

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1388
(To be answered on the 24th November 2016)

VIABILITY GAP FUNDING CORPUS

1388. SHRI BAIJAYANT JAY PANDA

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether there is any proposal to charge airlines plying on domestic routes Rs. 8000 per flight to build Viability Gap Funding (VGF) corpus;
- (b) if so, the details thereof;
- (c) whether the Government is aware that this would be passed on to the consumers as an additional cost;
- (d) if so, whether the Government has taken any steps to nullify the effect of this additional cost, if so, the details thereof;
- (e) whether the Government has any strategy in place for utilisation of this fund; and
- (f) if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) and (b): Central Government has decided to impose a levy on scheduled flights operated within India to fund Regional Air Connectivity Fund (RCF), in the following manner:

- i) Rs. 7,500 with stage length upto 1,000km.
- ii) Rs. 8,000 with stage length more than 1,000 km to 1,500 km and
- iii) Rs. 8,500 with stage length above 1,500 km.

However, following flights shall be exempted from the said levy:

- i) Flights operated on CAT II/ CAT IIA routes as specified in Route Dispersal Guidelines issued under Rule 134 (1A).
- ii) Flights operated on Regional Connectivity Scheme (RCS) routes.
- iii) Flights operated with aircraft having maximum certified take off mass not exceeding 40,000 kg.

(c) to (f): Under the Regional Connectivity Scheme (RCS) -UDAN launched on 21-10-2016, payment of Viability Gap Funding (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 ratio will be 10%) towards VGF for respective RCS Routes. For balanced regional growth, the allocations under the scheme would be equitably spread across the five geographical regions of the country viz. North, West, South, East and North-east.

UDAN has a unique market-based model to develop regional connectivity. Interested airline and helicopter operators can start operations on hitherto un-connected routes by submitting proposals to the Implementing Agency. The operators can seek Viability Gap Funding (VGF) apart from getting various concessions from Centre, State and Airport Operators. Such support would be withdrawn after a three year period, as by that time, the route is expected to become self-sustainable. UDAN is likely to give a major fillip to tourism and employment generation in the hinterland.
