

UDAN takes off

Why in news?

\n\n

Five airlines will operate on 128 routes connecting over 30 unserved airports under the regional connectivity scheme.

\n\n

What are the facts?

\n\n

\n

- The routes will connect 70 airports, including 31 unserved and 12 under-served ones under **UDAN** (Ude Desh ka Aam Naagrik) scheme.

\n

- On each flight, **50% of the seats are capped at Rs 2,500 per seat** for one-hour travel.

\n

- The carriers will operate 19-78 seater aircraft.

\n

- These flights would connect airports spread across over 20 states and union territories.

\n

- The first flight under UDAN is expected to start next month.

\n

\n\n

What is UDAN scheme?

\n\n

\n

- UDAN is an innovative scheme to develop the regional aviation market. It is a market-based mechanism in which airlines bid for seat subsidies.

\n

- This first-of-its-kind scheme globally will create **affordable yet economically viable and profitable flights** on regional routes so that flying becomes affordable to the common man.

\n

- It envisages providing connectivity to un-served and under-served airports of the country through revival of existing air-strips and airports.
\n
- The scheme would be in operation for a period of 10 years.
\n
- The operators could seek a **Viability Gap Funding** (VGF) apart from getting various concessions.
\n
- The scheme also provides for various benefits including no airport charges and three-year exclusivity on the routes.
\n
- The States have a key role under the scheme. The selection of airports where UDAN would start would be done in consultation with State Government and after confirmation of their concessions.
\n
- The UDAN is likely to give a major fillip to tourism and employment generation in the hinterland.
\n
- Through introduction of **helicopters and small aircraft**, it is also likely to significantly reduce travel timings in remote, hilly regions and islands.
\n

\n\n

What about Viability Gap Funding?

\n\n

- For the successful completion of such projects, the government has designed VGF. It is a **grant given to support projects** that are economically justified but not financially viable.
\n
- For UDAN, the money for VGF is partly raised through a levy of up to Rs 8,500 on flights operating in major routes like Delhi and Mumbai. (Rs.50 per passenger).
\n
- The VGF amount is estimated to be around **Rs 205 crore per annum** for the operators chosen in the first round of bidding.
\n
- The viability gap funding would be in place for three years for the airlines concerned from the date of starting operations in a particular UDAN route.
\n

\n\n

\n\n

Source: The Indian Express

\n

