नागर विमानन मंत्रालय
MINISTRY OF
CIVIL AVIATION

सत्यमेव जयते

Administrative Innovations- UDAN (Ude Desh ka Aam Nagrik) - affordable air connectivity for all.

3rd September, 2021

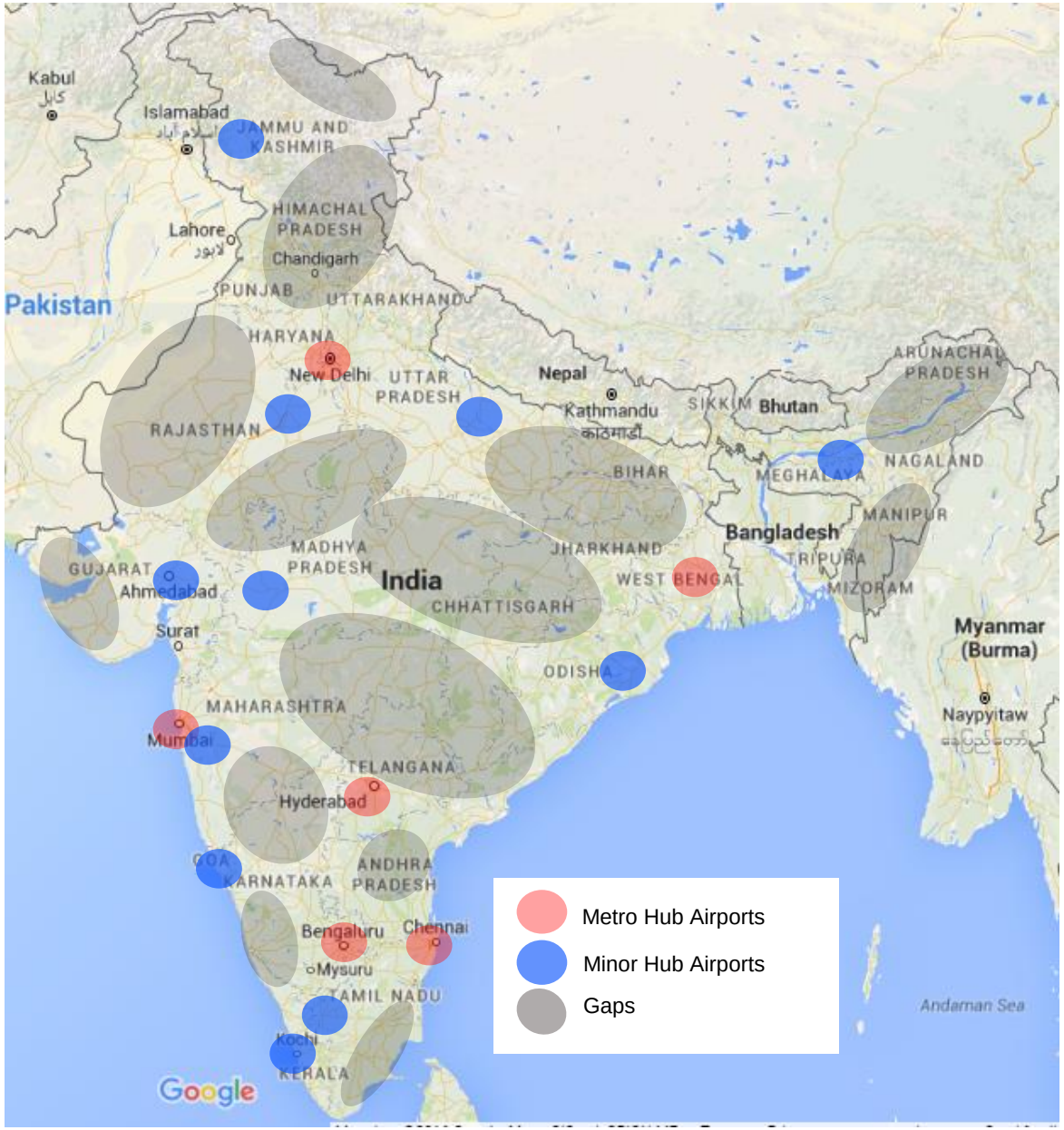
Hon’ble Prime Minister’s vision to fulfill the common man’s aspirations of flying

“ Aviation was once considered the domain of a select few, but that has changed now with the advent of **UDAN**. My dream is to see a person who wears a *'hawai chappal'* to fly on the *'hawai jahaz’*. ”

<u>Genesis of UDAN to achieve affordable regional connectivity</u>

<u>Sab Uden Sab Juden</u>

Realization of the vision faced numerous challenges



- **Skewed** development of the Indian Aviation Sector with concentrated connectivity on select routes.
  Top 6 & 18 airports: ~65% & ~86% of traffic.
- Inadequate availability of aviation **infrastructure** in regional and remote areas.
- Making air travel **affordable.**
- **Non-viable** commercial operations on regional routes.
- Policy, regulatory and **resource constraints,** especially for smaller aircrafts.

UDAN - Guiding principles with innovation at their core

1. Connectivity with Affordability

- Nominal **airfare cap of INR 2500** for an hour flight, as per **National Civil Aviation Policy 2016.**
- UDAN airfare caps **comparable to second AC railway** fares.
- The airfare cap of INR 2500/hour (**regressed, calibrated, adjusted).**

2. Differential Fares

- Airfares **capped on some seats** (UDAN seats); **Fares** on **remaining seats** left to **market forces.**
- **Fares of non-UDAN seats enhance market linkages** for **sustainability** and **reduce financial burden.**

3. Resource optimization and cross subsidy

- Self Financing with No Budgetary Support - **"By the Sector, For the Sector".**
- Airlines **voluntarily contribute** nominal **levy** on profit-making routes to **subsidize regional routes. INR 5000/ departure.**
- **RACFT for management of funds.**

4. Market Determined Routes

- Routes determined through **competitive and transparent 2 stage bidding process.**
- Market determined **Viability Gap Funding (VGF).**
- Subsidy for a **3 year period** after which **commercial operations** begin.

5. Monetary and non-monetary incentives

- **Stakeholders** provide **monetary and non-monetary incentives** to **reduce cost of operations.**
- **An exclusivity period** is provided to selected airlines for certainty of continuous operations - leads to **0 VGF** routes.

6. Infrastructure Development for Accessibility

- Number of **idle airstrips** identified for **revival for expanding the power of aviation network** (new nodes are added).
- **Complementary development & up-gradation of unserved / underserved airports** connecting routes awarded under the Scheme.
- Budgetary allocation of INR 4500 Crore.

7. Mainstreaming Regional Development

- **Special incentives** for airlines to create networks to connect **identified priority areas (unserved & remote regions** like NE [North East], Hilly Areas).
- **Encouraging international connectivity.**

UDAN - Institutional mechanisms with transparent and dynamic processes

Institutional Arrangement

Committees at different levels with **stakeholder representation** and well-defined **roles.**

Forming a **Trust to receive funds** from airlines, States, etc.

Structured monitoring through UDAN Cell - **collects daily flight data**, **collates** it monthly and calculates **VGF requirements.**

Technology Driven

Integration with electronic platforms of **airlines and airports** to transfer funds from airlines to the Trust automatically.

Transparency through an **electronic platform (MSTC e-commerce portal) for two stage bidding - one stop solution** for bidding, information dissemination and monitoring.

Robust Internal Governance Processes

Detailed **Standard Operating Procedures** to drive **all UDAN processes.**

Automatic transfer of VGF from RACFT to airlines after due assessments.

Simplified the licensing and security procedures.

Periodic review and course correction.

Continuous Improvement and Evolution of Scheme

Evolving priorities and objectives of the Government.

Market response and participation patterns of airlines.

Continuous consultations / inputs from institutionalized stakeholders.

Improvising based on implementation issues and limitations.

UDAN - Driving the growth of the aviation sector

60

UDAN Airports (incl. 5 heliports & 2 WA) developed & operationalized in 4 years as against 76 airports pre-UDAN.

~30

States / UTs have signed MoUs as partners in the Scheme and offered concessions.

369

Routes operationalized connecting 100+ airports.

10

Routes proposed under International-UDAN with focus on Northeast.

100+

Regional aircrafts ordered for regional connectivity.

7.2mn

Passengers already benefitted from the Scheme.

5%

Incremental growth in domestic passenger share of non-metro airports.

11

Airlines have started operations under UDAN including 3 start-ups.

780

Routes awarded after 4 rounds of bidding under UDAN.

70%

average load factor on the regional routes.

UDAN – Fulfilling the dreams of the Common Man to Fly

Future Impact

100

Additional unserved UDAN airports to be connected.

40+

Heliports and water-aerodromes to be connected.

~10mn

annual seats will open up due to UDAN every year.

1000

Awarded routes to be operationalized.

35

States and UTs will be connected under UDAN.

UDAN - Highlights of the changing aviation landscape

- An example of **airline industry farsightedness** - Voluntary contribution **(Rs. 5000. Per departure)** is indeed an **investment.**
- Laid the foundation for **Air- Krishi UDAN** to provide an impetus to movement of **air cargo.**
- Newer modes of air transport - **seaplanes, helicopters, smaller aircraft.**
- **New types of aerodromes – heliports** (Gaucher, Tezu) and **water aerodromes** (Statue of Unity, Umrangso Reservoir).
- First **Make in India Aircraft (Dornier)** to be used under UDAN.
- A **healthy competition among States** to get UDAN flights. States are offering **more incentives** such as underwriting seats.
- **Development of airports** across the country including in States that had 0 operational airports **(Arunachal Pradesh, Sikkim, Haryana).**
- UDAN leads to a **virtuous cycle** with **growth of profitable routes** leading to **more UDAN flights,** in-turn facilitating **increased demand** and growth for profitable routes**.**
- **Boost to Business –** connectivity to industrial hubs **{Jharsuguda, Kishangarh (Ajmer), Bhavnagar}.**
- **Promoting Incredible India** by connecting iconic tourism hotspots **(Buddhist Circuit, Rajamundry).**
- **Start-up and scale-up opportunities** for small **regional and MSME airlines** (Trujet, Star Air)**.**
- **Increasing number of 0 VGF routes** - Pakyong-Guwahati, Darbhanga-Delhi and Adampur-Delhi etc.
- **Regional to Remote -** North East **(ACT East** with **Pasighat, Tezpur)** and Islands **(Port Blair, Agatti).**
- UDAN is a **resilient and replicable** Scheme which has been able to **continuously adapt** itself to achieve various goals.

New modes of travel - Helicopters and seaplanes

India's first-ever heliports for commercial operations

- No-frills infrastructure.
- Heliports under progress: **31**
- Heliports operationalized till FY 2020-21: **5**

India's first-ever water aerodromes for seaplane operations

- Sites selected for water aerodromes: **14**
- Bid floated on behalf of Sagarmala Projects (UDAN 4.1).
- MoU with shipping ministry for waterside works.
- Water aerodromes operationalised during FY 2020-21: **2**

Resilience of UDAN put to test by COVID-19

- ❖ UDAN's organizational structure, aircraft fleet and airports **seamlessly transitioned to include Helicopter/Seaplane operations, International UDAN and *Krishi* UDAN.**

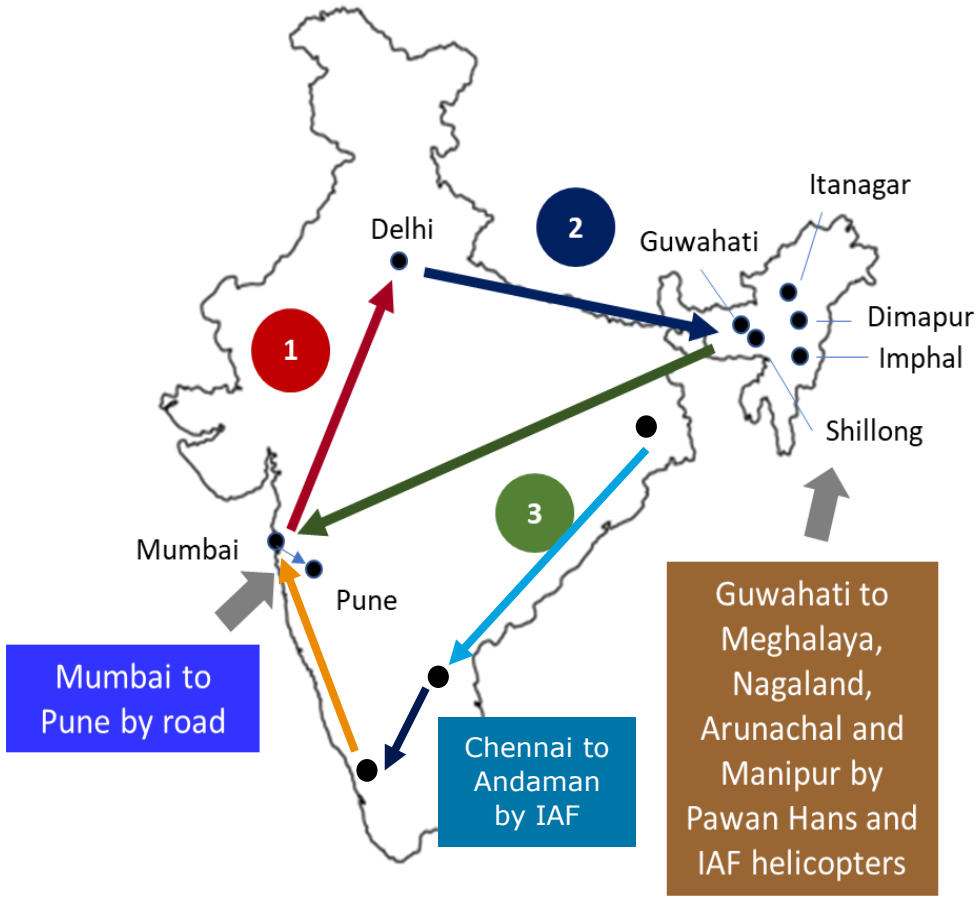
- ❖ Delivered **testing kits** and **medical equipment** to **remote locations**, when movement by all **other modes of transport was restricted.**

- ❖ Post lockdown, **adapted** and **modified certain parameters** of UDAN to **undertake UDAN-4.0 award (92 routes awarded)** in calibrated manner reducing the VGF requirements substantially.

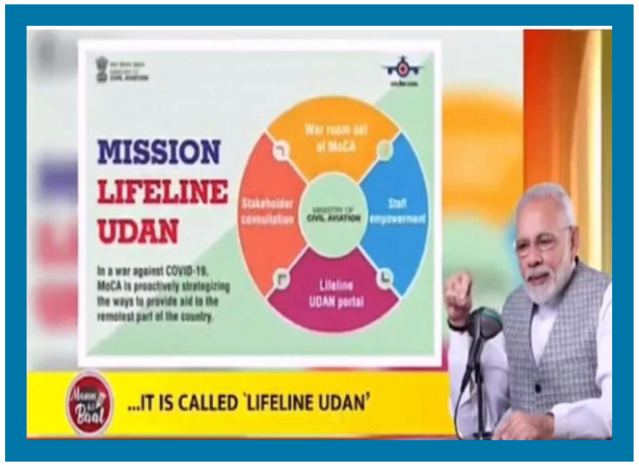
- ❖ Implemented **economizing measures** within the Scheme framework to **bring down VGF requirements by ~40%** on select routes during COVID-19.

- ❖ Even though **normal flights** have reached **50%** operationalization rate, **UDAN flights** have performed much better with **~70%** operationalization rate.

Network Planning by Creating a Hub and Spoke Model for LIFELINE UDAN



Lifeline UDAN - Adaptive to emergent situations, disasters and challenges



> In order to help transport of medical cargo to every corner of the country, **an important mission "Lifeline UDAN"** has been launched. Our Airlines have flown 3,00,000 kilometers within the country in such a short period of time and have transported 1000 tons of essential cargo.

Continuous Engagement and Collaboration with Stakeholders – Private airlines, IAF, AAI, State / UT Governments, ICMR and HLL etc.

Specialized / Designated Core Team – Fast pace decision making and the implementation of Lifeline UDAN under a war room setup.

Integration of Technologically Adept Solutions - Establishment of the Lifeline UDAN Portal, WhatsApp groups and video conferencing.

588 flights operated.

~1000 tons of medical cargo transported.

NER islands and hill states connected.

Experts, equipment carried (ICMR labs, PPE manufacturing, Visakhapatnam Gas Leak)

UDAN doing its bit towards nation building - contributing towards Socio-Economic goals of the nation

Aspirations Fulfilled

- Air travel in India - was still a luxury and not accessible to all.
- UDAN is drastically changing this narrative by fulfilling the aspirations of India's common man.
- A large number of first time flyers have been able to take to the skies due to UDAN.

Social Cohesion

- Helped connect areas not adequately connected through surface transportation - difficult (hilly) terrain, island states and areas with security concerns.
- In line with *"Sabka Saath Sabka Vikaas",* UDAN has helped reduce the inequality of access.

Economic Development

- Provision of air transport services to under-served and un-served cities / towns gives impetus to regional economies.
- UDAN facilitates growth of allied industries like tourism and hospitality; and also gives a boost to local businesses.
- As per an ICAO study, the output and employment multipliers of aviation are 3.25 and 6.10, respectively.

Other benefits

- **Quality of life**: By providing an avenue for leisure, exploring different cultures and traditions.
- **Essential services:** Established aviation connectivity network - critical in times of emergency to transport medical supplies, personnel etc. - exhibited by Lifeline UDAN.
- **Safe and efficient:** Aviation is the safest and most efficient mode of long-range mass transport.

UDAN - A development paradigm in news

*"It is because of **UDAN** that any common man can now access flights at affordable rates which is contributing to the overall growth of the country."*

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*"Schemes such as **UDAN** are bridging the rural and urban divide, improving our transport infrastructure. **Krishi UDAN** will also be launched by MoCA on international and national routes."*

*"Long known as the mode of transport of the affluent sections of the society, PM Modi's visionary inclusive policies based on the principle of '**Sarvodaya through Antyodaya**' is also visible on India's aviation sector. "*

Big leap for cheap flight scheme UDAN as airlines rush to grab a pie of skies

The government's regional air-connectivity scheme UDAN (Udo Desh Ka Aam Naagrik) aimed to provide opportunity to the masses to fly with fiscal incentives is soaring high as airlines rush to grab a pie of the skies.

Last-mile Delivery: Centre's Medical Cargo Delivery Initiative Soars High

Cargo flights carry medical supplies to eastern and southern parts of the country

RCS to spur demand for narrow-body airliners: Boeing

NEW DELHI: India's new regional air connectivity scheme (RCS) will help open up more routes and create a market for narrow-body airliners, Boeing said.

"We expect RCS to allow new routes to be opened up, which will create a market of our Boeing 737, as airlines will eventually upgrade the aircraft on routes that open up with regional connectivity," said Dinesh Keskar, Boeing's senior vice president for sales in the Asia-Pacific and India.

Air Support is Here!

Indian carriers, led by state-run Air India, operated more than 100 flights under the government's Lifeline UDAN initiative to transport essential medical cargo to remote parts of the country. Separately, SpiceJet and IndiGo, along with express logistics company Blue Dart operated more than 200 cargo flights in India and to neighbouring nations. Air India is also ferrying medical and testing equipment imported from China

Cargo transported on these flights: 184 tonnes

Distance flown: 112,878 kms

CARGO FLIGHTS

	No of flights*	Distance	Cargo
SpiceJet (Mar 24-Apr 3)	174	2,35,386 kms	1,383 tonnes
Blue Dart (Mar 25-Apr 4)	52	50,086 kms	761 tonnes
IndiGo (Apr 3-4)	8	6,103 kms	3 tonnes

Pakyong Airport

Thank You!