



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

Version 5.2 – July 2023

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FINAL

List of Abbreviations

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

1 Scheme Objectives and Guiding Principles¹

1.1 Background

- 1.1.1 The Ministry of Civil Aviation (MoCA), Government of India released the National Civil Aviation Policy 2016 (NCAP 2016). One of the objectives of NCAP 2016 is to “enhance regional connectivity through fiscal support and infrastructure development”.
- 1.1.2 As per an ICAO study - “Economic benefits of civil aviation: ripples of prosperity”, the output and employment multipliers of aviation are 3.25 and 6.10 respectively. This implies that every 100 Rupees spent on air transport contributes to 325 Rupees worth of benefits, and every 100 direct jobs in air transport result in 610 jobs in the economy as a whole. In fact, the study attributes over 4.5% of the global Gross Domestic Product (GDP) to civil air transport.
- 1.1.3 As the Indian economy grows, consumption-led growth in populated metros is expected to spill over to hinterland areas. This is also expected to be on account of factors of production (land, labor, etc.) becoming costlier in the densely populated metro cities. In this scenario, air connectivity can provide required impetus to the economic growth of regional centers (towns / cities).
- 1.1.4 In this context, one of the key objectives of NCAP 2016 is to “establish an integrated eco-system which will lead to significant growth of civil aviation sector, which in turn would promote tourism, increase employment and lead to a balanced regional growth”.
- 1.1.5 NCAP 2016 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 This document is not a contract and does not create any enforceable rights and obligations. Terms and conditions of operations under the scheme would be contained in a suitable contract to be signed between the Implementing Agency and the Selected Airline Operator.

- 1.1.7 MoCA acknowledges that different / same aircraft operated by different operators for the same stage lengths can have different cost of operations because of differences in inherent economics of aircraft types for various stage lengths, cost of operations specific to operators in terms of various business parameters such as business models, fleet utilization, scale of operations, etc. Specification of (normative) VGF Caps upfront has, therefore been considered important to ensure transparent operation of a market based mechanism under this Scheme rather than through determination subsequent to receipt of varied proposals.
- 1.1.8 While, it is the intent and focus of the Scheme that operation of a market based mechanism facilitates discovery of the optimum VGF requirements within specified VGF Caps, MoCA recognizes that in certain cases it is possible that a market based discovery of optimum VGF requirements may not happen due to lack of competition / uncertainty in market conditions and ex-post, the specified (normative) VGF Caps may end up seeming to be higher than the actual VGF requirement in future on account of factors like higher airfares for Non-RCS Seats, higher load factors, etc. Given that the focus of the Scheme is to provide air connectivity where it does not exist, the quantum or probability of such eventualities / outcomes in future cannot be ascertained by MoCA and potentially even the market ex-ante on account of the multiplicity of unascertainable factors. Further, the Scheme is premised on and continuing to encourage an open market mechanism where operators will be assessing demand on routes, developing networks through deployment of appropriate capacities & technologies, and take risks on account of factors like marketing of capacities, realizable demand, effect of ATF prices on costs / fares for Non-RCS Seats, etc. Accordingly, in consultation with stakeholders, MoCA recognizes that the risks retained with the operators have to be seen in their entirety.
- 1.1.9 MoCA had earlier released four versions of the Scheme, in December 2016 (“Version 1.0”), in September 2017 (“Version 2.0”), in October 2018 (“Version 3.0”), in November 2019 (“Version 4.0”), in March 2022 (“Small Aircraft Sub-Scheme”), in April 2023 (“Version 5.0”) and in May 2023 (“Version 5.1”). Subsequently, MoCA and AAI conducted bidding processes and awarded a number of RCS Routes to the Selected Airline Operators. It is hereby clarified that the provisions contained under this Scheme document shall be applicable to:
- 1.1.9.1 any bidding process which may be conducted by MoCA, the Implementing Agency or the RCS Trust, as the case may be; and
 - 1.1.9.2 any Selected Airline Operator Agreement and any other agreement(s) which may be entered into by the Implementing Agency or the RCS Trust, as the case may be, with any Selected Airline Operator,
 - 1.1.9.3 on or after the date of notification of this Scheme for awarding the concessions/support provided in this Scheme.

For the avoidance of any doubt, the bidding processes conducted, and the Selected Airline Operator Agreements and any other agreements/documents executed, pursuant to the Scheme Version 1.0, Scheme Version 2.0, Scheme Version 3.0, Scheme Version 4.0, Small Aircraft Sub-Scheme, Version 5.0 or Version 5.1 shall continue to be governed under and in accordance with the provisions of the such Scheme Version 1.0, Scheme Version 2.0, Scheme Version 3.0, Scheme Version 4.0 or Small Aircraft Sub-Scheme and any other document(s) issued by MoCA and/or the Implementing Agency pursuant to the Scheme Version 1.0 or Scheme Version 2.0 or Scheme Version 3.0 or Scheme Version 4.0 or Small Aircraft Sub-Scheme or Version 5.0 or Version 5.1.

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 airline operators through (1) concessions by Central Government, State Governments (reference deemed to include Union Territories as well, unless explicitly specified otherwise) and airport operators to reduce the cost of airline operations on regional routes / other support measures and (2) financial (viability gap funding or VGF) support to meet the gap, if any, between the cost of airline operations and expected revenues on such routes.

1.2.2 Focus Areas for Small Aircraft Operations:

1.2.2.1 It is felt that small aircraft operations (including seaplanes) in the country is a segment of air travel for which there is significant opportunity for growth and one that has the potential to unlock multiple benefits for various stakeholders. Some of the opportunity areas identified by the MoCA include

- a) The availability of 219 airports supporting small aircraft operations, demonstrates that a traditional barrier to operations (infrastructure availability) is not applicable and there is significant potential for small aircraft operations to connect these remote regions
- b) With a coastline of more than 7500 km and numerous other water bodies, India's topography provides ample scope for seaplane operations to be successful

1.2.2.2 Across the globe, small aircraft operations have provided business and convenience services, whereas seaplane operations have primarily been catering to tourism and leisure activities, primarily working on chartered service model (NSOP). In accordance, small

aircraft operations may be particularly suited to cater to the following kinds of routes:

- i. Origin-Destination pairs with relatively shorter stage lengths (typically in the range of 50-350 kms stage length) wherein operations through larger aircraft are generally not commercially feasible.
- ii. Providing increased connectivity to smaller/Tier-3 cities on routes which may not have enough demand to be catered to by larger aircraft or to provide last mile connectivity to such cities.
- iii. To provide a fillip to regional growth by catering to routes serving niche markets such as tourist specific routes/circuits or those primarily catering to pilgrims etc. as well as by connecting smaller industrial hubs/centres.

1.3 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 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 (regional development as well as 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/ Water Aerodromes / Helipads (irrespective of ownership by AAI / State Governments / private entities / Ministry of Defence, Government of India) which demonstrate their commitment and support to regional air transport operations by providing concessions / support 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 through application of a levy on scheduled flights being operated within India or through any other sources, as per notifications issued by the Ministry of Civil Aviation from time to time. The RCF would thus channel funds generated from the sector to stimulate further growth and development of the sector and the operators (/ passengers) providing (/ using) services on domestic routes where such fee per departure is levied would be eligible to avail benefits under the Scheme for providing (/ using) services pursuant to this Scheme.

- 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 Priority 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 amend various Scheme provisions from time to time as and when necessary for efficacy in accomplishment of objectives and undertake a review at least once every 3 years.

1.4 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 **‘Airfare Cap’** shall mean the maximum permissible airfare for an RCS Seat as specified under the Section 2.3.2 and 2.3.3 of the Scheme and as published / updated on AAI / MoCA website from time to time.
 - 1.4.1.2 **‘Financial Quarter’** shall mean a continuous period of three (3) calendar months ending on 30th June, 30th September, 31st December and 31st March, as the case may be.

- 1.4.1.3 **‘Helipad’** shall mean a designated area for landing and take-off of helicopter(s) where scheduled and/or non-scheduled commercial helicopter operations can be permitted as per DGCA regulations.
- 1.4.1.4 **‘Implementing Agency’** shall be as defined under Section 2.1.1.
- 1.4.1.5 **‘Minimum Performance Specifications’** shall mean the service conditions mentioned in Section 3.3 which must be met by a Selected Airline Operator for operation of RCS Flights.
- 1.4.1.6 **‘Non-RCS Route’** shall mean a route, which is not an RCS Route.
- 1.4.1.7 **‘Non-RCS Seat(s)’** shall mean revenue passenger seat(s) on an RCS Flight, which are not RCS Seats within the RCS Flight Capacity. Further, such seats can be offered/ deployed as per the commercial operations of the Selected Airline Operator.
- 1.4.1.8 Deleted
- 1.4.1.9 **‘Performance Guarantee’** shall mean performance security in the form of an unconditional and irrevocable bank guarantee to be submitted by a Selected Airline Operator to the Implementing Agency pursuant to Section 3.15.2, within a period that is earlier of, 3 months from the issuance of Letter of Award or 1 week before the commencement of operations to such Selected Airline Operator or as extended from time to time by the Implementing Agency.
- 1.4.1.10 **‘Priority Area(s)’** shall mean the States of Himachal Pradesh & Uttarakhand, Jammu and Kashmir, North Eastern Region of India, Andaman and Nicobar Islands and Lakshadweep Islands.
- 1.4.1.11 **‘Priority RCS Route’** shall mean an RCS Route in which, at least one of the origin and destination airport is an RCS Concession Airport located in Priority Area(s), provided that in case of connection between two airports, at least one of the RCS Concession Airport should satisfy the definition of Underserved Airport or Unserved Airport.
- 1.4.1.12 **‘Regional Connectivity Fund (RCF)’** shall mean the fund / corpus created through application of a levy on scheduled flights being operated within India or through any other sources, as per the notifications issued by the Ministry of Civil Aviation from time to time.
- 1.4.1.13 **‘RCS Airport’** shall mean any airport licensed / approved by DGCA (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India), as notified by MoCA from time to time.
- 1.4.1.14 **‘RCS Concession Airport’** shall mean an RCS Airport, for which the State Government and airport owner / operator have extended

concessions / support measures as specified under NCAP 2016 and presented under Section 2.1.2 of this Scheme.

1.4.1.15 **'RCS Flight'** shall mean a domestic flight using a fixed wing aircraft, operated by a Selected Airline Operator pursuant to this Scheme on an RCS Route and satisfying the conditions specified in Section 3.

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

1.4.1.17 **'RCS Route'** shall mean:

- a) a non-stop air service connection (also referred to as a 'route') between an identified pair of origin and destination airports within India proposed / operated pursuant to the Scheme, satisfying all of the following conditions:
 1. at least one of the origin or destination points is an RCS Concession Airport. Provided that in case of a non-stop air service connection between two airports, at least one of the RCS Concession Airport should satisfy the definition of Underserved Airport or Unserved Airport, on the Scheme release date (Scheme Version 5.0), in which an application is made pursuant to this Scheme.
 2. for fixed wing aircraft there have been no scheduled commercial flights on such a route for the last two (2) flight schedules (Summer & Winter Schedule 2022) as published by the DGCA on its website.
 3. Provided that, for route(s) which have been awarded under the Scheme as RCS Routes or the Small Aircraft Sub-Scheme as RCS SAS Routes as part of an Individual Route Proposal or a Network Proposal where (i) the Selected Airline Operator has not yet commenced operations and / or (ii) where the Letter of Award issued to the Selected Airline Operator or the Selected Airline Operator Agreement for such route(s) is in force, shall not be considered for bidding under the Scheme.
 4. for a route where the condition specified in Sub-Section 2 is satisfied on the Scheme release date (Scheme Version 5.0) and subsequently at any stage during the bidding process, up to the date of signing of the Selected Airline Operator Agreement, an airline operator commences operation on such route without any support/concession under the Scheme, such route shall be treated as per the provisions of Section 3.2.2;
 5. the stage length (in km as per the flight path declared by AAI)

between the origin and destination airports is not more than 600 kms for operations through Category-1 and Category-1A fixed wing aircraft.

b) any State RCS Routes, defined in 1.4.1.22

e) ~~Deleted~~

“Provided that State RCS Routes, Tourism RCS Routes or Tourism-RCS Routes, as the case may be and NER Routes shall also be considered as RCS Routes even if they do not satisfy the conditions listed at (1) and (2) and (3) above.

1.4.1.18 **‘RCS Seat(s)’** shall mean the number of passenger seats to be sold at or below the applicable Airfare Cap by the Selected Airline Operator within the RCS Flight Capacity and shall be subject to Section 3.3 of the Scheme.

1.4.1.19 **‘RCS Operational Quarter(s)’** shall mean the continuous three-month period starting from the date of commencement of the RCS Route.

1.4.1.20 **‘Selected Airline Operator’ or “SAO”** shall mean a fixed wing aircraft operator selected pursuant to the mechanism specified under the Scheme for providing air connectivity on an RCS Route.

1.4.1.21 **‘Served Airport’** shall mean any airport, which is not an Unserved Airport or an Underserved Airport.

1.4.1.22 **‘State RCS Routes’ or ‘SRCS’** shall mean the unconnected routes connecting two Served Airports, suggested by the respective State Governments.

1.4.1.23 **‘Tourism RCS Routes’ or ‘TRCS’** shall mean the unconnected routes connecting two Served Airports, suggested by the Ministry of Tourism.

1.4.1.24 **‘Tourism-RCS Routes’ or ‘T-RCS’** shall mean the unconnected routes connecting at least one Unserved or Underserved Airport, suggested by the Ministry of Tourism.

1.4.1.25 **‘Underserved Airport’** shall mean any airport which is not an Unserved Airport and at which, there are no more than seven (7) scheduled commercial flight actual departures per week as per the last flight schedule (Winter Schedule 2022) published by the DGCA on its website.

Provided that, for airports in Priority Area(s), the above definition shall read as:

‘Underserved Airport’ shall mean any airport which is not an Unserved Airport and at which, there are no more than fourteen (14) scheduled commercial actual flight departures per week as per the

last flight schedule (Winter Schedule 2022) published by the DGCA on its website.

- 1.4.1.26 **‘Unserved Airport’** shall mean any airport at which, there have been no scheduled commercial flights during the last two (2) flight schedules (Summer & Winter Schedule 2022) published by the DGCA on its website.
- 1.4.1.27 **‘Viability Gap Funding or VGF’** shall mean the financial support provided to the Selected Airline Operator for operation of RCS Flight(s) from the Regional Connectivity Fund pursuant to this Scheme.
- 1.4.1.28 **‘Tenure of VGF Support’** shall have the meaning as ascribed in Section 2.1.5 of this Scheme.
- 1.4.1.29 **‘Water Aerodrome’** shall mean a designated area for landing and take-off of seaplane(s) where scheduled and/or non-scheduled commercial seaplane operations can be permitted as per DGCA regulations and applicable law.

2 Features of the Scheme

2.1 Key Constructs

2.1.1 Designation of Implementing Agency and its responsibilities

2.1.1.1 The Ministry of Civil Aviation may designate any entity as the Implementing Agency under this Scheme and such entity shall be responsible for undertaking tasks and activities for implementation of the Scheme. As provided in NCAP 2016, the Implementation Agency shall be provided appropriate administrative charges for implementing the Scheme, as may be determined by MoCA from time to time. The Implementing Agency has been permitted to form a trust for performing its responsibilities under the Scheme (hereinafter referred to as “Regional Air Connectivity Fund (RACF) Trust”).

2.1.1.2 Responsibilities of the Implementing Agency shall include inter alia:

- a) Receiving proposals submitted by the Applicants 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, a bank account shall be established for this purpose with an identified bank. The Implementing Agency through the RACF Trust shall be authorized to deposit funds into, and withdraw funds from, the bank account for disbursement of VGF to Selected Airline Operators in accordance with this Scheme;
- 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 and Union Territories of India, where the share will be 10%) towards VGF for respective RCS Routes. However, for the routes classified as State RCS Routes and Tourism RCS Routes or Tourism-RCS Routes, as the case may be, the State Governments and Ministry of Tourism respectively, shall be responsible for reimbursing 100% of the VGF amount for such routes which are awarded pursuant to the bidding process under the Scheme. The Implementing Agency shall be responsible for managing accounts / statements with respect to RCF collections, payments to Selected Airline Operators and reimbursements from State Governments including, inter alia, any required communications seeking payments, reimbursements, reconciliation of accounts, etc.;

- d) The Implementing Agency shall be responsible to compute and notify revision of Airfare Caps and VGF Caps as well as approved airfare and VGF as part of various Selected Airline Operator Agreements in accordance with the Scheme on quarterly basis; and
- e) Any other tasks and 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 for Provision of Financial Support

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

2.1.2.2 Concessions offered by the Central Government are as follows:

- a) Excise Duty at the rate of 2% shall be levied on Aviation Turbine Fuel (ATF), as per the notification 07/2019 Central Excise dated 22nd August, 2019 Department of Revenue, Ministry of Finance. Upon transition to GST, rates will be applicable as determined under GST and exemptions/ concessions shall be given as permissible so that such a reduced level of taxation could ideally be continued.
- b) Selected Airline Operators will have the freedom to enter into code sharing arrangements with domestic as well as international airlines pursuant to applicable regulations and prevailing air service agreements. For avoidance of doubt, the concessions and VGF under the Scheme shall be available only to the Selected Airline Operator for the RCS Route and shall continue as finalized pursuant to the mechanism outlined under the Scheme.

2.1.2.3 Concessions / support offered by the respective State Governments at RCS Concession Airports within their States are as follows:

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

Airports and also provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc.) as required;

- d) Provision of security and fire services free of cost at RCS Concession Airports through appropriately trained personnel and appropriate equipment as per applicable standards and guidelines by relevant agencies;
- e) Provision of, directly or through appropriate means, electricity, water and other utility services at substantially concessional rates at RCS Concession Airports; and
- f) Provision of a 20% share towards VGF for respective RCS Routes pertaining to the State, provided the share of States in the North-Eastern region of India and Union Territories would be 10%. Similarly, provision of 100% share towards VGF for respective State RCS Routes as proposed by the State Government and awarded under the Scheme.
- g) Provision of facilities required for day VFR aircraft operations shall be provided by the State in line with Civil Aviation Requirements for any RCS Concession Airport that is not currently operational.

The notification and MOUs with the State Governments are available at <https://www.aai.aero/en/rcs-udan>

2.1.2.4 State Governments, at their discretion, may consider extending any additional support (such as marketing support) for promotion of RCS Flights.

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

- a) Airport / Water Aerodrome / Helipad 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 or any other charge subsuming a charge for such aspects in future on RCS Flights including ASF / UDF charges among others.
- b) Selected Airline Operators shall be allowed to undertake ground handling for their RCS Flights at all airports / Water Aerodromes / Helipad.
- c) AAI shall not levy any Terminal Navigation Landing Charges (TNLC) on RCS Flights.
- d) 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 on its website from time to time without any discounts or concessions.
- e) Airfare for all passenger seats on an RCS Flight will not be subject to any levies or charges imposed by the airport / Water

Aerodrome / Helipad operators (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India) including charges such as ASF, DF and UDF.

2.1.2.6 Provided that the concessions offered by the airport operator, State Government, and Central Government shall not be available for RCS Flights operating on State RCS Routes or Tourism RCS Routes, as the case may be, providing connectivity to areas other than Priority Area(s).

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

2.1.3.1 As provided for in NCAP 2016, air freighter operations at RCS Airports are entitled to the following concession under the Scheme for a period of up to 10 years from the date of notification of the Scheme Version 1.0:

- a) Excise Duty at the rate of 2% shall be levied on ATF drawn for air freighter operations at RCS Airports as per the notification 07/2019 Central Excise dated 22nd August, 2019 Department of Revenue, Ministry of Finance. Upon transition to GST, rates will be applicable as determined under GST and exemptions/ concessions shall be given as permissible so that such a reduced level of taxation could ideally be continued.
- b) Airport / Water Aerodrome / Helipad 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 or any other charge subsuming a charge for such aspects in future;
- c) AAI shall not levy any Terminal Navigation Landing Charges (TNLC);
- d) Route Navigation and Facilitation Charges (RNFC) will be levied by AAI on a discounted basis @ 42.50% of Normal Rates. Normal Rates refer to applicable rates specified by the AAI on its website from time to time without any discounts or concessions.

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

2.1.4 Tenure of the Scheme

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

2.1.4.2 Consistent with the objectives of the Scheme, it is the intent of the MoCA and the Implementing Agency to continue with the Scheme

for the period specified in 2.1.4.1 above unless unforeseen or exceptional circumstances - such as a court order or other factors beyond the control of the MoCA, constrain the ability of the MoCA and/or the Implementing Agency to continue with the Scheme. In the aforesaid circumstances, the Implementing Agency shall endeavor to honor agreements already entered into with Selected Airline Operators for the remaining term of such agreements.

2.1.4.3 If however, the MoCA and / or the Implementing Agency is required to immediately withdraw the Scheme and / or suspend or cancel agreements entered into pursuant to the Scheme, in such an event, notwithstanding anything mentioned in this Scheme, the MoCA, the Implementing Agency, concerned State Governments, concerned airport / Water Aerodrome / Helipad operators, or any other agency supporting any of these entities shall not be liable for any loss or damage suffered by the Selected Airline Operator, save and except for the obligation of the Implementing Agency to disburse the applicable VGF amount for RCS 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 2.1.4.2 above, VGF on any RCS Route will be provided for RCS Flights for a period of three (3) years from the date of commencement of RCS Flight operations on that RCS Route as provided in the Selected Airline Operator Agreement (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, payment of VGF, exclusivity of operations (as mentioned in Section 2.8) and other concessions, as mentioned in Section 2.1.2.2, Section 2.1.2.3 and Section 2.1.2.5 respectively, to the Selected Airline Operator under an existing agreement shall continue to be provided till the expiry of such period of three (3) years. Subsequent to the completion of such period of three (3) years, such benefits to the Selected Airline Operator shall be discontinued.

2.1.6 Specific routes promoted under the Scheme

2.1.6.1 Given the availability of infrastructure, strategic considerations as well as to ensure social and economic cohesion of certain regions in the country, the Ministry of Civil Aviation, Government of India may intend to enhance air connectivity to specific regions in the country.

2.1.6.2 Deleted

2.1.6.3 During the bidding process, such routes may be given a priority as per the prioritization framework provided later in the Scheme.

2.2 Airports to be covered under the Scheme

- 2.2.1 The Scheme will be applicable with respect to RCS Concession Airports.
- 2.2.2 The list of RCS Concession Airports as finalized in consultation with the State Governments, will be published for information of stakeholders from time to time.
- 2.2.3 In case any airline operator wishes to connect an airport that is not an RCS Concession Airport, it may approach the Implementing Agency and submit an expression of interest based on which the Implementing Agency will coordinate with the concerned agencies for extending the relevant concessions specified under the Scheme. In case any such airport is a defence airport, approval from the Ministry of Defence, Government of India will need to be obtained for permitting joint use / civil operations under the Scheme.
- 2.2.4 In case any rehabilitation / upgradation of infrastructure is required at airports to make them operational / suitable for proposed RCS Flight operations, the same can be undertaken by AAI upon payment 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 / existing airport operator. Such airports shall be operationalized subject to extant laws and after obtaining any No Objection Certificate, if required, from existing airport operators pursuant to existing contracts awarded by Central Government / State Government / PSUs or any other stipulations in this regard.
- 2.2.5 An indicative list of Underserved Airports and Unserved Airports in India is placed at Annexure – 1A 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 The Selected Airline Operator shall not be allowed to charge airfare more than Maximum Airfare, except for GST as specified in Section 2.3.3 below. It is hereby clarified that airfare for all passenger seats on an RCS Flight will not be subject to any levies or charges imposed by the airport operators (whether under the ownership of the AAI, State Governments, private entities or the Ministry of Defence, Government of India) including charges such as ASF, DF and UDF. However, for TRCS and SRCS Routes providing connectivity to areas other the Priority Areas(s), the SAO shall be permitted to levy charges of ASF, DF and UDF as may be levied by the respective airport operators, over and above the applicable Maximum Airfare for such route.
- 2.3.3 The Airfare Caps specified for various stage lengths / flight duration in this Scheme, as may be indexed pursuant to provisions herein, would be considered exclusive of applicable GST (both CGST and SGST) and the SAO

shall be permitted to charge applicable GST over and above the Maximum Airfare.

- 2.3.4 Considering that operating costs for a flight vary with stage length, Airfare Caps have been specified for various stage lengths for fixed wing aircraft and placed at Annexure-2 to this Scheme. As mentioned above, Airfare Caps specified for various stage lengths / flight duration are exclusive of applicable GST.
- 2.3.5 MoCA recognizes that changes in ATF prices, inflation, and exchange rate of INR vis-à-vis United States Dollar, have a bearing on cost of operations of airlines and in a market-based pricing scenario airlines can vary airfares in response to changes in these parameters. In the context of RCS and specification of Airfare Cap, it was considered important to the operation of RCS that changes to Airfare Caps as well as Maximum Airfare in future are also specified. Hence, the Airfare Caps as well as Maximum Airfare will be indexed to inflation i.e., Consumer Price Index – Industrial Workers (CPI-IW), ATF prices and exchange rate of INR vis-à-vis United States Dollar.
- 2.3.6 The indexation of Airfare Cap and Maximum Airfare to inflation, ATF prices and exchange rate of INR vis-à-vis United States Dollar will be based on the formula specified in Annexure - 4 and determined for every Financial Quarter. The proportions in the formula have been determined with reference to a broad representative data set / typical cost of operations for airline operators.
- 2.3.7 MoCA also recognizes that airlines will need advance notice for effecting changes in their systems for revision in fares and has considered a two (2) month notice period for revision of Airfare Caps and Maximum Airfare(s) approved under the Scheme. The Airfare Caps and Maximum Airfare(s) applicable for a Financial Quarter will be published by the Implementing Agency two (2) months in advance (i.e. on 01st February for the Financial Quarter starting 1st April).
- 2.3.8 It may be noted that currently CPI-IW data is released by the Government of India with a lag of one (1) month (e.g. CPI-IW for the month of October is released on 30th November), it being recognized that such lag period may vary over time. Considering the notice period of two (2) months mentioned above and lag of 1 month in publishing of CPI-IW data currently, it may be noted that the three (3) month period for which CPI-IW data will be considered for review of indexation will not correspond to the three (3) months of that Financial Quarter. However, on account of the review being undertaken every quarter, CPI-IW data for almost all months will eventually get considered. Such revision will be applicable prospectively and no adjustments will be made for the past period.

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

IW, exchange rate, and ATF data for the months of August, September and October.

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

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

2.4 Aircraft Categories

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

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

2.5 VGF Cap

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

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

2.5.3 VGF to be provided for each RCS Seat under the Scheme will be capped for different stage lengths for fixed wing aircraft.

2.5.4 The applicable VGF caps for operations through Category-1A, and Category-1, fixed wing aircraft for a particular stage length (“VGF Cap”) have been specified at Annexure - 3 to this Scheme. For operations through a Category-1 and Category-1A fixed wing aircraft, the stage length for an RCS Route shall be limited to 600 km.

2.5.5 Airline operators must refer to VGF Cap(s) before submitting proposals, as support requirement in excess of such cap for a particular stage length will not be considered under the Scheme. Any proposal not complying with this aspect will be disqualified.

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

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

– 5: VGF Cap Indexation Formula and determined for every Financial Quarter. The proportions in the formula have been determined with reference to a broad representative data set / typical cost of operations for airline operators.

2.5.11 The VGF Caps specified for various stage lengths / flight duration in this Scheme as well as approved VGF amounts payable to the Selected Airline Operator(s), as may be indexed pursuant to provisions herein, would be considered exclusive of applicable GST, provided that the GST component on VGF amounts paid to the Selected Airline Operator, if any, will be reimbursed to the Selected Airline Operator at actuals from the RCF, upon submission of appropriate evidence of payment of such GST³.

2.6 RCF Allocation

2.6.1 Regions-wise allocation of RCF

2.6.1.1 It is proposed that RCF allocation to regions will 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.

2.6.1.2 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 currently defined by the DGCA.

2.6.1.3 From the date of notification of the Scheme, proposals in a particular Region can be approved such that up to 50% of the estimated annual outflows for that bidding round can be committed to such proposals. MoCA may consider revising such limit from time to time as may be required.

2.6.1.4 Where a particular RCS Route connects airports / Water Aerodromes / Helipads 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.

2.6.2 RCF Allocation for Underserved Airports

2.6.2.1 To promote connectivity to Underserved Airports, proposals connecting Underserved Airports will be approved such that only up to 50% of the estimated annual outflows for that bidding round can be committed to such proposals. For the purpose of the above determination, a proposal for an RCS Route connecting an Underserved Airport to an Underserved Airport shall be considered as a proposal connecting Underserved Airports, and a proposal for an RCS Route connecting an Underserved Airport to another Underserved Airport

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

or any other airport, which is not an Unserved Airport, shall be considered as a proposal connecting Underserved Airports.

2.6.2.2 MoCA may consider revising such limit from time to time as may be required based on the assessment undertaken by MoCA / Implementing Agency.

2.6.3 RCF Allocation Cap for Airline operators

2.6.3.1 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.

2.6.3.2 Accordingly, the total VGF approved for a particular airline operator under the Scheme will be capped to an annual limit corresponding to 40% of the estimated annual outflows for that bidding round, provided further that the VGF approved to such airline operator in any given Region does not exceed 60% of the allocation cap for such Region (refer Section 2.6.1.3 above). MoCA may consider revising such limit from time to time as may be required based on the assessment undertaken by MoCA / Implementing Agency.

2.6.4 RCF Allocation Cap for helicopter and sea plane operations

2.6.4.1 If relevant, in order to encourage operations through helicopters and sea plane under the Scheme, up to 10% of the estimated annual outflows for that bidding round shall be earmarked for operations through helicopters and up to 5% of the estimated annual outflows for that bidding round shall be earmarked for operations through seaplanes. MoCA may consider revising such limit from time to time as may be required based on the assessment undertaken by MoCA / Implementing Agency.

2.7 ASKMs on RCS Flight

2.7.1 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.

2.8 Exclusivity of operations

2.8.1 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.

- 2.8.2 Accordingly, to encourage development of such routes by airline operators, Selected Airline Operators shall, subject to Section 3.13, be granted exclusivity for operating air transport services / flights on an RCS Route (hereinafter referred to as “Exclusivity Period”) under the Scheme. Such Exclusivity Period shall commence from the date of the Letter of Award and end on the earliest to occur of: (a) the expiry or lapse of the time period (including any extension thereof) specified in the Letter of Award for execution of the Selected Airline Operator Agreement and such agreement not having been executed by the Selected Airline Operator within the specified or extended period, (b) expiry of three (3) years from the date of commencement of RCS Flight operations on any RCS Route forming part of an Individual Route Proposal or a Network Proposal, (c) termination of the relevant Selected Airline Operator Agreement and (d) the provisions as per 2.8.5.

Provided that such exclusivity shall not be available for air transport services / flights on State RCS Routes and Tourism RCS Routes, as the case may be.

- 2.8.3 The exclusivity of operations shall be granted to a Selected Airline Operator only for the specific RCS Route as part of Individual Route Proposal or a Network Proposal for which the bidding has been undertaken and such operator has been identified as the Selected Airline Operator. For instance, if an airline operator has been designated as the Selected Airline Operator for an RCS Route connecting point A to point B and another RCS Route connecting point B to point C, the exclusivity of operations shall be granted to such Selected Airline Operator only on RCS Routes A-B and B-C and not for a direct (non-stop) route connecting point A to point C.

- 2.8.4 During such Exclusivity Period, if any other airline operator(s) intends to operate flights on an RCS Route forming part of Individual Route Proposal or a Network Proposal, it shall be required to obtain a No Objection Certificate (NOC) from the Selected Airline Operator,

Provided that, such NOC shall only be issued after a period of 180 days from the date of commencement of RCS Flight operations on any RCS Route by the Selected Airline Operator and shall be subject to no default in performance of obligations of the Selected Airline Operator subsisting under the respective Selected Airline Operator Agreement;

Provided further that such NOC shall only be valid as long as the Selected Airline Operator Agreement is valid and subsisting for such RCS Route. The Selected Airline Operator shall be required to incorporate such condition as part of the NOC being issued.

Provided further that such airline operator(s), which have obtained a NOC from the Selected Airline Operator for an RCS Route, shall not be provided any benefits or concessions under the Scheme on such RCS Route.

- 2.8.5 If at any time after the commencement date for an RCS Route, the average quarterly passenger load factor for the RCS Route for four continuous quarters exceeds eighty-five percent (85%), the Implementing Agency reserves the right to conclude the Exclusivity Period prior to the expiry of three (3) years from the date of commencement of RCS Flight operations. For the avoidance of doubt, the quarterly passenger load factor shall be calculated by dividing the number of passengers flown with the total number of seats offered in the quarter.
- 2.8.6 Subsequent to completion of the Exclusivity Period, any airline operator may operate flights on that route subject to the prevailing applicable law, including but not limited to civil aviation rules and regulations.

2.9 Miscellaneous

- 2.9.1 MoCA has the authority to issue such directions from time to time, as may be necessary for smooth implementation of the Scheme.
- 2.9.2 The details of bidding process shall be notified by the Implementing Agency through Notice Inviting Proposal for Selection of Airline Operators under Regional Connectivity Scheme from time to time.

3 Operating Mechanism of the Scheme

3.1 Introduction

3.1.1 The Scheme envisages a market based mechanism for selection of an airline operator to operate on an RCS Route or a network, wherein the Initial Proposal and counter proposal(s) will be evaluated as per the mechanism presented herein. Pursuant to such evaluation of proposals, a Selected Airline Operator will be identified and the Implementing Agency will enter into a three (3) year agreement with the Selected Airline Operator for operations on the RCS Route (“Selected Airline Operator Agreement”).

3.2 Eligibility Criteria for Proposals

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

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

3.2.1.2 Operations under the Scheme will be permitted through Category 1A and Category 1 fixed wing aircraft.

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

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

Entities which do not have a valid AOP at the time of bidding under the Scheme, but which have applied for an initial No Objection Certificate (NOC) from MoCA, as per applicable regulations, for obtaining Air Operator Certificate (AOC) for Scheduled Passenger Air Transport Service or Scheduled Commuter Air Transport Services before the last date of Submission of Initial Proposals of the respective bidding cycle.

3.2.1.4 Entities who have been designated as Selected Airline Operators (SAO) and awarded RCS Routes by the Implementing Agency pursuant to bidding undertaken in previous round of RCS or RCS SAS, and have not completed their commitments under the Selected Airline Operator Agreements, as determined by the Implementing

Agency from time to time at its own discretion, will not be eligible for the bidding.

- 3.2.1.5 In the event that any of the Applicant eligible under Section 3.2.1.3.b) and 3.2.1.3.c) above is identified as the Selected Airline Operator, such Applicant must obtain a valid AOC for Scheduled Passenger Air Transport Service or Scheduled Commuter Air Transport Services from DGCA before commencement of operations under RCS.
- 3.2.1.6 The Selected Airline Operator shall be obligated to commence RCS Flight operations on an RCS Route, as part of Individual Route Proposal or a Network Proposal within a period of 4 months from the issuance of Letter of Award for such Individual Route Proposal or a Network Proposal unless any extension is granted by the Implementing Agency.
- 3.2.1.7 Failure by a Selected Airline Operator (SAO) to commence flights within four (4) months from the date of issuance of Letter of Award (LOA) or any extension as granted by the Implementing Agency, would be an event of default which entitles the Implementing Agency to terminate the Selected Airline Operator Agreement (SAOA). In such an event, the Implementing Agency may consider identifying Selected Airline Operator(s) for such routes through a separate process, which shall be notified later by MoCA.
- 3.2.1.8 DGCA may also examine, from time to time, permitting operations under the Scheme using foreign registered aircraft and may issue appropriate guidelines / directions in this regard.
- 3.2.2 In the event that an RCS Route is proposed for bidding under the Scheme such that it satisfies the condition as provided in Section 1.4.1.17 b) on the Scheme release date (Scheme Version 5.0) in which an application is made and subsequently at any stage during the bidding process, up to the date of issuance of Letter of Award, an airline operator commences operation on such route without availing any support/concession under the Scheme, such route shall not be considered for award under the RCS.

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 Category-1A aircraft, a Selected Airline Operator shall be required to provide hundred percent (100%) of RCS Flight Capacity as RCS Seats such that the Selected Airline Operator provides at least six (6) RCS Seats per week.

- 3.3.1.2 For Category 1 fixed wing aircraft a Selected Airline Operator shall be required to provide fifty percent (50%) of RCS Flight Capacity as RCS Seats,
- 3.3.1.3 provided further that where fifty percent (50%) of RCS Flight Capacity is less than nine (9) passenger seats, the minimum number of RCS Seats shall not be less than nine (9). For avoidance of doubt, an airline operator can operate an RCS Flight with a fixed wing aircraft with 9 passenger seats only when all passenger seats of the aircraft are proposed as RCS Seats;
- 3.3.2 In addition to the above, a Selected Airline Operator will be required to meet the following Minimum Performance Specifications with respect to the number of RCS Seats deployed per quarter.
- 3.3.2.1 For RCS Routes providing connectivity to Priority and other than Priority Area(s), the number of RCS Flights to be operated in a week with VGF shall be a minimum of two (2) per week from the same RCS Concession Airport such that the RCS Flights are operated on at least two (2) days of the week. The number of RCS Seats deployed per RCS Operational Quarter shall be a maximum of 40% and a minimum of 10% of the total annual RCS Seats as provided by the Selected Airline Operator Agreement.
- 3.3.3 An Applicant may submit an Initial Proposal for either one-way connectivity (a route) or to-and-fro connectivity (two routes) between two airports.
- By way of an illustration, an RCS Flight operating from point A (say an RCS Concession Airport) to point B and returning to point A (to-and-fro operation) shall be considered as one departure from an RCS Concession Airport but two routes for the purpose of VGF provision such that for both the routes (i.e. from point A to point B and from point B to point A), the Selected Airline Operator shall be required to satisfy the conditions provided in Section 3.3.1 and be eligible for payment of corresponding VGF..

3.4 Submission of Initial Proposals

- 3.4.1 An airline operator (hereinafter called an “Applicant”) can submit proposals satisfying the eligibility conditions and minimum performance specifications provided in Section 3.2 and Section 3.3 respectively (“Initial Proposal”) to the Implementing Agency in the form and manner specified in Section 3.6 hereto and would need to have reference to specified Airfare Caps and VGF Caps.
- 3.4.2 Upon notification of the Scheme by MoCA, prospective Applicant(s) can submit Initial Proposals as per the timelines indicated by the Implementing Agency from time to time.
- 3.4.3 Applicants are advised to undertake their own due diligence including assessment of pay load restrictions at various airports, market assessment,

investigations and analyses including the suitability of the airports for RCS Flight operations being proposed by them and would bear full responsibility for the accuracy, adequacy, correctness, reliability and completeness of the assumptions, data & information considered by them. The MoCA, Implementing Agency, concerned State Governments, concerned airport operators, or any other agency supporting any of these entities shall not bear any responsibility for any inaccuracy or lack of data / information for the proposed RCS Flight operations by the Applicants.

- 3.4.4 Applicants alone shall bear all costs associated with or relating to the preparation and submission of their proposals or any other costs incurred in connection with or relating to their proposals. All such costs and expenses will remain with the Applicants and the MoCA and/or the Implementing Agency or any other agency shall not be liable in any manner whatsoever to bear or reimburse any costs or other expenses incurred by the Applicants in preparation or submission of proposals, regardless of the conduct or outcome of the selection process specified under the Scheme.
- 3.4.5 Initial Proposals received till the respective specified deadlines shall be considered by the Implementing Agency for proceeding with further steps.
- 3.4.6 After receiving Initial Proposal(s), the Implementing Agency with reference to the mechanism specified in Section 3.8, shall release RCS Route(s) as part of Initial Proposals, and will invite counter proposals from other airline operators against such Initial Proposal(s) (“Counter Proposals”) with reference to a prioritization framework specified in Section 3.17.

3.5 Network Proposal

- 3.5.1 An Applicant may submit an Initial Proposal which is a Network Proposal wherein it proposes to connect a minimum of three (3) and up to a maximum of seven (7) distinct airports in a single day, through a network, as part of the same proposal.
- 3.5.2 A Network Proposal shall have multiple routes and can be a combination of RCS Routes and Non-RCS Routes such that there are at least two RCS Routes connecting distinct set of airports.

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

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

- 3.5.4 For further clarity, a Selected Airline Operator for a particular Network Proposal will not get any exclusivity of operations or VGF support or other benefits for the Non-RCS Route(s) proposed in its network and its operations on such Non-RCS Routes will not be subject to any Airfare Caps. The Airfare Cap for every RCS Route in a Network Proposal shall be based on the respective stage length / flight duration of such RCS Route and Airfare Caps specified under this Scheme. Further VGF per RCS Seat for each RCS Route in a Network Proposal shall be based on the respective stage length / flight duration of such RCS Route & corresponding VGF Caps specified under this Scheme for a particular aircraft category and the VGF per RCS Seat bid / quoted by the Selected Airline Operator.
- 3.5.5 After receiving the Initial Proposal(s), the Implementing Agency with reference to the mechanism specified in Section 3.8, shall release RCS Route(s) to be connected as part of a Network Proposal, for inviting Counter Proposals.

3.6 Proposal submission requirements

- 3.6.1 As part of the proposal submission, an Applicant shall be required to submit information under following categories, as may be specified in detail from time to time:
- 3.6.1.1 Information about the Applicant
 - 3.6.1.2 Technical Proposal
 - 3.6.1.3 Financial Proposal
- 3.6.2 **Applicant Information** - An Applicant shall provide the following information:
- 3.6.2.1 Registered name of the Applicant
 - 3.6.2.2 Name of the airline
 - 3.6.2.3 Date of incorporation
 - 3.6.2.4 Certificate of incorporation
 - 3.6.2.5 Copy of a valid Scheduled Operator's Permit or Scheduled Commuter Operator Permit or Non Scheduled Operator's Permit, as the case may be, issued by the DGCA or equivalent permit issued by the competent civil aviation regulatory authority of any foreign country or a copy of initial No Objection Certificate (NOC) from MoCA for obtaining Air Operator Certificate (AOC) for Scheduled Passenger Air Transport Service or Scheduled Commuter Air Transport Services.
- 3.6.3 **Technical Proposal** - As part of the technical proposal, an Applicant shall submit the following information about a proposed RCS Route:

- 3.6.3.1 Proposal Security as indicated by the Implementing Agency from time to time
- 3.6.3.2 Proposed RCS Route on which the Applicant would want to operate i.e. the origin and destination airports / Water Aerodrome proposed to be connected through the RCS Route.
- 3.6.3.3 Proposed aircraft type to be deployed on the RCS route.
- 3.6.3.4 Seating capacity of the proposed aircraft
- 3.6.3.5 RCS Flight Capacity proposed to be deployed on the RCS Route with breakdown of number of RCS Seats per RCS Flight and number of Non-RCS Seats per RCS Flight.
- 3.6.3.6 Number of RCS Seats per week.
- 3.6.4 The stage length / flight duration for a particular RCS Route shall be based on the determination undertaken by the Airports Authority of India.
- 3.6.5 In case of a Network Proposal, the Applicant shall submit the above information for each of the proposed RCS Routes in the Network Proposal along with the proposed network path.

Additional information requirement for Initial Proposals with no VGF requirement

- 3.6.6 In the event that an Applicant does not require any VGF support under the Scheme for undertaking RCS Flight operations as part of its Individual Route Proposal or Network Proposal (i.e. for all RCS Routes proposed under the network), such an Applicant will be required to mention the same as part of its Technical Proposal.

For avoidance of doubt, the Technical Proposal as part of an Initial Proposal would otherwise not be required to share any 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 mentioned as part of the Technical Proposal by the Applicant.

Financial Proposal Information

- 3.6.7 As part of the Financial Proposal when VGF is sought, the Applicant shall submit the following information.
 - 3.6.7.1 VGF per RCS Seat sought under the Scheme for RCS Flight;
 - 3.6.7.2 Maximum airfare pursuant to Section 2.3 for an RCS Seat that the operator, if selected under RCS, will charge for RCS Seats on an RCS Flight (“Maximum Airfare”).
 - 3.6.7.3 Applicants may also be required to submit 1) the number of RCS Seats per RCS Flight and 2) Number of RCS Seats per week, in conformance with their submissions as per Section 3.6.3.5 and 3.6.3.6.

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

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

such that in Section 3.6.7 and Section 3.6.8, the VGF per RCS Seat or maximum airfare proposed by an Applicant is not more than the VGF Cap and the Airfare Cap respectively, as indicated in the Scheme for the applicable stage length / flight duration of the proposed RCS Route.

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

3.7 Identification of RCS Routes as part of Initial Proposal(s)

3.7.1 The Implementing Agency shall acknowledge or cause to acknowledge the receipt of Initial Proposal(s) after the deadline for submission of Initial Proposal(s).

3.7.2 The Implementing Agency shall identify the RCS Routes proposed as part of an Individual Route Proposal or a Network Proposal. The technical details of the Individual Route Proposal or the Network Proposal such as name of applicant, aircraft type, RCS Flight Capacity, etc. shall not be opened at this stage.

3.7.3 The Implementing Agency shall finalize and declare the list of RCS Route(s) as part of Individual Route Proposal(s) or Network Proposal(s) against which Counter Proposals shall be invited. Such assessment shall be based on various parameters such as the availability of funds, readiness of the airport, priority of routes etc. Decision of the Implementing Agency in this regard shall be final and binding on all parties. At the time of inviting Counter Proposals, the Implementing Agency shall consider an airport proposed as part of Initial Proposal as RCS Concession Airport even if the respective State Government has not extended the concessions required under the Scheme, provided such airport satisfies all other requirements under the Scheme to be qualified as an RCS Concession Airport. Based on the Initial Proposal, MoCA shall approach the respective State Government for providing benefits/concessions specified under the Scheme. In the event that the respective State Government does not notify the benefits/ concessions specified under the Scheme, the proposed RCS Route shall not be considered for further stages of bidding process.

3.8 Selection of proposals for counter bidding

3.8.1 Individual Route Proposals

3.8.1.1 All Individual Route Proposals, identified in Section 3.7, shall be put up for inviting Counter Proposals along with the details mentioned in Section 3.8.3 below.

3.8.2 Network Proposals

3.8.2.1 MoCA notes that there can be instances, where in a particular bidding cycle, the Initial Proposals pertaining to Network Proposals are received such that:

- a) Only one Network Proposal is received for a particular set and sequence of RCS Routes such that there is no overlap of any of the RCS Routes with any other Initial Proposal.
- b) More than one Network Proposals are received having exactly the same set and sequence of RCS Routes in their networks and there is no partial overlap of RCS Routes with any other Initial Proposal. Such Network Proposals shall be considered identical (“Identical Networks”) and such set and sequence of RCS Routes shall be bid out as one network.
- c) More than one Network Proposals are received which have one or more but not all common RCS Route(s). Such Network proposals shall be considered non-identical (“Non-Identical Networks”) and all such networks shall be bid out as separate proposals.

3.8.2.2 As mentioned in Section 3.5, a Network Proposal may be a combination of both RCS Routes as well as Non-RCS Routes. For the purpose of inviting Counter Proposals, the Implementing Agency shall only consider the RCS Routes proposed to be connected as part of the network and their proposed sequence / network path. The Non-RCS Route(s) in a Network Proposal shall not be considered by the Implementing Agency for the purpose of bidding. A Counter Proposal to such Network Proposal shall have the same RCS Routes for its network as are there in the Initial Proposal and published by the Implementing Agency. However, there shall be no restriction on the Non-RCS Routes as part of such Counter Proposal.

3.8.2.3 By way of an illustration, for a network proposed as A-B-C-D-E (where A,B,C,D and E are airports), having B-C and C-D as Non-RCS Routes and A-B and D-E as RCS Routes, the Implementing Agency will consider the RCS Routes A-B and D-E for the purpose of inviting Counter Proposals and publish the same. The counter-bids to such Network Proposal shall have only A-B and D-E as RCS Routes in the network, but will be allowed to have any set and sequence of Non-RCS Routes. For instance, a bidder can submit a Counter Proposal as a network of A-B-F-G-D-E, where B-F, F-G and G-D are Non-RCS Routes. Provided that, once A-B-F-G-D-E is proposed as the network, the conditions of aircraft type and number

of RCS Flights per week as provided in Section 3.5 shall apply only to the RCS Routes i.e. (A-B & D-E).

3.8.3 In publishing the list of Individual Route Proposals / Network Proposals for which Counter Proposals would be invited, the Implementing Agency will publish details such as the following:

Sl. No.	Individual Route / Network	Details	VGf Requested	Applicable Airfare Caps	Applicable VGf Caps	Stage length (in km) of flying path declared by AAI.
1	Individual Route	RCS Route A - B	Yes / No			
2	Network	RCS Routes in the following sequence A - B, C - D and so on..	Yes / No			
...			

3.9 Invitation of Counter Proposals

3.9.1 The procedure defined in Section 3.8, shall be followed for selecting Initial Proposals for inviting Counter Proposals. No changes shall be proposed to the routes offered as part of the Initial Proposal.

3.9.2 From the date of release of invitation for Counter Proposals, the Implementing Agency will provide a defined period (to be specified separately) to all other interested airline operators to submit Counter Proposals against an Initial Proposal provided that after receiving Initial Proposal(s), the Implementing Agency may, for administrative exigencies, provide a separate schedule for invitation of Counter Proposals.

3.9.3 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.

3.9.4 VGf Cap and Airfare Cap to be considered for submission of Counter Proposals should be the same as that applicable during the Financial Quarter in which the Initial Proposal was submitted.

3.9.5 For inviting Counter Proposals against a Network Proposal received as an Initial Proposal, the Implementing Agency shall only release the set and sequence of RCS Routes proposed as part of the Initial Proposal, as mentioned in Section 3.8.3 and Applicants shall be required to submit their Counter Proposals for such network of RCS Routes subject to the following conditions:

3.9.5.1 Any Counter Proposal (Network Proposal) shall not be allowed to add/ delete/ propose any new RCS Route(s) other than the RCS

Route(s) proposed as part of the Initial Proposal and released by the Implementing Agency;

- 3.9.5.2 Any Counter Proposal (Network Proposal) must connect exactly the same set of RCS Routes in the same sequence proposed as part of the Initial Proposal and released by the Implementing Agency and shall satisfy conditions mentioned under Section 3.5.

3.10 Evaluation of proposals and Applicant selection

- 3.10.1 After the receipt of Counter Proposal(s) against the Initial Proposals, the Implementing Agency shall undertake assessment of information mentioned under Section 3.6.2 and Section 3.6.3 in terms of compliance with Section 3.2 and Section 3.3 and other conditions specified herein for both Initial Proposals as well as Counter Proposals and advise the Applicant(s) whether the proposal is complete or incomplete. The Financial Proposals as part of the Initial Proposal(s) or the Counter Proposal(s) shall not be opened at this stage. For the purpose of smooth implementation of the Scheme, the Implementing Agency may from time to time, issue such directions as may be necessary in consultation with MoCA.
- 3.10.2 In an event the information provided by the Applicant(s) is incomplete, the Implementing Agency may seek clarifications from the Applicant(s) indicating the incorrect / missing information. In an event any of the Initial Proposal is found to be invalid at this stage, the Implementing Agency shall not consider such Initial Proposal as well as Counter Proposal(s), if any, against such Initial Proposal for further stages of bidding process. The decision of the Implementing Agency in this regard shall be final and binding on all parties.
- 3.10.3 In the event that there is no Counter Proposal against a valid Initial Proposal, the Implementing Agency shall open the Financial Proposal submitted as part of the Initial Proposal.
- 3.10.3.1 In such an event, if the Financial Proposal of an Applicant satisfies the conditions as specified in Section 3.6.7 and Section 3.6.8, the Applicant who has submitted the Initial Proposal shall be identified as the “Selected Airline Operator”. In case of more than one Initial Proposal for the same RCS Route, the procedure specified in Section 3.11 shall be followed to evaluate such Initial Proposals.
- 3.10.3.2 In case of a Network Proposal, the conditions as specified in Section 3.5.4 shall need to be satisfied for each of the RCS Routes in the Network.
- 3.10.4 In the event, the Implementing Agency receives one or more than one Counter Proposals against an Initial Proposal, the Implementing Agency shall, for all eligible Counter Proposals and the corresponding Initial Proposal, undertake opening of the Financial Proposal at a pre-specified date in the presence of Applicants who choose to be present, and for all Financial Proposal(s) that

satisfy the conditions as specified in Section 3.6.7 and Section 3.6.8 or Section 3.5.4 as may be applicable, the preferred applicant shall be determined based on the mechanism specified in Section 3.11 and Section 3.12.

3.11 Evaluation of Financial Proposal for an Individual Route Proposal

- 3.11.1 For Initial Proposals where the Applicant(s) have not requested any VGF as part of the 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 Individual Route Applicant”.
- 3.11.1.1 In the event that two or more Applicants are determined as the Preferred Individual Route Applicants, (the “**Tied Preferred Route Applicants**”), the evaluation of Tied Preferred Route Applicants shall be done on the basis of lowest Maximum Airfare for each RCS Seat to be quoted by the Applicants. The Applicant quoting the lowest Maximum Airfare for each RCS Seat shall be declared as the “Preferred Individual Route Applicant”.
- 3.11.1.2 In the event that such Tied Preferred Route Applicants have quoted the same Maximum Airfare, the Implementing Agency shall specify a separate procedure for breaking the tie at that stage.
- 3.11.2 For Initial Proposals, where the Applicant(s) have requested VGF, the evaluation will be done on the basis of VGF per RCS Seat (“hereinafter referred to as Bidding Parameter”) such that the Applicant who has quoted the lowest VGF per RCS Seat for the proposed RCS Route shall be selected as the “Preferred Individual Route Applicant” for such RCS Route.
- 3.11.2.1 In the event that two or more Applicants are determined as the Preferred Individual Route Applicants, (the “**Tied Preferred Route Applicants**”), identification of the Preferred Individual Route Applicant will be as per the process mentioned in Section 3.11.1.1.
- 3.11.3 The Applicant submitting the Initial Proposal for a particular RCS Route shall have the option of Right to Match (RTM) as per Section 3.14. Provided that in the event of Tied Preferred Route Applicants as explained above, the Applicant who has submitted the Initial Proposal for a particular RCS Route shall be given the RTM option through participation in the tie breaker process if its proposal is within a range of 10% of the financial proposal submitted by such Tied Preferred Route Applicants. During the tie-breaker process, the Applicant which submits the best proposal at end of the process, shall be identified as the Preferred Individual Route Applicant. For avoidance of doubt, in the event of Tied Preferred Route Applicants, no further RTM Option shall be available to the Applicant who has submitted the Initial Proposal for a particular RCS Route after the commencement of tie breaker process.

3.12 Evaluation of Financial Proposals for a Network Proposals

- 3.12.1 For Initial Proposals pertaining to Network Proposals where the Applicant(s) (or at least one of the Applicant in case of Identical Networks) have not requested any VGF as part of the bid, the evaluation of a Counter Proposal vis-à-vis the Initial Proposal shall be done using the process specified in Section 3.11.1 above based on the total number of RCS Seats per week across all RCS Routes in the network or the lowest total of Maximum Airfares for all RCS Routes as quoted by the Applicant, as the case may be. The identified preferred applicant based on such process shall be declared as the “Preferred Network Applicant”.
- 3.12.2 For Initial Proposals pertaining to Network Proposals satisfying the conditions given in Section 3.8.2.1.a) and Section 3.8.2.1.b), where the Applicant(s) have requested VGF, the evaluation of Counter Proposal(s) vis-à-vis the initial Network Proposal shall be done on the basis of total of VGF per RCS Seat for all RCS Routes proposed in the network such that the Applicant who has quoted the lowest total of VGF per RCS Seat for all RCS Routes proposed in the network shall be selected as the “Preferred Network Applicant” for such Network Proposal.
- 3.12.2.1 In the event that two or more Applicants are determined as the Preferred Network Applicants, (the “**Tied Preferred Network Applicants**”), identification of the Preferred Network Applicant will be as per the process mentioned in Section 3.11.1.1.
- 3.12.2.2 The Applicant submitting the Initial Proposal pertaining to such Network Proposal will have the option of RTM as per Section 3.14. Provided that in the event of Tied Preferred Network Applicants as explained above, the Applicant who has submitted the Initial Proposal pertaining to such Network Proposal shall be given the RTM option through participation in the tie breaker process if its proposal is within a range of 10% of the financial proposal submitted by such Tied Preferred Network Applicants. During the tie-breaker process, the Applicant which submits the best proposal at end of the process, shall be identified as the Preferred Network Applicant. For avoidance of doubt, in the event of Tied Preferred Network Applicants, no further RTM Option shall be available to the Applicant who has submitted the Initial Proposal pertaining to such Network Proposal after the commencement of tie breaker process.
- 3.12.3 The total of VGF per RCS Seat for all RCS Routes proposed in the network for an Applicant shall be calculated as:

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

Where:

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

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

3.13 Evaluation of Financial Proposals for Simultaneous Proposals

- 3.13.1 In case of Initial Proposals which are Non-Identical Proposals as defined in Section 3.8.2.1.c) or where an RCS Route proposed as part of an Individual Route Proposal is common with an RCS Route proposed as part of a Network Proposal (such proposals being hereafter referred as “Simultaneous Proposals”), the evaluation of financial proposals shall be undertaken in the manner as specified below.
- 3.13.2 The Implementing Agency shall evaluate respective Counter Proposals vis-à-vis the Initial Proposals for such Simultaneous Proposals as per the process specified in Section 3.11 and Section 3.12 above and shall identify Preferred Individual Route Applicant and Preferred Network Applicant for such Simultaneous Proposals, as the case may be.
- 3.13.3 Subsequent to the identification of the Preferred Individual Route Applicant (if any) and Preferred Network Applicant(s), their respective proposals shall be compared to identify the Applicant(s) with lowest VGF per RCS Seat for such common RCS Route(s).
- 3.13.4 In the event that a Preferred Individual Route Applicant (if any) has submitted the lowest VGF per RCS Seat for a common RCS Route, all other identified Preferred Network Applicant(s) shall be provided the opportunity to match the lowest VGF per RCS Seat for such common RCS Route.
- 3.13.5 However, in the event that a Preferred Network Applicant has submitted the lowest VGF per RCS Seat for a common RCS Route, only the other identified Preferred Network Applicant(s) shall be provided the opportunity to match the lowest VGF per RCS Seat for such common RCS Route. In such an event, if there is a Preferred Individual Route Applicant for such common RCS Route, its proposal shall not be considered further for award.
- 3.13.6 In case of 3.13.4, if Preferred Network Applicant(s) decides to match the lowest VGF per RCS Seat of the Preferred Individual Route Applicant for a common RCS Route, the proposal of Preferred Individual Route Applicant shall not be considered further for award, and all the Preferred Network Applicant(s) who chose to match the lowest VGF per RCS Seat would be selected to operate such common RCS route(s). In case of 3.13.5, all Preferred Network Applicant(s) who match the lowest VGF per RCS Seat shall be selected for operating such common RCS Routes(s) and shall be identified as the Selected Airline Operator for their respective Network Proposal(s). Proposals of Applicants who decide not to match the VGF per RCS Seat for such common RCS Routes(s) shall not be considered further for award. For avoidance of doubt, all such Applicants who match the lowest VGF per Seat for such common RCS Route shall have the right to undertake operations on

that common RCS Route and will be provided VGF on such common RCS Route. In case a single Applicant has included a common RCS Route across multiple Network Proposals, it is clarified that the Applicant would not receive multiple awards for the common RCS Route and it would have to select a single Network Proposal that the RCS Route would remain a part of, following which, the common RCS Route would be dropped from the other Network Proposal(s) and only the remaining truncated Network Proposal(s) would be considered for award.

By way of an illustration, say the Implementing Agency receives Initial Proposals (Simultaneous Proposals) for the following Individual Route Proposal / Network Proposals: A-B, A-B-C-D and A-B-E-F, where all the proposed routes are RCS Routes. The following steps will be undertaken by the Implementing Agency for evaluation of such proposals:

Step 1 – RCS Routes as part of all Initial Proposals shall be identified.

Step 2 - After identification of RCS Routes proposed under Initial Proposals, Counter Proposals shall be invited against the proposed Individual Route Proposal for A-B and Networks Proposals for A-B-C-D and A-B-E-F respectively.

Step 3 – All Initial Proposals and Counter Proposals shall be scrutinized as per the eligibility conditions and minimum performance specifications provided in Section 3.2 and Section 3.3 respectively. In an event any of the Initial Proposal is found to be invalid at this stage, the Implementing Agency shall drop such proposal from the prevailing bidding round under the Scheme and likewise, not consider the Counter Proposal(s) received against such an Initial Proposal.

Step 4 – On the basis of procedure mentioned in Section 3.11 and Section 3.12 above, the Preferred Individual Route Applicant for the route A-B and the Preferred Network Applicants for the networks A-B-C-D and A-B-E-F shall be selected. It is to be noted that while making this selection, the RTM Option as per Section 3.14 shall be provided to the bidders who have submitted respective Initial Proposals for A-B, A-B-C-D and A-B-E-F.

Step 5 - Subsequently, the Applicant with the lowest VGF per RCS Seat for the common RCS Route, i.e., A-B shall be identified.

Step 6 – Assuming the Preferred Individual Route Applicant (i.e. the Applicant with Individual Route Proposal for A-B) has quoted the lowest VGF per RCS Seat for A-B, the Preferred Network Applicants for the networks A-B-C-D and A-B-E-F shall be asked to match the VGF per Seat quoted by the Preferred Individual Route Applicant.

Step 7 – Assuming the Preferred Network Applicant for the network A-B-C-D decides to match the lowest VGF per RCS Seat for A-B and the Preferred Network Applicant for the network A-B-E-F decides not to match the lowest VGF per RCS Seat for A-B, the Preferred Individual Route Applicant would

not be considered further for award and the Preferred Network Applicant for the network A-B-C-D shall be identified as the Selected Airline Operators for the route A-B and the network A-B-C-D. The proposal for network A-B-E-F shall not be considered further.

In the above illustration, the Selected Airline Operator for the network A-B-C-D shall have the exclusivity of operations on the network A-B-C-D for the RCS Route including A-B.

In the above illustration, if say the Preferred Network Applicant for the networks A-B-C-D has quoted the lowest VGF per RCS Seat for A-B, only the Preferred Network Applicant for the networks A-B-E-F shall be asked to match the lowest VGF per Seat for A-B. The proposal submitted by the Preferred Individual Route Applicant shall not be considered further.

- 3.13.7 MoCA recognizes that such award of Simultaneous Proposals to more than one bidder will result in loss of exclusivity of operations on the common RCS Routes for an individual operator. However, the Selected Airline Operators will jointly have exclusivity of operations for a period of three (3) years in accordance with the Scheme vis-à-vis any other operator.
- 3.13.8 For the purposes of this Section 3.13.8, in the event an Applicant has submitted an Individual Route Proposal for an RCS Route with only a one-way connectivity proposed between two airports/Water Aerodromes and there is another Individual Route Proposal for the same RCS Route with a to-and-fro connectivity proposed between such airports/Water Aerodromes such that the two proposals are Simultaneous Proposals, for the purpose of evaluation, the Individual Route Proposal providing a to-and-fro connectivity shall be treated as a Network Proposal.

3.14 Right to Match

- 3.14.1 MoCA recognizes that given the present lack of adequate regional connectivity and uncertainty in market conditions, incentivizing operators to invest efforts & resources in exploring the market potential on various routes, undertaking associated due diligence and submitting Initial Proposals for RCS Routes may be necessary to encourage market participation. In this context, a RTM is proposed to be provided to the Applicant submitting an Initial Proposal if its proposal is within a certain range of the preferred proposal. Such a mechanism would continue to incentivize the operators to quote an optimal value even as part of their Initial Proposals since if their value is beyond the specified range of the preferred proposal, they will not be able to exercise such a right and not be able to derive benefits for their initial efforts.
- 3.14.2 The Applicant submitting an Initial Proposal shall be given a RTM against the respective Preferred Individual Route Applicant or Preferred Network Applicant, as the case may be. In the event that the Applicant which submitted an Initial Proposal is not the Preferred Individual Route Applicant / Preferred Network Applicant, but whose financial proposal is within a range of 10% of

the financial proposal submitted by such Preferred Individual Route Applicant or Preferred Network Applicant, as the case may be, the Applicant will have the option of matching such preferred applicant in terms of its financial proposal (RTM Option). If the Applicant exercises its RTM Option, it will be declared as the Preferred Individual Route Applicant / Preferred Network Applicant, as the case may be.

- 3.14.3 In the event that the Applicant that submitted the Initial Proposal does not exercise its RTM Option, the Preferred Individual Route Applicant / Preferred Network Applicant shall continue to be declared as the Preferred Individual Route Applicant / Preferred Network Applicant as the case may be.
- 3.14.4 In case of more than one Initial Proposal for the same RCS Route or a Network Proposal, the Applicant which has submitted the best financial proposal amongst such Initial Proposals and whose financial proposal is within a range of 10% of the financial proposal submitted by a preferred applicant will have the RTM Option. If such Applicant does not exercise its RTM Option, the Preferred Individual Route Applicant / Preferred Network Applicant shall continue to be declared as the Preferred Individual Route Applicant / Preferred Network Applicant as the case may be.
- 3.14.5 For Initial Proposals pertaining to an individual RCS Route or Network Proposals satisfying the conditions given in Section 3.8.2.1.a) and Section 3.8.2.1.b), the Preferred Individual Route Applicant / Preferred Network Applicant identified above shall be declared as the Selected Airline Operator.
- 3.14.6 In case of Simultaneous Proposals, subsequent to the identification of Preferred Individual Route Applicant / Preferred Network Applicant after the above mentioned process, the Selected Airline Operator shall be identified through the process specified in Section 3.13.
- 3.14.7 After identification of a Selected Airline Operator for an RCS Route/ Network Proposal, the Implementing Agency will aim to provide/ publish details such as the following 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
1					
2					
..					

3.15 Performance Guarantee

- 3.15.1 As mentioned earlier, the Selected Airline Operator will enter into a Selected Airline Operator Agreement with the Implementing Agency for operating RCS Flights under this Scheme, within a period that is earlier of, three (3) months from the issuance of Letter of Award or one (1) week before the commencement of operations. The Selected Airline Operator will then be given an additional one (1) month to replenish the Proposal Security and submit the Performance Guarantee and/or enter into the SAOA, as the case

may be, barring which, Letter of Award will stand terminated after four (4) months of issuance. The Selected Airline Operator shall be required to comply with all applicable regulations for such operations under this Scheme including of the DGCA.

3.15.2 At the time of signing the Selected Airline Operator Agreement, the Selected Airline Operator will be required to submit the Implementing Agency four separate Performance Guarantees for each RCS Route equivalent to 25% of the total Performance Guarantee required for that RCS Route. The total Performance Guarantee for each RCS Route shall be equivalent to five percent (5%) of the total VGF amount to be provided to such Selected Airline Operator in the first year of its operations, subject to a minimum of Rs. Five lakhs (Rs. 5,00,000/-), where the airports in the RCS Route/ Network are operational or ready for operations. In case there are airports in the RCS Route/ Network which are not ready for operations due to ongoing works or licensing etc., the SAO would not be required to submit the Performance Guarantee for the RCS Routes connecting such airports, till the airport is ready for operations. For the avoidance of doubt, the SAO would be required to extend its Proposal Security for such RCS Routes till the readiness of the airport and the submission of the Performance Guarantee, failing which, the Letter of Award shall be withdrawn by the Implementing Agency and the Proposal Security shall be forfeited. Upon the readiness of the airport, the Selected Airline Operator shall, within two (2) months of notification by the Implementing Agency, submit four separate Performance Guarantees for each such remaining RCS Route awarded to the SAO which is equivalent to 25% of the total Performance Guarantee required for that RCS Route. The total Performance Guarantee for each RCS Route to five percent (5%) of the total VGF amount to be provided to such Selected Airline Operator in the first year of its operations, subject to a minimum of Rs. Five lakhs (Rs. 5,00,000/-).

3.15.3 The decision to undertake rehabilitation/ upgradation of airport/ Water Aerodrome infrastructure shall be at the discretion of the respective airport/ Water Aerodrome owner/ operator and the Implementing Agency may not consider any Initial Proposal which proposes to provide connectivity to an Unserved or Underserved Airport such that the rehabilitation / upgradation of airport/ Water Aerodrome infrastructure may require more than one (1) year as determined by the Implementing Agency.

3.15.4 In addition to the provisions mentioned under Section 3.18, the Performance Guarantee 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 for partial or full forfeiture as per the terms and conditions of the Selected Airline Operator Agreement, if the Selected Airline Operator fails to:

- a) Ensure integrity of the scheduled flights on routes proposed under the Selected Airline Operator Agreement, i.e. it fails to operate at least 70% of the scheduled RCS Seats on routes

proposed under the Selected Airline Operator Agreement in a specified period. It is clarified that while determining the total scheduled RCS Seats deployed, the Implementing Agency shall have reference to any flights that may have got cancelled due to adverse weather conditions or other factors beyond the control of the Selected Airline Operator, based on the feedback provided by the relevant stakeholder; or

- b) Adhere to any other terms and conditions of the Selected Airline Operator Agreement.
- c) Upon such forfeiture, the Selected Airline Operator will be required to replenish the Performance Guarantee within a specified period, failing which the Implementing Agency will be entitled to terminate the Selected Airline Operator Agreement and proceed as per provisions of the Selected Airline Operator Agreement.

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

3.16 Change in deployed capacity

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

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

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

3.16.2.2 In case of an increase in capacity deployed by the Selected Airline Operator, the total VGF per year (i.e. a product of number of RCS Seats per RCS Flight, VGF per RCS Seat and number of RCS Flights in a year, as provided by the SAO as part of its Initial / Counter Proposal) as available to the Selected Airline Operator shall remain the same as permitted at the time of executing the Selected Airline Operator Agreement.

- 3.16.2.3 The Implementing Agency shall undertake a reconciliation of total RCS Flights operated by the SAO in each RCS Operational Quarter as compared to the proposed number of annual RCS Seats submitted as part of its Technical Proposal. The Implementing Agency shall also require the SAO to submit its plans for RCS Flight operations for remaining RCS Operational Quarters in any given year. The number of RCS Flights for which VGF could be disbursed in the remaining RCS Operational Quarters (depending upon the performance of the SAO) shall be limited in a manner that under no circumstances, the total VGF disbursed per year shall be more than the total VGF per year as permitted at the time of executing the Selected Airline Operator Agreement.
- 3.16.2.4 In order to avoid inconvenience to passengers, the airline will have to follow relevant DGCA rules of informing the passengers about changes in the schedule of flight operation, in advance. For avoidance of doubt, the Selected Airline Operator shall not be provided any benefits or concessions under the Scheme on any additional RCS seats deployed in any given RCS Operational Quarter by the Selected Airline Operator on an RCS Route, beyond 40% of the annual RCS seats for RCS Routes.
- 3.16.2.5 In the event that a Selected Airline Operator changes the aircraft type (size) operating on an RCS Route under the Scheme, the number of RCS Seats to be provided shall have reference to Section 3.3.1 and the allowed aircraft type shall have reference to Section 3.2.1.2.
- 3.16.2.6 The total VGF per flight shall be equally spread over the increased number of RCS Seats in a flight. The VGF per RCS Seat shall be adjusted accordingly to arrive at the same total VGF per flight.
- 3.16.3 In the event that a Selected Airline Operator for an RCS Route intends to decrease the capacity deployed on an RCS Route, it shall be required to inform the same to the Implementing Agency. Such decrease in capacity deployed on an RCS Route shall only be permitted if (a) such reduction is on account of change in aircraft type and (b) all minimum conditions (such as number of RCS Seats per RCS Flight) as submitted by such Selected Airline Operator at the time of its selection are continued to be met. No reduction in the number of RCS Seats per RCS Flight shall be considered by the Implementing Agency save and except if change in RCS seats per RCS Flight is due to the provisions of section 3.16.3.2 provided herein.
- 3.16.3.1 In an event where due to any orders/guidelines issued by the DGCA, the actual deployed capacity in an RCS Flight by the Selected Airline Operator is less than the RCS Flight Capacity offered, the RCS Flight Capacity for the purposes of calculation of RCS Seats, disbursement of VGF and compliance with the terms and conditions of the Selected Airline Operator Agreement, shall be considered as

the actual deployed capacity on such RCS Flight based on DGCA orders/guidelines

3.16.3.2 The Selected Airline Operator shall be allowed to decrease the number of RCS seats deployed in an aircraft after one year from the date of commencement of RCS Flight operation with prior approval of Implementing Agency i.e. AAI. The number of RCS seats may be reduced to any number such that the number of RCS seats deployed in an aircraft cannot be less than 50% of the RCS seats deployed at the time of execution of the Selected Airline Operator Agreement. The VGF per RCS Seat for the revised number of RCS seats shall remain as permitted at the time of execution of the Selected Airline Operator Agreement, as indexed in accordance with the provisions of this Scheme

3.16.4 Change in deployed capacity due to operational reasons

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

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

3.16.6 Change in sequence of routes due to operational reasons

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

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

3.17 Prioritisation Framework

- 3.17.1 The Implementing Agency shall have reference to the Scheme objectives at all points of time and prioritize proposals for being supported under the Scheme.
- 3.17.2 For award of proposals under the Scheme, the Implementing Agency would consider a prioritization framework in the following manner (in the decreasing order of priority).
- 3.17.2.1 Network or Individual Route Proposal comprising airports provided as part of Annexure – 6 would be given the highest priority. Amongst such proposals, the proposals comprising airports in Priority Area(s) shall be given a higher priority.
- 3.17.2.2 Pursuant to considerations of proposals under Section 3.17.2.1, proposals comprising airports that are not part of Annexure – 6 but located in Priority Area(s) would be given the next higher priority. Amongst such proposals, highest priority would be given to proposals comprising routes connecting Unserved Airports, Underserved Airports and Served Airports in that order.
- 3.17.2.3 Pursuant to considerations of proposals under Section 3.17.2.2, proposals comprising airports that are not part of Annexure – 6 and located in areas other than Priority Area(s) would be considered. Amongst such proposals, highest priority would be given to proposals comprising routes connecting Unserved Airports, Underserved Airports and Served Airports in that order.
- 3.17.3 Network Proposal(s) would generally be given a higher priority against an Individual Route Proposal.
- 3.17.4 At any point of time, in case there are multiple proposals received for a particular Underserved Airport or Unserved Airport, given the scarcity of resources, the Implementing Agency at its discretion, may consider such proposals in a manner that if such Underserved Airport or Unserved Airport becomes Served Airport after awarding certain proposals, no additional proposals may be considered. The Implementing Agency shall also have reference to the VGF requirement while considering such proposals.

3.18 Exit from the Scheme

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

liable to be partially or fully forfeited as per the terms and conditions of the Selected Airline Operator Agreement.

- 3.18.3 If, pursuant to Section 2.1.4.2 of this Scheme, the Scheme is withdrawn at any time, the Performance Guarantee shall be returned to the Selected Airline Operator.
- 3.18.4 Notwithstanding other provisions under this Scheme, a Selected Airline Operator shall be permitted, as per terms and conditions to be specified under the Selected Airline Operator Agreement, to assign its rights under the Scheme to another airline operator having a valid AOP for a similar type of aircraft as required under the Selected Airline Operator Agreement, provided the Selected Airline Operator has completed at least six (6) months of operations from the date of commencement of RCS Flight operations on any RCS Route. However, the Implementing Agency may also choose to permit a Selected Airline Operator to assign its rights under the Scheme or corresponding Selected Airline Operator Agreement, on a case-by-case basis, as per terms and conditions to be specified under the Selected Airline Operator Agreement, to another airline operator having a valid AOP for a similar type of aircraft as required under the Selected Airline Operator Agreement, at any point of time after the execution of the Selected Airline Operator Agreement based on the Implementing Agency's assessment of the factors justifying such assignment, as submitted by the assignor. The assignee would be required to begin its operations on the RCS Route or RCS Routes as the case may be, within a period of 2 months from the execution of the assignment agreement. The Implementing Agency may also choose to allow the assignee an extension to this time period based on an assessment of the situation.

3.19 Reporting Obligations for a Selected 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 information on specified parameters, which will be used by the Implementing Agency to monitor adherence to the agreed terms and conditions of Selected Airline Operator Agreement.
 - 3.19.3.1 Operational Details as per Schedule 'B' of Selected Airline Operator Agreement.
 - 3.19.3.2 In addition to this, the Selected Airline Operator will need to submit RCS specific information as specified under the Selected Airline Operator Agreement.

3.20 Disbursement of Funds

- 3.20.1 The VGF shall be disbursed to the Selected Airline Operator only for RCS Seats pertaining to the RCS Flights that have been operated in a month. In an event, GST is applicable on the VGF disbursed to the Selected Airline Operator, the GST component shall be payable from the RCF.
- 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.
- 3.20.3 The Implementing Agency will scrutinize the information received from the Selected Airline Operator(s) for compliance with the conditions of Selected Airline Operator Agreement.
- 3.20.4 The VGF shall be disbursed by the Implementing Agency to the Selected Airline Operator for all deployed RCS Seats, irrespective of the occupancy, for every RCS Flight operated on the RCS Route during the reporting period, after adjustments for any defaults by the Selected Airline Operator under the Selected Airline Operator Agreement.
- 3.20.5 The incentives / support provided under the Scheme is based on the premise that a Selected Airline Operator shall sell RCS Seats first before selling any other passenger seats on an RCS Flight (including Non-RCS Seats). Provided that, such restriction shall not be applicable on “business class” seats (or any other term as may be used by the Selected Airline Operator to identify seats which are different from other available seats by design, form, factor and/or arrangement, and having a clear well-defined separate section within the aircraft cabin seating arrangement). Provided that, the passengers at all times have an option to choose between RCS Seat(s) and such “business class” seat(s) and shall not be forced to buy such “business class” seats when RCS Seats are available in the RCS Flight.
- 3.20.6 The Implementing Agency may undertake a review/ audit of the performance of a Selected Airline Operator including *inter alia* on this aspect from time to time through independent auditors. The penalties for breach of such principle shall be specified in the Selected Airline Operator Agreement between the Implementing Agency and the Selected Airline Operator. A Selected Airline Operator shall be required to maintain relevant records for a period of at least 3 years after the expiry of its Selected Airline Operator Agreement to facilitate such monitoring.
- 3.20.6.1 MoCA recognizes that cancellation of tickets is a normal business phenomenon in aviation industry and certain passengers may cancel their RCS Seats before the flight departure which may not provide sufficient time to a Selected Airline Operator to resell such RCS Seats. In such an event any RCS Seat, which does not get sold due to cancellation by a passenger, shall be considered as sold for the purpose of Sections 3.20.5 above. However, the obligation of proving such cancellation in terms of relevant details (passenger identification, etc.) shall be on the Selected Airline Operator.

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

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

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

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/Airstrip is located)	Reference Code as per Planning Calendar
AIRPORTS IN PRIORITY AREA			
1.	Hollongi	Arunachal Pradesh	
2.	Pasighat	Arunachal Pradesh	
3.	Tezu	Arunachal Pradesh	
4.	Ziro	Arunachal Pradesh	<9
5.	Jorhat	Assam	4C
6.	Rupsi	Assam	3C
7.	Tezpur	Assam	
8.	Shimla	Himachal Pradesh	
9.	Agatti	Lakshadweep Island	3C
10.	Pakyong	Sikkim	
AIRPORTS IN AREA OTHER THAN PRIORITY AREA			
11.	Diu	Daman and Diu	
12.	Keshod	Gujarat	
13.	Mundra	Gujarat	
14.	Porbandar	Gujarat	
15.	Nanded	Maharashtra	
16.	Jamshedpur	Jharkhand	<20 seats
17.	Bidar	Karnataka	
18.	Jalgaon	Maharashtra	
19.	Sindhudurg	Maharashtra	3C
20.	Rourkela	Odisha	<20 seats
21.	Ludhiana	Punjab	3C
22.	Pathankot	Punjab	4C
23.	Bikaner	Rajasthan	
24.	Kishangarh	Rajasthan	
25.	Salem	Tamil Nadu	3C
26.	Cooch Behar	West Bengal	<20 seats
STATE PROPOSED AIRPORTS			
27.	Jubberhatti, Shimla	Himachal Pradesh	
28.	Kullu Manali Airport	Himachal Pradesh	

Note: Applicant/Bidder is suggested that to do his due diligence to assess the suitability of Aircrafts for the airports listed in Annexure-1A.

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

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

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

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
AIRPORTS IN PRIORITY AREA			
1.	Campbell Bay	Andaman & Nicobar (UT)	<20 seats
2.	Car Nicobar	Andaman & Nicobar (UT)	4C
3.	Shibpur	Andaman & Nicobar (UT)	<20 seats
4.	Alinya	Arunachal Pradesh	<9
5.	Along	Arunachal Pradesh	<9
6.	Daparizo*	Arunachal Pradesh	<9
7.	Mechuka	Arunachal Pradesh	<9
8.	Tuting*	Arunachal Pradesh	<9
9.	Vijaynagar	Arunachal Pradesh	<9
10.	Walong*	Arunachal Pradesh	<9
11.	Yinghiong*	Arunachal Pradesh	<9
12.	Chabua	Assam	4C
13.	Darrang	Assam	<20 seats
14.	Dinjan	Assam	<20 seats
15.	Ledo	Assam	<20 seats
16.	Misa Mari	Assam	<20 seats
17.	Nazira	Assam	<20 seats
18.	Sadiya	Assam	<20 seats
19.	Sorbhog	Assam	<20 seats
20.	Sukerating (Dum Duma)	Assam	<20 seats
21.	Akhnur	Jammu and Kashmir	<20 seats
22.	Chamb	Jammu and Kashmir	<20 seats
23.	Chushal	Jammu and Kashmir	<20 seats
24.	Fukche	Jammu and Kashmir	4C
25.	Gurex	Jammu and Kashmir	<20 seats
26.	Jhangar	Jammu and Kashmir	<20 seats
27.	Kargil	Jammu and Kashmir	<20 seats
28.	Miran Sahib	Jammu and Kashmir	<20 seats
29.	Panzgam	Jammu and Kashmir	<20 seats
30.	Poonch	Jammu and Kashmir	<20 seats
31.	Rajouri	Jammu and Kashmir	<20 seats
32.	Thoise	Jammu and Kashmir	4C
33.	Udhampur	Jammu and Kashmir	4C

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
34.	Dwara	Meghalaya	<9
35.	Shella	Meghalaya	<20 seats
36.	Tura	Meghalaya	<20 seats
37.	Kailashahar	Tripura	<20 seats
38.	Kamalpur	Tripura	3B
39.	Khowai	Tripura	<20 seats
40.	Chinyalisaur*	Uttarakhand	<9
41.	Gaucher*	Uttarakhand	<9
42.	AIRPORTS IN AREA OTHER THAN PRIORITY AREA		
43.	Bobbili	Andhra Pradesh	<20 seats
44.	Donakonda	Andhra Pradesh	<20 seats
45.	Ellore	Andhra Pradesh	<20 seats
46.	Arrah	Bihar	No runway
47.	Begusarai	Bihar	2A
48.	Bettiah	Bihar	<9
49.	Bhabua (Kaimoor)	Bihar	No runway
50.	Bhagalpur	Bihar	<20 seats
51.	Bihar Shariff	Bihar	No runway
52.	Bihita	Bihar	4C
53.	Birpur	Bihar	2A
54.	Buxur	Bihar	No runway
55.	Chhapra	Bihar	<20 seats
56.	Dehri on sonn	Bihar	No runway
57.	Farbisganj	Bihar	<20 seats
58.	Hathwa	Bihar	<20 seats
59.	Jehanabad	Bihar	<20 seats
60.	Jogbani	Bihar	<20 seats
61.	Katihar	Bihar	<20 seats
62.	Kishanganj	Bihar	2A
63.	Madhubani	Bihar	<20 seats
64.	Monghyr	Bihar	<9
65.	Motihari	Bihar	No runway
66.	Munger	Bihar	<9
67.	Muzzafarpur	Bihar	<20 seats
68.	Naria	Bihar	2A
69.	Panchanpur	Bihar	<20 seats
70.	Raxaul	Bihar	<20 seats
71.	Saharsa	Bihar	<20 seats
72.	Valmiki Nagar	Bihar	<20 seats
73.	Ambikapur	Chattisgarh	<20 seats
74.	Amreli (Amroli)	Gujarat	3B
75.	Chela	Gujarat	<20 seats
76.	Chhand Bet	Gujarat	<20 seats
77.	Deesa (Palanpur)	Gujarat	<20 seats
78.	Mandvi	Gujarat	<20 seats
79.	Mehsana	Gujarat	<20 seats
80.	Mundra	Gujarat	<20 seats
81.	Mundra	Gujarat	<20 seats

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
82.	Naliya	Gujarat	<20 seats
83.	Ambala	Haryana	
84.	Bhiwani	Haryana	2A
85.	Hissar	Haryana	2A
86.	Karnal	Haryana	2A
87.	Narnaul	Haryana	2A
88.	Sirsa	Haryana	4C
89.	Chaibasa	Jharkhand	No runway
90.	Chakulia	Jharkhand	3C
91.	Dalbhumdarh	Jharkhand	No runway
92.	Daltonganj	Jharkhand	<20 seats
93.	Dhanbad	Jharkhand	2A
94.	Dumka	Jharkhand	<20 seats
95.	Giridhi	Jharkhand	No runway
96.	Sindri	Jharkhand	<20 seats
97.	Bokaro	Jharkhand	3C
98.	Bellary	Karnataka	<20 seats
99.	Karwar	Karnataka	<20 seats
100.	Kolar	Karnataka	3C
101.	Kushalnagar	Karnataka	<20 seats
102.	Shivamogga	Karnataka	
103.	Birwa	Madhya Pradesh	<20 seats
104.	Chhindwara	Madhya Pradesh	<20 seats
105.	Damoh	Madhya Pradesh	<20 seats
106.	Datia	Madhya Pradesh	<20 seats
107.	Guna	Madhya Pradesh	<20 seats
108.	Khandwa	Madhya Pradesh	<20 seats
109.	Khargone	Madhya Pradesh	<20 seats
110.	Mandla (Kanha)	Madhya Pradesh	<20 seats
111.	Mandsaur (Sitamau)	Madhya Pradesh	<20 seats
112.	Nagda (Ujjain)	Madhya Pradesh	<20 seats
113.	Neemuch	Madhya Pradesh	<20 seats
114.	Pachmarhi Hoshangabad	Madhya Pradesh	<20 seats
115.	Ratlam	Madhya Pradesh	<20 seats
116.	Rewa	Madhya Pradesh	<20 seats
117.	Sagar	Madhya Pradesh	<20 seats
118.	Satna	Madhya Pradesh	<20 seats
119.	Seoni	Madhya Pradesh	<20 seats
120.	Shahdol	Madhya Pradesh	<20 seats
121.	Shivpuri	Madhya Pradesh	<20 seats
122.	Sidhi	Madhya Pradesh	<20 seats
123.	Ujjain	Madhya Pradesh	<20 seats
124.	Umaria	Madhya Pradesh	<20 seats
125.	Akola	Maharashtra	<20 seats
126.	Amravati	Maharashtra	3C
127.	Baramati	Maharashtra	<20 seats
128.	Chandrapur	Maharashtra	<20 seats
129.	Darna Camp	Maharashtra	<20 seats

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
130.	Deolali	Maharashtra	<20 seats
131.	Dhulia	Maharashtra	<20 seats
132.	Jath	Maharashtra	<20 seats
133.	Karad	Maharashtra	<20 seats
134.	Kawalpur	Maharashtra	<20 seats
135.	Kudal	Maharashtra	<20 seats
136.	Latur (MADC)	Maharashtra	<20 seats
137.	LonavalaAmby Valley	Maharashtra	<20 seats
138.	Osmanabad	Maharashtra	<20 seats
139.	Phaltan	Maharashtra	<20 seats
140.	Shirpur	Maharashtra	<20 seats
141.	Sholapur	Maharashtra	
142.	Waluj	Maharashtra	<20 seats
143.	Ratnagiri	Maharashtra	3C
144.	Amarda Road	Orissa	<20 seats
145.	Angul	Orissa	<20 seats
146.	Barbil	Orissa	2A
147.	Birasal	Orissa	No runway
148.	Gudari	Orissa	3B
149.	Hirakund	Orissa	3B
150.	Jayakpur	Orissa	<20 seats
151.	Lanjigarh	Orissa	2B
152.	Nawapara	Orissa	2A
153.	Padampur	Orissa	2A
154.	Rairangpur	Orissa	2A
155.	Raisuan	Orissa	2A
156.	Rangeilunda	Orissa	2A
157.	Sukinda	Orissa	2A
158.	Theruboli	Orissa	2A
159.	Tushra	Orissa	2A
160.	Utkela	Orissa	<20 seats
161.	Adampur	Punjab	
162.	Beas	Punjab	4C
163.	Bhatinda	Punjab	
164.	Patiala	Punjab	2A
165.	Abu Road	Rajasthan	2A
166.	Alwar	Rajasthan	2A
167.	Banasthali	Rajasthan	2A
168.	Banswara (Tilwara)	Rajasthan	4B
169.	Bharatpur	Rajasthan	<20 seats
170.	Dholpur	Rajasthan	<20 seats
171.	Gadra Road	Rajasthan	<20 seats
172.	Hamirgarh	Rajasthan	3A
173.	Isarda	Rajasthan	2B
174.	Jhalawar (Brijnagar)	Rajasthan	3B
175.	Jhunjhunu	Rajasthan	3B
176.	Kankoroli	Rajasthan	3A
177.	Lalgarh (Sri Ganganagar)	Rajasthan	3A

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
178.	Malapura	Rajasthan	<20 seats
179.	Mathania	Rajasthan	<20 seats
180.	Merta Road	Rajasthan	<20 seats
181.	Nagaur	Rajasthan	3A
182.	Pilani	Rajasthan	2A
183.	Salawas	Rajasthan	2B
184.	Sawai Madhopur	Rajasthan	<20 seats
185.	Shahpur	Rajasthan	<20 seats
186.	Sirohi	Rajasthan	3B
187.	Suratgarh	Rajasthan	<20 seats
188.	Uterlai	Rajasthan	4C
189.	Arkonam	Tamil Nadu	<20 seats
190.	Chetnad	Tamil Nadu	3C
191.	Cholavaram	Tamil Nadu	<20 seats
192.	Neyveli	Tamil Nadu	<20 seats
193.	Ramnad	Tamil Nadu	<20 seats
194.	Sulur	Tamil Nadu	<20 seats
195.	Ulundurpet	Tamil Nadu	<20 seats
196.	Vellore	Tamil Nadu	<20 seats
197.	Adilabad	Telangana	<20 seats
198.	Aleru	Telangana	<20 seats
199.	Kagazpur (Sirpur)	Telangana	No runway
200.	Akbarpur	Uttar Pradesh	3A
201.	Aligarh	Uttar Pradesh	<20 seats
202.	Azamgarh	Uttar Pradesh	<20 seats
203.	Chitrakoot	Uttar Pradesh	<20 seats
204.	Etawah (Safai)	Uttar Pradesh	4C
205.	Faizabad (Ayodhya)	Uttar Pradesh	3C
206.	Farrukhabad	Uttar Pradesh	<20 seats
207.	Fursatganj (Igrua)	Uttar Pradesh	3C
208.	Jhansi	Uttar Pradesh	
209.	Lalitpur	Uttar Pradesh	3C
210.	Moradabad	Uttar Pradesh	<20 seats
211.	Muirpur	Uttar Pradesh	<20 seats
212.	Muirpur	Uttar Pradesh	<20 seats
213.	Palia	Uttar Pradesh	<20 seats
214.	Rasoolabad	Uttar Pradesh	<20 seats
215.	Saharanpur (Sarsawa)	Uttar Pradesh	4C
216.	Shravasti	Uttar Pradesh	<20 seats
217.	Sultanpur (Amhai)	Uttar Pradesh	3B
218.	Ambari	West Bengal	<20 seats
219.	Asansol	West Bengal	<20 seats
220.	Balurghat	West Bengal	<20 seats
221.	Barrackpore	West Bengal	<20 seats
222.	Behrampur	West Bengal	Helipad
223.	Bhatpara	West Bengal	<20 seats
224.	Bishnupur	West Bengal	<20 seats
225.	Burnpur	West Bengal	<20 seats

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
226.	Dhubalia	West Bengal	<20 seats
227.	Digri	West Bengal	<20 seats
228.	Dudhkundi	West Bengal	<20 seats
229.	Guskhara	West Bengal	<20 seats
230.	Hashimara	West Bengal	4C
231.	Kalaikunda	West Bengal	
232.	Kanchrapara	West Bengal	<20 seats
233.	Kharagpur	West Bengal	<20 seats
234.	Madhaiganj	West Bengal	<20 seats
235.	Malda	West Bengal	<20 seats
236.	New lands	West Bengal	No runway
237.	Panagarh	West Bengal	<20 seats
238.	Pandeveswar	West Bengal	<20 seats
239.	Piardora	West Bengal	<20 seats
240.	Rampurhat	West Bengal	<20 seats
241.	Sal Bani	West Bengal	<20 seats

AIRPORTS PROPOSED BY STATE GOVERNMENT

242.	Karbi Anglong	Assam	
243.	Sabeya (Gopalganj)	Bihar	
244.	Purnia	Bihar	
245.	Pinjore	Haryana	
246.	Kishtwar	Jammu and Kashmir	
247.	Dhalbhumgarh	Jharkhand	
248.	Tuirial	Mizoram	
249.	Vuakmual	Mizoram	
250.	Bhilwara	Rajasthan	
251.	ChakChainpura	Rajasthan	
252.	Dowra	Rajasthan	
253.	Kolana	Rajasthan	
254.	Kumher	Rajasthan	
255.	Noon	Rajasthan	
256.	Parihara (Ratangarh)	Rajasthan	
257.	Phalodi	Rajasthan	
258.	Pratapgarh	Rajasthan	
259.	Sikar	Rajasthan	
260.	Sojat	Rajasthan	
261.	Tarpura	Rajasthan	
262.	Thanagazi	Rajasthan	
263.	Vishnoda	Rajasthan	
264.	Gangotri Dham, Chamoli	Uttarakhand	
265.	Pithoragarh	Uttarakhand	

AIRPORTS IN PROXIMITY OF WILDLIFE SANCTUARIES

266.	Panneri	Assam	
267.	Dhana	Madhya Pradesh	
268.	Yavatmal	Maharashtra	

AIRPORTS IN PROXIMITY OF TOURIST DESTINATIONS

269.	Chamba	Himachal Pradesh	
270.	Raichur	Karnataka	
271.	Kohima	Nagaland	

S.No.	Name of Airport/Airstrip	State/ UT (where the Airport/ Airstrip is located)	Reference Code as per Planning Calendar
272.	Malkangiri	Orissa	
273.	Lalgarh-Jhattan	Rajasthan	
274.	Basant Nagar	Telangana	
275.	Jhingura	Uttar Pradesh	
AIRPORTS IN PROXIMITY OF RELIGIOUS PLACES			
276.	Mantalai	Jammu & Kashmir	
277.	Hassan	Karnataka	
278.	Betul	Madhya Pradesh	
279.	Jhabua	Madhya Pradesh	
280.	Baripada	Orissa	
281.	Konark	Orissa	

Note: (*) Helicopter routes have not been considered.

Applicant/Bidder is suggested that to do his due diligence to assess the suitability of Aircrafts for the airports listed in Annexure-1B.

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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.	1 – 50	2,260
2.	51 – 75	2,260
3.	76 – 100	2,260
4.	101 – 125	2,260
5.	126 – 150	2,260
6.	151 – 175	2,260
7.	176 – 200	2,388
8.	201 – 225	2,516
9.	226 – 250	2,659
10.	251 – 275	2,786
11.	276 – 300	2,914
12.	301 – 325	3,057
13.	326 – 350	3,184
14.	351 – 375	3,312
15.	376 – 400	3,455
16.	401 – 425	3,583
17.	426 – 450	3,709
18.	451 – 475	3,852
19.	476 – 500	3,980
20.	501 – 525	3,980
21.	526 – 550	4,123
22.	551 – 575	4,267
23.	576 – 600	4,410

Annexure – 3: VGF Cap under RCS

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

Stage length	Cat 1/1A
1-50	2,317
51-75	4,152
76-100	5,374
101-125	6,622
126-150	7,844
151-175	9,067
176-200	10,143
201-225	11,221
226-250	12,281
251-275	13,356
276-300	14,435
301-325	15,495
326-350	16,573
351-375	17,649
376-400	18,709
401-425	18,709
426-450	18,709
451-475	18,709
476-500	18,709
501-525	18,709
526-550	18,709
551-575	18,709
576-600	18,709

Annexure – 4: Airfare Cap Indexation Formula

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

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

Where,

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

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

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

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

Where,

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

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

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

Where,

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

$j = 3$ for the third latest month for which CPI-IW was published by Government of India in the first month of the Base Financial Quarter, i.e., January 2023

$j = 2$ for the fourth latest month for which CPI-IW was published by Government of India in the first month of the Base Financial Quarter, i.e., December 2022

and so on.

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

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

Where,

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

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

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

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

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

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

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

Where,

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

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

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

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

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

For the purpose of above estimation, Exchange Rates as published by Financial Benchmark India Pvt. Ltd. (FBIL) shall be taken into account. In case the exchange rate for a particular

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

date is not available on the FBIL website, the exchange rate for the previous available date shall be considered.

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Annexure – 5: VGF Cap Indexation Formula

Indexation of VGF Cap(s) will be based on the following:

For Fixed-wing aircraft;

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

Where,

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

Annexure – 6: List of airports under prioritization framework

S.No.	Name of Airport	State	Current status Unserved/Underserved
<u>List of airports ready for operations for ATR42/72/Airbus/B737</u>			
1.	Hollongi	Arunachal Pradesh	Underserved
2.	Pasighat	Arunachal Pradesh	Underserved
3.	Tezu	Arunachal Pradesh	Underserved
4.	Jorhat	Assam	Underserved
5.	Rupsi	Assam	Underserved
6.	Tezpur	Assam	Underserved
7.	Diu	Daman and Diu	Underserved
8.	Keshod	Gujarat	Underserved
9.	Mundra	Gujarat	Underserved
10.	Porbandar	Gujarat	Underserved
11.	Kullu Airport (ATR-42)	Himachal Pradesh	Underserved
12.	Shimla	Himachal Pradesh	Underserved
13.	Bokaro	Jharkhand	Unserved
14.	Bidar	Karnataka	Underserved
15.	Shivamogga	Karnataka	Unserved
16.	Agatti	Lakshadweep	Underserved
17.	Gondia	Maharashtra	Underserved
18.	Jalgaon	Maharashtra	Underserved
19.	Nanded	Maharashtra	Underserved
20.	Sindhudurg	Maharashtra	Underserved
21.	Rourkela	Odisha	Underserved
22.	Adampur	Punjab	Unserved
23.	Bhatinda	Punjab	Unserved
24.	Ludhiana	Punjab	Underserved

25.	Pathankot	Punjab	Underserved
26.	Bikaner	Rajasthan	Underserved
27.	Kishangarh	Rajasthan	Underserved
28.	Pakyong	Sikkim	Underserved
29.	Salem	Tamil Nadu	Underserved
30.	Kushinagar	Uttar Pradesh	Underserved
<u>List of airports may be ready within 6 months for operations for ATR42/72/Airbus/B737</u>			
31.	Hissar	Haryana	Unserved
32.	Thoise	Ladakh	Unserved
<u>List of airports may be ready beyond 6 months for operations for ATR42/72/Airbus/B737</u>			
33.	Car Nicobar	Andaman and Nicobar	Unserved
34.	Chabua	Assam	Unserved
35.	Bihita	Bihar	Unserved
36.	Ambikapur	Chhattisgarh	Unserved
37.	Ambala	Haryana	Unserved
38.	Udhampur	Jammu and Kashmir	Unserved
39.	Rewa	Madya Pradesh	Unserved
40.	Amravati	Maharashtra	Unserved
41.	Ratnagiri	Maharashtra	Unserved
42.	Sholapur	Maharashtra	Unserved
43.	Ayodhya	Uttar Pradesh	Unserved
44.	Etawah (Safai)	Uttar Pradesh	Unserved
45.	Fursatganj	Uttar Pradesh	Unserved
46.	Saharanpur	Uttar Pradesh	Unserved
47.	Hashimara	West Bengal	Unserved
48.	Kalaikunda	West Bengal	Unserved