UDAN takes off

Why in news?

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Five airlines will operate on 128 routes connecting over 30 unserved airports under the regional connectivity scheme.

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What are the facts?

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- The routes will connect 70 airports, including 31 unserved and 12 under-served ones under **UDAN** (Ude Desh ka Aam Naagrik) scheme.
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- On each flight, **50% of the seats are capped at Rs 2,500 per seat** for one-hour travel.
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- The carriers will operate 19-78 seater aircraft.
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- These flights would connect airports spread across over 20 states and union territories.
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- The first flight under UDAN is expected to start next month.
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What is UDAN scheme?

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- UDAN is an innovative scheme to develop the regional aviation market. It is a market-based mechanism in which airlines bid for seat subsidies.
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- This first-of-its-kind scheme globally will create **affordable yet economically viable and profitable flights** on regional routes so that flying becomes affordable to the common man.
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- It envisages providing connectivity to un-served and under-served airports of the country through revival of existing air-strips and airports.
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- The scheme would be in operation for a period of 10 years.
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- The operators could seek a **Viability Gap Funding** (VGF) apart from getting various concessions.
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- The scheme also provides for various benefits including no airport charges and three-year exclusivity on the routes.
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- The States have a key role under the scheme. The selection of airports where UDAN would start would be done in consultation with State Government and after confirmation of their concessions.
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- The UDAN is likely to a give a major fillip to tourism and employment generation in the hinterland.
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- Through introduction of **helicopters and small aircraft,** it is also likely to significantly reduce travel timings in remote, hilly regions and islands.
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What about Viability Gap Funding?

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- For the successful completion of such projects, the government has designed VGF. It is a **grant given to support projects** that are economically justified but not financially viable.
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- For UDAN, the money for VGF is partly raised through a levy of up to Rs 8,500 on flights operating in major routes like Delhi and Mumbai. (Rs.50 per passenger).
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- The VGF amount is estimated to be around **Rs 205 crore per annum** for the operators chosen in the first round of bidding.
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- The viability gap funding would be in place for three years for the airlines concerned from the date of starting operations in a particular UDAN route.
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Source: The Indian Express

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