

## 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.

The scheme is an important government scheme from the [IAS Exam](#) point of view. It is one of the new policies implemented since June 2016. The scheme is covered in the Geography syllabus as well as the Economy under the infrastructure and economic geography of the [UPSC Syllabus](#). Candidates can watch the video explaining the UDAN scheme at the end of this article.

### UDAN Scheme Latest Updates-

- The Civil Aviation Ministry has set a target of operationalizing as many as 100 unserved and underserved airports and starting at least 1,000 air routes.
- The Ministry of Civil Aviation has celebrated the UDAN day on the 4th anniversary of the UDAN (Ude Desh Ka Aam Naagrik) Scheme. The GoI has acknowledged the contribution of the scheme and has identified 21<sup>st</sup> October as UDAN Day, the day on which the scheme document was first released.
- The Civil Aviation Ministry has approved 78 new routes under the 4th round of Regional Connectivity Scheme UDAN. So far, 766 routes have been sanctioned under the UDAN scheme.

### Objectives of the Regional Connectivity Scheme

- Operationalization 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.

### **UDAN 1.0**

- Under this phase, 5 airlines companies were awarded 128 flight routes to 70 airports (including 36 newly made operational airports)

### **UDAN 2.0**

- In 2018, the Ministry of Civil Aviation announced 73 underserved and unserved airports.
- For the first time, helipads were also connected under phase 2 of UDAN scheme.

### **UDAN 3.0**

Key Features of UDAN 3 included:

- Inclusion of Tourism Routes under UDAN 3 in coordination with the Ministry of Tourism.
- Inclusion of Seaplanes for connecting Water Aerodromes.
- Bringing in a number of routes in the North-East Region under the ambit of UDAN.

### **UDAN 4.0:**

The 4th round of UDAN was launched in December 2019 with a special focus on North-Eastern Regions, Hilly States, and Islands.

- The airports that had already been developed by the [Airports Authority of India \(AAI\)](#) are given higher priority for the award of VGF (Viability Gap Funding) under the Scheme.
- Under UDAN 4, the operation of helicopters and seaplanes is also been incorporated.

### **UDAN 5.1:**

The government has launched UDAN 5.1, aiming to improve connectivity in remote areas of India through helicopters, benefiting tourism and local economies.

- **Enhanced Connectivity:** UDAN 5.1 focuses on improving connectivity in remote areas of India through the utilization of helicopters.
- **Promotion of Chopper Usage:** The scheme aims to promote the usage of helicopters and increase the number of civilian choppers in India.
- **Boost to Tourism and Hospitality:** Improved connectivity through helicopters is expected to boost tourism and hospitality industries in remote areas.

- **Economic Development:** UDAN 5.1 aims to stimulate local economies in unserved and remote regions by facilitating easier access to transportation.
- **Expansion of Operational Routes:** The scheme will expand the existing 46 helicopter routes that have been operationalized under previous phases of UDAN.
- **Accessibility to Unserved Regions:** UDAN 5.1 seeks to provide air travel access to regions that currently lack proper transportation infrastructure.
- **Government Initiative:** UDAN 5.1 is a government initiative to enhance regional air connectivity and bridge the gap between remote areas and urban centres.

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)

### Multiple Choice Question

1. Under the UDAN scheme, 766 routes have been sanctioned and 274 routes have been operationalised. The Ministry of Civil Aviation has approved 78 new routes under the fourth round of Regional Connectivity Scheme (RCS)- UdeDeshKaAamNagrik (UDAN) to further enhance the connectivity to remote and regional areas of the country.
2. In Udan flights, at least half of the seats are offered at subsidized fares. Also, a certain amount of viability gap funding (VGF) – an amount that is shared between the state concerned and the Centre, is provided to participating carriers.
3. The International Air Transport Association is a trade association of the world's airlines founded in 1945. IATA supports airline activity and helps formulate industry policy and standards. It is headquartered in Canada in the city of Montréal, with Executive Offices in Geneva, Switzerland.
4. The International Civil Aviation Organization is a specialized agency of the United Nations. It changes the principles and techniques of international air navigation and fosters the planning and development of international air transport to ensure safe and orderly growth. Its headquarters is located in the Quartier International of Montreal, Quebec, Canada.

### Choose the correct answer

- A. Only statements 1 and 2 are true.
- B. Only statements 1 and 3 are true.
- C. Only statements 3 and 4 are true.
- D. None of the above-given statements are false.