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Government of India
Ministry of Civil Aviation

Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi,
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NOTICE

Draft Regional Connectivity Scheme (RCS) is placed in Public domain for feedback from stakeholders. Suggestions/Comments may be sent in the prescribed format as contained in Section 8 of the draft RCS, to the following email-id latest by 22.07.2016:

rcs@aai.aero

Draft Regional Connectivity Scheme (RCS or the Scheme)
Ministry of Civil Aviation, Government of India

July 2016

Contents

List of Abbreviations

i.	AAI:	Airports Authority of India
ii.	AOP:	Air Operator Permit
iii.	ATF:	Aviation Turbine Fuel
iv.	CPI:	Consumer Price Index
v.	DF:	Development Fee
vi.	DGCA:	Directorate General of Civil Aviation
vii.	GDP:	Gross Domestic Product
viii.	ICAO:	International Civil Aviation Organization
ix.	IT:	Information Technology
x.	MoCA:	Ministry of Civil Aviation
xi.	NCAP:	National Civil Aviation Policy
xii.	PLF:	Passenger Load Factor
xiii.	PSF:	Passenger Service Fee
xiv.	RCF:	Regional Connectivity Fund
xv.	RCS:	Regional Connectivity Scheme
xvi.	RNFC:	Route Navigation Facility Charges
xvii.	RTM:	Right To Match
xviii.	TNLC:	Terminal Navigation Landing Charges
xix.	UDF:	User Development Fee
xx.	VAT:	Value Added Tax
xxi.	VGF:	Viability Gap Funding

1. Scheme Objectives and Guiding Principles[1]

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 such 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 the Scheme).

1.1.6 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.

1.1.7 MoCA acknowledges that different 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 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 was considered important to ensure transparent operation of a market based mechanism under this Scheme rather than through determination subsequent to receipt of varied proposals.

1.1.8 While, it is the intent and focus of the scheme that operation of a market mechanism facilitates discovery of the optimum VGF requirements within such specified VGF Caps, MoCA

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[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.

recognizes that in certain cases it is possible that a market based discovery of optimum VGF requirements doesn't happen and the specified (normative) VGF Caps end up possibly being higher than the actual VGF requirement on account of factors like higher airfares for Non-RCS Seats, etc. This is likely to get reflected in outturns like higher Passenger Load Factors (PLFs) and the Scheme accordingly provides for a mechanism to taper VGF where actual PLF is above a specified threshold value.

1.2 Scheme Objective

1.2.1 The primary objective of RCS is to facilitate / stimulate regional air connectivity by making it affordable.

1.2.1.1 Promoting affordability of regional air connectivity is envisioned under RCS by supporting operators through (1) concessions by Central & State Governments and airport operators to reduce the cost of airline operations on regional routes and (2) financial (viability gap funding or VGF) support to meet the gap, if any, between the cost of airline operations and expected revenues on such routes.

1.3 Guiding Principles of the Scheme

1.3.1 Given the focus and objectives of NCAP 2016, the key guiding principles for RCS would be:

1.3.1.1 **State Governments' buy-in and support to determine eligibility**: In view of the fact that (1) NCAP 2016 is seeking to make regional air connectivity affordable by reduction in fares and (2) limited financial (VGF) support is being generated from within the sector, it is important that cost of operations are minimized for air transport operators to the extent possible through concessions from State Governments - especially in view of economic benefits (output & employment related) to the local catchments / economies through provision of such air transport services.

1.3.1.2 RCS is accordingly to be made operational only in States and at airports/heliports (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 as required under the Scheme.

1.3.1.3 **Rationale of Regional Connectivity Fund (RCF)**: RCS is one of the key elements of NCAP 2016, which envisions domestic ticketing of 30 crores by 2022 and 50 crores by 2027. RCS as well as NCAP 2016 would eventually promote growth of the entire civil aviation sector.

1.3.1.4 RCS 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 RCS) and using airports / airport services that are not at concessional rates under RCS. Accordingly, the Regional Connectivity Fund (RCF) is to be funded by a levy or fee per departure on domestic routes as provided under NCAP 2016 at rates to be notified by the MoCA. The RCF would thus channel funds generated from the sector to stimulate further growth and development of the sector.

1.3.1.5 **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.

1.3.1.6 **Sustainability of operations:** A key guiding principle would be to encourage sustainability of operations under RCS in the long term – such that the connectivity established is not dependent on VGF in perpetuity. Accordingly, under RCS, VGF

is proposed to be provided for a limited period to facilitate / stimulate regional air connectivity to un-served / under-served areas. However, it is recognized that for select areas, funding may need to be provided for longer periods of time to support provision of air transport services to such areas.

1.3.1.7 **Periodic review of RCS**: Acknowledging the fact that market dynamics will change over time, MoCA may review the Scheme provisions as and when necessary for efficacy in accomplishment of objectives.

1.4   Definitions

1.4.1 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:

1.4.1.1 **'Additional Performance Guarantee'** shall mean a bank guarantee for an amount of INR 1 crore to be submitted by the Selected Airline Operator to the Implementing Agency pursuant to Section 3.15.3.

1.4.1.2 **'Airfare Cap'** shall mean the maximum permissible airfare that the Selected Airline Operator will be allowed to charge for RCS Seats on an RCS Flight and will be as specified under the Scheme.

1.4.1.3 **'Financial Year Quarter'** shall mean a continuous period of three (3) months ending on 30th June, 30th September, 31st December and 31st March, as the case may be.

1.4.1.4 **'Implementing Agency'** shall be as defined under Section 2.1.1.

1.4.1.5 **'Minimum Performance Specifications'** shall mean the service conditions as mentioned in Section 3.3 which shall at least be required to be met by a Selected Airline Operator for operation of RCS Flights.

1.4.1.6 **'Non-RCS Seat'** shall mean seats on an RCS Flight which are not RCS Seats within the RCS Flight Capacity.

1.4.1.7 **'Passenger Load Factor or PLF'** in a particular time period and for the purpose of the Scheme shall mean the number of passengers flown vis-à-vis the RCS Flight Capacity divided by the product of RCS Flight Capacity and the number of RCS Flights deployed on an RCS Route in such time period.

1.4.1.8 **'Performance Guarantee'** shall mean a bank guarantee for an amount of INR 50 lakhs to be submitted by the Selected Airline Operator to the Implementing Agency pursuant to Section 3.15.2.

1.4.1.9 **'Regional Connectivity Fund (RCF)'** shall mean the fund / corpus created through application of a levy or fee on all domestic flights other than the ones on Cat II / Cat IIA routes, RCS routes and small aircraft below 80 seats irrespective of the routes, from the date notified by the MoCA under Clause 5(2) (ab) of the Aircraft Act 1934. The premium realized, if any, from the allotment of additional capacity entitlements on international routes will also fund the RCF, as provided under NCAP 2016.

1.4.1.10 **'RCS Airport'** shall mean any airport (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India) licensed / approved by DGCA, for which the State Government and airport owner / operator have notified concessions as specified under NCAP 2016 and presented under Section 2.1.2 of this Scheme.

1.4.1.11 **'RCS Flight'** shall mean a domestic flight using a fixed wing aircraft or a helicopter, operated by a Selected Airline Operator pursuant to this Scheme on an RCS Route with schedule of operation approved by DGCA.

1.4.1.12 **'RCS Heliport'** shall mean a designated area for landing and take-off of helicopter(s) (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India) licensed / approved by DGCA, for which the State Government and heliport operator have notified concessions as specified under NCAP 2016 and presented under Section 2.1.2 of this Scheme.

1.4.1.13 '**RCS Route'** shall mean an identified pair of origin & destination airports / heliports within India sought to be connected pursuant to the Scheme, satisfying all of the following conditions:

a) at least one of the origin or destination points is either (a) an RCS Airport satisfying the definition of Underserved Airport or Unserved Airport; or (b) an RCS Heliport;

b) there have been no scheduled commercial flights on such a route for the last two (2) flight schedules as approved by the DGCA, provided that in the case of proposed helicopter operations, there have been no commercial operations, whether scheduled or non-scheduled, on such a route for the last 1 year;

c) the stage length (as per flight path approved by DGCA) between the origin and destination airport / heliports is not less than 200 km and not more than 800 km, provided that, for remote areas – (1) hilly terrains of Jammu and Kashmir, Himachal Pradesh, Uttarakhand and North Eastern Region of India, (2) Andaman and Nicobar Islands and Lakshadweep Islands, and (3) areas with security concerns as determined by Ministry of Home Affairs; and for operations through helicopters, route with stage lengths less than 200 km between the origin and destination airports / heliports shall also be eligible to be considered as RCS Routes.

1.4.1.14 **'RCS Flight Capacity'** shall mean the number of seats per RCS Flight offered and subsequently deployed on an RCS Route.

1.4.1.15 **'RCS Seats'** shall mean specified number of passenger seats on an RCS Flight, made available by the Selected Airline Operator subject to the applicable Airfare Cap.

1.4.1.16 **'Selected Airline Operator'** shall mean the airline operator, or helicopter operator in the context of helicopter operations under the Scheme, selected pursuant to the mechanism specified under the Scheme for operation of an RCS Flight.

1.4.1.17 **'Underserved Airport'** shall mean any airport which is not an Unserved Airport and at which, at the time of application by an airline operator for operating an RCS Flight under the Scheme, there are no more than 7 scheduled commercial flights per week as per the latest flight schedule approved by the DGCA.

1.4.1.18 **'Unserved Airport'** shall mean any airport at which, at the time of application by an airline operator for operating an RCS Flight under the Scheme, there have been no scheduled commercial flights during the last two (2) flight schedules approved by the DGCA.

1.4.1.19 **'Viability Gap Funding or VGF'** shall mean the financial support provided to the Selected Airline Operator for operation of RCS Flight(s) from the RCS Fund pursuant to this Scheme.

1.4.1.20 **'Tenure of VGF Support'** shall have the meaning as ascribed in Section 2.1.5 of this Scheme.

2. Features of the Scheme

2.1 Features of the Scheme

The salient features of the Scheme include:

2.1.1 Implementing Agency – Designation of Implementing Agency and its responsibilities

2.1.1.1 The Ministry of Civil Aviation may designate any entity as the Implementation Agency under this Scheme and the same shall be responsible 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.

2.1.1.2 Responsibilities of the Implementing Agency shall include inter alia:

a) Receiving proposals submitted by airline operators and taking necessary administrative actions for identification of Selected Airline Operator pursuant to the Scheme;

b) Acting for and on behalf of MoCA for collection and disbursement of funds - In order to facilitate the collection and disbursement of funds under the Scheme, an escrow account shall be established for this purpose with an identified bank. The Implementing Agency shall be authorized to act as the escrow agent with authority to deposit funds as well as withdraw funds from the escrow account for disbursement of VGF to Selected Airline Operators in accordance with this Scheme;

c) As provided in NCAP 2016, payment of VGF will be made to the Selected Airline Operator from the RCF and the State Governments will be asked to reimburse the applicable share (20% for States other than for North-Eastern States where the ratio will be 10%). The Implementing Agency shall manage this process of managing such accounts, seeking reimbursements and crediting reimbursement proceeds to the escrow account; and

d) Any other activities required for implementation of the Scheme.

2.1.1.3 The Airports Authority of India (AAI) is being designated as the Implementing Agency under this Scheme.

2.1.2 Mechanism of Provision of Financial Support

2.1.2.1 Under this Scheme, support shall be provided in the form of VGF and other concessions offered by the Central Government, State Governments and airport operators as detailed below.

2.1.2.2 Concessions offered by the airport operators shall be as follows:

a) Airport operators (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India) shall not levy Landing Charges and Parking Charges on RCS Flights.

b) AAI shall not levy any Terminal Navigation Landing Charges (TNLC) on RCS Flights.

c) Route Navigation and Facilitation Charges (RNFC) will be levied by AAI on a discounted basis @ 42.50% of Normal Rates on RCS Flights. Normal Rates refer to applicable rates specified by the AAI without any discounts or concessions.

d) Selected Airline Operators shall be allowed self ground handling for operations under the Scheme at all airports.

2.1.2.3   Concessions offered by the Central Government shall be as follows:

a) Excise Duty at a rate of 2% shall be levied on Aviation Turbine Fuel (ATF) purchased by Selected Airline Operators from RCS Airports for an initial period of three (3) years from the date of notification of this Scheme.

b) Selected Airline Operators will have the freedom to enter into code sharing arrangements with both domestic as well as international airlines.

c) Concession on Service Tax on tickets will be as mentioned in Section 2.3.3.

2.1.2.4   Concessions offered by the respective State Governments at RCS Airports within their States shall be as follows:

a) Reduce VAT to 1% or less on ATF at RCS Airports located within the state for a period of 10 years;

b) Provide minimum land, if required, free of cost and free from all encumbrances for development of RCS Airports and also provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc.) as required;

c) Provide security and fire services free of cost at RCS Airports;

d) Provide, or cause to be provided, electricity, water and other utility services at substantially concessional rates at RCS Airports; and

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

2.1.3   Incentives for Cargo Operations under this Scheme shall be as follows:

2.1.3.1   As given in NCAP 2016, cargo operations at RCS Airports by an air freighter shall be eligible to avail the following benefits under the Scheme for a period of up to 10 years from the date of notification of this Scheme:

a) Airport operators (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India) shall not levy Landing Charges and Parking Charges;

b) AAI shall not levy any Terminal Navigation Landing Charges (TNLC);

c) Route Navigation and Facilitation Charges (RNFC) will be levied on a discounted basis @ 42.50% of Normal Rates. Normal Rates refer to applicable rates specified by the AAI without any discounts or concessions.

d) Excise Duty at the rate of 2% shall be levied on ATF purchased for such air freighter operations at RCS Airports for a period of three (3) years from the date of notification of this Scheme.

e) Under this Scheme, VGF support shall not be provided for cargo operations.

2.1.4   Tenure of the Scheme

2.1.4.1   As per NCAP 2016, the Scheme will be applicable for a period of 10 years from the date of its notification by the MoCA.

2.1.4.2   Unless otherwise specified in Sections 2.1.2 or 2.1.3, various concessions mentioned in Sections 2.1.2 and 2.1.3 will be applicable at RCS Airports for a period of 10 years from the date of notification of this Scheme.

2.1.4.3   Notwithstanding anything contained in this Scheme or under any contract signed with the Selected Airline Operator, the continuation of Scheme at any time shall be subject to availability of funds in the RCF and at the sole discretion of MoCA including without limitation on account of any court order or other factors beyond the control of the MoCA. The Scheme and all benefits/concessions hereunder including the VGF can be withdrawn at any point of time without any liability of any kind or obligation (express or implied) on MoCA, the designated Implementing Agency, concerned State Governments or concerned airport operators, except the

obligation of the Implementing Agency to disburse the applicable VGF amount for RCS Flight operations already undertaken prior to withdrawal / discontinuation of the Scheme

2.1.5 Tenure of VGF Support

2.1.5.1 Subject to Section 2.1.4.3 above, VGF will be provided to RCS Flights for a period of three (3) years from the date of commencement of operations of such RCS Flights (Tenure of VGF Support). Accordingly, proposals for provision of VGF under the Scheme will be considered only until the end of 7 years from the date of notification of the Scheme such that the financial support as mentioned in Section 2.1.2 is available for Tenure of VGF Support.

2.1.5.2 Even if during such period of three (3) years, an RCS Route ceases to satisfy any of the conditions for an RCS Route as specified under this Scheme, VGF to the Selected Airline Operator under an existing contract shall be continued to be provided till the expiry of such period of three (3) years.

2.1.5.3 Subsequent to the completion of such period of three (3) years, VGF payments to the Selected Airline Operator shall be discontinued.

2.1.5.4 If subsequent to the completion of such period of three (3) years, the route ceases to have any scheduled commercial flights of fixed-wing aircraft or commercial flights of helicopters, as applicable, provision of VGF on such route shall be considered pursuant to provisions of this Scheme after a period of two (2) years from the date the route ceases to have such operations, i.e., the date of last scheduled commercial flight for fixed-wing operation and date of last commercial flight for helicopter operation, as applicable.

2.2 Airports / heliports to be covered under the Scheme

2.2.1 The Scheme will be applicable with respect to RCS Airports / RCS Heliports.

2.2.2 At any time, the list of RCS Airports / RCS Heliports under the Scheme - as finalized in consultation with State Governments, will be published for information of stakeholders.

2.2.3 In case any airline operator wishes to connect an airport / heliport that is not an RCS Airport / RCS Heliport, it shall be required to approach the Implementing Agency and submit an expression of interest based on which the Implementing Agency will then approach the concerned agencies for confirmation of concessions specified under the Scheme. 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.

2.2.4 In case any rehabilitation / upgradation of infrastructure is required at such airports to make them operational / suitable for proposed RCS Flights operations, the same can be undertaken by AAI upon reimbursement of appropriate costs of such rehabilitation / upgradation works from respective State Government/airport operator. In such cases, the ownership and operatorship of such airport(s) will continue with the State Government / airport operator.

2.2.5 An indicative list of all Underserved Airports / Airstrips and Unserved Airports / Airstrips in the country is placed at Annexure – 1A and Annexure – 1B respectively.

2.3 Airfare Caps

2.3.1 In line with NCAP 2016, Airfare Caps will be applicable for operations under the Scheme.

2.3.2 Airfare for an RCS Seat will not be subject to any levies or charges imposed by the airport operators including PSF, DF and UDF.

2.3.3   Service Tax will be levied on 10% of the taxable value (abatement of 90%) of tickets for RCS Seats on an RCS Flight, without any input credit, for an initial period of 1 year from the date of notification of the Scheme by MoCA. Subsequently, this will be reviewed and notified accordingly. Service Tax will be payable by the passengers over and above the specified Airfare Cap.

2.3.4   As per the Scheme, an all-inclusive airfare not exceeding ₹2,500 per RCS Seat will be applicable for:

2.3.4.1   RCS Flights operated by fixed wing aircraft for stage length (as defined by DGCA) of 500 km; and

2.3.4.2   RCS Flights operated by helicopters for flight duration up to 30 minutes.

2.3.5   Considering that operating costs for a flight vary with stage length, the Airfare Caps have been specified for various stage lengths at Annexure-2 to this Scheme document.

2.3.6   MoCA recognizes that changes in ATF prices and inflation have a bearing on cost of operations of airlines, and in a market 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 in future are also specified. Given the volatility in ATF prices, linking the Airfare Cap to changes in ATF prices could introduce volatility in fares for RCS Seats potentially impacting the primary objective of the RCS to make regional air connectivity more affordable. Accordingly, as provided for in NCAP 2016, Airfare Cap(s) have been specified in terms of indexation only to inflation, i.e., Consumer Price Index – Industrial Workers (CPI-IW), such indexation to be reviewed on a quarterly basis.

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 under the Scheme. The Airfare Caps applicable for a Financial Year Quarter will be published by the Implementing Agency one (1) month in advance (i.e. on 01st March for the Financial Year 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 current lag of 1 month in publishing of CPI-IW data, 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 Year Quarter. On account of the review being undertaken on a rolling basis for every quarter, CPI-IW data for 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 Year Quarter from 1st April to 30th June will be announced on 1st March. CPI-IW data to be considered for reviewing indexation of Airfare Cap will be the CPI-IW data for the months of November, December and January.

2.3.9   Indexation of Airfare Cap(s) will be based on the following formula:

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

Where,

Airfare Cap (Q2) is the Airfare Cap for the present Financial Year Quarter

Airfare Cap (Q1) is the Airfare Cap for the previous Financial Year 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 Year Quarter. It will be calculated as follows:

$$\Delta CPI = \left[\left.\left\{\left\{\left(\sum_{i=4}^{6}(CPI-IW)_i\right)\middle/3\right\} - \left\{\left(\sum_{i=1}^{3}(CPI-IW)_i\right)\middle/3\right\}\right\}\middle/\left\{\left(\sum_{i=1}^{3}(CPI-IW)_i\right)\middle/3\right\}\right] \times 100$$

Where,

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

i = 6 for the latest month for which CPI-IW has been published by Government of India at the time of review of indexation

i = 5 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..

2.4   Aircraft Categories

2.4.1   Different aircraft, based on their seating capacity, have been classified into the following three (3) categories.

S.No.	Category	Seating Capacity
1.	Category 1	<= 20
2.	Category 2	21 – 80
3.	Category 3	> 80

2.5   VGF Cap

2.5.1   VGF to be provided for each RCS Seat under the Scheme will be capped for:

2.5.1.1   different stage lengths for fixed wing aircraft; and

2.5.1.2   different flight duration for helicopters.

2.5.2   The applicable caps for a particular stage length ("VGF Cap") have been specified at Annexure - 3 to this Scheme document.

2.5.3   Airline operators must refer to VGF Cap(s) before submitting proposals, as support requirements in excess of such caps, for a particular stage length, will not be considered under the Scheme.

2.5.4   The MoCA acknowledges that different 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. Specifying VGF Caps that satisfy all players would inevitably end up being high and therefore uneconomical from the perspective of Scheme outcome. Accordingly, the 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 Route for a particular stage length.

2.5.5   Specification of such VGF Caps upfront has 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.

2.5.6   It is expected that competition between players and differences in expectations on business parameters like airfares on Non-RCS Seats, PLF, etc. could lead to variations in proposals by different players. It is the intent and focus of the Scheme that operation of a market mechanism facilitates discovery of the optimum VGF requirements within such specified VGF Caps.

2.5.7   However, MoCA recognizes that in certain cases it is possible that a market based discovery of optimum VGF requirements doesn't happen and the specified (normative) VGF Cap ends up possibly being higher than the actual VGF requirement on account of factors like higher airfares for Non-RCS Seats, etc. This is likely to get reflected in outturns like higher Passenger Load Factors (PLFs). Section 2.6 below provides for a mechanism to taper VGF where actual PLF is above a certain threshold value.

2.5.8   MoCA also recognizes that Selected Airline Operators may choose to sell tickets for Non-RCS Seats at certain times below the Airfare Caps applicable for RCS 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 Seats would be deemed to have been applied or distributed over all such seats (including non-RCS Seats) for which airfares were at or below the Airfare Caps.

2.5.9   Moreover, as per NCAP 2016, the VGF Caps as well as VGF amounts determined for specific routes will be indexed to inflation & ATF prices 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.

2.5.10   The indexation of VGF to inflation and ATF prices will be based on the formula specified below and determined for every Financial Year Quarter. The proportions in the formula have been determined with reference to a broad representative data set / typical cost of operations for airline operators.

For Fixed-wing aircraft;

$$VGF(Q2) = VGF(Q1) * [1 + \Delta CPI * 15\% + \Delta ATF * 45\%]$$

For helicopters;

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

Where,

VGF (Q2) is the VGF Cap / VGF amount applicable for the present Financial Year Quarter

VGF (Q1) is the VGF Cap / VGF amount applicable for the previous Financial Year 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 Year Quarter. It will be calculated in same manner as presented above for Airfare Cap. For the purpose of clarity, ΔCPI to be considered for determination of VGF Cap for a Financial Year Quarter will be same as ΔCPI to be considered for determination of Airfare Cap for that Financial Year Quarter.

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

$$\Delta ATF(in\ \%) = \frac{\left[\left\{\left(\sum_{j=1}^{m} ATF_j \times D_j\right)\Big/m\right\} - \left\{\left(\sum_{i=1}^{n} ATF_i \times D_i\right)\Big/n\right\}\right]}{\left\{\left(\sum_{i=1}^{n} ATF_i \times D_i\right)\Big/n\right\}} \times 100$$

Where,

n = No of times ATF prices are revised by oil marketing companies in the period of three months same as the ones considered for determination of ΔCPI (i.e. months 1, 2 and 3 in the formula for ΔCPI)

ATF_i *= ATF price for the ith revision*

D_i *= Number of days for which ATF_i holds before next revision*

m = No of times ATF prices are revised by oil marketing companies in the period of three months same as the ones considered for determination of ΔCPI (i.e. months 4, 5 and 6 in the formula for ΔCPI)

ATF_j *= ATF price for the jth revision*

D_j *= Number of days for which ATF_j holds before next revision*

For the purpose of above estimation, ATF prices (for Domestic airlines) prevailing across four stations (Delhi, Mumbai, Kolkata and Chennai) of oil marketing companies – IOCL, BPCL and HPCL - as published on their respective websites[2] will be considered. As VGF Cap / VGF amount will be reviewed on a rolling basis, ATF prices for subsequent months will get considered in next review.

2.6 Passenger Load Factor based tapering of VGF

2.6.1 It is expected that airline operators will prepare proposals under the Scheme with reference to industry trends on business parameters like average PLFs prevalent in the industry. The specification of VGF Caps would have reference to such trends.

2.6.2 Also, as mentioned earlier, the 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.

2.6.3 One of the indicators of development of an RCS route will be the Passenger Load Factor on such a route. The Passenger Load Factor in the initial period may be low/moderate and then approach industry trends as demand gets established / stimulated. PLFs significantly above industry trend would indicate that the RCS Route can be sustained on market forces and without VGF support.

2.6.4 The Scheme intends to generally allow airline operators to function in response to market conditions once selected as the Selected Airline Operator and therefore bear market risks on operations. However, given the scenario outlined in Section 2.5.7 above, Passenger Load Factor realized by the Selected Airline Operator will be monitored and VGF provided will be reviewed as follows:

2.6.4.1 If the PLF, averaged for a year of operations, exceeds 90%, VGF for the next year will be 50% of the VGF determined for the Selected Airline Operator providing for indexation, as applicable for the next year.

2.6.4.2 If the PLF, averaged for the subsequent year of operations, continues to exceed 90%, VGF for the third year will be 25% of the VGF determined for the Selected Airline Operator providing for indexation, as applicable for the third year.

2

IOCL - https://www.iocl.com/products/aviationturbinefuel.aspx
BPCL - https://bharatpetroleum.com/Our-Businesses/Aviation.aspx
HPCL - http://www.hindustanpetroleum.com/hp-aviation-ATF-pricing-india-type2

However, if the PLF, averaged for subsequent year of operations, falls below 90%, VGF for the third year will be restored to 100% of the VGF determined for the Selected Airline Operator providing for indexation, as applicable for the third year.

2.6.5   Considering the seating capacities for Category 1 aircraft and helicopters, such reduction / tapering of VGF will not be applicable vis-à-vis Category 1 aircraft and helicopter operations under the Scheme.

2.7   RCF Allocation

2.7.1   Regions-wise allocation of RCF

2.7.1.1   It is proposed that RCF allocation to regions be made in a manner that promotes balanced growth / regional connectivity in different parts of the country in line with the objective and provisions of NCAP 2016.

2.7.1.2   Accordingly, to have an equitable distribution of RCF and enhanced air connectivity across the country, the country will be divided into five (5) regions based on Flight Information Regions (Regions) as defined by DGCA.

2.7.1.3   From the date of announcement of the Scheme, proposals in a particular Region can be approved such that up to 25% of the estimated inflows in the RCF can be committed to such proposals. This limit shall be applicable for a period of one (1) year from the date of notification of the Scheme. In absence of proposals with respect to some Region(s), MoCA may consider revising such limit from the second year of the Scheme.

2.7.1.4   Where a particular RCS Route connects airports in two (2) different Regions, the VGF for such RCS Route will be divided equally between the two (2) Regions for the purpose of the above determination.

2.7.2   RCF Allocation for Underserved Airports

2.7.2.1   To promote connectivity to Unserved Airports, proposals connecting Underserved Airports will be approved such that only up to 30% of the estimated inflows in the RCF can be committed to such proposals. For the purpose of the above determination, a proposal for an RCS Route connecting an Unserved Airport to an Underserved Airport shall be considered as a proposal connecting Unserved Airports, and a proposal for an RCS Route connecting an Underserved Airport to an Underserved Airport or any other airport, which is not an Unserved Airport, shall be considered as a proposal connecting Underserved Airports.

2.7.2.2   This fund allocation shall be applicable for a period of one (1) year from the date of announcement of the Scheme or till this provision is reviewed whichever is earlier.

2.7.3   RCF Allocation Cap for Airline operators

2.7.3.1   To limit large systemic exposure to any single airline operator, the total VGF approved for a particular airline operator under the Scheme will be capped to an annual limit.

2.7.3.2   Accordingly, proposals of any airline operator will not be approved in a particular year if it is already committed to receiving up to fifty percent (50%) of the RCF cap for a Region (refer Section 2.7.1.3 above); and twenty five (25%) of the total estimated annual RCF inflows, whichever is less.

2.8   ASKMs on RCS Flights

2.8.1   The Selected Airline Operators shall be permitted to set-off / trade their Available Seat Kilometers (ASKMs) generated on Non-RCS Seats under RDG guidelines as per the existing

DGCA rules. For avoidance of doubt, Available Seat Kilometers (ASKMs) generated on RCS Seats will not be allowed for set-off / trading under RDG guidelines.

2.9 Exclusivity of operations

2.9.1 As mentioned earlier, sustainability of operations is one of the key guiding principles for RCS. The MoCA recognizes that traffic demand on RCS 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

2.9.2 Accordingly, to encourage development of such routes by airline operators, Selected Airline Operators shall be granted exclusivity of operations for a certain period (hereinafter referred to as "Exclusivity Period") on an RCS Route under the Scheme. During such Exclusivity Period, no other airline operators would be allowed to operate flights on the specific RCS Route.

2.9.3 Subsequent to expiry of the Exclusivity Period, other airline operators shall be allowed to freely operate flights on the specific RCS Route subject to applicable rules and regulations.

2.9.4 MoCA invites considered suggestions from stakeholders on the following possible options for the length of Exclusivity Period:

2.9.4.1 One Year (1 year);

2.9.4.2 Two Years (2 years); or

2.9.4.3 Three Years (3 years).

2.10 Miscellaneous

2.10.1 The MoCA may, from time to time, issue such directions as may be necessary for smooth implementation of the Scheme.

3. Operating Mechanism of the Scheme

3.1 Introduction

3.1.1 The Scheme envisages a market mechanism for selection of an airline operator to operate on an RCS Route or a Network, wherein the Initial Proposal and Counter Proposal(s) will be evaluated as per the mechanism presented below. Pursuant to such evaluation of proposals, a Selected Airline Operator will be identified and the Implementing Agency will enter into a contract with the Selected Airline Operator for operations on the RCS Route.

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 Route or for a set of connected RCS Routes ("Network Proposals");

　　3.2.1.2 Operations under the Scheme would be permitted through fixed wing aircraft (excluding sea planes[3]) and helicopters;

　　　　provided that operations through helicopters will be permitted only for remote areas - (1) hilly terrains of Jammu and Kashmir, Himachal Pradesh, Uttarakhand and North Eastern Region of India, (2) Andaman and Nicobar Islands and Lakshadweep Islands, and (3) areas with security concerns as determined by Ministry of Home Affairs and

　　3.2.1.3 Operations under the Scheme shall be permitted by airline operators having valid Air Operator Permit (AOP) pursuant to DGCA guidelines, there, however being no minimum requirement on the number of aircraft.

3.3 Minimum Performance Specifications for an RCS 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 Flight operations.

　　3.3.1.1 For fixed wing aircraft, a Selected Airline Operator shall be required to provide fifty percent (50%) of RCS Flight Capacity as RCS Seats per RCS Flight;

　　　　provided that in a scenario where fifty percent (50%) of RCS Flight Capacity is more than 40 seats, the number of RCS Seats shall be capped at 40 and VGF sought would need to be limited to such 40 RCS Seats;

　　　　provided further that in a scenario where fifty percent (50%) of RCS Flight Capacity is less than 9 seats, the Selected Airline Operator shall be required to provide 9 seats as RCS Seats per RCS Flight.

　　3.3.1.2 For helicopters, a Selected Airline Operator shall be required to provide 5 RCS Seats per RCS Flight;

　　3.3.1.3 Number of RCS Flights to be operated in a week with VGF shall be a minimum of three (3) and a maximum of seven (7).

3.4 Submission of Initial Proposals

3.4.1 Proposals satisfying the eligibility conditions provided in Section 3.2 may be submitted ("Initial Proposal") to the Implementing Agency. The proposals shall be submitted in the form and

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[3] Coverage of sea planes under the Scheme will be considered subsequently

manner specified in Section 3.6 hereto and would need to have reference to specified Airfare Caps and VGF Caps.

3.4.2   Upon notification of the Scheme by MoCA, prospective applicants can submit Initial Proposals ("First Round of Bidding") within a period of 2 months. Subsequently, the Implementing Agency will follow two (2) half-yearly cycles for inviting & evaluating proposals and identifying the Selected Airline Operators. First half-yearly cycle will be from April to September of a year and second half-yearly cycle will be from October of a year to March of next year. Accordingly, the deadlines for submission of Initial Proposals in such half-yearly cycles shall be 31st May and 30th November of each year of the Scheme.

3.4.3   Applicants are expected to undertake their own due diligence, market assessment, investigations and analyses for RCF 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.

3.4.4   Applicants shall bear all their 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 MoCA / the Implementing Agency shall not be liable in any manner whatsoever for the same or for any other costs or other expenses incurred by Applicants in preparation or submission of Proposals, regardless of the conduct or outcome of the selection process specified under the Scheme.

3.4.5   Initial Proposals received till the respective specified deadlines shall be sent to the Evaluation Committee for in-principle approval and for proceeding with further steps.

3.4.6   The Evaluation Committee will invite counter proposals from other airline operators against an eligible Initial Proposal with reference to a prioritization framework specified in Section 3.17.

3.5   Network Proposal

3.5.1   An airline operator may submit an Initial Proposal for a network of airports ("Network Proposal") wherein it proposes to connect a minimum of three (3) and up to a maximum of five (5) airports, through a network, as part of the same proposal.

3.5.2   A Network Proposal shall have more than one (1) route and no route shall be repeated as part of the Network Proposal. The airline operator shall be required to ensure that each route in a Network Proposal is an RCS Route and that they are connected using the same aircraft, for the same number of RCS Seats and RCS Flights per week.

3.5.3   The Airfare Cap for every RCS Route in a Network Proposal shall be based on the respective stage length of such RCS Route and Airfare Caps specified under this Scheme.

3.5.4   After scrutiny of Initial Proposal(s), the Evaluation Committee shall release names of the airports proposed to be connected as part of a Network Proposal, for inviting counter proposals.

3.6   Proposal submission requirements

Applicant Information

3.6.1   The airline operator shall provide the following information about the bidding entity:

3.6.1.1   Registered name of the airline operator

3.6.1.2   Name of the airline

3.6.1.3   Date of incorporation

3.6.1.4   Certificate of incorporation

3.6.1.5   Airline Operator Permit

3.6.1.6   Existing fleet of the airline operator with seat capacity

3.6.1.7   Existing route network of the airline operator

3.6.1.8   Net Worth as at the end of immediately preceding three (3) financial years

3.6.1.9   Financial statements for immediately preceding three (3) financial years

3.6.1.10   Memorandum of Association and Articles of Association

3.6.1.11   Names of shareholders and percentage of shareholding and names of Directors

Technical Proposal

3.6.2   As part of the technical proposal, airline operators shall submit the following information about a proposed RCS Route.

3.6.2.1   Proposed RCS Route on which the airline operator would want to operate i.e. the proposed airports to be connected

3.6.2.2   Route length based on flying path approved by DGCA.

3.6.2.3   Proposed aircraft to be deployed on the RCS route

3.6.2.4   Proposed Date of Commencement of operations

3.6.2.5   Seating capacity of the proposed aircraft

3.6.2.6   RCS Flight Capacity proposed to be deployed on the RCS Route

3.6.2.7   Number of RCS Seats per RCS Flight

3.6.2.8   Number of RCS Flights per week

3.6.3   In case of a Network Proposal, the airline operator shall submit the above information for each of the proposed RCS Routes in the Network Proposal such that each of the RCS Routes in a Network Proposal shall have the same number of RCS Seats and RCS Flights in a week.

Additional information requirement for Initial Proposals with no VGF requirement

3.6.4   In the event that an airline operator does not require any VGF under the Scheme for undertaking RCS Flight operations on an RCS Route, such an airline operator will be required to indicate the same as part of its Initial Proposal.

For avoidance of doubt, the technical proposal as part of an Initial Proposal would otherwise not be required to share details on the VGF amount requested (which is to be submitted as part of the Financial Proposal). Only in cases where there is no VGF requirement, the same should be indicated as part of the technical proposal by the airline operator.

Financial Proposal Information

3.6.5   As part of the Financial Proposal, the applicant shall submit the following information.

3.6.5.1   VGF per RCS Seat sought under the Scheme for RCS Flight;

3.6.5.2   Maximum Airfare that the operator, if selected under RCS, will charge for RCS Seats on an RCS Flight;

such that the VGF or maximum Airfare proposed by the airline operator cannot be more than the VGF Cap and the Airfare Cap respectively, as indicated in the Scheme for the applicable stage length of the proposed RCS Route.

3.6.6   In case of a Network Proposal, the applicant shall submit the above information for each of the proposed RCS Routes in the Network Proposal.

3.7   Scrutiny of Initial Proposal(s)

3.7.1   The Evaluation Committee shall acknowledge receipt of Initial Proposal(s) within seven (7) calendar days.

3.7.2   The Evaluation Committee shall undertake a preliminary assessment of the documents containing Applicant Information and Technical Proposal and advise the applicant whether the proposal is complete or incomplete within fifteen (15) calendar days from submission thereof. The Financial Proposal as part of the Initial Proposal shall not be opened.

3.7.3   If incomplete, the Evaluation Committee shall return the Initial Proposal to its applicant indicating what information is lacking or necessary.

3.7.4   Initial Proposals will be subject to a screening process in order to establish their eligibility with respect to conditions mentioned under Section 3.2. All eligible Initial Proposals shall be subject to prioritisation based on the framework mentioned under Section 3.17.

3.7.5   After application of the prioritisation framework, the Evaluation Committee shall finalise the list of Initial Proposals against which counter proposals shall be invited. Decision of the Evaluation Committee in this regard shall be final and binding on all parties. The Evaluation Committee shall declare such a list within a period of one (1) month after the deadline for receiving Initial Proposals.

3.7.6   The format for publishing the list of RCS Routes for which counter-proposals would be invited is as follows:

Sl. No.	Route / Network	List of Airports to be connected in the proposal				Proposed date of commencement of operations
		Airport 1	Airport 2	Airport 3	Airport 4	
1	Route	A	B	-	-	01-01-2017
2	Network	A	B	C	-	01-01-2017

Milestone	Timelines	Remarks
Last date for Submission of counter-proposals	DD-MM-YYYY	

3.8   Invitation of Counter Proposals

3.8.1   A defined procedure would be followed for inviting counter proposals with respect to all eligible and prioritised Initial Proposal(s). All proposals, scrutinized by the Evaluation Committee and found eligible as well as suitable as per the prioritization framework, would be specified for receipt of counter proposals. No changes shall be proposed to the conditions offered as part of the Initial Proposal.

3.8.2   The Implementing Agency shall publish the following information along with invitation of counter proposals:

3.8.2.1   Whether the Initial Proposal is a Route Proposal or a Network Proposal;

3.8.2.2   The airports between / amongst which the route / Network is proposed to be connected;

3.8.2.3   Whether the Initial Proposal has requested for VGF or not;

3.8.2.4   The proposed start date for the RCS Route.

3.8.3 From the date of release of invitation for counter proposals, the Implementing Agency will provide a period of two (2) months to all other interested airline operators to submit counter proposals against an Initial Proposal. However, pursuant to the notification of the Scheme, for the First Round of Bidding, interested airline operators shall be provided a period of one (1) month to submit counter proposals against Initial Proposals received.

provided that after receiving Initial Proposal(s), the Evaluation Committee may, for administrative exigencies, notify a separate schedule for invitation of counter proposals.

3.8.4 All counter proposals shall include information as required under Section 3.6 and shall be subject to the Minimum Performance Specifications as specified in Section 3.3.

3.8.5 VGF Cap and Airfare Cap to be considered for submission of counter proposals should be the same as that applicable during the Financial Year Quarter in which the Initial Proposal for an RCS Route or a Network Proposal was submitted.

3.9 Counter Proposals in case of a Network Proposal

3.9.1 For inviting counter proposals against a Network Proposal received as an Initial Proposal, the Evaluation Committee shall only release the names of individual airports proposed as part of the Initial Proposal and airline operators shall be allowed to propose their own Network Proposals connecting such airports subject to the following conditions:

3.9.1.1 Airline operators shall not be allowed to submit a proposal for individual RCS Route(s) connecting the proposed airports;

3.9.1.2 Any counter Network Proposal must connect all airports proposed as part of the Initial Proposal and shall satisfy conditions mentioned under Section 3.5.1 and 3.5.2;

3.9.1.3 Any counter Network Proposal shall not be allowed to add/ delete/ propose any new airport(s) other than the airports proposed as part of the Initial Proposal.

3.10 Evaluation of Proposals and Applicant Selection

3.10.1 In the event that there is no counter proposal against an Initial Proposal, the Evaluation Committee shall open the Financial Proposal submitted as part of the Initial Proposal.

3.10.1.1 In such an event, if the Financial Proposal of an airline operator satisfies the conditions as specified in Section 3.6.5, the airline operator who has submitted the Initial Proposal shall be identified as the "Selected Airline Operator".

3.10.1.2 In case of a Network Proposal, the conditions as specified in Section 3.5.3 shall need to be satisfied for each of the RCS Routes in the Network.

3.10.2 In the event of the Evaluation Committee receiving one or more than one counter proposals against an Initial Proposal, the Evaluation Committee shall undertake scrutiny of Application Information and Technical Proposals submitted as part of such counter proposals.

3.10.3 For all eligible counter proposals and the corresponding Initial Proposal, the Evaluation Committee shall undertake opening of the Financial Proposal at a pre-specified date in the presence of applicants, and for all Financial Proposal(s) that satisfy the conditions as specified in Section 3.6.5 or Section 3.5.3 as may be applicable, the Preferred Applicant shall be determined based on the mechanism specified in Section 3.11.

3.11 Evaluation of Financial Proposal for an RCS Route

3.11.1 For Initial Proposals where the applicant(s) have not requested any VGF as part of its bid, the evaluation of a counter proposal vis-à-vis the Initial Proposal shall be done on the basis of

Number of RCS Seats per week quoted by the applicants. The applicant quoting the maximum Number of RCS Seats per week shall be declared as the "Preferred Applicant".

3.11.1.1   In the event that two or more Applicants are determined as the Preferred Applicants, ("**Tied Preferred Applicants**"), the Evaluation Committee shall invite the Tied Preferred Applicants to resubmit their proposed Number of RCS Seats per week within eight (8) hours from the time of opening of the Financial Proposals. Immediately upon the resubmission of the proposed Number of RCS Seats per week of the Tied Preferred Applicants, the revised quotes shall be opened and ranked by the Evaluation Committee, and the applicant who has quoted the maximum Number of RCS Seats per week shall be considered the Preferred Applicant. The same procedure shall be followed until the tie is broken.

3.11.1.2   In the event that the tie cannot be broken based on Number of RCS Seats per week, the evaluation of Tied Preferred Applicants shall be done on the basis of lowest Maximum Airfare to be quoted by the applicants. The applicant quoting the lowest Maximum Airfare shall be declared as the "Preferred Applicant".

3.11.1.3   In the event that such Tied Preferred Applicants have quoted the same Maximum Airfare, the Evaluation Committee shall invite the Tied Preferred Applicants to resubmit their Maximum Airfare within eight (8) hours from the time of opening of the Financial Proposals. Immediately upon the resubmission of the Maximum Airfares of the Tied Preferred Applicants, the revised quotes shall be opened and ranked by the Evaluation Committee, and the applicant who has quoted the least Maximum Airfare shall be considered the Preferred Applicant. The same procedure shall be followed until the tie is broken.

3.11.2   For Initial Proposals, where the applicant(s) have requested VGF, the evaluation will be done on the basis of [VGF per RCS Seat] / [Total VGF per week] or [a combination of VGF per RCS Seat and Total VGF per week] ("hereinafter referred to as Bidding Parameter") for identification of the Preferred Applicant.

3.11.2.1   In the event that two or more Applicants are determined as the Preferred Applicants, (the "**Tied Preferred Applicants**"), the Evaluation Committee shall invite the Tied Preferred Applicants to resubmit their VGF per RCS Seat requirement within eight (8) hours from the time of opening of the Financial Proposals. Immediately upon the resubmission of VGF per RCS Seat requirement of the Tied Preferred Applicants, the revised quotes shall be opened and ranked by the Evaluation Committee as per the process mentioned below. The same procedure shall be followed until the tie is broken. In case it so happens that the Tied Preferred Applicants bring down their VGF per RCS Seat requirement to nil, identification of the Preferred Applicant will be as per the process mentioned in Section 3.11.1 above.

3.11.3   MoCA invites considered suggestions from stakeholders on the following possible options for bidding parameters as mentioned below:

Option 1 - VGF per RCS Seat

3.11.4   The applicant who has quoted the lowest VGF per RCS Seat for the proposed RCS Route shall be selected as the "Preferred Applicant".

Option 2 - Total VGF per week

3.11.5   The applicant with the lowest Total VGF per week for the proposed RCS route shall be selected as the "Preferred Applicant".

3.11.6   The Total VGF per week shall be calculated as below:

$$\text{Total VGF per week for Bidder A}$$
$$= \big((\text{VGF per RCS Seat}) \times (\text{Number of RCS Seats per RCS Flight})$$
$$\times (\text{Number of RCS Flights in a week})\big)$$

Option 3 – Combination of VGF per RCS Seat and Total VGF per week

3.11.7 Total VGF per week will be calculated as a product of Number of RCS Seats per RCS Flight, VGF per RCS Seat and Number of RCS Flights in a week, as proposed by the applicant.

$$\text{Total VGF per week for Bidder A}$$
$$= \big((\text{VGF per RCS Seat}) \times (\text{Number of RCS Seats per RCS Flight})$$
$$\times (\text{Number of RCS Flights in a week})\big)$$

3.11.8 An appropriate weightage ('equal' being presently proposed) will be assigned to both the parameters - VGF per RCS Seat and Total VGF per week for the proposed RCS route.

3.11.9 The applicant with the lowest VGF per RCS Seat will be assigned full 50 marks while other applicants will be assigned pro-rata marks based on following formula:

$$\text{VGF per RCS Seat score for Bidder A}$$
$$= \big((\text{Lowest VGF per RCS Seat across all proposals})$$
$$/ (\text{VGF per RCS Seat for Bidder A})\big) \times 50$$

3.11.10 Similarly, the applicant with the lowest Total VGF per week will be assigned full 50 marks while other applicants will be assigned pro-rata marks based on following formula:

$$\text{Total VGF per week score for Bidder A}$$
$$= \big((\text{Lowest Total VGF per week across all proposals})$$
$$/ (\text{Total VGF per week for Bidder A})\big) \times 50$$

3.11.11 The total score for an applicant shall be equal to the sum of scores obtained for both the parameters and the applicant scoring the highest total score will be considered as the Preferred Applicant.

$$\text{Total Score for Bidder A}$$
$$= \big((\text{VGF per RCS Seat score for Bidder A})$$
$$+ (\text{Total VGF per week score for Bidder A})\big)$$

3.12 Evaluation of Financial Proposals for a Network Proposals

3.12.1 MoCA invites considered suggestions from stakeholders on the following possible options for Bidding Parameters as mentioned below:

Option 1 – Sum of VGF per RCS Seat

3.12.2 The applicant who has quoted the lowest total of VGF per RCS Seat shall be selected as the "Preferred Applicant".

3.12.3 The sum of VGF per RCS Seat for an applicant shall be calculated as:

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

Where:

m is the number of RCS Routes in a proposal of the applicant

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

Option 2 – Total Network VGF per week

3.12.4 The applicant who has quoted the lowest Total Network VGF per week shall be selected as the "Preferred Applicant".

3.12.5 The Total Network VGF per week for an applicant shall be calculated as:

$$\sum_{i=1}^{m} V_i \text{ x } N_i \text{ x } F_i$$

Where:

m is the number of RCS Routes in a proposal of the applicant

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

N_i is the number of RCS Seats proposed to be deployed by the applicant on RCS Route i

F_i is the number of RCS Flights per week proposed to be deployed by the applicant on the RCS Route i

Option 3 – Combination of VGF per RCS Seat and Total Network VGF per week

3.12.6 An appropriate weightage ('equal' being presently proposed) will be assigned to both the parameters - VGF per RCS Seat and Total Network VGF per week.

3.12.7 For this purpose, VGF per RCS Seat for an applicant will be calculated as per the formula in 3.12.3 above.

3.12.8 The Total Network VGF per week for an applicant shall be calculated as per the formula in Section 3.12.5 above:

3.12.9 The applicant with the lowest VGF per RCS Seat will be assigned full 50 marks while other applicants will be assigned pro-rata marks based on following formula:

$$VGF \text{ } per \text{ } RCS \text{ } Seat \text{ } score \text{ } for \text{ } Bidder \text{ } A$$
$$= ((Lowest \text{ } VGF \text{ } per \text{ } RCS \text{ } Seat \text{ } across \text{ } all \text{ } proposals)$$
$$/ (VGF \text{ } per \text{ } RCS \text{ } Seat \text{ } for \text{ } Bidder \text{ } A)) \times 50$$

3.12.10 Similarly, the applicant with the lowest Total Network VGF per week will be assigned full 50 marks while other applicants will be assigned pro-rata marks based on following formula:

$$Total \text{ } Network \text{ } VGF \text{ } per \text{ } week \text{ } score \text{ } for \text{ } Bidder \text{ } A$$
$$= ((Lowest \text{ } Total \text{ } Network \text{ } VGF \text{ } per \text{ } week \text{ } across \text{ } all \text{ } proposals)$$
$$/ (Total \text{ } Network \text{ } VGF \text{ } per \text{ } week \text{ } for \text{ } Bidder \text{ } A)) \times 50$$

3.12.11 The total score for an applicant shall be equal to the sum of scores obtained for both the parameters and the applicant scoring the highest total score will be considered as the Preferred Applicant.

$$Total \text{ } Score \text{ } for \text{ } Bidder \text{ } A$$
$$= ((VGF \text{ } per \text{ } RCS \text{ } Seat \text{ } score \text{ } for \text{ } Bidder \text{ } A)$$
$$+ (Total \text{ } Network \text{ } VGF \text{ } per \text{ } week \text{ } score \text{ } for \text{ } Bidder \text{ } A))$$

3.13 Evaluation of Financial Proposals for Simultaneous Network Proposals

3.13.1 MoCA notes that there can be instances, where in a particular period, Network Proposals are received which have (i) one or more common RCS Route or (ii) more than one common airports, (Simultaneous Network Proposals).

3.13.1.1　　In the event of Simultaneous Network Proposals having one or more common RCS Routes or more than one common airports and different number of total routes in the proposal, preference will be given to a Network Proposal with higher number of total routes. In such a case, counter proposal shall be invited against the Network Proposal with higher number of total routes as per the process mentioned in Section 3.9.

3.13.1.2　　In the event of Simultaneous Network Proposals having one or more common RCS Routes or more than one common airports and the same number of total routes, the Evaluation Committee shall invite counter proposals for both Network Proposals as per the process mentioned in Section 3.9. Airline operators shall be allowed to submit counter proposals against only one of the Simultaneous Network Proposals and shall not be allowed to create a new network by combining airports across Network Proposals. In other words, an airline operator submitting a counter Network Proposal shall not be allowed to add/ propose any new airport other than the airports proposed as part of the Network Proposal against which it is submitting a bid. The Evaluation Committee shall compare all Simultaneous Network Proposals and any counter proposals received against such Simultaneous Network Proposals based on the mechanism provided in Section 3.12 and select the "Preferred Applicant".

3.13.2　A similar situation may also occur where there is a proposal for an individual RCS Route and a Network Proposal having the same airports proposed in its network as there are in the individual RCS Route.

3.13.2.1　　In such an event, the preference will be given to the Network Proposal instead of the individual RCS Route and counter proposals shall be invited against the Network Proposal as per the process mentioned in Section 3.9.

3.14 Right to Match

3.14.1　The airline operator submitting an Initial Proposal shall be given a Right to Match (RTM) against a preferable counter proposal. In the event that the airline operator which submitted an Initial Proposal is not the Preferred Applicant but whose financial proposal is within a range of 10% of the financial proposal submitted by the Preferred Applicant, such airline operator will have the option of matching the Preferred Applicant in terms of its Financial Proposal (RTM Option). If such airline operator decides to exercise its RTM Option, it will be declared as the Selected Airline Operator.

3.14.2　In the event that the airline operator that submitted the Initial Proposal decides not to exercise its RTM Option or whose Financial Proposal is outside the range of 10% of the financial proposal submitted by the Preferred Applicant, the Preferred Applicant shall be declared as the Selected Airline Operator.

3.14.3　For avoidance of doubt, in case of Simultaneous Network Proposals having one or more common RCS Routes and the same number of total RCS Routes, the airline operator that had submitted the initial Network Proposal against which the counter proposal of the identified Preferred Applicant was received, shall have the RTM Option.

3.14.4　After identification of a Selected Airline Operator for an RCS Route, the Implementing Agency will publish the following information in respect of each identified Selected Airline Operator.

Sl. No.	Composition of Route / Network	Selected Operator	RCS Seats to be deployed per flight	RCS flights to be operated per week	Airfare Cap for RCS Seats	Proposed date of commencement of operations
1						
2						

3.15 Performance Guarantee

3.15.1 As mentioned earlier, the Selected Airline Operator will enter into a contract with the Implementing Agency for operating RCS Flights under this Scheme.

3.15.2 At the time of signing the contract, the Selected Airline Operator will be required to submit a Performance Guarantee for an amount of INR Fifty Lakhs only (INR 50,00,000/-) to the Implementing Agency.

3.15.3 In addition to the above, in the event that an RCS Airport is non-operational and / or requires investment for rehabilitation / upgradation of infrastructure (airside or the terminal building) by the respective airport owner to make such RCS Airport operational / suitable for proposed RCS Flight operations, the Selected Airline Operator shall be required to submit an Additional Performance Guarantee for an amount of INR One Crore (INR 1,00,00,000/-) to the Implementing Agency.

3.15.4 In addition to the provisions mentioned under Section 3.18, the Performance Guarantee and the Additional Performance Guarantee, if any, will be dealt with by the Implementing Agency as follows:

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

a) Ensure integrity of the schedule as approved by the Directorate General of Civil Aviation, i.e. it fails to operate at least 70% of the scheduled flights; or

b) Adhere to any other terms and conditions of the contract signed with the Implementing Agency.

Upon such encashment, the Selected Airline Operator will be required to replenish the Performance Guarantee within a specified period, failing which the Implementing Agency will be entitled to terminate the contract.

3.15.4.2 Additional Performance Guarantee, if any, will be returned by the Implementing Agency to the Selected Airline Operator:

a) If the required rehabilitation / upgradation of infrastructure to make such RCS Airport operational / suitable for the proposed RCS Flight operations is not completed by the end of two (2) years from the date of submission of such Additional Performance Guarantee; or

b) Up on completion of one (1) year from commencement of RCS Flight operations to / from the concerned RCS Airport.

3.16 Increase in deployed capacity

3.16.1 A Selected Airline Operator for an RCS Route may decide to increase the capacity deployed on such RCS Route by either providing more number of RCS Seats per RCS Flight or by providing more number of RCS Flights in a week.

3.16.2 In such an event, the Implementing Agency may allow the Selected Airline Operator to increase the deployed capacity such that:

3.16.2.1 the Selected Airline Operator shall not be allowed to change the size of the aircraft;

3.16.2.2 the Selected Airline Operator shall be allowed to increase the number of RCS Flights up to 7 flights a week;

3.16.2.3 the total VGF per week (i.e. a product of Number of RCS Seats per RCS Flight, VGF per RCS Seat and Number of RCS Flights in a week) as available to the

Selected Airline Operator after increase in capacity deployed shall remain the same as before;

3.16.2.4 the total VGF per week shall be equally spread over the revised number of RCS Seats in a week (i.e. Number of RCS Seats per RCS Flight multiplied by the revised Number of RCS Flights in a week). The VGF per RCS Seat shall be adjusted accordingly to arrive at the same total VGF per week.

3.17 Prioritisation Framework

3.17.1 The Evaluation Committee shall have reference to the Scheme objectives at all points of time. Since the RCF shall have limited resources, the Evaluation Committee shall have the authority to prioritize proposals for being supported under the Scheme.

3.17.2 Prioritisation of proposals received under the Scheme shall be based on:

3.17.2.1 Number of airports proposed to be connected – Priority shall be given to a Network Proposal against an individual RCS Route proposal. The implementation mechanism of this prioritisation will be as follows:

   a) At the end of every half-yearly cycle, an assessment will be made with respect to VGF required to be committed for all Network Proposals and all RCS Route proposals based on final evaluation of financial proposals for respective proposals. Such requirement will be divided into the five Regions;

   b) Requirement for an individual Region will be compared against RCF fund available for supporting new proposals in that Region to estimate an excess or a shortfall of RCF Fund with respect to requirements;

   c) In case of an excess, prioritisation of Network Proposals against a RCS Route Proposal will not be required;

   d) In case of a shortfall, Network Proposals will be considered on priority;

   e) In case the shortfall is such that while all Network Proposals can be considered, only some of the RCS Route proposals can be considered, prioritisation based on nature of connectivity (remote / unserved regions) will be applied.

3.17.2.2 Nature of connectivity - In line with Section 2.7.2, allocation of RCF to RCS Route proposals connecting underserved airports will be capped. In case of shortfall as presented in Section 3.17.2.1e) above, priority shall be given to RCS Route proposals connecting remote / unserved regions.

3.17.3 In case any proposal is not considered by the Implementing Agency on account of a shortfall of RCF for a particular half-yearly cycle, the proposal will be considered in the next half-yearly cycle subject to availability of RCF and pursuant to application of the prioritisation mechanism as above.

3.18 Exit from the Scheme

3.18.1 A Selected Airline Operator may cease RCS Flight operations any time after one (1) year from commencement of such RCS Flight operations. In the event of such cessation of RCS Flight operations, provided there is no default by the Selected Airline Operator under the contract, the Performance Guarantee and the Additional Performance Guarantee, if any, shall be returned to the Selected Airline Operator.

3.18.2 If however, a Selected Airline Operator ceases RCS Flight operations before completion of one (1) year from commencement of such RCS Flight operations, the Performance Guarantee and the Additional Performance Guarantee, if any, shall be liable to be encashed and retained as per the terms and conditions of the contract.

3.18.3 If, pursuant to Section 2.1.4.3 of this Scheme, the Scheme is withdrawn at any time, the Performance Guarantee and the Additional Performance Guarantee, if any, shall be returned to the Selected Airline Operator.

3.19 Reporting Obligations for an airline operator

3.19.1 The VGF payment will be made to the Selected Airline Operator from the Regional Connectivity Fund (RCF) on the completion of every month.

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

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

3.19.3.1 Contract Details

Operator	Route Details	Stage Length	RCS Flight Capacity	RCS Seats	Frequency Per Week	VGF Per Seat

3.19.3.2 Flight Schedule & service levels as proposed at bid stage

Flight Number	Departure Details	RCS Flight Capacity	RCS Seats to be deployed per flight
	<Date, Time>		

3.19.3.3 Monthly Operational Statistics

Schedule Date	Operated / Cancelled	Flight Number	Departure Details	ASKM	RPKM	On-time Performance
			<Date, Time>			Yes, No (Delay reason)

3.19.3.4 Flight Manifest

Name of Operator	
Route	
Date of flight	
Time of flight	
Flight Number	
Total Seats Sold	
Total Revenue Per Flight	
Passenger Load Factor	
Number of Passenger Carried	

Details of RCS Seats (details of all seats sold at RCS Airfare Cap)								
Seat No.	Pax Name	ID Proof No.	Contact Details	Date of Issuance	Seat Fare	Ticket Cancelled	Cancellation Charges	Amount Reimbursed
						Yes / No		

3.20 Disbursement of Funds

3.20.1 The VGF shall be disbursed to the Selected Airline Operator only for RCS Flights that have been operated.

3.20.2 The Selected Airline Operator(s) will be required to submit to the Implementing Agency, all information pertaining to RCS Flights operated during a month as required in Section 3.19 on or before the 7th of the following month.

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

3.20.4 The VGF shall be disbursed by the Implementing Agency to the Selected Airline Operator for every RCS Flight operated on the RCS Route during the reporting period after adjusted for any defaults by the Selected Airline Operator under the contract.

4. Annexure – 1A: List of Underserved Airports / Airstrips in the country

Presented below is a tentative list of Underserved Airports. Applicants are expected to undertake their own due diligence vis-à-vis suitability of these airports for their proposal.

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 (where the Airport / Airstrip is located)
1.	Car Nicobar	Andaman island
2.	Jorhat	Assam
3.	North Lakhimpur (Lilabari)	Assam
4.	Tezpur	Assam
5.	Jamnagar	Gujarat
6.	Bhavnagar	Gujarat
7.	Kullu (Bhuntar)	Himachal Pradesh
8.	Thoise	Jammu and Kashmir
9.	Agatti	Lakshadweep Islands
10.	Shillong (Barapani)	Meghalaya
11.	Diu	Daman and Diu (U.T.)
12.	Agra	Uttar Pradesh
13.	Allahabad	Uttar Pradesh
14.	Gwalior	Madhya Pradesh
15.	Pantnagar	Uttarakhand
16.	Ondal (Durgapur)	West Bengal

5. Annexure – 1B: List of Unserved Airports / Airstrips in the country

Presented below is a tentative list of Unserved Airports. Applicants are expected to undertake their own due diligence vis-à-vis suitability of these airports for their proposal.

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 (where the Airport / Airstrip is located)
1.	Bobbili	Andhra Pradesh
2.	Donakonda	Andhra Pradesh
3.	Ellore	Andhra Pradesh
4.	Sri Satya Sai Puttapurthy (Pransanthinilyam)	Andhra Pradesh
5.	Alinya	Arunachal Pradesh
6.	Along	Arunachal Pradesh
7.	Daparizo	Arunachal Pradesh
8.	Mechuka	Arunachal Pradesh
9.	Passighat	Arunachal Pradesh
10.	Tezu	Arunachal Pradesh
11.	Tuting	Arunachal Pradesh
12.	Yinghiong	Arunachal Pradesh
13.	Zero	Arunachal Pradesh
14.	Bograjeng	Assam
15.	Borengajuli	Assam
16.	Chabua	Assam
17.	Darrang	Assam
18.	Dinjan	Assam
19.	Doomur Dullang	Assam
20.	Kokrajhar	Assam
21.	Kolapni	Assam
22.	Lakhipur	Assam
23.	Ledo	Assam
24.	Mackebpur	Assam
25.	Misa	Assam
26.	Misa Mari	Assam
27.	Mornai	Assam
28.	Nazira	Assam
29.	Panneri	Assam
30.	Rupsi	Assam
31.	Sadiya	Assam
32.	Shella	Assam
33.	Sorbhog	Assam
34.	Sukerating (Dum Duma)	Assam
35.	Arrah	Bihar

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
36.	Begusarai	Bihar
37.	Bettiah	Bihar
38.	Bhabua	Bihar
39.	Bhagalpur	Bihar
40.	Bhowrah	Bihar
41.	Bihar Shariff	Bihar
42.	Bihita	Bihar
43.	Birpur	Bihar
44.	Buxur	Bihar
45.	Chhapra	Bihar
46.	Dalbhundarh	Bihar
47.	Daltonganj	Bihar
48.	Darbhaga	Bihar
49.	Dehri	Bihar
50.	Giridhi	Bihar
51.	Hathwa	Bihar
52.	Jehanabad	Bihar
53.	Jogbani	Bihar
54.	Katihar	Bihar
55.	Kishangang	Bihar
56.	Kursela	Bihar
57.	Madhubani	Bihar
58.	Monghyr	Bihar
59.	Motihari	Bihar
60.	Munger	Bihar
61.	Muzzafarpur	Bihar
62.	Naria	Bihar
63.	Panchanpur	Bihar
64.	Purnea	Bihar
65.	Raxaul	Bihar
66.	Safiabad	Bihar
67.	Saharsa	Bihar
68.	Bhilai	Chattisgarh
69.	Bilaspur	Chattisgarh
70.	Durg	Chattisgarh
71.	Kargid	Chattisgarh
72.	Raigarh (Sariya)	Chattisgarh
73.	Raipur (Baikunth)	Chattisgarh
74.	Tilda (Kohaka)	Chattisgarh
75.	Amreli (Amroli)	Gujarat
76.	Chela	Gujarat
77.	Chhand Bet	Gujarat
78.	Darbhanga	Gujarat
79.	Deesa (Palanpur)	Gujarat
80.	Kandla	Gujarat
81.	Keshod	Gujarat
82.	Khambalia	Gujarat
83.	Khavada	Gujarat
84.	Limbdi	Gujarat
85.	Mehsana	Gujarat
86.	Mithapur (Dwarka)	Gujarat
87.	Morvi	Gujarat

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
88.	Mundra	Gujarat
89.	Naliya	Gujarat
90.	Parsoli	Gujarat
91.	Porbandar	Gujarat
92.	Radhanpur	Gujarat
93.	Wadhwan	Gujarat
94.	Wankaner	Gujarat
95.	Ambala	Haryana
96.	Bhiwani	Haryana
97.	Gurgaon	Haryana
98.	Hissar	Haryana
99.	Karnal	Haryana
100.	Narnaul	Haryana
101.	Pinjore	Haryana
102.	Sirsa	Haryana
103.	Shimla	Himachal Pradesh
104.	Akhnur	Jammu and Kashmir
105.	Awantipur	Jammu and Kashmir
106.	Chamb	Jammu and Kashmir
107.	Chushal	Jammu and Kashmir
108.	Fukche	Jammu and Kashmir
109.	Gurex	Jammu and Kashmir
110.	Jhangar	Jammu and Kashmir
111.	Kargil	Jammu and Kashmir
112.	Kishtwar	Jammu and Kashmir
113.	Mantalai	Jammu and Kashmir
114.	Miran Sahib	Jammu and Kashmir
115.	Panzgam	Jammu and Kashmir
116.	Poonch	Jammu and Kashmir
117.	Rajouri	Jammu and Kashmir
118.	Udhampur	Jammu and Kashmir
119.	Bokaro	Jharkhand
120.	Chaibasa	Jharkhand
121.	Chakulia	Jharkhand
122.	Deoghar	Jharkhand
123.	Dhanbad	Jharkhand
124.	Dumka	Jharkhand
125.	Hazaribagh	Jharkhand
126.	Jamshedpur	Jharkhand
127.	Ammasandra	Karnataka
128.	Baldota/Koppal	Karnataka
129.	Bangalore (Iis)	Karnataka
130.	Bellary	Karnataka
131.	Bidar	Karnataka
132.	Ginigera (Hospet)	Karnataka
133.	Hassan	Karnataka
134.	Jakur	Karnataka
135.	Kolar	Karnataka
136.	Mysore (Mandacally)	Karnataka
137.	Raichur	Karnataka
138.	Shahbad	Karnataka
139.	Vidyanagar	Karnataka

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
140.	Yadgiri	Karnataka
141.	Yehlanka	Karnataka
142.	Chillari	Kerala
143.	Ambikapur (Darima)	Madhya Pradesh
144.	Amla	Madhya Pradesh
145.	Betul	Madhya Pradesh
146.	Birlagram (Nagda)	Madhya Pradesh
147.	Birwa	Madhya Pradesh
148.	Burhar (Shahdol)	Madhya Pradesh
149.	Chhindwara	Madhya Pradesh
150.	Damoh	Madhya Pradesh
151.	Dhana	Madhya Pradesh
152.	Gandhisagar	Madhya Pradesh
153.	Guna	Madhya Pradesh
154.	Jagdalpur	Madhya Pradesh
155.	Jashpurnagar	Madhya Pradesh
156.	Jhabua	Madhya Pradesh
157.	Jhabua (Ranpet)	Madhya Pradesh
158.	Kanha	Madhya Pradesh
159.	Khandwa	Madhya Pradesh
160.	Khargone	Madhya Pradesh
161.	Lalpur	Madhya Pradesh
162.	Nagda	Madhya Pradesh
163.	Neemuch	Madhya Pradesh
164.	Nowgong	Madhya Pradesh
165.	Pachmarhi	Madhya Pradesh
166.	Panna	Madhya Pradesh
167.	Raisen (Chiklod)	Madhya Pradesh
168.	Rajhara (Dhalli)	Madhya Pradesh
169.	Rakhikol	Madhya Pradesh
170.	Ratlam	Madhya Pradesh
171.	Rewa	Madhya Pradesh
172.	Sagar	Madhya Pradesh
173.	Sarangarh	Madhya Pradesh
174.	Sarani	Madhya Pradesh
175.	Satna	Madhya Pradesh
176.	Shahdol	Madhya Pradesh
177.	Shivpuri	Madhya Pradesh
178.	Sidhi	Madhya Pradesh
179.	Sitamanu (Sitamaw, Mandasore)	Madhya Pradesh
180.	Tekanpur	Madhya Pradesh
181.	Ujjain	Madhya Pradesh
182.	Ahemad Nagar	Maharashtra
183.	Akola	Maharashtra
184.	Amravati	Maharashtra
185.	Baramati	Maharashtra
186.	Chandrapur	Maharashtra
187.	Darna Camp	Maharashtra
188.	Deolali	Maharashtra
189.	Dhulia	Maharashtra
190.	Gondia	Maharashtra
191.	Hadapser, Pune	Maharashtra

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
192.	Jalgaon	Maharashtra
193.	Jath	Maharashtra
194.	Kalyan	Maharashtra
195.	Karad	Maharashtra
196.	Kawalpur	Maharashtra
197.	Kolhapur	Maharashtra
198.	Kudal	Maharashtra
199.	Latur (MADC)	Maharashtra
200.	Lonavala Amby Valley	Maharashtra
201.	Mumbai (Juhu)	Maharashtra
202.	Nanded	Maharashtra
203.	Nasik Road	Maharashtra
204.	Osmanabad	Maharashtra
205.	Ozar (Nasik)	Maharashtra
206.	Phaltan	Maharashtra
207.	Ratnagiri	Maharashtra
208.	Shirpur	Maharashtra
209.	Sholapur	Maharashtra
210.	Waluj	Maharashtra
211.	Imphal (Korangee)	Manipur
212.	Palel	Manipur
213.	Dwara	Meghalaya
214.	Tura	Meghalaya
215.	Aizawl	Mizoram
216.	Kohima	Nagaland
217.	Amarda Road	Orissa
218.	Angul	Orissa
219.	Barbil	Orissa
220.	Baripada	Orissa
221.	Birasal	Orissa
222.	Cuttack	Orissa
223.	Cuttack	Orissa
224.	Gonapur	Orissa
225.	Gopalpur	Orissa
226.	Gudari	Orissa
227.	Hirakund	Orissa
228.	Jayakpur	Orissa
229.	Jaypore	Orissa
230.	Jharsuguda	Orissa
231.	Keonjhar	Orissa
232.	Khandpara	Orissa
233.	Konarak	Orissa
234.	Lanjigarh	Orissa
235.	Nawapara	Orissa
236.	Padampur	Orissa
237.	Rairangpur	Orissa
238.	Raisuan	Orissa
239.	Rangeilunda	Orissa
240.	Rourkela (Sail)	Orissa
241.	Sarlake	Orissa
242.	Theruboli	Orissa
243.	Tushra	Orissa

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
244.	Utkela	Orissa
245.	Adampur	Punjab
246.	Bakshiwala	Punjab
247.	Beas	Punjab
248.	Bhatinda	Punjab
249.	Dablan	Punjab
250.	Faridkot	Punjab
251.	Ferozpur	Punjab
252.	Gurdaspur	Punjab
253.	Halwara	Punjab
254.	Jawalapur	Punjab
255.	Jullandhar	Punjab
256.	Khemkaran	Punjab
257.	Ludhiana	Punjab
258.	Nabha	Punjab
259.	Nanak Sar	Punjab
260.	Pathankot	Punjab
261.	Patiala	Punjab
262.	Abu Road	Rajasthan
263.	Ajmer	Rajasthan
264.	Alwar	Rajasthan
265.	Banar	Rajasthan
266.	Banasthali	Rajasthan
267.	Banswara (Tilwara)	Rajasthan
268.	Bharatpur	Rajasthan
269.	Bhawi	Rajasthan
270.	Bikaner (Nal)	Rajasthan
271.	Bundi	Rajasthan
272.	Dholpur	Rajasthan
273.	Falna Road (Pali)	Rajasthan
274.	Gadra Road	Rajasthan
275.	Hamirgarh	Rajasthan
276.	Isarda	Rajasthan
277.	Jaisalmer	Rajasthan
278.	Jawai	Rajasthan
279.	Jhalawar (Brijnagar)	Rajasthan
280.	Jhunjhunu	Rajasthan
281.	Kankoroli	Rajasthan
282.	Kishangarh	Rajasthan
283.	Kota	Rajasthan
284.	Lalgarh	Rajasthan
285.	Malapura	Rajasthan
286.	Mathania	Rajasthan
287.	Merta Road	Rajasthan
288.	Nagaur	Rajasthan
289.	Pilani	Rajasthan
290.	Salawas	Rajasthan
291.	Sawai Madhopur	Rajasthan
292.	Shahpur	Rajasthan
293.	Sheo	Rajasthan
294.	Sirohi	Rajasthan
295.	Suratgarh	Rajasthan

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
296.	Uterlai	Rajasthan
297.	Arkonam	Tamil Nadu
298.	Chetinad	Tamil Nadu
299.	Cholavaram	Tamil Nadu
300.	Hosur	Tamil Nadu
301.	Kayattar	Tamil Nadu
302.	Neyveli	Tamil Nadu
303.	Ramnad	Tamil Nadu
304.	Salem	Tamil Nadu
305.	Sulur	Tamil Nadu
306.	Tambaram	Tamil Nadu
307.	Tanjore	Tamil Nadu
308.	Ulundurpet	Tamil Nadu
309.	Vellore	Tamil Nadu
310.	Adilbad	Telengana
311.	Aleru	Telengana
312.	Basant Nagar	Telengana
313.	Hyderabad (Dundigal)	Telengana
314.	Hyderabad (Hakimpet)	Telengana
315.	Kagazpur (Sirpur)	Telengana
316.	Nadirgul	Telengana
317.	Nagarjuna Sagar	Telengana
318.	Nalgonda	Telengana
319.	Waranagal	Telengana
320.	Kailashahar	Tripura
321.	Kamalpur	Tripura
322.	Khowai	Tripura
323.	Daman	Daman and Diu (U.T.)
324.	Pondicherry	Daman and Diu (U.T.)
325.	Akbarpur	Uttar Pradesh
326.	Aligarh	Uttar Pradesh
327.	Bakshi Ka Talab	Uttar Pradesh
328.	Bareilly	Uttar Pradesh
329.	Etawah	Uttar Pradesh
330.	Faizabad	Uttar Pradesh
331.	Fursatganj (Igrua)	Uttar Pradesh
332.	Ghazipur	Uttar Pradesh
333.	Hindan	Uttar Pradesh
334.	Iradatganj	Uttar Pradesh
335.	Jagatpur	Uttar Pradesh
336.	Jhansi	Uttar Pradesh
337.	Jhingura	Uttar Pradesh
338.	Kanpur (Chakeri)	Uttar Pradesh
339.	Kanpur (Civil)	Uttar Pradesh
340.	Kanpur (Kalyanpur)	Uttar Pradesh
341.	Kasia	Uttar Pradesh
342.	Lalitpur	Uttar Pradesh
343.	Madhosingh	Uttar Pradesh
344.	Meerut	Uttar Pradesh
345.	Muirpur (Korba)	Uttar Pradesh
346.	Phaphamau	Uttar Pradesh
347.	Pirthiganj	Uttar Pradesh

S.No.	Name of Airport / Airstrip	State (where the Airport / Airstrip is located)
348.	Rajwari	Uttar Pradesh
349.	Saharanpur (Sarsawa)	Uttar Pradesh
350.	Sah-baj-quli	Uttar Pradesh
351.	Sardarnagar	Uttar Pradesh
352.	Shravasti	Uttar Pradesh
353.	Sultanpur (Amhai)	Uttar Pradesh
354.	Chinyali saur	Uttarakhand
355.	Gaucher	Uttarakhand
356.	Hardwar	Uttarakhand
357.	Naini-saini	Uttarakhand
358.	Pithoragarh	Uttarakhand
359.	Uttarkashi	Uttarakhand
360.	Ambari	West Bengal
361.	Asansol	West Bengal
362.	Balurghat	West Bengal
363.	Barrackpore	West Bengal
364.	Behala	West Bengal
365.	Behrampur	West Bengal
366.	Bhatpara	West Bengal
367.	Bishnupur	West Bengal
368.	Burnpur	West Bengal
369.	Cooch Behar	West Bengal
370.	Dhubalia	West Bengal
371.	Digri	West Bengal
372.	Dudhkundi	West Bengal
373.	Grassmore	West Bengal
374.	Guskhara	West Bengal
375.	Hashimara	West Bengal
376.	Kadambini	West Bengal
377.	Kalaikunda	West Bengal
378.	Kanchrapara	West Bengal
379.	Kharagpur	West Bengal
380.	Kohinoor	West Bengal
381.	Madhaiganj	West Bengal
382.	Maheshganj	West Bengal
383.	Malda	West Bengal
384.	New lands	West Bengal
385.	New Teli Para	West Bengal
386.	Panagarh	West Bengal
387.	Pandeveswar	West Bengal
388.	Panga	West Bengal
389.	Piardora	West Bengal
390.	Prasadpur (Ganga Sagar)	West Bengal
391.	Rampur hat	West Bengal
392.	Sal Bani	West Bengal
393.	Saugaon	West Bengal
394.	Sindri	West Bengal

6. Annexure – 2: Airfare Cap under RCS

Airfare Cap to be considered for respective stage lengths 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.	201 – 225	1,770
2.	226 – 250	1,830
3.	251 – 275	1,890
4.	276 – 300	1,950
5.	301 – 325	2,010
6.	326 – 350	2,070
7.	351 – 375	2,130
8.	376 – 400	2,190
9.	401 – 425	2,250
10.	426 – 450	2,330
11.	451 – 475	2,370
12.	476 – 500	2,500
13.	501 – 525	2,500
14.	526 – 550	2,760
15.	551 – 575	2,890
16.	576 – 600	3,020
17.	601 – 625	3,150
18.	626 – 650	3,280
19.	651 – 675	3,410
20.	676 – 700	3,540
21.	701 – 725	3,670
22.	726 – 750	3,810
23.	751 – 775	3,940
24.	776 – 800	4,070

Airfare Cap for Helicopters

S.No.	Flight Duration (in minutes)	Airfare Cap per RCS Seat (in INR)
1.	00 – 30	2,500
2.	31 – 35	2,900
3.	36 – 40	3,350
4.	41 – 45	3,750
5.	46 – 50	4,150
6.	51 – 55	4,600
7.	56 – 60	5,000

7.   Annexure – 3: VGF Cap under RCS

VGF Cap to be considered for respective stage lengths are as follows (Refer Section 2.5 above):

VGF Cap for Fixed-wing aircraft

S.No.	Stage Length (in km)	VGF Cap per RCS Seat (in INR)
1.	201 – 225	1,810
2.	226 – 250	2,190
3.	251 – 275	2,560
4.	276 – 300	2,940
5.	301 – 325	3,090
6.	326 – 350	3,190
7.	351 – 375	3,300
8.	376 – 400	3,400
9.	401 – 425	3,510
10.	426 – 450	3,610
11.	451 – 475	3,720
12.	476 – 500	3,750
13.	501 – 525	3,790
14.	526 – 550	3,820
15.	551 – 575	3,860
16.	576 – 600	3,890
17.	601 – 625	3,930
18.	626 – 650	3,960
19.	651 – 675	4,000
20.	676 – 700	4,040
21.	701 – 725	4,070
22.	726 – 750	4,100
23.	751 – 775	4,130
24.	776 – 800	4,170

VGF Cap for Helicopters

S.No.	Flight Duration (in minutes)	VGF Cap per RCS Seat (in INR)
1.	00 – 10	0
2.	11 – 15	1,200
3.	16 – 20	2,400
4.	21 – 25	3,600
5.	26 – 30	4,800
6.	31 – 35	5,600
7.	36 – 40	6,400
8.	41 – 45	7,200
9.	46 – 50	7,200
10.	51 – 55	7,200
11.	56 – 60	7,200

8. Stakeholder Consultation

The draft Regional Connectivity Scheme (RCS) is now being placed in the public domain for feedback from stakeholders. The final RCS will be notified after considering feedback from stakeholders and obtaining necessary approvals.

Feedback may please be provided in the following format by 22nd July 2016:

S.No.	Referred Section of the Draft Scheme Document	Observations on the Section	Suggested revised wordings/ formulation of the Section	Rationale for the suggested revision
1.				
2.				

Feedback may be sent to the following email id:

rcs@aai.aero