of tickets is a normal business phenomenon in aviation industry and certain passengers may cancel their RCS SAS Seats before the flight departure which may not provide sufficient time to a Selected Airline Operator to resell such RCS SAS Seats. In such an event any RCS SAS Seat, which does not get sold due to cancellation by a passenger, shall be considered as sold for the purpose of Sections 3.15.5 above. However, the obligation of proving such cancellation in terms of relevant details (passenger identification, etc.) shall be on the Selected Airline Operator.

Annexure – 1A: List of Unserved and Underserved Airports / Airstrips in the country

Presented below is a tentative list of Unserved and Underserved Airports. Applicants are advised to check the updates in this regard on AAI / MoCA website from time to time. Further, Applicants are expected to undertake their own due diligence vis-à-vis suitability of these airports for their proposals.

In case any such airport is a defence airport, the approval from Ministry of Defence, Government of India will need to be obtained for permitting joint use / civil operations under the Scheme.

It may be noted that this list does not include RCS Heliports. Applicants interested to submit proposals for helicopter operations will be required to ascertain eligible RCS Heliports from DGCA.

S.No	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar	Status
1	Campbell Bay	Andaman & Nicobar(UT)	<20 seats	Unserved
2	Car Nicobar	Andaman & Nicobar(UT)	4C	Unserved
3	Shibpur	Andaman & Nicobar(UT)	<20 seats	Unserved
4	Kurnool	Andhra Pradesh	3C	Underserved
5	Bobbili	Andhra Pradesh	<20 seats	Unserved
6	Donakonda	Andhra Pradesh	<20 seats	Unserved
7	Ellore	Andhra Pradesh	<20 seats	Unserved
8	Passighat	Arunachal Pradesh	3C	Underserved
9	Tezu	Arunachal Pradesh	3C	Underserved
10	Alinya	Arunachal Pradesh	<9	Unserved
11	Along	Arunachal Pradesh	<9	Unserved
12	Daparizo*	Arunachal Pradesh	<9	Unserved
13	Mechuka	Arunachal Pradesh	<9	Unserved
14	Tuting*	Arunachal Pradesh	<9	Unserved
15	Vijaynagar	Arunachal Pradesh	<9	Unserved
16	Walong*	Arunachal Pradesh	<9	Unserved
17	Yinghiong*	Arunachal Pradesh	<9	Unserved
18	Ziro	Arunachal Pradesh	<9	Unserved
19	Jorhat	Assam	4C	Underserved
20	Rupsi	Assam	3C	Underserved
21	Tezpur	Assam	4C	Underserved
22	Chabua	Assam	4C	Unserved
23	Darrang	Assam	<20 seats	Unserved
24	Dinjan	Assam	<20 seats	Unserved
25	Ledo	Assam	<20 seats	Unserved
26	Misa Mari	Assam	<20 seats	Unserved
27	Nazira	Assam	<20 seats	Unserved
28	Sadiya	Assam	<20 seats	Unserved

29	Sorbhog	Assam	<20 seats	Unserviced
30	Sukerating (Dum Duma)	Assam	<20 seats	Unserviced
31	Arrah	Bihar	No runway	Unserviced
32	Begusarai	Bihar	2A	Unserviced
33	Bettiah	Bihar	<9	Unserviced
34	Bhabua(Kaimoor)	Bihar	No runway	Unserviced
35	Bhagalpur	Bihar	<20 seats	Unserviced
36	Bihar Shariff	Bihar	No runway	Unserviced
37	Bihita	Bihar	4C	Unserviced
38	Birpur	Bihar	2A	Unserviced
39	Buxur	Bihar	No runway	Unserviced
40	Chhapra	Bihar	<20 seats	Unserviced
41	Dehri on sonn	Bihar	No runway	Unserviced
42	Farbisganj	Bihar	<20 seats	Unserviced
43	Hathwa	Bihar	<20 seats	Unserviced
44	Jehanabad	Bihar	<20 seats	Unserviced
45	Jogbani	Bihar	<20 seats	Unserviced
46	Katihar	Bihar	<20 seats	Unserviced
47	Kishanganj	Bihar	2A	Unserviced
48	Madhubani	Bihar	<20 seats	Unserviced
49	Monghyr	Bihar	<9	Unserviced
50	Motihari	Bihar	No runway	Unserviced
51	Munger	Bihar	<9	Unserviced
52	Muzzafarpur	Bihar	<20 seats	Unserviced
53	Naria	Bihar	2A	Unserviced
54	Panchanpur	Bihar	<20 seats	Unserviced
55	Raxaul	Bihar	<20 seats	Unserviced
56	Saharsa	Bihar	<20 seats	Unserviced
57	Valmiki Nagar	Bihar	<20 seats	Unserviced
58	Ambikapur	Chattisgarh	<20 seats	Unserviced
59	Bilaspur	Chattisgarh	<20 seats	Unserviced
60	Mundra	Gujarat	<20 seats	Underserviced
61	Amreli (Amroli)	Gujarat	3B	Unserviced
62	Chela	Gujarat	<20 seats	Unserviced
63	Chhand Bet	Gujarat	<20 seats	Unserviced
64	Deesa (Palanpur)	Gujarat	<20 seats	Unserviced
65	Mandvi	Gujarat	<20 seats	Unserviced
66	Mehsana	Gujarat	<20 seats	Unserviced
67	Naliya	Gujarat	<20 seats	Unserviced
68	Bhiwani	Haryana	2A	Unserviced
69	Hisar	Haryana	2A	Unserviced
70	Karnal	Haryana	2A	Unserviced
71	Narnaul	Haryana	2A	Unserviced
72	Pinjore	Haryana		
73	Sirsa	Haryana	4C	Unserviced

74	Kargil	Jammu and Kashmir	<20 seats	Underserved
75	Thoise	Jammu and Kashmir	4C	Underserved
76	Akhnur	Jammu and Kashmir	<20 seats	Underserved
77	Chamb	Jammu and Kashmir	<20 seats	Underserved
78	Chushal	Jammu and Kashmir	<20 seats	Underserved
79	Fukche	Jammu and Kashmir	4C	Underserved
80	Gurex	Jammu and Kashmir	<20 seats	Underserved
81	Jhangar	Jammu and Kashmir	<20 seats	Underserved
82	Miran Sahib	Jammu and Kashmir	<20 seats	Underserved
83	Panzgam	Jammu and Kashmir	<20 seats	Underserved
84	Poonch	Jammu and Kashmir	<20 seats	Underserved
85	Rajouri	Jammu and Kashmir	<20 seats	Underserved
86	Udhampur	Jammu and Kashmir	4C	Underserved
87	Bokaro	Jharkhand	3C	Underserved
88	Chaibasa	Jharkhand	No runway	Underserved
89	Chakulia	Jharkhand	No runway	Underserved
90	Daltonganj	Jharkhand	<20 seats	Underserved
91	Dhalbhumgarh	Jharkhand	No runway	Underserved
92	Deoghar	Jharkhand	4C	Underserved
93	Dhanbad	Jharkhand	<20 seats	Underserved
94	Dumka	Jharkhand	<20 seats	Underserved
95	Giridih	Jharkhand	<20 seats	Underserved
96	Jamshedpur	Jharkhand	<20 seats	Underserved
97	Sindri	Jharkhand	No runway	Underserved
98	Bellary	Karnataka	<20 seats	Underserved
99	Karwar	Karnataka	<20 seats	Underserved
100	Kolar	Karnataka	3C	Underserved
101	Kushalnagar	Karnataka	<20 seats	Underserved
102	Agatti	Lakshadweep Island	3C	Underserved
103	Birwa	Madhya Pradesh	<20 seats	Underserved
104	Chhindwara	Madhya Pradesh	<20 seats	Underserved
105	Damoh	Madhya Pradesh	<20 seats	Underserved
106	Datia	Madhya Pradesh	<20 seats	Underserved
107	Guna	Madhya Pradesh	<20 seats	Underserved
108	Khandwa	Madhya Pradesh	<20 seats	Underserved
109	Khargone	Madhya Pradesh	<20 seats	Underserved
110	Mandla (Kanha)	Madhya Pradesh	<20 seats	Underserved
111	Mandsaur (Sitamau)	Madhya Pradesh	<20 seats	Underserved
112	Nagda (Ujjain)	Madhya Pradesh	<20 seats	Underserved
113	Neemuch	Madhya Pradesh	<20 seats	Underserved
114	Pachmarhi Hoshangabad	Madhya Pradesh	<20 seats	Underserved
115	Ratlam	Madhya Pradesh	<20 seats	Underserved
116	Rewa	Madhya Pradesh	<20 seats	Underserved
117	Sagar	Madhya Pradesh	<20 seats	Underserved
118	Satna	Madhya Pradesh	<20 seats	Underserved

119	Seoni	Madhya Pradesh	<20 seats	Unserviced
120	Shahdol	Madhya Pradesh	<20 seats	Unserviced
121	Shivpuri	Madhya Pradesh	<20 seats	Unserviced
122	Sidhi	Madhya Pradesh	<20 seats	Unserviced
123	Ujjain	Madhya Pradesh	<20 seats	Unserviced
124	Umaria	Madhya Pradesh	<20 seats	Unserviced
125	Amravati	Maharashtra	3C	Underserved
126	Sindhudurg	Maharashtra	3C	Underserved
127	Ratnagiri	Maharashtra	3C	Underserved
128	Akola	Maharashtra	<20 seats	Unserviced
129	Baramati	Maharashtra	<20 seats	Unserviced
130	Chandrapur	Maharashtra	<20 seats	Unserviced
131	Darna Camp	Maharashtra	<20 seats	Unserviced
132	Deolali	Maharashtra	<20 seats	Unserviced
133	Dhulia	Maharashtra	<20 seats	Unserviced
134	Gondia	Maharashtra	4C	Unserviced
135	Jath	Maharashtra	<20 seats	Unserviced
136	Karad	Maharashtra	<20 seats	Unserviced
137	Kawalpur	Maharashtra	<20 seats	Unserviced
138	Kudal	Maharashtra	<20 seats	Unserviced
139	Latur (MADC)	Maharashtra	<20 seats	Unserviced
140	LonavalaAmby Valley	Maharashtra	<20 seats	Unserviced
141	Osmanabad	Maharashtra	<20 seats	Unserviced
142	Phaltan	Maharashtra	<20 seats	Unserviced
143	Shirpur	Maharashtra	<20 seats	Unserviced
144	Waluj	Maharashtra	<20 seats	Unserviced
145	Shillong	Meghalaya	3C	Underserved
146	Dwara	Meghalaya	<9	Unserviced
147	Shella	Meghalaya	<20 seats	Unserviced
148	Tura	Meghalaya	<20 seats	Unserviced
149	Vuakmual (Dist- Lunglei)	Mizoram		
150	Tuirial (Dist-Aizawl)	Mizoram		
151	Rourkela	Orissa	<20 seats	Underserved
152	Amarda Road	Orissa	<20 seats	Unserviced
153	Angul	Orissa	<20 seats	Unserviced
154	Barbil	Orissa	2A	Unserviced
155	Birasal	Orissa	No runway	Unserviced
156	Gudari	Orissa	3B	Unserviced
157	Hirakund	Orissa	3B	Unserviced
158	Jayakpur	Orissa	<20 seats	Unserviced
159	Jeypore	Orissa	<20 seats	Unserviced
160	Lanjigarh	Orissa	2B	Unserviced
161	Nawapara	Orissa	2A	Unserviced
162	Padampur	Orissa	2A	Unserviced
163	Rairangpur	Orissa	2A	Unserviced

164	Raiusan	Orissa	2A	Unserviced
165	Rangeilunda	Orissa	2A	Unserviced
166	Sukinda	Orissa	2A	Unserviced
167	Theruboli	Orissa	2A	Unserviced
168	Tushra	Orissa	2A	Unserviced
169	Utkela	Orissa	<20 seats	Unserviced
170	Ludhiana	Punjab	3C	Underserved
171	Pathankot	Punjab	4C	Underserved
172	Beas	Punjab	4C	Unserviced
173	Patiala	Punjab	2A	Unserviced
174	Kota	Rajasthan	<20 seats	Underserved
175	Uterlai	Rajasthan	4C	Underserved
176	Abu Road	Rajasthan	2A	Unserviced
177	Alwar	Rajasthan	2A	Unserviced
178	Banasthali	Rajasthan	2A	Unserviced
179	Banswara (Tilwara)	Rajasthan	4B	Unserviced
180	Bharatpur	Rajasthan	<20 seats	Unserviced
181	Bhilwara	Rajasthan		
182	ChakChainpura	Rajasthan		
183	Dholpur	Rajasthan	<20 seats	Unserviced
184	Dowra	Rajasthan		
185	Gadra Road	Rajasthan	<20 seats	Unserviced
186	Hamirgarh	Rajasthan	3A	Unserviced
187	Isarda	Rajasthan	2B	Unserviced
188	Jhalawar (Brijnagar)	Rajasthan	3B	Unserviced
189	Jhunjhunu	Rajasthan	3B	Unserviced
190	Kankoroli	Rajasthan	3A	Unserviced
191	Kolana	Rajasthan		
192	Kumher	Rajasthan		
193	Lalgarh	Rajasthan	3A	Unserviced
194	Malapura	Rajasthan	<20 seats	Unserviced
195	Mathania	Rajasthan	<20 seats	Unserviced
196	Merta Road	Rajasthan	<20 seats	Unserviced
197	Nagaur	Rajasthan	3A	Unserviced
198	Noon	Rajasthan		
199	Parihara (Ratangarh)	Rajasthan		
200	Phalodi	Rajasthan		
201	Pilani	Rajasthan	2A	Unserviced
202	Pratapgarh	Rajasthan		
203	Salawas	Rajasthan	2B	Unserviced
204	SawaiMadhopur	Rajasthan	<20 seats	Unserviced
205	Shahpur	Rajasthan	<20 seats	Unserviced
206	Sikar	Rajasthan		
207	Sirohi	Rajasthan	3B	Unserviced
208	Sojat	Rajasthan		

209	Suratgarh	Rajasthan	<20 seats	Unserviced
210	Tarpura	Rajasthan		
211	Thanagazi	Rajasthan		
212	Tilwara	Rajasthan		
213	Vishnoda	Rajasthan		
214	Ramnad	Tamil Nadu	<20 seats	Underserved
215	Salem	Tamil Nadu	3C	Underserved
216	Arkonam	Tamil Nadu	<20 seats	Unserviced
217	Chetnad	Tamil Nadu	3C	Unserviced
218	Cholavaram	Tamil Nadu	<20 seats	Unserviced
219	Neyveli	Tamil Nadu	<20 seats	Unserviced
220	Sulur	Tamil Nadu	<20 seats	Unserviced
221	Ulundurpet	Tamil Nadu	<20 seats	Unserviced
222	Vellore	Tamil Nadu	<20 seats	Unserviced
223	Adilabad	Telangana	<20 seats	Unserviced
224	Aleru	Telangana	<20 seats	Unserviced
225	Kagazpur (Sirpur)	Telangana	No runway	Unserviced
226	Kailashahar	Tripura	<20 seats	Unserviced
227	Kamalpur	Tripura	3B	Unserviced
228	Khowai	Tripura	<20 seats	Unserviced
229	Faizabad (Ayodhya)	Uttar Pradesh	3C	Underserved
230	Saharanpur (Sarsawa)	Uttar Pradesh	4C	Underserved
231	Akbarpur	Uttar Pradesh	3A	Unserviced
232	Aligarh	Uttar Pradesh	3B	Unserviced
233	Azamgarh	Uttar Pradesh	<20 seats	Unserviced
234	Bareilly	Uttar Pradesh	4C	Unserviced
235	Chitrakoot	Uttar Pradesh	<20 seats	Unserviced
236	Etawah (Safai)	Uttar Pradesh	4C	Unserviced
237	Farrukhabad	Uttar Pradesh	<20 seats	Unserviced
238	Fursatganj (Igrua)	Uttar Pradesh	3C	Unserviced
239	Lalitpur	Uttar Pradesh	3C	Unserviced
240	Moradabad	Uttar Pradesh	3B	Unserviced
241	Muirpur	Uttar Pradesh	<20 seats	Unserviced
242	Palia	Uttar Pradesh	<20 seats	Unserviced
243	Rasoolabad	Uttar Pradesh	<20 seats	Unserviced
244	Shravasti	Uttar Pradesh	2A	Unserviced
245	Sultanpur (Amhai)	Uttar Pradesh	3B	Unserviced
246	Chinyalisaur*	Uttarakhand	<9	Unserviced
247	Gangotri Dham, Chamoli	Uttarakhand		
248	Pithoragarh	Uttarakhand		
249	Gauchar*	Uttarakhand	<9	Unserviced
250	Hashimara	West Bengal	4C	Underserved
251	Ambari	West Bengal	<20 seats	Unserviced
252	Asansol	West Bengal	<20 seats	Unserviced
253	Balurghat	West Bengal	<20 seats	Unserviced

254	Barrackpore	West Bengal	<20 seats	Unserviced
255	Bhatpara	West Bengal	<20 seats	Unserviced
256	Bishnupur	West Bengal	<20 seats	Unserviced
257	Burnpur	West Bengal	<20 seats	Unserviced
258	Cooch Behar	West Bengal	<20 seats	Unserviced
259	Dhubalia	West Bengal	<20 seats	Unserviced
260	Digri	West Bengal	<20 seats	Unserviced
261	Dudhkundi	West Bengal	<20 seats	Unserviced
262	Guskhara	West Bengal	<20 seats	Unserviced
263	Kanchrapara	West Bengal	<20 seats	Unserviced
264	Kharagpur	West Bengal	<20 seats	Unserviced
265	Madhaiganj	West Bengal	<20 seats	Unserviced
266	Maheshganj	West Bengal	<20 seats	Unserviced
267	Malda	West Bengal	<20 seats	Unserviced
268	New lands	West Bengal	No runway	Unserviced
269	Panagarh	West Bengal	<20 seats	Unserviced
270	Pandaveswar	West Bengal	<20 seats	Unserviced
271	Piardora	West Bengal	<20 seats	Unserviced
272	Rampurhat	West Bengal	<20 seats	Unserviced
273	Sal Bani	West Bengal	<20 seats	Unserviced

Annexure – 1B: List of Water Aerodromes

S.No.	Name of Water Aerodrome	State / UT (where the Water Aerodrome is located)
1.	Hutbay	Andaman & Nicobar
2.	Long Island	Andaman & Nicobar
3.	Neil Island	Andaman & Nicobar
4.	Havelock	Andaman & Nicobar
5.	Prakasam Barrage	Andhra Pradesh
6.	Umrangso Reservoir	Assam
7.	Guwahati River Front	Assam
8.	Statue of Unity, Sardar Sarovar Dam	Gujarat
9.	Sabarmati River Front, Ahmedabad.	Gujarat
10.	Dharoj Dam	Gujarat
11.	Minicoy	Lakshadweep
12.	Kavaratti	Lakshadweep
13.	Erai Dam, Distt. Chandarpur	Maharashtra
14.	Khindsi Dam, Distt. Nagpur	Maharashtra
15.	Tehri Dam	Uttarakhand

Annexure – 2: Airfare Cap under RCS

Airfare Cap to be considered for respective stage lengths / flight duration are as follows (Refer Section 2.3 above):

Airfare Cap for Fixed-wing aircraft

S.No.	Stage Length (in km)	Airfare Cap per RCS Seat (in INR)
1.	1 – 50	1,884
2.	51 – 75	1,884
3.	76 – 100	1,884
4.	101 – 125	1,884
5.	126 – 150	1,884
6.	151 – 175	1,884
7.	176 – 200	1,991
8.	201 – 225	2,097
9.	226 – 250	2,216
10.	251 – 275	2,324
11.	276 – 300	2,429
12.	301 – 325	2,548
13.	326 – 350	2,655
14.	351 – 375	2,761
15.	376 – 400	2,880
16.	401 – 425	2,987
17.	426 – 450	3,092
18.	451 – 475	3,212
19.	476 – 500	3,319



Airfare cap for helicopters

S.No.	Flight Duration (in minutes)	Airfare Cap per RCS Seat (in INR)
1.	00 – 30	3,209
2.	31 – 35	3,727
3.	36 – 40	4,296
4.	41 – 45	4,814
5.	46 – 50	5,333
6.	51 – 55	5,915
7.	56 – 60	6,432
8.	> 60	6,432

Annexure – 3: VGF Cap under RCS

VGF Cap to be considered for respective stage lengths / flight duration are as follows (Refer Section 2.5 above).

VGF caps for Cat 1/1A Aircraft

S. No.	Stage length	VGF Cap per RCS Seat (in INR)
1.	1-50	1,935
2.	51-75	3,445
3.	76-100	4,452
4.	101-125	5,479
5.	126-150	6,485
6.	151-175	7,492
7.	176-200	8,380
8.	201-225	9,269
9.	226-250	10,143
10.	251-275	11,030
11.	276-300	11,920
12.	301-325	12,794
13.	326-350	13,682
14.	351-375	14,571
15.	376-400	15,445
16.	401-425	15,445
17.	426-450	15,445
18.	451-475	15,445
19.	476-500	15,445

VGF cap for helicopter operation – twin-engine helicopter:

S.No.	Flight Duration (in minutes)	VGF Cap per RCS Seat (in INR)
1.	00 – 10	-
2.	11 – 15	1,151
3.	16 – 20	2,895
4.	21 – 25	4,640
5.	26 – 30	6,374
6.	31 – 35	7,600
7.	36 – 40	8,775
8.	41 – 45	10,002
9.	46 – 50	9,967
10.	51 – 55	9,927
11.	56 – 60	9,892
12.	> 60	9,892

VGF cap for helicopter operation – single-engine helicopter*:

S.No.	Flight Duration (in minutes)	VGF Cap per RCS Seat (in INR)
1.	00 – 10	-
2.	11 – 15	501
3.	16 – 20	1,985
4.	21 – 25	3,469
5.	26 – 30	4,953
6.	31 – 35	5,919
7.	36 – 40	6,835
8.	41 – 45	7,800
9.	46 – 50	7,819
10.	51 – 55	7,841
11.	56 – 60	7,860
12.	> 60	7,860

Annexure – 4: Airfare Cap Indexation Formula

Indexation of Airfare Cap(s) and Maximum Airfare(s) for fixed wing operation under Operating model 1 will be based on the following formula based on methodology provided in Sections 2.3.6 and 2.3.7:

$$\text{Airfare Cap}(Q2) = \text{Airfare Cap}(Q1) * [1 + \Delta CPI * 50\% + \Delta ATF * 25\% + \Delta XCH * 25\%]$$

For helicopter operation:

$$\text{Airfare Cap}(Q2) = \text{Airfare Cap}(Q1) * (1 + \Delta CPI)$$

Where,

Airfare Cap (Q2) is the Airfare Cap or the Maximum Airfare under a Selected Airline Operator Agreement for the present Financial Quarter

Airfare Cap (Q1) is the Airfare Cap or the Maximum Airfare under a Selected Airline Operator Agreement for the Base Financial Quarter

ΔCPI is the change in Consumer Price Index – Industrial Workers (in percentage) based on figures published by the Government of India to be considered for determination of Airfare Cap for the present Financial Quarter. It will be calculated as follows:

ΔCPI (in %)

$$= \left[\frac{\left\{ \left(\frac{\sum_{i=1}^3 (CPI - IW)_i}{3} \right) \right\} - \left\{ \left(\frac{\sum_{j=1}^3 (CPI - IW)_j}{3} \right) \right\}}{\left\{ \left(\frac{\sum_{j=1}^3 (CPI - IW)_j}{3} \right) \right\}} \right] \times 100$$

Where,

$(CPI - IW)_i$ is the CPI-IW published by Government of India for month i of the present Financial Quarter

$i = 3$ for the latest month for which CPI-IW has been published by Government of India at the time of review of indexation

$i = 2$ for the month prior to the latest month for which CPI-IW has been published by Government of India at the time of review of indexation and so on..

Where,

$(CPI - IW)_j$ is the CPI-IW published by Government of India for month j of the Base Financial Quarter

*$j = 3$ for the latest month for which CPI-IW was published by Government of India in the first month of the Base Financial Quarter, i.e., **October 2021***

*$j = 2$ for the month prior to the latest month for which CPI-IW was published by Government of India in the first month of the Base Financial Quarter, i.e., **September 2021***

and so on.

ΔATF is the change (in percentage) in aviation turbine fuel prices measured as per the formula below:

$$\Delta ATF (in \%) = \frac{\left[\left\{ \left(\sum_{x=1}^m ATF_x \right) / m \right\} - \left\{ \left(\sum_{y=1}^n ATF_y \right) / n \right\} \right]}{\left\{ \left(\sum_{y=1}^n ATF_y \right) / n \right\}} \times 100$$

Where,

m = No. of days in the period of three months corresponding to months $i = 3, 2,$ and 1 in the formula for ΔCPI given above

ATF_x = ATF price for the x^{th} day in the period of three months corresponding to months $i = 3, 2,$ and 1 in the formula for ΔCPI given above

n = No. of days in the period of three months corresponding to months $j = 3, 2,$ and 1 in the formula for ΔCPI given above

ATF_y = ATF price for the y^{th} day in the period of three months corresponding to months $j = 3, 2,$ and 1 in the formula for ΔCPI given above

For the purpose of above estimation, ATF prices (for domestic operations) prevailing across four stations (Delhi (T3 terminal), Mumbai, Kolkata and Chennai) of oil marketing company – HPCL - as published on its website⁴ will be considered. In case the ATF price for a particular date is not available on the website of oil marketing company, the ATF price for the previous available date shall be considered.

ΔXCH is the change (in percentage) in the exchange rate between Indian Rupees and United States Dollar, as per the formula below:

$$\Delta XCH (in \%) = \frac{\left[\left\{ \left(\sum_{b=1}^m XCH_b \right) / m \right\} - \left\{ \left(\sum_{a=1}^n XCH_a \right) / n \right\} \right]}{\left\{ \left(\sum_{a=1}^n XCH_a \right) / n \right\}} \times 100$$

Where,

XCH = Exchange rate at which 1 USD can be converted into INR, i.e., XCH = Number of INR in 1 USD

m = No. of days in the period of three months corresponding to months $i = 3, 2,$ and 1 in the formula for ΔCPI given above

XCH_b = XCH for the b^{th} day in the period of three months corresponding to months $i = 3, 2,$ and 1 in the formula for ΔCPI given above

n = No. of days in the period of three months corresponding to months $j = 3, 2,$ and 1 in the formula for ΔCPI given above

⁴ HPCL - <http://www.hindustanpetroleum.com/hp-aviation-ATF-pricing-india-type2>
 FBIL - <https://fbil.org.in/securities?op=referencerate&mq=0/>



$XCH_a = XCH$ for the a^{th} day in the period of three months corresponding to months $j = 3, 2,$ and 1 in the formula for ΔCPI given above

For the purpose of above estimation, Exchange Rates as published by Financial Benchmark India Pvt. Ltd. (FBIL) shall be taken into account. In case the exchange rate for a particular date is not available on the FBIL website, the exchange rate for the previous available date shall be considered.

Annexure – 5: VGF Cap Indexation Formula

Indexation of VGF Cap(s) under Operating model-1 will be based on the following:

For Fixed-wing aircraft under Operating Model 1;

$$\begin{aligned} VGF(Q2) = & [VGF(Q1) + Airfare Cap(Q1)] \\ & * [1 + \Delta CPI * 50\% + \Delta ATF * 25\% + \Delta XCH * 25\%] \\ & - Airfare Cap(Q2) \end{aligned}$$

For helicopters under Operating Model 1;

$$\begin{aligned} VGF(Q2) = & [VGF(Q1) + Airfare Cap(Q1)] * [1 + \Delta CPI * 15\% + \Delta ATF * 15\%] \\ & - Airfare Cap(Q2) \end{aligned}$$

And,

Indexation of VGF Cap(s) under Operating model 2 and 3 will be based on the following:

For Fixed-wing aircraft;

$$VGF(Q2) = [VGF(Q1)] * [1 + \Delta CPI * 50\% + \Delta ATF * 25\% + \Delta XCH * 25\%]$$

For helicopters;

$$VGF(Q2) = [VGF(Q1)] * [1 + \Delta CPI * 15\% + \Delta ATF * 15\%]$$

Where,

- *VGF (Q2) is the VGF Cap or VGF Support per seat or Monthly Lump Sum VGF support, as the case may be, applicable for the present Financial Quarter*
- *VGF (Q1) is the VGF Cap or VGF Support per seat or Monthly Lump Sum VGF support, as the case may be, applicable for the Base Financial Quarter*
- *Airfare Cap (Q2) is the Airfare Cap or the Maximum Airfare under a Selected Airline Operator Agreement for the present Financial Quarter*
- *Airfare Cap (Q1) is the Airfare Cap or the Maximum Airfare under a Selected Airline Operator Agreement for the Base Financial Quarter*
- *ΔCPI is the change in Consumer Price Index – Industrial Workers (in percentage) based on figures published by the Government of India to be considered for determination of VGF Cap for the present Financial Quarter, calculated based on the formula provided in Section 2.3.8. ΔCPI is measured as per the formula mentioned above for the calculation of Airfare Cap.*
- *ΔATF is the change (in percentage) in aviation turbine fuel prices measured as per the formula mentioned above for the calculation of Airfare Cap*
- *ΔXCH is the change (in percentage) in the exchange rate between Indian Rupees and United States Dollar, as per the formula mentioned above for the calculation of Airfare Cap.*

Annexure – 6: Operating Models

Operating Model - 1: RCS UDAN provisions

1. Introduction – Under this model, the Selected Airline Operators shall be eligible for payment of a fixed, per seat, Viability Gap Funding (VGF) support determined through a competitive bidding process. The VGF support will be provided for a defined number of seats, as provided by Section 3.3.1. This model is similar to the traditional RCS UDAN model in terms of operating mechanism.

2. Total number of seats under consideration for VGF support – For Category-1A aircraft (including seaplanes), a Selected Airline Operator shall be required to provide hundred percent (100%) of RCS SAS Flight Capacity.

For Category 1 fixed wing aircraft (including seaplanes), a Selected Airline Operator shall be required to provide fifty percent (50%) of RCS SAS Flight Capacity as RCS SAS Seats, provided further that where fifty percent (50%) of RCS SAS Flight Capacity is less than nine (9) passenger seats, the minimum number of RCS SAS Seats shall not be less than nine (9).

3. Nature of VGF support – Post bidding, the VGF support will be fixed, dependent only upon the actual number of flights operated by the Selected Airline Operator.

4. VGF and Airfare caps – VGF to be provided for each RCS SAS Seat under the Scheme will be capped for different stage lengths for fixed wing aircraft (including seaplanes) and different flight duration for helicopters operation

The Airfare Caps shall be applicable and pre-determined under this model.

5. Bidding Variable – The evaluation of Proposals will be done on the basis of VGF per RCS SAS Seat such that the Applicant who has quoted the lowest VGF per RCS SAS Seat for the proposed RCS Route shall be selected as the “Preferred Route Applicant” for such RCS Route.

6. Additional Information – The Selected Airline(s) will be required to submit to the Implementing Agency, all information pertaining to RCS SAS Flights operated during a month. The VGF shall be disbursed to the Selected Airline Operator only for RCS SAS Seats pertaining to the RCS SAS Flights that have been operated in a month. Airline operators must refer to VGF Cap(s) before submitting proposals, as support requirement in excess of such cap for a particular stage length will not be considered under the Scheme. Any proposal not complying with this aspect will be disqualified.

7. Indexation – The Airfare cap(s) and Maximum Airfare(s) will be subject to indexation as specified in the Annexure 4 of this Scheme.

The VGF per seat for each RCS SAS Seat shall be subject to indexation as specified in the Annexure 5 of this Scheme.

8. Payment terms – Reimbursement based on actual number of operated flights.



VGF Disbursed in a month = No. of RCS SAS Flights operated in the month \times No. of RCS SAS Seats per RCS SAS Flight \times Per Seat VGF applicable for the month.

Illustration for Disbursement of VGF Support and Total revenue for the airline

Total Revenue Requirement for airline per flight – INR 1,05,000

Expected average load factor for the route for each flight – 65%

Seating Capacity of Aircraft = 15 seats

No of RCS SAS Seats = 9 seats

Airfare cap on RCS SAS seats – INR 2,300

VGF per seat quoted by the airline = INR 8,922

Expected average airfare for non-RCS SAS seats = INR 4,000

Case 1 – Actual load factor turns out to be 65% as assumed by the airline

Total seats sold = 10

Total VGF disbursable for each flight = 9 x INR 8,922 = INR 80,300/-

Airfare revenue from RCS SAS seats = 9 x INR 2,300 = INR 20,700/-

Airfare revenue from non-RCS SAS seats = 1 x INR 4,000 = INR 4,000/-

Total Revenue for the airline = 80,300 + 20,700 + 4,000 = INR 1,05,000/-

Case 2 – Actual load factor turns out to be 80%, i.e higher than assumption

Total seats sold = 12

Total VGF disbursable for each flight = 9 x INR 8,922 = INR 80,300/-

Airfare revenue from RCS SAS seats = 9 x INR 2,300 = INR 20,700/-

Airfare revenue from non-RCS SAS seats = 3 x INR 4,000 = INR 12,000/-

Total Revenue for the airline = 80,300 + 20,700 + 12,000 = INR 1,13,000/-

Case 3 – Actual load factor turns out to be 55%, i.e lower than assumption

Total seats sold = 8

Total VGF disbursable for each flight = 9 x INR 8,922 = INR 80,300/-

Airfare revenue from RCS SAS seats = 9 x INR 2,300 = INR 18,400/-

Airfare revenue from non-RCS SAS seats = 0

Total Revenue for the airline = 80,300 + 18,400 = INR 98,700/-

Therefore, the VGF payout will remain the same irrespective of the load factor for the flight.

Operating Model - 2: Variable VGF model

1. Introduction – Under this model, the Selected Airline Operators shall be eligible for payment of a variable Viability Gap Funding (VGF) support determined through a competitive bidding process. The number of RCS seats applicable for VGF support will be as provided by Section 3.3.1. This model is similar to International UDAN (IACS) model in terms of operating mechanism.

2. Total number of seats under consideration for VGF support – The airlines shall bid the VGF Support per Seat for all the passenger seats deployed in the aircraft (RCS SAS Flight Capacity).

3. Type of VGF support – The VGF support will be variable, depending upon the actual revenue generated and the actual number of flights operated.

4. VGF and Airfare caps – The VGF and airfare will not be governed by any caps. The market forces will determine the quantum of financial support to be provided. It is clarified that the Implementing Agency may specify that only zero (0) VGF bids are permissible.

5. Bidding Variable – The VGF Support per Seat (“VGF Support per Seat Quoted”) quoted by the airline shall form the basis of estimation for VGF Support per flight (“Aggregate Viability Gap Funding per Flight”).

6. Additional Information – The mechanism of disbursement of VGF Support shall be worked out in the following manner:

- a) The Aggregate VGF per Flight shall be the product of Number of Seats and VGF Support per Seat Quoted
- b) The Selected Airline Operator will sell the seats at market price and the revenue generated from airfare shall be determined (“Total Airfare Revenue”)
- c) The VGF Support per flight payable by a State shall be Aggregate VGF per Flight calculated in a) above, Minus, eighty percent (80%) of the Total Airfare Revenue.
- d) In case the eighty percent (80%) of the Total Airfare Revenue generated exceeds the Aggregate VGF per Flight, no VGF Support shall be provided for operation of the RCS SAS Flight
- e) In case the Aggregate VGF per Flight is zero (0), no VGF Support shall be provided for operation of the RCS SAS Flight

The Selected Airline Operator(s) will be required to submit to the Implementing Agency, all information pertaining to RCS SAS Flights operated during a month.

7. Indexation – The VGF support per seat for each RCS SAS seat shall be subject to indexation as specified in Annexure 5 of this scheme document.

8. Payment terms – Reimbursement based on actual number of operated flights and actual revenue through airfares.

Actual VGF disbursement for each flight = (VGF per seat X number of seats in the aircraft) – (0.8 X Airfare Revenue for the flight)

Illustration for Disbursement of VGF Support and Total revenue for the airline

Total Revenue Requirement for airline per flight – INR 1,05,000

Expected average load factor for the route for each flight – 65%

Seating Capacity of Aircraft = 15 seats

No of RCS SAS Seats = 15 seats

Airfare cap on RCS SAS seats – Nil

VGF per seat quoted by the airline = INR 6,467

Expected average airfare for all seats = INR 4,000

Case 1 – Actual load factor turns out to be 65%, as assumed by the airline

Total seats sold = 10

Total Airfare revenue = $10 \times \text{INR } 4,000 = \text{INR } 40,000/-$

Total VGF disburseable for each flight = $(15 \times \text{INR } 6,467) - (0.8 \times \text{INR } 40,000) = \text{INR } 65,000/-$

Total Revenue for the airline = $40,000 + 65,000 = \text{INR } 1,05,000/-$

Case 2 – Actual load factor turns out to be 80%, i.e higher than that assumed by the airline

Total seats sold = 12

Total Airfare revenue = $12 \times \text{INR } 4,000 = \text{INR } 48,000/-$

Total VGF disburseable for each flight = $(15 \times \text{INR } 6,467) - (0.8 \times \text{INR } 48,000) = \text{INR } 58,600/-$

Total Revenue for the airline = $48,000 + 58,600 = \text{INR } 1,06,600/-$

Case 3 – Actual load factor turns out to be 55%, i.e lower than that assumed by the airline

Total seats sold = 8

Total Airfare revenue = $8 \times \text{INR } 4,000 = \text{INR } 32,000/-$

Total VGF disburseable for each flight = $(15 \times \text{INR } 6,467) - (0.8 \times \text{INR } 32,000) = \text{INR } 71,400/-$

Total Revenue for the airline = $32,000 + 71,400 = \text{INR } 1,03,400/-$

Therefore, the VGF payout will change based on the load factor for the flight.

Operating Model - 3: Advance Lump-Sum Support model

1. Introduction – Under this model, the Selected Airline Operator would be eligible for payment of a fixed monthly amount to help the airline cover any fixed and/or variable cost incurred in the operation of RCS Routes. The number of RCS seats applicable for VGF will be as provided by Section 3.3.1.

2. Total number of seats under consideration for VGF support – The Monthly Lump-Sum VGF Support bid by the airlines will be utilized for the calculation of the VGF support on per Seat basis for all the passenger seats deployed in the aircraft (RCS SAS Flight Capacity).

3. Type of VGF support – Post bidding, the VGF support will be fixed, dependent only upon the actual number of flights operated by the Selected Airline Operator.

4. VGF and Airfare caps – The Monthly Lump-Sum VGF support will not be governed by any caps. The market forces will determine the quantum of financial support to be provided. However, the Airfare Caps will be applicable unless decided otherwise by the Implementing Agency or Proposing States.

5. Bidding Variable – As part of the proposal submission, among other things, the airline would be required to submit the following:

1. The monthly fixed VGF support sought from the State Govt
2. Total number of RCS SAS Seats and Non-RCS SAS Seats per week that the airline plans to operate

Per seat lump sum VGF support is a normative figure that would be calculated based on the above factors.

$$\text{Per seat lump sum VGF support} = \frac{\text{(1. Monthly Lump sum VGF support sought by airline)}}{\text{(2. Total Seats per week) x \{31 \div 7\}}}$$

6. Additional Information – The Selected Airline Operator(s) will be required to submit to the Implementing Agency, all information pertaining to RCS SAS Flights operated during a month. For operations in the last month of the tenure of support, the pro-rated support amount would be calculated. Due to the absence of any payment after the last month of operations, the difference in the actual monthly support quoted by the airline and the pro-rated support calculated from the operations in the last month will be appropriated from the Performance Guarantee of the Selected Airline Operator.

7. Indexation – The VGF support per seat for each RCS SAS Seat shall be subject to indexation as specified in Annexure 5 of this scheme document.

8. Payment terms – The payment is to be made in advance, which would be the at the beginning of every month in which the Selected Airline Operator is supposed to undertake operations.

The disbursement for the first month of operations would be the amount quoted by the Selected Airline Operator and would be disbursed within fourteen (14) days of the signing of the Selected Airline Operator Agreement.



Once operations commence and in subsequent months including month two (2) of operations there would be an adjustment based on the pro-rated amount considering the actual number of seats operated vis-à-vis the monthly proportional seats as per the calculation below:

Monthly VGF support for n^{th} month =

$$\frac{(\text{Monthly lump sum VGF support sought by SAO} * \text{Actual number of seats operated in } (n - 1)\text{th month})}{(\text{Required number of seats in } (n - 1)\text{th month as per annual seats quoted by SAO)}$$

Where,

n^{th} month corresponds to the current month for which the monthly support payable is to be calculated,

and $(n-1)^{\text{th}}$ month corresponds to the month prior to the current month. i.e For a payment for the month of May, on May 1st, compliance for the month of April will be evaluated.

Illustration for Disbursement of VGF Support and Total revenue for the airline

Monthly VGF support quoted by airline for round trip = INR 40,15,000/-

Expected average load factor for the route for each flight – 65%

Airfare cap on RCS SAS seats – INR 2,300

Expected average airfare for non-RCS SAS seats = INR 4,000

Seating Capacity of Aircraft = 15 seats

No. of RCS SAS Seats = 9 seats

Number of weekly RCS seats for round trip quoted by airline = 126 (9 x 7 x 2)

VGF payment in first [(n-1)th] month = INR 40,15,000/-

Monthly RCS seats requirement for the airline (considering the current month is a 30-day month) = Round off value of (126 x 30 / 7 x 2) = 540

Suppose, actual number of seats operated by the airline in (n-1)th month = 450

VGF Payment in second (nth) month = 40,15,000 x 450 / 540 = INR 33,45,833/-

Case 1 – Actual load factor turns out to be 65% as assumed by the airline

Total seats sold = 10 x 2 = 20

Total VGF disbursable for the month = INR 40,15,000/-

Airfare revenue from RCS SAS seats = 540 x INR 2,300 = INR 12,42,000/-

Airfare revenue from non-RCS SAS seats = 1 x 30 x INR 4,000 x 2 = INR 2,40,000/-

Total Revenue for the airline = 40,15,000 + 12,42,000 + 2,40,000 = INR 54,97,000/-

Case 2 – Actual load factor turns out to be 80%, i.e higher than assumption

Total seats sold = 12 x 2 = 24

Total VGF disbursable for the month = INR 40,15,000/-

Airfare revenue from RCS SAS seats = 540 x INR 2,300 = INR 12,42,000/-

Airfare revenue from non-RCS SAS seats = 3 x 30 x INR 4,000 x 2 = INR 7,20,000/-

Total Revenue for the airline = 40,15,000 + 12,42,000 + 7,20,000 = INR 59,77,000/-

Case 3 – Actual load factor turns out to be 55%, i.e lower than assumption

Total seats sold = 8

Total VGF disbursable for the month = INR 40,15,000/-

Airfare revenue from RCS SAS seats = 8 x 7 x 2 x 30/7 x INR 2,300 = INR 11,04,000/-

Airfare revenue from non-RCS SAS seats = 0

Total Revenue for the airline = 40,15,000 + 11,04,000 = INR 51,19,000/-



Operating Model Comparison

Factor	Operating Model 1	Operating Model 2	Operating Model 3
Total Number of Seats for VGF Support	All seats for Category 1A aircraft For Category 1 aircraft, 50% of Flight Capacity or 9 seats whichever is higher	All seats	All seats
Type of VGF Support	Fixed	Variable	Fixed
VGF Cap and Airfare Cap	Applicable	Not Applicable	Only Airfare Cap Applicable
Bidding Variable	Lowest VGF per Seat	Lowest VGF per Seat	Lowest Per seat lump sum VGF support
VGF Payment Modality	Reimbursement	Reimbursement	In Advance

Annexure – 7: Indicative Overall Bidding Process for SAS under Full Support Option

1. Formulation/ Pre-EOI Stage

- A State Government to identify the Airports/ Airstrips and share the list with RCS Cell. Alternatively, if the State knows exactly what networks it would like, it can launch the RFP.
- B RCS Cell will hold a formal consultation with Airlines prior to Eoi issuance to assess market demand/ suitability for the airports.
- C If Airlines are not interested in the airports, RCS Cell will facilitate interactions with other States to participate in this round

2. EOI Stage

- A Eoi is published with the list of Airports/ Airstrips, with a minimum criterion for participation of an NSOP permit holder or higher.
- B Airlines will submit the networks they would form from the master list for consideration of State and AAI/MoCA.
- C State (with inputs from RCS Cell) will finalize the networks it would like to be included in the bidding process.

3. RFP Stage

- A RFP is launched with the selected networks, airlines qualified under the Eoi would be allowed to bid.
- B Bid Variable would be as per the specific operating model selected, for select models an indicative ceiling price would be shared with State Govts.

4. Post Bidding

- A State or RCS Cell to undertake following activities as per SOPs: i) Evaluation of Bids, ii) Notification of Award (LOA issue), iii) Fulfillment of post-award conditions and iv) Signing of agreement with airlines (by State).
- B RCS Cell to monitor implementation and contract management related requirements through the tenure of the route(s).