Challenges in UDAN scheme

What is the issue?

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Though UDAN scheme aims to boost airport connectivity and air traffic, a lot more needs to be done in its implementation phase.

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What is the UDAN scheme?

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- The scheme UDAN envisages providing connectivity to un-served and under-served airports of the country through revival of existing air-strips and airports.
- UDAN has a unique market-based model to develop regional connectivity.
- Interested airline and helicopter operators can start operations on hitherto un-connected routes by submitting proposals to the Implementing Agency.
- The operators could seek a Viability Gap Funding (VGF) apart from getting various concessions.
- All such route proposals would then be offered for competitive bidding through a reverse bidding mechanism and the route would be awarded to the participant quoting the lowest VGF per Seat.
- The successful bidder would then have exclusive rights to operate the route for a period of three years.
- Since the scheme also capped the price of half the inventory of seats, airfares would remain affordable.
- A Regional Connectivity Fund would also be created to meet the viability gap funding requirements under the scheme.

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- Additionally, there would be certain tax concessions in ATF fuel from both the Centre and the states and waivers of landing charges from airport operators.
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- Thus, the UDAN scheme is likely to a give a major fillip to tourism and employment generation in the hinterland.
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What are the challenges?

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- **Infrastructure** - Building a greenfield airport isn't enough, unless flights are able to take off and land.
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- Inclement weather conditions make it difficult for flights to land on the airports located on mountainous terrains on most days.
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- Also, lack of instrument landing systems (ILS) lead to flight cancellations and the repeated cancellations make it difficult to build traffic on the route on a sustained basis.
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- **Traffic route** - While the infra challenge might be easier to fix, the bigger challenge is putting in place an ideal network design.
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- Thus, the key is to discover routes where there is sustained traffic, not just in a few months of the year, but all round the year.
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- To generate steady, predictable traffic, a hub and spoke design should be followed by connecting the large metro airports to the new Udan routes, as opposed to a point-to-point service.
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- **Capacity** - India's metro airports are largely choked and they have already run out of capacity in terms of landing and parking slots.
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- Also, passenger traffic in these airports continues to gallop at nearly 18-20% every year.
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- To manage these traffic, the existing airlines have responded by ordering aircraft that could almost double the existing aircraft capacity in another three years.
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- This will stretch India’s airport capacity in the metros even further.
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- Though the Udan routes was intended to help manage this traffic flow from metro routes, it affects more from this rise in air traffic.
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- This is because, the airport operators are expected to waive off landing and parking charges on these routes and thus more airlines are expected to ply on these routes.
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- **Time slots** - Subsequently, finding convenient time slots for every route will become an administrative challenge.
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- This is because, the number of runways is not increasing in high traffic airports and the airport capacity lag the passenger traffic growth.
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- Especially, the new regional airlines have faced a major challenge in connecting the metro airports to the new Udan routes, since they don’t have pre-existing slots in them.
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- This has made these regional operators difficult to start operations for more than a year, which has also resulted in their licenses getting stripped off later.
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- Thus, managing air traffic is a complex problem to solve, showing that UDAN has a long way to go ensure seamless connectivity in India.
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Source: Business Standard

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