

## UPSC Civil Services Examination

### Political Science & International Relations

#### Topic: -Regional Connectivity Scheme - UDAN - Indian Polity Notes

#### UDAN - Regional Connectivity Scheme

UDAN is a regional connectivity scheme spearheaded by the Government of India (GoI). The full form of UDAN is 'Ude Desh ka Aam Nagarik' and aims to develop smaller regional airports to allow common citizens easier access to aviation services.

#### Objectives of The Regional Connectivity Scheme

- Operationalisation and development of 425 underserved or unserved airports in the country
- Boost inclusive economic development by providing faster connectivity
- Development of air transport infrastructure in remote areas aiding job growth



## UDAN Scheme

This scheme is a part of the National Civil Aviation Policy (NCAP) and is funded jointly by the GoI and the state governments. The following are its salient features:

- The scheme duration is for 10 years
- Airlines participating in UDAN are selected through a competitive bidding process
- The Central government will provide the following:
  - Subsidy to cover Value Gap funding (VGF) for participating airlines
  - Concessional GST on tickets booked using the scheme
  - Codesharing for flights under the policy
- State Governments will extend the following measures:
  - GST reduction to 1% for 10 years
  - Coordination with oil companies to facilitate refuelling facilities
  - Provide land for airport and ancillary development
  - Trained security personnel
  - Utilities at subsidised rates
  - 20% of VGF
- Airport operators such as AAI will provide the following concessions:
  - No parking, landing and storage charges at participating airports
  - Nil TNLC (Terminal Navigation Landing Charges)
  - Allow ground handling by the airline selected through the bidding process
  - RNCF (Route Navigation and Facilitation Charges) will be discounted to 42.4% of normal rates by the Airports Authority of India

Value Gap Funding is not provided to cargo airlines. All other terms and conditions remain the same as passenger airlines. The fares are graded based on distance and flight hours for both fixed-wing and rotary-wing services. The RCS subsidy is funded by a levy of Rs 5000 per flight on major routes. Flights regulated under this policy framework can be booked from the UDAN website and major travel portals by passengers.

UPSC aspirants should approach this topic for Geography and Economy from the following perspectives:

- The need for regional connectivity schemes
- The regulatory changes that might be required for implementation
- Job generation through increased connectivity both in the infrastructure sector as well as ancillary services
- Focus on location, traffic, load and financial factors

## UPSC Questions related to UDAN Scheme

### What is International UDAN Scheme?

- International UDAN is an extension of the domestic UDAN scheme.
- The plan is to connect India's smaller cities directly to some key foreign destinations in the neighbourhood.
- The government's intention for such direct air connectivity was that it would promote the development of the city and the State by attracting tourists and business people to travel via smaller towns, instead of their flying through the metros.
- The Open Skies policy can be exercised here, wherein India and other Asian countries which allow direct and unlimited flights to and from these nations to 18 Indian destinations
- Since these routes were untested, the airlines could be understandably reluctant to ply them.
- To encourage them to participate, the government offers a subsidy in the form of pre-decided payout per seat.
- Airlines are required to bid on the number of passenger seats per flight for which such support is required.

### Comment on the challenges faced in the implementation of the UDAN scheme.

- Some states are reluctant on giving up the Tax Concessions on Air Turbine Fuel (ATF) and other financial incentives that might attract different airlines to operate in those regions of the state that are underdeveloped.
- Since airports occupy vast areas, acquiring land is not easy. Land scarcity followed by huge capital are some issues that are faced.
- Policy reluctance due to financial non-viability of the models to connect remote areas.
- The airline industry is known for its cut-throat competitiveness and capital intensive nature. This discourages them to start operations in areas where the passenger traffic is low due to low profitability.
- Another major challenge is gathering funds for Viability Gap Funding (VGF).