सत्यमेव जयते
Ministry of Civil Aviation
Government of India

Regional Connectivity Scheme – Modified UDAN

July 2026

Table of Contents

Contents

List of Abbreviations

1.	AAI:	Airports Authority of India
2.	AOC:	Air Operator Certificate
3.	AOP:	Air Operator Permit
4.	ASF:	Aviation Security Fee
5.	ATF:	Aviation Turbine Fuel
6.	BRS:	Baggage Reconciliation System
7.	CAR:	Civil Aviation Requirement
8.	CPI:	Consumer Price Index
9.	CUPPS:	Common Use Passenger Processing System
10.	CUSS:	Common Use Self-Service
11.	CUTE:	Common User Terminal Equipment
12.	DF:	Development Fee
13.	DGCA:	Directorate General of Civil Aviation
14.	GDP:	Gross Domestic Product
15.	GST:	Goods and Services Tax
16.	ICAO:	International Civil Aviation Organization
17.	INR:	Indian Rupees
18.	IT:	Information Technology
19.	MoCA:	Ministry of Civil Aviation
20.	NCAP:	National Civil Aviation Policy
21.	NEC:	North Eastern Council
22.	NER:	North Eastern Region
23.	NSOP:	Non-Scheduled Operator Permit

24.	PEC:	Project Evaluation Committee
25.	PLF:	Passenger Load Factor
26.	PSU:	Public Sector Undertaking
27.	RCF:	Regional Connectivity Fund
28.	RCS:	Regional Connectivity Scheme
29.	RDG:	Route Dispersal Guidelines
30.	RFP:	Request for Proposals
31.	RNFC:	Route Navigation Facility Charges
32.	RTM:	Right To Match
33.	SAO:	Selected Airline Operator
34.	SAOA:	Selected Airline Operator Agreement
35.	TNLC:	Terminal Navigation Landing Charges
36.	UDF:	User Development Fee
37.	UT:	Union Territory
38.	VAT:	Value Added Tax
39.	VGF:	Viability Gap Funding

Definitions

'**Airfare Cap**' shall mean the maximum permissible airfare for an RCS Seat as specified under the Clause 4.8.2 and 4.8.3 of the Scheme and as published / updated on AAI / MoCA website from time to time.

'**Challenge Mode**' shall mean the process through which MoCA will determine the priority list of aerodromes to be developed under the Scheme.

'**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.

'**Heliport**' 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.

'**Implementing Agency**' shall be as defined under Clause 4.1.

'**Minimum Performance Specifications**' shall mean the service conditions mentioned in Clause 7 which must be met by a Selected Airline Operator for operation of RCS Flights.

'**Non-RCS Route**' shall mean a route, which is not an RCS Route.

'**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.

'Operational Expenditure' shall be defined as per Clause 27.7.1

'**Operational Regularity**' shall mean weekly flights operated viz-a-viz awarded weekly frequency for an RCS Route and hence, annual flights operated viz-a-viz derived annual frequency as per weekly award in an Operational Year. However, assessment of awarded weekly frequency or derived annual frequency may stand reduced based upon the decision of the respective airport operator on slot allocation for the RCS Route.

'Operational Year(s)' shall mean each successive twelve-month period, with Operational Year 1 commencing on the date of commencement of the RCS Route, and each subsequent Operational Year beginning immediately after the end of the preceding Operational Year, continuing for the duration of operations.

'**Performance Guarantee**' shall mean performance security to be submitted by a Selected Airline Operator to the Implementing Agency pursuant to Clause 20.1.

'**Regional Connectivity Scheme**' shall mean the Regional Air Connectivity Scheme as provided for in NCAP 2016, with the first version released in December 2016 and shall include all subsequent versions and derivatives thereof.

'**Priority Area(s)**' shall mean the States/Union Territories of Jammu and Kashmir, Ladakh, Himachal Pradesh, Uttarakhand, North Eastern Region of India, Andaman and Nicobar Islands and Lakshadweep Islands.

'**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.

'**Regional Connectivity Fund (RCF)**' shall mean the fund / corpus that was created by the Government of India for implementation of the Scheme and is monitored by the Regional Air Connectivity Fund Trust.

'Reimbursement Tenure' shall mean a continuous period of 3 years from the commencement of operations at the aerodrome, subject to Scheme conditions and continuity of RCS operations.

'**RCS Concession Airport**' shall mean an airport / Water Aerodrome / Heliport, for which the State Government and airport / Water Aerodrome / Heliport owner / operator have extended concessions / support measures as specified under NCAP 2016 and presented under Clause 4.3 of this Scheme.

'**RCS Flight**' shall mean a domestic flight using a fixed wing aircraft (including seaplanes) or a helicopter, operated by a Selected Airline Operator pursuant to this Scheme on an RCS Route and satisfying the conditions specified in Clause 7.

'**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.

'**RCS Route**' shall mean a non-stop air service connection (also referred to as a 'route') between an identified pair of origin and destination airports / Water Aerodromes / Heliports 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 6.0), in which an application is made pursuant to this Scheme.

2. for fixed wing aircraft (excluding sea planes) there have been no scheduled commercial actual flights on such a route for the last 12 months. This period shall be considered as a duration of 12 calendar months, till the end of the month preceding the month before the date of launch of the bidding round.
   To illustrate, if a bidding round under the Scheme is launched on 20th June 2026, the period of assessment would be from 1st May 2025 to 30th April 2026.

3. for seaplanes / helicopters operations, there have not been more than 50 commercial operations, whether scheduled or otherwise, on such a route for the last 12 months as

certified by the concerned provider of the Air Navigation Services or any other competent authority.

4. Provided that, for route(s) which have been awarded under the Regional Connectivity Scheme as RCS 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.

5. for a route where the condition specified in Condition 2 or 3 of the RCS Route definition is satisfied on the Scheme release date (Scheme Version 6.0) and subsequently at any stage during the bidding process, up to the date of signing of the Selected Airline Operator Agreement, an airline / seaplane operator / helicopter operator commences operation on such route without any support/concession under the Scheme, such route shall be treated as per the provisions of Clause 6.2;

'**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 Clause 7 of the Scheme.

'**Selected Airline Operator**' or "**SAO**" shall mean a fixed wing aircraft or seaplane or helicopter operator selected pursuant to the mechanism specified under the Scheme for providing air connectivity on an RCS Route.

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

'**Simultaneous Proposal**' shall be as defined under Clause 17.1

'**State Services MoU**' shall mean the tri-partite memorandum of understanding signed between the State/UT Government, Airports Authority of India and the Ministry of Civil Aviation governing the obligations of each party under the Scheme

'**Underserved Airport**' shall mean any airport which is not an Unserved Airport and at which, during the last twelve (12) calendar months:

1. there are no more than forty thousand (40,000) departing passengers; or
2. there are no more than fourteen (14) scheduled commercial actual flight departures per week on an average; or
3. there are no more than two (2) cities connected by a direct flight on an average, where a city shall be considered connected only if there are at least six (6) scheduled commercial actual flight departures per week on an average from such airport to that city.

The period for evaluation of such Underserved Airport shall be considered as a duration of twelve (12) calendar months, till the end of the month preceding the month prior to the date of launch of the bidding round, unless otherwise specified in the Scheme.

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, during the last twelve (12) calendar months:

1. there are no more than forty thousand (40,000) departing passengers; or

2. there are no more than fourteen (21) scheduled commercial actual flight departures per week on an average; or
3. there are no more than two (2) cities connected by a direct flight on an average, where a city shall be considered connected only if there are at least six (6) scheduled commercial actual flight departures per week on an average from such airport to that city.

The period for evaluation of such Underserved Airport shall be considered as a duration of twelve (12) calendar months, till the end of the month preceding the month prior to the date of launch of the bidding round, unless otherwise specified in the Scheme.

'**Unserved Airport**' shall mean any airport at which, there have been no scheduled commercial actual flight departures during the last 12 months.
The period for evaluation of such Unserved Airport shall be considered as a duration of 12 calendar months, till the end of month preceding the month prior to the date of launch of the bidding round, unless otherwise specified in the Scheme.

'**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.

'**Tenure of VGF Support**' shall have the meaning as ascribed in Clause 4.5 of this Scheme.

'**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.

Part A: Framework for Route Selection

Scheme Objectives and Guiding Principles for Routes Selection[1]

1. Background

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".

1.2. 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.

1.3. 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, labour, etc.) becoming costlier in the densely populated metro cities. In this scenario, air connectivity can provide required impetus to the economic growth of regional centres (towns / cities).

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".

1.5. NCAP 2016 aimed to 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 provided for a Regional Air Connectivity Scheme.

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.

1.7. 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

[1] This document alone 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.

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.

1.8. 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.

1.9. MoCA had earlier released six major versions of the Regional Connectivity 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") and in April 2023 ("Version 5.0"). Subsequently, MoCA and AAI conducted bidding processes and awarded several RCS Routes to the Selected Airline Operators across 14 bidding rounds including the major versions and their derivatives. It is hereby clarified that the provisions contained under this Scheme document shall be applicable to:

1.9.1. any bidding process which may be conducted by MoCA, the Implementing Agency, as the case may be; and

1.9.2. any Selected Airline Operator Agreement and any other agreement(s) which may be entered into by the Implementing Agency, as the case may be, with any Selected Airline Operator,

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 Regional Connectivity Scheme Version 1.0, Scheme Version 2.0, Scheme Version 3.0, Scheme Version 4.0, Small Aircraft Sub-Scheme or Scheme Version 5.0 and their derivatives 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, Small Aircraft Sub-Scheme or Scheme Version 5.0 and their derivatives 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 Scheme Version 5.0 and their derivatives.

1.10. MoCA has now extended and modified the Regional Connectivity Scheme and released this Version 6.0 (“RCS” or “Scheme” or “UDAN Scheme”), which builds upon the strong foundation laid by the Regional Connectivity Scheme Versions 1-5.

1.10.1. Utilizing the learnings from implementing the Scheme across five major bidding rounds involving 14 bidding cycles, the modified UDAN Scheme introduces a series of restructuring initiatives designed to provide overarching benefits to the public and to optimize efficiency while enhancing regional connectivity across India.

1.10.2. This holistic approach integrates extensive stakeholder consultations, incorporating insights from diverse viewpoints to develop comprehensive solutions. Each aspect of the Scheme has been meticulously examined, addressing the operationalization of aerodromes, ensuring route sustainability, resolving funding issues, and navigating regulatory challenges.

1.10.3. The modified UDAN Scheme represents a significant advancement toward a more interconnected India, where air travel serves as a catalyst for holistic growth and development.

1.10.4. As elaborated upon in Part B of this document, the modified UDAN Scheme will now also integrate the development of aerodromes, which was previously covered separately under the tandem “Revival and Development of unserved / underserved airports, Heliports and Water Aerodromes” Scheme, thereby broadening its impact on regional aviation infrastructure and regional connectivity under one umbrella.

2. Scheme Objective

2.1. The primary objective of RCS is to facilitate / stimulate regional air connectivity by making it affordable.

2.2. 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.

3. Guiding Principles of the Scheme

Given the focus and objectives of NCAP 2016, the key guiding principles for the UDAN Scheme would be:

3.1. **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 provided to the airline operators, 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.

3.2. RCS is accordingly to be made operational only in States and at airports/ Water Aerodromes / Heliports (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 by executing the State Services MoU.

3.3. **Rationale of Regional Connectivity Fund (RCF):** Regional Connectivity is one of the key elements of NCAP 2016, which aims to create an ecosystem to make flying affordable for masses. The Regional Connectivity Scheme as well as NCAP 2016 would eventually promote growth of the entire civil aviation sector.

The Regional Connectivity Scheme would lead to creation of regional air connectivity / services that would have overarching benefits to the public by providing enhanced opportunities, such as a wider array of direct, indirect and induced jobs that could stimulate economic growth, improved access to education, significant time savings for passengers, and increased accessibility to regional and remote locations in the country, thereby fostering greater mobility and connectivity among communities. This will further strengthen the aviation ecosystem through the spin-off benefits it could create within the sector in terms of passengers taking other flights (not under RCS) and thereby connecting them to the larger aviation map. Accordingly, the Regional Connectivity Fund (RCF) for routes supported under the UDAN Scheme Version 6.0 and onwards shall be financed through budgetary support from the Government of India, the levy imposed on scheduled flights operated within India, and such other sources as may be notified by the Ministry of Civil Aviation from time to time.

Additionally, the RCF will be used to provide appropriate administrative charges to the Implementing Agency for implementing the Scheme.

3.4. **Demand driven mechanism:** The MoCA would like to see airlines operating in a competitive environment and accordingly the 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.

3.5. **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.

3.6. **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 the accomplishment of objectives. MoCA shall also undertake a mid-term evaluation/appraisal of the Scheme in 2031.

Features of the Scheme

4. Key Constructs

4.1. Designation of Implementing Agency

4.1.1. 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. This will be up to 1% (one percent) of the total outlay of the Scheme, in line with schemes with similar outlay and duration. 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 Trust" or "RACFT").

4.1.2. The Airports Authority of India (AAI) is being designated as the Implementing Agency under this Scheme.

4.2. Responsibilities of the Implementing Agency shall include inter alia:

4.2.1. Receiving proposals submitted by the Applicants and taking necessary administrative actions for identification of Selected Airline Operator pursuant to the Scheme;

4.2.2. 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 RACFT 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;

4.2.3. 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. 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.;

4.2.4. The Implementing Agency shall be responsible for computing and notifying the 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

4.2.5. Any other tasks and activities required for implementation of the Scheme.

4.3. Mechanism for Provision of Financial Support

4.3.1. 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 / Heliport operators as detailed below.

4.3.2. Concessions offered by the Central Government are as follows:

4.3.2.1. Excise Duty at the rate of 2% shall be levied on Aviation Turbine Fuel (ATF) and Blended Aviation Turbine Fuel, as per the notification 07/2019 Central Excise dated 22nd August 2019, notification 27/2024 Central Excise dated 28th October 2024, and notification 28/2024 Central Excise dated 19th November 2024 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.

4.3.3. Concessions / support offered by the respective State Governments at RCS Concession Airports within their States, the tenure of which shall be in accordance with the State Services MoU, are as follows:

4.3.3.1. Reduction of VAT to 1% or less on ATF at RCS Concession Airports located within the State. 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.

4.3.3.2. Coordinating with oil marketing companies for provision of fuelling infrastructure on best effort basis.

4.3.3.3. 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;

4.3.3.4. 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;

4.3.3.5. Provision of, directly or through appropriate means, electricity, water and other utility services at substantially concessional rates at RCS Concession Airports; and

4.3.3.6. 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%.

4.3.3.7. State Governments, at their discretion, may consider extending any additional support for promotion of RCS Flights.

4.3.3.8. All commitments made by the State Government as part of the Challenge Mode processes for aerodrome development

4.3.4. Concessions offered by the airport / Water Aerodrome / Heliport operators are as follows:

4.3.4.1. Airport / Water Aerodrome / Heliport 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 / CUTE / CUSS / BRS / CUPPS, etc. charges among others (including their predecessors / successors). It is clarified that the overnight parking facilities provided by the airport / Water Aerodrome / Heliport operator shall be subject to applicable charges.

4.3.4.2. Selected Airline Operators shall be allowed to undertake ground handling for their RCS Flights at all airports / Water Aerodromes / Heliport. It is hereby clarified that the ground handling services provided by the airport / Water Aerodrome / Heliport operator shall be subject to applicable charges.

4.3.4.3. AAI shall not levy any Terminal Navigation Landing Charges (TNLC) on RCS Flights.

4.3.4.4. 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.

4.3.4.5. Airfare for all passenger seats on an RCS Flight will not be subject to any levies or charges imposed by the airport / Water Aerodrome / Heliport 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, UDF (including their predecessors / successors) and CUTE / CUSS / BRS / CUPPS, etc.

4.4. Tenure of the Scheme

4.4.1. In line with NCAP 2016 and approval of the Cabinet Committee on Economic Affairs, the Scheme will be applicable, subject to periodic review, for a period of 10 years from April 01, 2026.

4.4.2. 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 Clause 4.4.1 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 endeavour to honour agreements already entered into with Selected Airline Operators for the remaining term of such agreements.

4.4.3. 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 / Heliport 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.

4.5. <u>Tenure of VGF Support and airport / Water Aerodrome / Heliport operator concessions</u>

4.5.1. Subject to Clause 4.4.2 and Clause 4.4.3 above, VGF and other concession on any RCS Route will be provided for RCS Flights for a period of five (5) 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).

4.5.2. During the five (5)-year period, even if an RCS Route ceases to satisfy any of the Scheme's eligibility conditions applicable to an RCS Route, the Selected Airline Operator shall continue to receive (i) Viability Gap Funding (VGF), (ii) exclusivity of operations as governed by Clause 4.13, and (iii) the concessions set out in Clauses 4.3.2, 4.3.3, and 4.3.4, under the existing agreement, until the end of that five (5)-year period, or as applicable. Upon expiry of the five (5)-year period, these benefits shall be discontinued.

4.5.3. Subject to Clause 4.4.2 and Clause 4.4.3 above, airport / Water Aerodrome / Heliport operator concessions on any RCS Route will be provided for RCS Flights for a period of five (5) years from the date of commencement of RCS Flight operations on that RCS Route.

4.6. <u>Specific routes promoted under the Scheme</u>

4.6.1. 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.

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

4.7. Airports / Water Aerodromes / Heliports to be covered under the Scheme

4.7.1. The Scheme will be applicable with respect to RCS Concession Airports.

4.7.2. 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.

4.7.3. The list of Underserved Airports and prioritised Unserved Airports in India is placed at Annexure – 1A and Annexure – 1B respectively. An indicative list of prioritised Heliports in India is provided at Annexure – 1C.

4.8. Airfare Caps

4.8.1. In line with NCAP 2016, Airfare Caps will be applicable for operations under the Scheme.

4.8.2. The Selected Airline Operator shall not be allowed to charge airfare more than Maximum Airfare for RCS Seats, except for GST, as specified in Clause 4.8.3 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 / Water Aerodrome / Heliport 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, UDF, CUTE, CUSS, BRS and CUPPS, etc., and their predecessors/successors, if any.

4.8.3. 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.

4.8.4. Considering that operating costs for a flight vary with stage length / flight duration, Airfare Caps have been specified for various stage lengths / flight duration for fixed wing aircraft (including seaplanes) and helicopter 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.

4.8.5. MoCA acknowledges the requirement to facilitate ticket sales through the online travel agencies and aggregator platforms given their widespread popularity among the public as these platforms offer diverse options and assistance in travel planning. These platforms have a distinct business model viz-a-viz airlines and thus they charge their own commissions from the airlines and convenience fee from the passengers. This may lead to distinct airfares being charged by passengers based upon the platform selected by the passenger for booking of ticket. To facilitate RCS Route discovery by the public, the final airfare at which tickets are being sold will not be subject to monitoring of adherence of applicable Maximum Airfare for RCS Seats. However, the revenue (airfare) booked by airlines on ticket sales of RCS Seats made through aggregators shall be equal to or within the applicable Maximum Airfare.

4.8.6. 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.

4.8.7. 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.

4.8.8. 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 1st February for the Financial Quarter starting 1st April).

4.8.9. The revised Airfare Caps and applicable Maximum Airfare shall be effective from the start date of the new Financial Quarter or 7 days from the date of circulation of revised Airfare Caps, whichever is later.
For example, assuming the indexed Airfare Caps and applicable Maximum Airfare were shared on 1st November 2026 for January-March 2027 Financial Quarter, for ticket sales up to 31st December 2026 for any flight departing on or after 1st January 2027, the applicable Airfare Cap and Maximum Airfare for booking and compliance monitoring shall be of the October – December 2026 Financial Quarter.

4.8.10. 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.

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

4.8.12. Airfare Cap(s) and Maximum Airfare(s) shall not include charges for optional/unbundled services as listed by DGCA[2] from time to time.

4.9. Aircraft Categories

4.9.1. Different fixed wing aircraft (including seaplanes), based on their seating capacity, have been classified into the following three (3) categories for the purpose of this Scheme.

S.No.	Category	Passenger Seating Capacity
1	Category - 1	< 20
2	Category - 2	21-80
3	Category - 3	> 80

4.9.2. Helicopters have been classified into the following two (2) categories based on the type of engines.

S.No.	Category	Type of engine
1	Category - S	Single engine
2	Category - T	Twin engine

4.10. VGF Cap

4.10.1. 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.

4.10.2. 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.

4.10.3. VGF to be provided for each RCS Seat under the Scheme will be capped for different stage lengths for fixed wing aircraft (including seaplanes) and different flight duration for helicopters operation.

[2] https://www.dgca.gov.in/digigov-portal/?dynamicPage=dynamicPdf/8edr%2BHRFSO4nHa2BHB3poQ%3D3D&maincircularsRulesAirTran/7/3327/viewDynamicRuleContLvl2

4.10.4. The applicable VGF caps for operations through Category-1, Category-2 and Category-3 fixed wing aircraft for a particular stage length ("VGF Cap"), and VGF Cap for helicopter operation for different flight duration, have been specified at Annexure - 3 to this Scheme. For operations through a Category-1 fixed wing aircraft (including seaplanes), the stage length for an RCS Route shall be limited to 500 km.

4.10.5. 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.

4.10.6. 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.

4.10.7. 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.

4.10.8. 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.

4.10.9. 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.

4.10.10. 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.

4.10.11. 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 GST[3].

4.11. RCF Allocation

4.11.1. Region-wise allocation of RCF

4.11.1.1. 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.

4.11.1.2. Accordingly, to have an equitable distribution of RCF and enhanced air connectivity across the country, the country will be divided into five (5) Regions as per Annexure 6.

4.11.1.3. 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.

4.11.1.4. Where a particular RCS Route connects airports / Water Aerodromes / Heliports 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.

4.11.2. RCF Allocation Cap for Airline operators

[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

4.11.2.1. 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.

4.11.2.2. 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 Clause 4.11.1.3 above). MoCA may consider revising such limit from time to time as may be required based on the assessment undertaken by MoCA / Implementing Agency.

4.12. <u>ASKMs on RCS Flight</u>

4.12.1. 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.

4.13. <u>Exclusivity of operations</u>

4.13.1. 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.

4.13.2. Accordingly, to encourage development of such routes by airline operators, Selected Airline Operators shall, subject to Clause 17.8, 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 Clause 4.13.5.

4.13.3. 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.

4.13.4. 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, subject to the following conditions:

4.13.4.1. 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;

4.13.4.2. 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.

4.13.4.3. 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

4.13.4.4. Upon request by the Implementing Agency, the Selected Airline Operator shall be required to withdraw such NOC within 2 weeks of the request and all operations by the other airline operator(s) on the RCS Route shall cease within 6 weeks of the request.

4.13.5. 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. In the event of withdrawal of the Exclusivity Period for a Selected Airline Operator on a specific RCS Route, and such route being operated under joint exclusivity by two or more Selected Airline Operators, it is hereby clarified that the Exclusivity Period shall be withdrawn for all the SAOs operating on such RCS Route.

4.13.6. Subsequent to the completion of Exclusivity Period of a Selected Airline Operator on a specific RCS Route, and such route being operated under joint exclusivity by two or more Selected Airline Operators, it is hereby clarified that the Exclusivity Period shall be withdrawn for all the SAOs operating on such RCS Route. Further, post 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.

4.14. Miscellaneous

4.14.1. MoCA has the authority to issue such directions from time to time, as may be necessary for smooth implementation of the Scheme.

4.14.2. MoCA may, at any time and from time to time, amend, clarify, supplement, suspend, or withdraw any provision of the Scheme, RFP, SAOA, including any schedules, annexures, forms, processes, or guidelines (collectively, "Scheme Materials"), by notification, circular, corrigendum, or order. Provided that no such modification shall alter, override, or be inconsistent with (i) the specific terms expressly recorded in the minutes of meeting of the Expenditure Finance Committee, or (ii) the limits or conditions contained in the applicable budgetary sanction(s).

4.14.2.1. Any such modification shall take effect on the date specified therein, or, if no date is specified, on the date of issuance, and shall be binding on all participants and Selected Airline Operators under the Scheme. For the avoidance of doubt, nothing in this clause limits MoCA's statutory or administrative powers under applicable law.

4.14.3. The details of bidding process shall be notified by the Implementing Agency through Request for Proposals for Selection of Airline Operators (hereafter referred as the "RFP") under Regional Connectivity Scheme from time to time.

4.14.4. The SAOs will be required to undertake marketing efforts to aid in the development of new routes and airports, such as disseminating information on social or traditional media and other related promotional activities.

Operating Mechanism of the Scheme

5. Introduction

5.1. The Scheme envisages a market based mechanism for the 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 five (5) year agreement with the Selected Airline Operator for operations on the RCS Route ("Selected Airline Operator Agreement" or "SAOA").

6. Eligibility Criteria for Proposals

6.1. In order to be eligible for support under this Scheme:

6.1.1. A proposal shall either be for an individual RCS Route ("Individual Route Proposal") or for a set of connected routes ("Network Proposal");

6.1.2. Operations under the Scheme will be permitted through fixed wing aircraft (including seaplanes), and helicopters provided further that operations through helicopters will be permitted where there is at least one heliport as origin or destination in the Priority Areas, and operations through seaplanes will be permitted only if there is at least one (1) Water Aerodrome as origin or destination for every route proposed in the Individual Route Proposal or Network Proposal.

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

6.1.3.1. A valid Air Operator Certificate (AOC) for scheduled passenger air transport service or a valid AOC for scheduled commuter air transport service issued by the DGCA, or

6.1.3.2. A valid Non-Scheduled Operator's Permit (NSOP) for non-scheduled passenger air transport service issued by the DGCA, or

6.1.3.3. A valid air operator permit (AOP) or equivalent permit issued by the competent civil aviation regulatory authority of any foreign country,

6.1.4. In the event that any of the Applicants eligible under Clause 6.1.3.2 or 6.1.3.3, 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. Provided that, for operations through sea planes and helicopters, the SAO shall be permitted to commence operations under RCS through a valid NSOP. MoCA may examine, from time to time, the abovementioned eligibility conditions and may issue appropriate guidelines/ directions/ clarifications in this regard.

6.1.5. The Selected Airline Operator shall be obligated to commence RCS Flight operations on an RCS Route, where airports are ready, 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. In case there are airports in the RCS Route/ Network which are not ready for operations due to ongoing works or licensing etc., the Selected Airline Operator shall, within four (4) months of notification by the Implementing Agency of the readiness of the airport, commence RCS Flight operations on such RCS Route(s), as part of Individual Route Proposal or a Network Proposal unless any extension is granted by the Implementing Agency.

6.1.6. The Selected Airline Operator will be issued a Letter of Award ("LoA") setting out the terms and conditions for operation of RCS Flight operations on an RCS Route and further to acceptance of the LoA, the SAO will be required to enter into Selected Airline Operator Agreement with the IA substantially in the form and manner as set out in the bidding documents within a period that is earlier of, i) three (3) months and three (3) weeks from the issuance of the Letter of Award or notification by the Implementing Agency of airport readiness for airport(s) which are not ready for operations at the time of the issuance of the Letter of Award or ii) one (1) week prior to the commencement of operations. Failure by a SAO to commence flights within four (4) months from the date of issuance of LOA or any extension as granted by the Implementing Agency, would be an event of default which entitles the Implementing Agency to terminate the award of routes or SAOA, as the case may be or both. 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.

6.1.7. 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.

6.2. In the event that an RCS Route is proposed for bidding under the Scheme such that it satisfies Condition 2 or 3 of the RCS Route definition on the Scheme release date (Scheme Version 6.0) 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 / seaplane / helicopter 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.

6.3. Where the SAOA in respect of an RCS Route has been terminated by the Authority, whether wholly or, in the case of a Network, in part, on account of any default committed by, or surrender by, the Selected Airline Operator (SAO), for reasons other than non-readiness of the concerned aerodrome(s), and such RCS Route is subsequently re-bid or otherwise becomes eligible for re-bidding, the same SAO shall not be eligible to participate in the bidding process for such RCS Route. Such ineligibility shall be limited to the said RCS Route and shall apply to all bidding round(s) conducted in respect thereof for a period of two (2) years from the date of termination of the relevant SAOA insofar as it pertains to such RCS Route.

7. Minimum Performance Specifications for an RCS Flight

7.1. Under the Scheme, a Selected Airline Operator will be required to meet the following Minimum Performance Specifications with respect to its RCS Flight operations

7.1.1. For fixed wing aircraft (including seaplanes) in the first 2 Operational Years, a Selected Airline Operator shall be required to provide fifty percent (50%) of RCS Flight Capacity as RCS Seats, provided that:

7.1.1.1. where RCS Flight Capacity is greater than 9 seats and 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).

7.1.1.2. where RCS Flight Capacity is equal to or less than 9 seats, all passenger seats of the aircraft shall be RCS Seats.

7.1.1.3. provided further that, in the event the number of RCS Seats is a decimal, such number shall be rounded down to the nearest whole number.

7.1.2. For fixed wing aircraft (including seaplanes) in the third Operational Year, a Selected Airline Operator shall be required to provide seventy five percent (75%) of quoted RCS Seats, rounded down to the nearest integer less than the calculated value of revised RCS Seats

7.1.3. For fixed wing aircraft (including seaplanes) in the fourth Operational Year, a Selected Airline Operator shall be required to provide fifty percent (50%) of quoted RCS Seats, rounded down to the nearest integer less than the calculated value of revised RCS Seats

7.1.4. For fixed wing aircraft (including seaplanes) in the fifth Operational Year, a Selected Airline Operator shall be required to provide twenty five percent (25%) of quoted RCS Seats, rounded down to the nearest integer less than the calculated value of revised RCS Seats

7.1.5. For helicopters with a passenger seating capacity of less than or equal to 13 seats, a Selected Airline Operator shall be required to provide hundred percent (100%) of RCS Flight Capacity as RCS Seats.

7.1.6. For helicopters with a passenger seating capacity of more than 13 seats, the number of RCS Seats in an RCS Flight shall be capped at thirteen (13) passenger seats

7.2. 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 Flight operations per week.

7.2.1. For RCS Routes providing connectivity to Priority Area(s), the number of RCS Flights to be operated in a week with VGF shall be a minimum of three (3) and a maximum of fourteen (14) departures per week from the same RCS Concession Airport such that the RCS Flights are operated on at least three (3) days of the week.

7.2.2. For RCS Routes providing connectivity to other than Priority Area(s), the number of RCS Flights to be operated in a week with VGF shall be a minimum of three (3) and a maximum of seven (7) departures per week from the same RCS Concession Airport such that the RCS Flights are operated on at least three (3) days of the week.

7.3. An Applicant may submit an Initial Proposal only for to-and-fro connectivity (two routes) between two airports / Water Aerodromes / Heliports.

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 Clause 7.1 and be eligible for payment of corresponding VGF.

8. Submission of Initial Proposals

8.1. An airline / seaplane / helicopter operator (hereinafter called an "Applicant") can submit proposals satisfying the eligibility conditions and minimum performance specifications provided in Clause 6 and Clause 7 respectively ("Initial Proposal") to the Implementing Agency in the form and manner specified in Clause 10 hereto and would need to have reference to specified Airfare Caps and VGF Caps.

8.2. 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.

8.3. Applicants are advised to undertake their own due diligence including assessment of pay load restrictions at various airports / Water Aerodromes / Heliports, market assessment, investigations and analyses including the suitability of the airports / Water Aerodromes / Heliports 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 / Water Aerodrome / Heliport 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.

8.4. 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.

8.5. Initial Proposals received till the respective specified deadlines shall be considered by the Implementing Agency for proceeding with further steps.

8.6. After receiving Initial Proposal(s), the Implementing Agency with reference to the mechanism specified in Clause 12, 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 Clause 21.

9. Network Proposal

9.1. 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 / Water Aerodromes / Heliports, through a network, as part of the same proposal.

9.2. 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 four RCS Routes connecting at least two distinct set of airports / Water Aerodromes / Heliports.

9.3. By way of an illustration, a proposal with A-B-C-B-A and A-B-C-B-A-C routes where, A-B-A and B-C-B are two sets of RCS Routes connecting distinct set of airports (A, B and C) and A-C 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.

9.4. The Applicants shall be required to ensure that all RCS Routes in a Network Proposal are connected using the same aircraft type through the same number of flights per week.

9.5. 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.

9.6. 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.0

9.7. After receiving the Initial Proposal(s), the Implementing Agency with reference to the mechanism specified in Clause 12, shall release RCS Route(s) to be connected as part of a Network Proposal, for inviting Counter Proposals.

10. Proposal Submission Requirements

10.1. 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:

10.1.1. Information about the Applicant

10.1.2. Technical Proposal

10.1.3. Financial Proposal

10.2. Applicant Information - An Applicant shall provide the information as required in RfP.

10.3. Technical Proposal - As part of the technical proposal, an Applicant shall submit the following information about a proposed RCS Route:

10.3.1. Proposal Security as indicated by the Implementing Agency from time to time

10.3.2. 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. In case of operations through helicopters, the Applicant shall submit the coordinates of Heliports proposed to be connected, if not listed in GSR 751E

10.3.3. Proposed aircraft / seaplane category / helicopter type to be deployed on the RCS route.

10.3.4. Seating capacity of the proposed aircraft/ seaplane/ helicopter

10.3.5. 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

10.3.6. Number of RCS Flights per week.

10.4. The stage length / flight duration for a particular RCS Route shall be based on the determination undertaken by the Airports Authority of India.

10.5. In case of a Network Proposal, the Applicant shall submit the above Technical Proposal information for each of the proposed RCS Routes in the Network Proposal along with the proposed network path.

10.6. Additional information requirement for Initial Proposals with no VGF requirement

10.6.1. 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.

10.6.2. 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.

10.7. Financial Proposal Information –

10.7.1. As part of the Financial Proposal when VGF is sought, the Applicant shall submit the following information:

10.7.1.1. VGF per RCS Seat sought under the Scheme for RCS Flight;

10.7.1.2. Maximum airfare pursuant to Clause 4.8 for an RCS Seat that the operator, if selected under RCS, will charge for RCS Seats on an RCS Flight (“Maximum Airfare”).

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

10.7.2.1. Maximum airfare pursuant to Clause 4.8 for an RCS Seat that the operator, if selected under RCS, will charge for RCS Seats on an RCS Flight (“Maximum Airfare”);

10.7.3. The Applicant shall ensure that in Clause 10.7.1 and Clause 10.7.2, 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.

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

11. Identification of RCS Routes as part of Initial Proposal(s)

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

11.2. 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.

11.3. 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 / Water Aerodrome / Heliport 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 / Water Aerodrome / Heliport 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.

12. Selection of proposals for counter bidding

12.1. Individual Route Proposals

12.1.1. All Individual Route Proposals, identified in Clause 11, shall be put up for inviting Counter Proposals along with the details mentioned in Clause 12.3 below. MoCA notes that there can be instances, where in a particular bidding cycle, the Initial Proposals pertaining to Individual Route Proposals are received such that:

12.1.1.1. Only one Individual Route Proposal is received for a particular set of RCS Routes such that there is no overlap of the RCS Routes with any other Initial Proposal.

12.1.1.2. More than one Individual Route Proposals are received having exactly the same set of RCS Routes in their proposals. Such Individual Route Proposals shall be considered identical ("Identical Individual Routes") and such set of RCS Routes shall be bid out only as one network.

12.2. Network Proposals

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

12.2.1.1. 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.

12.2.1.2. 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 only as one network.

12.2.1.3. 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.

12.2.2. As mentioned in Clause 9, 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.

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 Clause 9 shall apply only to the RCS Routes i.e. (A-B & D-E).

12.3. 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) / flight duration (in mins) of flying path declared by AAI.*
1	*Individual Route*	*RCS Route A – B-A*	*Yes / No*			
2	*Network*	*RCS Routes in the following sequence A – B, C – D and so on.*	*Yes / No*			
…	….	…	…			

13. Invitation of Counter Proposals

13.1. The procedure defined in Clause 12, 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.

13.2. 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.

13.3. All Counter Proposals shall include information as required under Clause 10 and shall be subject to the Minimum Performance Specifications as specified in Clause 7.

13.4. VGF Cap and Airfare Cap to be considered for submission of Counter Proposals should be the same as that applicable for the Initial Proposal.

13.5. 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 Clause 12.3 and Applicants shall be required to submit their Counter Proposals for such network of RCS Routes subject to the following conditions:

13.5.1. 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;

13.5.2. 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 Clause 9.

14. Evaluation of proposals and Applicant Selection

14.1. After the receipt of Counter Proposal(s) against the Initial Proposals, the Implementing Agency shall undertake assessment of information mentioned under Clause 10.2 and Clause 10.3 in terms of compliance with Clause 6 and Clause 7 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.

14.2. 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, however, the Counter Proposal(s), if any and valid, may be considered 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.

14.3. 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.

14.3.1. In such an event, if the Financial Proposal of an Applicant satisfies the conditions as specified in Clause 10.7.1 and Clause 10.7.2, the Applicant who has submitted the Initial Proposal shall be identified as the "Selected Airline Operator". Provided that:

14.3.1.1. In case of Simultaneous Proposals, the procedure specified in Clause 17 shall be followed to evaluate such Proposals.

14.3.1.2. In case of more than one Initial Proposal for the same RCS Route, the procedure specified in Clause 15 shall be followed to evaluate such Initial Proposals.

14.3.2. In case of a Network Proposal, the conditions as specified in Clause 9.6 shall need to be satisfied for each of the RCS Routes in the Network.

14.4. 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 Clause 10.7.1 and Clause 10.7.2 or Clause 9.6 as may be applicable, the preferred applicant shall be determined based on the mechanism specified in Clause 15 and Clause 16

15. Evaluation of Financial Proposal for an Individual Route Proposal

15.1. For Initial Proposals where the Applicant(s) (or at least one of the Applicant in case of Identical Individual Routes) have not requested any VGF as part of the bid, the evaluation of Counter Proposal(s) vis-à-vis the Initial Proposal or identical Initial Proposals or other Counter Proposals, as the case may be, 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". Provided that the Initial Proposal(s) or identical Initial Proposal(s) or Counter Proposal(s) that have requested VGF, as the case may be, shall not be considered for evaluation.

15.1.1. In the event that one or more applicant Applicants who have submitted Initial Proposal or identical Initial Proposals and one or more Applicants who have submitted Counter Proposals are determined as the Preferred Individual Route Applicants, such Counter Proposal(s) shall not be evaluated further. For avoidance of doubt, the Initial Proposal or identical Initial Proposals shall be the Preferred Individual Route Applicant(s).

15.1.2. In the event that two or more Applicants who have submitted identical Initial Proposals are determined as the Preferred Individual Route Applicants, (the "Tied Preferred Initial Route Applicants"), the evaluation of Tied Preferred Route Applicants shall be done on the basis of total of Maximum Airfare per RCS Seat for all RCS Routes proposed in the identical Individual Proposal such that the Applicant who has quoted the lowest total of Maximum Airfare per RCS Seat for all RCS Routes proposed in the identical Individual Proposal shall be selected as the "Preferred Individual Route Applicant" for such Individual Route Proposal.

15.1.2.1. In the event that such Tied Preferred Individual Route Applicants have quoted the same total Maximum Airfare, the Implementing Agency shall specify a separate procedure for breaking the tie at that stage.

15.1.3. In the event that two or more Applicants who have submitted Counter Proposals are determined as the Preferred Individual Route Applicants, (the "Tied Preferred Counter Route Applicants"), identification of the Preferred Individual Route Applicant shall be as per Clause 15.1.2.

15.2. 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.

15.2.1. In the event that one or more Applicants who have submitted Initial Proposal or identical Initial Proposals and one or more Applicants who have submitted Counter Proposals are determined as the Preferred Individual Route Applicants, such Counter Proposal(s) shall not be evaluated further. For avoidance of doubt, the Initial Proposal or identical Initial Proposals shall be the Preferred Individual Route Applicant(s).

15.2.2. 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 Clause 15.1.2 and Clause 15.1.3.

15.3. The Applicant submitting the Initial Proposal for a particular RCS Route shall have the option of Right to Match (RTM) as per Clause 18.

16. Evaluation of Financial Proposals for a Network Proposals

16.1. 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 or identical Initial Proposals or other Counter Proposals, as the case may be, shall be done using the process specified in Clause 15.1 and its sub-clauses, as the case may be, 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".

16.2. For Initial Proposals pertaining to Network Proposals satisfying the conditions given in Clause 12.2.1.1 and Clause 12.2.1.2, where the Applicant(s) have requested VGF, the evaluation 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.

16.2.1. 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 Clause 15.1.1, 15.1.2, or 15.1.3 as the case may be.

16.2.2. The Applicant submitting the Initial Proposal pertaining to such Network Proposal will have the option of RTM as per Clause 18.

16.3. 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

17. Evaluation of Financial Proposals for Simultaneous Proposals

17.1. In case of Initial Proposals which are Non-Identical Proposals as defined in Clause 12.2.1.3 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.

17.2. The Implementing Agency shall evaluate respective Counter Proposals vis-à-vis the Initial Proposals or identical Initial Proposals or other Counter Proposals, as the case may be, for such Simultaneous Proposals as per the process specified in Clause 15 and Clause 16 above and shall identify Preferred Individual Route Applicant and Preferred Network Applicant for such Simultaneous Proposals, as the case may be.

17.3. 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).

17.4. 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.

17.5. 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.

17.6. In case of Clause 17.4, 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). 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.

In case of Clause 17.5, 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.

17.7. 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 Clause 6 and Clause 7 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, however the Counter Proposal(s) received against such an Initial Proposal, if any and valid, may be considered further.

Step 4 – On the basis of procedure mentioned in Clause 15 and Clause 16 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 Clause 18 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.

17.8. 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.

18. Right to Match

18.1. 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 Right To Match (“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, if the preferred proposal had been submitted as a Counter 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.

18.2. The Applicant submitting an Initial Proposal shall be given an RTM against the respective Preferred Individual Route Applicant or Preferred Network Applicant, as the case may be, only if the respective preferred Individual Route Proposal or preferred Network Proposal was submitted as a Counter Proposal. 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.

18.3. 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.

18.4. 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.

19. Identification of a Selected Airline Operator

19.1. For Initial Proposals pertaining to an individual RCS Route or Network Proposals satisfying the conditions given in Clause 12.2.1.1 and Clause 12.2.1.2, the Preferred Individual Route Applicant / Preferred Network Applicant identified above shall be declared as the Selected Airline Operator.

19.2. 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 Clause 17.

19.3. 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					
..					

20. Performance Guarantee

20.1. 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,

20.1.1. three (3) months and three (3) weeks from the issuance of the Letter of Award or notification by the Implementing Agency of airport readiness for airport(s) which are not ready for operations at the time of the issuance of the Letter of Award or;

20.1.2. one (1) week prior to the commencement of operations.

20.2. In case the Selected Airline Operator is unable to adhere to the requirement in Clause 20.1.1, the Proposal Security shall be forfeited. The Selected Airline Operator will then be given an additional one (1) week to replenish the Proposal Security and submit the Performance Guarantee and/or enter into the SAOA and commence operations, as the case may be, barring which, the award for the respective RCS Routes will stand terminated after four (4) months of issuance of the LoA. The Selected Airline Operator shall be required to comply with all applicable regulations for such operations under this Scheme, including those of the DGCA.

20.3. In case the Selected Airline Operator is unable to adhere to the requirement in Clause 20.1.2, the Proposal Security shall be forfeited. The Selected Airline Operator shall be required to comply with all applicable regulations for such operations under this Scheme, including those of the DGCA.

20.4. At the time of signing the Selected Airline Operator Agreement, the Selected Airline Operator will be required to submit Performance Guarantees to the Implementing Agency for each RCS Route equivalent to five percent (5%) of the total VGF amount to be provided to such Selected Airline Operator in Operational Year 1, 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 notification of the readiness of the airport by the Implementing Agency, the Selected Airline Operator shall, follow the procedure in Clause 20.1 and submit Performance Guarantees for each such remaining RCS Route awarded to the SAO for an amount equivalent to five percent (5%) of the total VGF amount to be provided to such Selected Airline Operator in Operational Year 1, subject to a minimum of Rs. Five lakhs (Rs. 5,00,000/-). In case the Selected Airline Operator is unable to adhere to the requirements in Clause 20.1, Clause 20.2 or 20.3 shall apply, as the case may be.

20.5. After the completion of Operational Year 2 on that RCS Route, the Selected Airline Operator will be allowed to replace the existing Performance Guarantee with a new Performance Guarantee to the Implementing Agency for each RCS Route equivalent to two and a half percent (2.5%) of the total VGF amount to be provided to such Selected Airline Operator in Operational Year 1, subject to a minimum of Rs. Two and a half lakhs (Rs. 2,50,000/-).

20.6. 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 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.

20.7. In addition to the provisions mentioned under Clause 23, the Performance Guarantee will be dealt with by the Implementing Agency as follows:

20.7.1. 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:

20.7.1.1. Ensure integrity of the Operational Regularity on routes proposed under the Selected Airline Operator Agreement, i.e. it fails to maintain at least 70% Operational Regularity on routes proposed under the Selected Airline Operator Agreement in an Operational Year; or

20.7.1.2. Adhere to any other terms and conditions of the Selected Airline Operator Agreement.

20.7.1.3. 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 the provisions of the Selected Airline Operator Agreement.

20.7.2. The Performance Guarantee will be returned by the Implementing Agency to the Selected Airline Operator upon completion of five (5) years from date of commencement of RCS Flight operations on any RCS Route as per the terms and conditions of the Selected Airline Operator Agreement.

21. Prioritisation Framework

21.1. The Implementing Agency shall have reference to the Scheme objectives at all points of time and prioritize proposals for being supported under the Scheme.

21.2. 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):

21.2.1. Network or Individual Route Proposal comprising routes provided in Annexure 7 would be given the highest priority. Amongst such proposals, the highest priority would be given to proposals comprising routes connecting Unserved Airports, Underserved Airports and Served Airports in that order.

21.2.2. Network or Individual Route Proposal comprising Unserved and Underserved airports located in Priority Area(s) would be given the next highest priority. Amongst such proposals, the highest priority would be given to proposals comprising routes connecting Unserved Airports, Underserved Airports and Served Airports in that order.

21.2.3. Pursuant to considerations of proposals under Clause 21.2.1 and 21.2.2, proposals comprising airports that are located in areas other than Priority Area(s) would be considered. Amongst such proposals, the highest priority would be given to proposals comprising routes connecting Unserved Airports, Underserved Airports and Served Airports in that order.

21.3. Network Proposal(s) would generally be given a higher priority than an Individual Route Proposal.

21.4. 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.

22. Change in deployed capacity

22.1. A Selected Airline Operator for an RCS Route may decide to change the capacity deployed on an RCS Route at any time after the award of route either by changing RCS Flight Capacity or by changing the number of flights per week.

22.2. In the event that a Selected Airline Operator for an RCS Route intends to increase the RCS Flight Capacity deployed on an RCS Route, it shall be required to inform the Implementing Agency in this regard, while continuing to provide the original number of RCS Seats as per the award of the RCS Route.

22.3. In the event that a Selected Airline Operator for an RCS Route intends to decrease the RCS Flight Capacity deployed on an RCS Route, it shall be required to inform the same to the Implementing Agency. For the avoidance of doubt, the Selected Airline Operator shall provide 50% of the revised RCS Flight Capacity as RCS Seats. In such cases, VGF shall be paid only for the revised RCS Seats and VGF per RCS Seat shall remain the same.

22.3.1. 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.

22.3.2. In an event where any load penalty on the RCS Flight Capacity is applicable on the aircraft deployed on an RCS Route due to reasons including but not limited to length of runway, temperature, refuelling infrastructure, obstacles etc, the Selected Airline Operator must maintain the original number of RCS Seats quoted at the time of bidding, even if this number exceeds 50% of the revised Flight Capacity. A change in the deployed number of RCS Seats shall only be considered after a request from the Selected Airline Operator for a change in the RCS Flight Capacity, which shall be substantiated by appropriate document(s).

22.4. The Selected Airline Operator shall be allowed to increase or decrease the number of RCS Flights on an RCS Route to any number such that the number of RCS Flights departure shall not be less than three (3) per week and can be a maximum of fourteen (14) departures per week for routes providing connectivity to Priority Area(s) and a maximum of seven (7) departures per week for RCS Routes connecting other than Priority Area(s).

22.4.1. In case of an increase and decrease in the number of RCS Flights per week by the Selected Airline Operator within the same Operational Year, 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 or as may have been reduced pursuant to any changes in RCS Flight Capacity as per the provisions of Clause 22.3.

22.4.1.1. In such cases, the number of RCS Flights for which VGF could be disbursed in the remaining Financial 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. For avoidance of doubt, there shall be no change in the number of RCS Seats per RCS Flight or VGF per RCS Seat on account of a change in flights operated per week by the Selected Airline Operator.

22.4.2. In case the Selected Airline Operator would only like to decrease the number of RCS Flights per week, i.e. not under the provisions of Clause 22.4.1, this would only be allowed after the completion of Operational Year 1. Prior approval from the Implementing Agency would be required for such a change, and it would remain in effect for at least three (3) months. Accordingly, the minimum performance specifications for the Selected Airline Operator would be calculated based on the revised RCS Flights per week.

22.4.3. In order to avoid inconvenience to passengers, the airline will have to follow the 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 flights operated by the Selected Airline Operator on an RCS Route, beyond fourteen (14) departures per week for RCS Routes providing connectivity to Priority Area(s) and seven (7) departures per week for RCS Routes connecting other than Priority Area(s).

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

23. Exit from the Scheme

23.1. A Selected Airline Operator may cease RCS Flight operations for any reason any time after Operational Year 1 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.

23.2. If, however, a Selected Airline Operator ceases RCS Flight operations before the completion of Operational Year 1 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.

23.3. If, pursuant to Clause 4.4.2 of this Scheme, the Scheme is withdrawn at any time, the Performance Guarantee shall be returned to the Selected Airline Operator.

23.4. 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 AOC/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 AOC/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.

24. Reporting Obligations for a Selected Airline Operator

24.1. The VGF payment will be made to the Selected Airline Operator from the Regional Connectivity Fund (RCF) on the completion of every month.

24.2. 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 the Selected Airline Operator Agreement.

24.2.1. Operational Details as per Schedule 'B' and Schedule 'C' of Selected Airline Operator Agreement.

24.2.2. In addition to this, the Selected Airline Operator will need to submit RCS specific information as specified under the Selected Airline Operator Agreement.

25. Disbursement of Funds

25.1. 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.

25.2. 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 Clause 24.

25.3. The Implementing Agency will scrutinize the information received from the Selected Airline Operator(s) for compliance with the conditions of Selected Airline Operator Agreement.

25.4. 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 SAOA.

25.5. 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. However, the Selected Airline Operator may be permitted to sell optional / unbundled services, if any, along with RCS Seats as per the relevant DGCA guidelines.

25.6. 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.

25.6.1. 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 Clause 25.5 above. However, the obligation of proving such cancellation in terms of relevant details (passenger identification, etc.) shall be on the Selected Airline Operator.

Part B: Framework for Aerodrome Development

Objectives and Guiding Principles for Aerodrome Development

26. Need for aerodrome development under the Scheme

26.1. While Part A of the Scheme document delineates the procedure for identifying and awarding RCS Routes, this chapter elaborates on the complementary and concurrent process of aerodrome development.

26.2. To enhance regional connectivity by enabling airlines to connect the Unserved and Underserved Airports, it is important to create infrastructure that can support the need for air connectivity in the region.

26.3. Given the availability of numerous pre-existing airstrips across the country, and with most of them being unserved, it is imperative for the MoCA to assist airlines, particularly those in their nascent stage or with limited operations. This support can be achieved by identifying and prioritizing a subset of these potential aerodromes for development based on various factors.

26.4. This will enhance the confidence of the airline operators and other stakeholders in MoCA's commitment to the Scheme and objective of enhancing regional connectivity.

26.5. Furthermore, many regions in the Himalayan and North-Eastern States/Union Territories, as well as in Island Territories, continue to lack civil aviation connectivity due to inadequate infrastructure that dissuades helicopter operators from establishing services. This absence of connectivity discourages commercial operations and undermines emergency response capabilities in these remote areas. Addressing these infrastructure gaps is imperative to test commercial viability and enhance emergency readiness across the designated Priority Areas. Likewise, many Aspirational Districts in the country lack air connectivity. Due to a lack of ancillary infrastructure at these locations, helicopter connectivity may serve as the ideal form of air connectivity, unless the demand at these locations may require fixed-wing aircraft connectivity.

26.6. Consequently, under the infrastructure development goals of the Scheme, Heliports will be developed in such areas, regardless of whether they have been selected for Routes or Networks by Bidders.

26.7. Given the challenging terrain and sparse population in these regions, residents often face long and difficult journeys to access essential services like healthcare and education. The introduction of air transport will cut travel times drastically, improving access to critical resources and ensuring timely response during emergencies.

26.8. MoCA has published guidelines for seaplane and helicopter operations under NSOP. Consequently, the Water Aerodromes and Heliports that are specifically developed for NSOP operations, in compliance with the guidelines, would also be eligible for budgetary support under the Scheme.

27. Guiding Principles for Aerodrome Development

27.1. MoCA will compile a master list of airports, based on the outputs from AAI's NADP 2047, PM Gati Shakti analysis and consent from AAI or MoD for their respective airports.

27.2. This list will then be shared to the respective State Governments and Union Territories (UTs) under the Challenge Mode framework. Under this framework, the State Governments and UTs will be invited to nominate airports/airstrips from the master list for prioritization. A simple and transparent scoring system will evaluate each nomination on key criteria reflecting regional demand and readiness.

27.2.1. Following their responses, the selection of the top 50 airports, or any other figure as decided by the PEC, will be carried out in a transparent, step-by-step manner once all nominations are scored, in reference to Clause 28 for inclusion and development under the Scheme.

27.2.2. MoCA may choose to rerun the Challenge Mode framework from time to time, as and when it deems necessary

27.3. In case of Heliports, a Heliport shall be selected/prioritized in the Aspirational Districts and the districts of the Priority Areas, where there are no Heliports or airports that are operational or under development.

27.3.1. State Governments and UTs will be invited to nominate potential locations for the development of Heliports and a simple and transparent scoring system will be used to evaluate each nomination on key criteria reflecting regional requirements and readiness

27.3.2. Following their responses, the selection of the top 60 Heliports, or any other figure as decided by the PEC, will be carried out in a transparent, step-by-step manner once all nominations are scored, in reference to Clause 29 for inclusion and development under the Scheme.

27.3.3. MoCA may choose to rerun the Challenge Mode framework from time to time, as and when it deems necessary

27.4. The primary objective of this process is to identify the list of Unserved Airports/ Heliports / Water Aerodromes that can be included in the Scheme for prioritized award. This list of aerodromes will be selected taking cognizance of the potential of achieving sustainability of route and viable aerodrome operations, as well as the gestation period for the development of the aerodrome.

27.5. All Underserved Airports / Water Aerodromes shall become a part of the prioritized list of aerodromes that shall be included in the Scheme for prioritized award.

27.6. The development of such Unserved Airports/ Heliports / Water Aerodromes and approval and disbursal of expenditure incurred on reimbursement basis for their development shall be undertaken by a Project Evaluation Committee ("PEC"). This will follow a similar structure to the PEC that oversaw the predecessor "Revival and Development of Unserved / Underserved Airports, Heliports and Water Aerodromes" Scheme, having representation from MoCA, NITI Aayog and DoE, MOF.

27.7. The PEC shall also be responsible for approval of Operational Expenditure incurred on reimbursement basis at the Unserved and Underserved Airports/ Heliports / Water Aerodromes that shall be awarded under the Scheme.

27.7.1. Operational Expenditure shall be defined as the manpower costs attributed to the provision of Communication Navigation Surveillance (CNS), Air Traffic Management (ATM) and Indian Meteorological Department (IMD) services at airports, Heliports or Water Aerodromes, as the case may be.

27.7.2. These costs shall be reimbursed to the extent of actual costs incurred on these services less any additional revenue accrued at the aerodrome after meeting other operational costs of the aerodrome. The aerodrome owner shall be required to share the audited P&L statement for the reimbursement of the Operational Expenditure.

27.7.3. The airport operator shall, at its own cost and expense, at all times during the Reimbursement Tenure and throughout the operating hours of the airport, operate and maintain the airport so as to ensure a suitable level of service.

27.7.4. Such service levels shall be assessed and measured in accordance with the passenger service quality parameters, methodology and evaluation criteria set out in the AAI Customer Satisfaction Survey ("CSS") rating framework as adopted and followed by the Airports Authority of India for its airports (as amended, updated or replaced from time to time) ("CSS Framework").

27.7.5. Without prejudice to its other obligations under the Scheme, the airport operator shall ensure that the airport achieves and maintains an average composite minimum CSS rating of not less than 4.0 (out of 5.0) in respect of the following parameters ("Minimum CSS Requirements"):

27.7.5.1. Restaurants/Eating facilities (Serial number 19)

27.7.5.2. Availability of washroom toilets (Serial number 26)

27.7.5.3. Cleanliness of washrooms/toilets (Serial number 27)

27.7.5.4. Comfort of waiting / gate areas (Serial number 28)

27.7.5.5. Cleanliness of airport terminal (Serial number 29)

27.7.6. Consequences of failure to meet Minimum CSS Requirements

27.7.6.1. If the airport operator fails to meet the Minimum CSS Requirements for two (2) consecutive semi-annual surveys conducted by AAI, then, without prejudice to any other rights or remedies available to the Authority under this Agreement or Applicable Law, the Authority shall be entitled to deduct and/or set-off an amount equal to twenty-five percent (25%) of the amounts otherwise reimbursable to the airport operator under Clause 27.7.2

27.7.6.2. The deduction under Clause 27.7.6.1 shall be applicable only from the second (2nd) consecutive semi-annual period of such failure and shall continue to apply, on a recurring basis, in respect of each subsequent semi-annual period for which the airport operator continues to fail to meet the Minimum CSS Requirements, until the beginning of the first semi-annual period in which the airport operator meets the Minimum CSS Requirements ("Restoration Semi-Annual Period")

27.7.6.3. The Authority may effect such deduction by adjustment from the reimbursements payable under Clause 27.7.2 for the relevant Quarter and/or by set-off against any other amounts payable to the airport operator under this Agreement

27.7.7. The reimbursement is admissible only for periods of continuous operations under the Scheme, except for approved non-operational periods beyond the aerodrome's control (closures due to weather/low visibility, NOTAM/runway closure, force majeure/public health disruptions etc.).

27.7.7.1. If all RCS Flights at the aerodrome are suspended or discontinued for more than two (2) consecutive months, OpEx reimbursement shall not be admissible after the expiry of this two-month period. This ineligibility shall continue for the remainder of the Reimbursement Tenure, or until RCS Flights restart, whichever is earlier, unless PEC approves a relaxation on merit.

27.7.8. The reimbursement shall also be limited by annual threshold for airports, Heliports or Water Aerodromes, as the case may be, as set by MoCA for each year of Scheme tenure.

28. Eligibility and Scoring Criteria under the Challenge Mode framework for development of airports

28.1. Each State/UT must provide the following before its airport/airstrip is formally assessed:

28.1.1. State/UT Commitment: Nominate airports with a formal letter of support as well as a proposal demonstrating the potential of the airports vis a vis the criteria mentioned in Clause 28.3.

28.1.2. Access to airports: Written assurance for the provision of paved access roads and public transport, upon completion of airport development.

28.1.3. Executed copy of the State Services MoU

28.2. Proposals not satisfying Clause 28.1 would be disqualified from scoring.

28.3. The proposals of the State Governments and UTs would be evaluated as per the scoring criteria explained in the following sub-clauses:

28.3.1. State Government Commitments (A): These criteria assess land provision, accessibility, and financial contributions**.** Maximum Marks = **50**

S.N.	Parameter	Requirement	Score
1	Financial Contribution towards airport development	SG/UT to contribute 25% of project cost	5
		SG/UT to contribute 20% of project cost	4
		SG/UT to contribute 15% of project cost	3
		SG/UT to contribute 10% of project cost	2
		No Contribution	1
2	Subsidized Transport Connectivity to the airport	Free pick up/ drop off from the nearest city/town centre to airport	15
		Provision of paid public transport from the nearest city/town centre to airport	10
		No public transport services	1
3	Contribution to Utility and Ancillary Costs (Property/ Municipal taxes)	100% Waiver of utility costs and other ancillary costs	5
		75% Waiver of utility costs and other ancillary costs	3
		No special rate beyond the State Services MoU	1
4	Reduction in VAT on Aviation Turbine Fuel	0% VAT on Aviation Turbine Fuel	5
		0.5% VAT on Aviation Turbine Fuel	3
		No additional reduction beyond the State Services MoU	1
5	Marketing & Promotion Plan/ Budget	Budget ≥ INR 10 Lakhs per Annum per airport while there are RCS Flights operational	10
		Budget between INR 5 to 10 Lakhs per Annum per airport while there are RCS Flights operational	5

S.N.	Parameter	Requirement	Score
		Budget < INR 5 Lakhs per Annum per airport while there are RCS Flights operational	1
6	Contribution to O&M Manpower Costs towards CNS/ATM and IMD	100% of Manpower Costs	5
		50% of Manpower Costs	3
		0% of Manpower Costs	1
7	Waiver of Land Rental for Oil Marketing Companies	SG/UT to provide 100% Waiver	5
		SG/UT to provide 50% Waiver	3
		No waiver	1

28.3.2. Regional Connectivity and Location (B): These criteria assess the location and regional setting of the proposed site. Maximum Marks = **20**

S.N.	Parameter	Requirement	Score
1	Proximity to Major airport	More than 300 km road distance (150 km for locations in priority areas)	10
		151–300 km road distance (76 - 150 km for locations in priority areas)	5
		Within 150 km road distance (75 km for locations in priority areas)	1
2	Location of the Proposed airport	Priority Areas	10
		Other States	1

28.3.3. Infrastructure Readiness (C): These criteria focus on existing or easily upgradeable facilities. Maximum Marks = **20**

S.N.	Parameter	Requirement	Score
1	Potential Runway Length	For locations in Priority Areas, Potential runway length >800m	5
		For locations in Priority Areas, Potential runway length <800m	1
		For locations in Other than Priority Areas, Potential runway length ≥1,800 m	5

S.N.	Parameter	Requirement	Score
		For locations in Other than Priority Areas, Potential runway length >1,200m and <1,800 m	3
		For locations in Other than Priority Areas, Potential runway length <1,200m	1
2	Land Provision for the development of the runway as proposed above	Entirely available and unencumbered	10
		Partially available or encumbered	1
3	Runway condition	Carpeted	5
		Uncarpeted	1

28.3.4. Catchment Area & Tourism Development (D): These criteria evaluate economic coverage and alignment with tourism development. Maximum Marks = **10**

S.N.	Parameter	Requirement	Score
1	Proximity to Industrial Corridors (from DPIIT list), SEZ (from Special Economic Zones in India list), CEZ (CEZ list developed under Sagarmala project), Industrial Park (IILB list)	Within 50 km of an Industrial corridor/SEZ/CEZ/Industrial Park (As mentioned in the respective official list)	5
		Within 75 km of an Industrial corridor/SEZ/CEZ/Industrial Park (As mentioned in the respective official list)	3
		No known Industrial corridor/SEZ/CEZ/Industrial Park (As mentioned in the respective official list) within 75km	1
2	Proximity to Internationally recognized site (UNESCO), nationally recognized site (MoT) and regionally recognized site (Respective SG/UT tourism ministry)	A national or internationally significant/ recognised site (e.g., UNESCO, major pilgrimage hub) within ~50 km	5
		Regionally significant site within 100 km	3
		No regionally significant site within 100 km	1

28.3.5. For each eligible site as provided by Clause 28.1, points will be assigned as per the thresholds in each sub-criterion, with a maximum total of 100 points = A(50) + B(20) + C(20) + D(10)

28.4. The proposals scored in Clause 28.3 would be ranked in the descending order of their total score. The top 50 proposals, or any other figure as decided by the PEC, will be included in the Scheme Document as Annexure 1B.

29. Eligibility and Scoring criteria Challenge Mode Framework for the development of Heliports

29.1. Each State/UT must provide the information mentioned in the following Clauses:

29.1.1. Whether the proposal is for the development of Existing Heliport or Greenfield Heliport (land parcel)

29.1.2. Proposed Heliport information:

1	Name of proposed Heliport	
2	Location of the proposed Heliport	State/UT:
		District:
		Village/Town/City:
		Location Coordinates: *enter in Degrees, Minutes, Seconds (DMS) format* Latitude: e.g.: DD°MM'SS" N Longitude: e.g.: DD°MM'SS" E

29.1.3. Minimum Prerequisites

1	Location of Proposed Heliport (Priority Area or Aspirational District)	☐ Priority Area
		☐ Aspirational District
		☐ Both
		☐ None (Selecting this option will result in rejection of the nomination)
2	Is an airport/ Heliport (Operational/ WIP/Planned) available in the same district	☐ Yes (Selecting this option will result in rejection of the nomination)
		☐ No
3	Proposed Heliport/ land parcel is available for exclusive usage and is not	☐ Yes (exclusive usage)

	inside a shared facility such as government organizations/institutes/offices, universities, police grounds, etc.	☐ No (shared facility) (Selecting this option will result in rejection of the nomination)
4	Proposed Heliport/ land parcel has a clear title of ownership	☐ Yes
		☐ No (Selecting this option will result in rejection of the nomination)
5	Encumbrance-free land for the proposed Heliport is available, with minimum area of 80m x 80m	☐ Yes
		☐ No (Provide reasons) (Selecting this option may result in rejection of the nomination)

29.2. The proposals of the State Governments and UTs would be evaluated as per the scoring criteria explained in the following sub-clauses:

29.2.1. State Government Commitments (A): These criteria assess land provision, and financial contributions**.** Maximum Marks = **35**

S.N.	Parameter	Requirement	Score
1	State/UT share in project cost	25% of project cost	10
		20% of project cost	8
		15% of project cost	6
		10% of project cost	4
		No Contribution	2
2	Contribution to Utility & Ancillary Costs (Property/ Municipal taxes)	100% Waiver of utility costs and other ancillary costs	10
		75% Waiver of utility costs and other ancillary costs	5
		No special rate beyond the State Services MoU	1
3	Subsidized Transport Connectivity	Free pick up/ drop off from the nearest city/town centre to Heliport	5
		Provision of paid public transport from the nearest city/town centre to Heliport	3
		No public transport services	1

S.N.	Parameter	Requirement	Score
4	Proposed Heliport/ land parcel is under direct State/UT ownership, or a written NoC/permission/ MoU/Agreement is available from the landowner for unhindered access and use for a Heliport	State/UT ownership	10
		NOC available	5

29.2.2. Regional Connectivity and Location (B): These criteria assess the location and regional setting of the proposed site. Maximum Marks = **40**

S.N.	Parameter	Requirement	Score
1	Distance of the nearest population/demand centre in the district to be connected from the proposed facility/ land parcel	< 5 Km	10
		5-10 Km	5
		> 10 Km	1
2	Surface Travel time (by car/ four wheelers) from the proposed Heliport/ land parcel to the nearest operational airport	> 4 hours	10
		2 – 4 hours	5
		< 2 hours	1
3	Road distance from population/ demand centre to the closest NABH-accredited hospital	> 100 Km	10
		50 – 100 Km	5
		< 50 Km	1
4	Surface Travel time (by car/ four wheelers) from the proposed Heliport/ land parcel to the State Capital	> 5 hours	10
		3 – 5 hours	5
		< 3 hours	1

29.2.3. Access Readiness and Diligence (C): These criteria focus on facilities with easy access and already completed diligence efforts. Maximum Marks = **25**

S.N.	Parameter	Requirement	Score
1	Direct road connectivity from the proposed Heliport/ land parcel from/to any population/ demand centre(s) in the district	Yes. Road is already available or under expansion /upgrade/ construction	10
		No. Land acquired/available, road construction pending	5
		No. Land acquisition is underway/pending	1
2	Availability of Public Transport to the proposed Heliport from/to any population/demand centre(s) in the district	Public mode of transport	5
		Others	1
3	Feasibility study report for the proposed Heliport/ land parcel is available	Study report is available	10
		Study conducted and report is awaited	5
		Study not conducted	1

29.2.4. For each eligible site as provided by Clause 29.1, points will be assigned as per the thresholds in each sub-criterion, with a maximum total of 100 points = A(35) + B(40) + C(25)

29.3. The proposals scored in Clause 29.2 would be ranked in descending order of their total score. The top 60 proposals, or any other figure as decided by PEC, will be included in the Scheme Document as Annexure 1D.

30. Financing of aerodrome development

30.1. These aerodromes will be developed via budgetary support on a reimbursement basis.

30.2. The development of these aerodromes would be taken up without insisting upon the financial viability of these aerodromes, as they are initially expected to witness traffic/ passenger movement that may not be enough to financially sustain these aerodromes.

30.3. These aerodromes would be developed with the minimum facilities required for safe aircraft and passenger movement to optimise project cost.

Annexures

Annexure 1A – List of Underserved Airports

The final list will be updated at the time of launch of bidding round under this Scheme.

Annexure 1B – List of Unserved Airports

The final list will be updated at the time of launch of bidding round under this Scheme.

Annexure 1C – List of prioritised Heliports

The final list would be updated after the Challenge Mode process is completed.

Annexure 2 – Airfare Cap under RCS

Airfare Cap to be considered for respective stage lengths / flight durations are as follows (Refer Section 4.8 above):

Airfare Cap for Fixed-wing aircraft

S.No.	Stage Length (in km)	Airfare Cap per RCS Seat (in INR)
1.	1 – 50	2,463
2.	51 – 75	2,463
3.	76 – 100	2,463
4.	101 – 125	2,463
5.	126 – 150	2,463
6.	151 – 175	2,463
7.	176 – 200	2,601
8.	201 – 225	2,740
9.	226 – 250	2,896
10.	251 – 275	3,035
11.	276 – 300	3,174
12.	301 – 325	3,330
13.	326 – 350	3,468
14.	351 – 375	3,607
15.	376 – 400	3,763
16.	401 – 425	3,902
17.	426 – 450	4,041
18.	451 – 475	4,197
19.	476 – 500	4,335
20.	501 – 525	4,335
21.	526 – 550	4,492
22.	551 – 575	4,648
23.	576 – 600	4,804
24.	601 – 625	4,960
25.	626 – 650	5,116
26.	651 – 675	5,289
27.	676 – 700	5,445
28.	701 – 725	5,601
29.	726 – 750	5,757
30.	751 – 775	5,914
31.	776 – 800	6,070

Airfare cap for helicopters

S.No.	Flight Duration (in minutes)	Airfare Cap per RCS Seat (in INR)
1.	00 – 10	2,810
2.	10 – 15	2,810
3.	15 – 20	2,810
4.	20 – 25	2,810
5.	25 – 30	2,810
6.	31 – 35	3,265
7.	36 – 40	3,762
8.	41 – 45	4,217
9.	46 – 50	4,670
10.	51 – 55	5,181
11.	56 – 60	5,633
12.	> 60	5,633

Annexure 3 – VGF Cap under RCS

VGF Cap to be considered for respective stage lengths / flight durations are as follows (Refer Section 4.10 above).

VGF cap for Fixed Wing operations:

VGF cap for different type of aircraft for operation in Priority Area(s)

S.No.	Stage Length (in km)	Cat 1/1A (in INR)	Cat 2 (in INR)	Cat 3 (in INR)
1.	1 – 50	2,547	983	1,624
2.	51 – 75	4,546	1,837	1,936
3.	76 – 100	5,878	2,398	2,141
4.	101 – 125	7,239	2,959	2,347
5.	126 – 150	8,571	3,521	2,552
6.	151 – 175	9,904	4,082	2,757
7.	176 – 200	11,078	4,505	2,824
8.	201 – 225	12,255	4,927	2,891
9.	226 – 250	13,411	5,332	2,940
10.	251 – 275	14,584	5,755	3,006
11.	276 – 300	15,762	6,178	3,073
12.	301 – 325	16,918	6,583	3,122
13.	326 – 350	18,095	7,005	3,189
14.	351 – 375	19,269	7,428	3,255
15.	376 – 400	20,426	7,833	3,305
16.	401 – 425	20,426	8,256	3,371
17.	426 – 450	20,426	8,678	3,438
18.	451 – 475	20,426	9,084	3,487
19.	476 – 500	20,426	9,506	3,554
20.	501 – 525	20,426	10,067	3,759
21.	526 – 550	20,426	10,473	3,808
22.	551 – 575	20,426	10,878	3,857
23.	576 – 600	20,426	11,283	3,907
24.	601 – 625		11,688	3,956
25.	626 – 650		12,094	4,005
26.	651 – 675		12,482	4,037
27.	676 – 700		12,887	4,086
28.	701 – 725		13,292	4,135
29.	726 – 750		13,697	4,185
30.	751 – 775		14,102	4,234
31.	776 – 800		14,508	4,283

VGF cap for different type of aircraft for operation in other than Priority Area(s)

S.No.	Stage Length (in km)	Cat 1/1A (in INR)	Cat 2 (in INR)	Cat 3 (in INR)
1.	1 – 50	2,547	416	1,389
2.	51 – 75	4,546	1,152	1,693
3.	76 – 100	5,878	1,636	1,892
4.	101 – 125	7,239	2,119	2,092
5.	126 – 150	8,571	2,603	2,292
6.	151 – 175	9,904	3,087	2,492
7.	176 – 200	11,078	3,432	2,553
8.	201 – 225	12,255	3,777	2,614
9.	226 – 250	13,411	4,105	2,658
10.	251 – 275	14,584	4,450	2,719
11.	276 – 300	15,762	4,795	2,780
12.	301 – 325	16,918	5,122	2,824
13.	326 – 350	18,095	5,467	2,885
14.	351 – 375	19,269	5,812	2,946
15.	376 – 400	20,426	6,140	2,990
16.	401 – 425	20,426	6,485	3,051
17.	426 – 450	20,426	6,830	3,112
18.	451 – 475	20,426	7,158	3,156
19.	476 – 500	20,426	7,503	3,217
20.	501 – 525	20,426	7,987	3,417
21.	526 – 550	20,426	8,314	3,461
22.	551 – 575	20,426	8,642	3,505
23.	576 – 600	20,426	8,970	3,549
24.	601 – 625		9,297	3,592
25.	626 – 650		9,625	3,636
26.	651 – 675		9,935	3,663
27.	676 – 700		10,263	3,706
28.	701 – 725		10,591	3,750
29.	726 – 750		10,918	3,794
30.	751 – 775		11,246	3,838
31.	776 – 800		11,574	3,882

VGF cap for helicopter operations:

S.No.	Stage Length (in km)	Twin Engine (in INR)	Single Engine (in INR)
1.	00 – 10	416	1,114
2.	10 – 15	2,885	1,672
3.	15 – 20	5,537	3,840
4.	20 – 25	8,189	6,006
5.	25 – 30	10,825	8,174
6.	31 – 35	12,873	9,736
7.	36 – 40	14,861	11,241
8.	41 – 45	16,909	12,802
9.	46 – 50	16,975	12,982
10.	51 – 55	17,050	13,185
11.	56 – 60	17,119	13,363
12.	> 60	17,119	13,363

Annexure 4 – Airfare Cap Indexation Formula

Indexation of Airfare Cap(s) and Maximum Airfare(s) for fixed wing and helicopter operations will be based on the following formula based on methodology provided in Clause *4.8*:

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

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:

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

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 2026

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 2025

and so on.

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

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

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 website[4] 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:

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

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

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[4] HPCL - https://www.hindustanpetroleum.com/jet-fuel-price-domestic

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 date is not available on the FBIL website[5], the exchange rate for the previous available date shall be considered.

[5] FBIL - https://www.fbil.org.in/#/home

Annexure 5 – VGF Cap Indexation Formula

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

For Fixed-wing aircraft and helicopters;

$$VGF(Q2) = [VGF(Q1)] * [1 + \Delta CPI * 50\% + \Delta ATF * 25\% + \Delta XCH * 25\%]$$

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*
- *ΔCPI is the change in Consumer Price Index – Industrial Workers (in percentage) based on figures published by the Government of India, calculated based on the formula provided in Clause 4.8. 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, calculated based on the formula provided in Clause 4.8. For avoidance of doubt, ΔATF to be considered for determination of VGF Cap for a Financial Quarter will be same as ΔATF to be considered for determination of Airfare Cap for that Financial Quarter.*
- *ΔXCH is the change (in percentage) in the exchange rate between Indian Rupees and United States Dollar, calculated based on the formula provided in Clause 4.8. For avoidance of doubt, ΔXCH to be considered for determination of VGF Cap for a Financial Quarter will be same as ΔXCH to be considered for determination of Airfare Cap for that Financial Quarter.*

Annexure 6 – List of Regions and corresponding States/UTs

S.N.	Regions	S.N.	States / UTs
1	Eastern Region	1	Andaman & Nicobar Islands
		2	Bihar
		3	Chhattisgarh
		4	Jharkhand
		5	Odisha
		6	West Bengal
2	Northen Region	7	Chandigarh
		8	Delhi
		9	Haryana
		10	Himachal Pradesh
		11	Jammu and Kashmir
		12	Ladakh
		13	Punjab
		14	Rajasthan
		15	Uttar Pradesh
		16	Uttarakhand
3	North-Eastern Region	17	Arunachal Pradesh
		18	Assam
		19	Manipur
		20	Meghalaya
		21	Mizoram
		22	Nagaland
		23	Sikkim

		24	Tripura
4	Southern Region	25	Andhra Pradesh
		26	Karnataka
		27	Kerala
		28	Lakshadweep
		29	Puducherry
		30	Tamil Nadu
		31	Telangana
5	Western Region	32	Dadra & Nagar Haveli and Daman & Diu
		33	Goa
		34	Gujarat
		35	Madhya Pradesh
		36	Maharashtra

Annexure 7 – Prioritised Routes

The final list would be provided after the State Government Consultation process and the final list would be included as part of the RFP.