



## Challenges Faced by Regional Connectivity Scheme

**For Prelims:** Challenges Faced by Regional Connectivity Scheme, [UDAN Scheme](#), Regional Connectivity Scheme.

**For Mains:** Challenges Faced by Regional Connectivity Scheme.

[Source: TH](#)

### Why in News?

[UDAN, a Regional Connectivity Scheme \(RCS\)](#) of the Ministry of Civil Aviation is facing challenges due to many airports built under the scheme not being able **to be operationalized**.

- Despite the claims of building 74 airports, only 11 greenfield airports have become operational since May 2014.

### What is the Regional Connectivity Scheme?

#### ▪ About:

- **UDAN (Ude Desh Ka Aam Nagarik)** 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.

### What are the Phases of UDAN 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.
- Phase 5 was launched in April 2023, with a focus on **Category-2 (20-80 seats) and Category-3 (>80 seats) aircrafts with no restriction on the distance** between the origin and the destination of the flight.

## What are the Challenges to the RCS Scheme?

- **Commercial Viability:**
  - Many of the routes identified under the scheme have been **found to be commercially unviable** for airlines. The low demand for air travel on certain routes makes it difficult for **airlines to operate profitably**, even with subsidies provided under UDAN.
  - Airport development under RCS involved launching 479 routes to revive under-utilized airports. However, out of these, **225 routes have ceased operations.**
- **Infrastructural Constraints:**
  - The lack of adequate airport infrastructure in some of **the remote regions poses challenges** for airlines.
  - Many airports require upgradation and improvements to meet safety standards and handle increased air traffic.
- **Subsidization of Air Travel:**
  - The RCS aimed to make air travel affordable by providing subsidies and viability gap funding to airlines operating on selected routes. However, the scheme faced issues as some routes **were found to be commercially unviable despite the subsidies.**
- **High Operating Costs:**
  - Airlines operating in remote areas **often face higher operating costs**, including increased fuel expenses, maintenance costs, and logistical challenges, which can affect their profitability.
- **Airfare Caps:**
  - The cap on airfares for RCS flights can impact the **revenue potential of airlines, especially** when operational costs are high. It may discourage airlines from operating on certain routes.
- **Passenger Awareness:**
  - Lack of awareness among potential passengers about the availability of air travel options under **UDAN can limit demand and utilization of regional air services.**

## Way Forward

- The Regional Connectivity Scheme played a significant role in airport development, but challenges related to commercial viability and airlines' sustainability have hindered its overall success.
- As the aviation sector continues to evolve, addressing these issues will be crucial to achieving sustainable air connectivity for smaller cities and regions across the country.
- Addressing these challenges requires a collaborative effort from the government, aviation industry stakeholders, **and local authorities.**
- Enhancing airport infrastructure, **streamlining subsidy disbursement, addressing operational constraints**, and promoting regional air travel awareness are key areas that need attention to ensure the success and sustainability of India's UDAN Regional Connectivity Scheme.

