



## UDAN 5.0 Scheme

**For Prelims:** [UDAN Scheme](#), UDAN 5.0, Viability Gap Funding (VGF), Regional Connectivity Fund (RCF)

**For Mains:** UDAN Scheme: Features and achievements, UDAN 5.0

### Why in News?

Recently, the government has launched the fifth round of the Regional Connectivity Scheme - [UDAN \(UDAN 5.0\)](#).

### What is UDAN (Ude Desh ka Aam Nagrik) Scheme?

#### ▪ About:

- The scheme was **launched by the Ministry of Civil Aviation** for regional airport development and regional connectivity enhancement.
- It is **a part of the National Civil Aviation Policy 2016**.
- The scheme is applicable for a **period of 10 years**.

#### ▪ Objectives:

- Improve the air connectivity to remote and regional areas of India.
- Development of remote areas and enhancing trade and commerce and tourism expansion.
- Enable common people to access air travel with affordable rates.
- Employment creation in the aviation sector.

#### ▪ Key Features:

- Under the scheme, **airlines have to cap airfares for 50% of the total seats** at Rs. 2,500 per hour of flight.
- This would be achieved through:
  - A **financial stimulus in the form of concessions** from Central and State governments and airport operators and
  - **Viability Gap Funding (VGF)** - A government grant provided to the airlines to bridge the gap between the cost of operations and expected revenue.
  - **Regional Connectivity Fund (RCF)** was created to meet the viability gap funding requirements under the scheme.
- The partner State Governments (other than **UTs and NER states where contribution will be 10%**) would **contribute a 20% share to this fund**.

#### ▪ Previous Phases of the Scheme:

- **Phase 1** was launched in 2017, with the objective of **connecting underserved and unserved airports** in the country.
- **Phase 2** was launched in 2018, with the aim of **expanding air connectivity to more remote and inaccessible parts** of the country.
- **Phase 3** was launched in November 2018, with the focus on enhancing air **connectivity to hilly and remote regions** of the country.
- **Phase 4 of the UDAN scheme** was launched in December 2019, with a focus on **connecting islands and other remote areas** of the country.

#### ▪ Key Features of UDAN 5.0:

- It focuses on **Category-2 (20-80 seats)** and **Category-3 (>80 seats)** aircrafts.
- There is **no restriction on the distance between the origin and the destination** of the flight.
- **VGF to be provided will be capped at 600 km** stage length for both Priority and Non-Priority areas; earlier capped at 500 km.
- **No predetermined routes would be offered**; only Network and Individual Route Proposal proposed by airlines will be considered.
- The **same route would not be awarded to a single airline** more than once, whether in different networks or in the same network.
- **Exclusivity of operation provided to an airline will be withdrawn** if the average quarterly Passenger Load Factor (**PLF**) is **higher than 75% for four continuous quarters**.
  - This has been done to **prevent exploitation of the monopoly on a route**.
- **Airlines would be required to commence operations within 4 months** of the award of the route; earlier this deadline was 6 months.
- **Novation process** for routes from one operator to another has been **simplified and incentivized**.
  - Novation - The process of substituting an existing contract with a replacement contract, where the contracting parties reach a consensus.

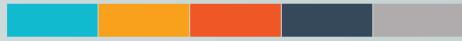
## What are Achievements under UDAN Scheme?

(As per the data released in Aug 2022 by the Ministry of Civil Aviation)

- The scheme has also been able to **provide a fair amount of air connectivity to Tier-2 and Tier-3 cities** at affordable airfares and has transformed the way travelling was done earlier.
- The number of operational **airports has gone up to 141 from 74 in 2014**.
- **68 underserved/unserved destinations** which include 58 Airports, 8 Heliports & 2 Water Aerodromes have been connected under UDAN scheme.
- With 425 new routes initiated, **UDAN has provided air connectivity to more than 29 States/UTs** across the country.
- **More than one crore passengers** have availed the benefits of this scheme.

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# UDAN SCHEME



Ude Desh Ka Aam Naagrik



## FEATURES:

- Connecting Small and Medium cities with big cities through air service
- Providing affordable, economically viable, and profitable air travel
- Extending financial incentives to selected airlines to encourage operations from unserved and under-served airports.

## ABOUT:

- A Regional Connectivity Scheme (RCS)
- Launched in October 2016 and operational for a period of 10 years
- Formulated in Pursuance of the National Civil Aviation Policy (NCAP)-2016
- Udan 5.0 is the latest project.

## BENEFITS:

- Democratisation of the Aviation Sector
- Employment Generation
- Boost to Tourism Sector
- Connecting smaller airports, special helicopters and sea plane routes.

• **Lifeline UDAN:**  
Air transport of medical cargo and essential supplies across India at the time of the Covid-19.

• **Krishi UDAN:**  
To assist farmers in transporting agricultural products

• **International UDAN:**  
To connect India's smaller cities directly to some key foreign destinations.



## UPSC Civil Services Examination Previous Year Question (PYQ)

**Q.** Examine the development of Airports in India through joint ventures under Public-Private Partnership (PPP) model. What are the challenges faced by the authorities in this regard? **(2017)**

**Source: PIB**

PDF Refernece URL: <https://www.drishtias.com/printpdf/udan-5-0-scheme>

