

**Report of the IFFAAD Seminar on Regional Connectivity Scheme(RCS) held on 18th April 2017 at India International Centre , New Delhi**

List of attendees is at annexure.

**Brief summary:**

About 25 persons including leading experts, government officials, air operators and journalists attended. All went back impressed with our high quality of presentation and discussion.

Major issues raised:

1. It was agreed that RCS can be a game changer for the economy as benefits for employment and opening the regional economy are well established.It was pointed out that India will become the third biggest civil aviation sector in a few months when it takes over Japan and yet only 2% of Indians fly. With RCS, there can be a much greater inclusive growth in aviation itself. It will also improve our position in World Banks Air Connectivity Index.
2. The concept of unservedand underserved airports being opened for traffic with subsidy, exclusive rights and other benefits was generally appreciated. One participant felt that there was no need for any subsidy while other benefits may remain.It was pointed out that Spice Jet, which also participated in the bidding, has stated that they need no subsidy but will avail other benefits.
3. It was felt that the Regional Connectivity Fund (RCF) has not been able to collect much funds so far as only one airline has been paying its fees as per RCS while other airlines have taken Government to court and the matter is sub-judice.
4. A query was also raised regarding legal backup for disbursal of VGF. A similar case regarding Union Telecom Fund was mentioned where the Ministry had to go back to Parliament to seek legal sanctity to disburse the funds after collection. It was assured by the Govt. that the amendment to the Rule in this regard has already been made.
5. It was pointed out that this is the third attempt by the government at regional aviation- first attempt being Vayudoot Airline experiment in 1981 by a joint venture between the then two public sector monopoly airlines which lasted for about 12 connecting at its peak 100 stations. However, the airline collapsed due to heavy unsustainable losses. The second attempt to attract private airlines without subsidy was largely unsuccessful. Therefore, for this third attempt government wants make sure its success and hence the VGF and 3 years exclusive rights etc. It was also mentioned that way back in 2003 Naresh Chandra Committee on ‘Indian Aviation: The Road Ahead’ in its report had also proposed a subsidy fund for regional air connectivity but no action was taken on it.
6. It was explained that while there is no arbitration clause mentioned in the RCS, it will be kept in the individual contracts between AAI and RCS Operators so selected.
7. Suggestions like allowing fractional ownership were discussed, where operators can have shared resources on similar fleet in order to cut down the cost of operation.
8. Helicopter operations have not been encouraged in RCS. Government should engage with Pawan Hans Ltd. and Global Vectra or other similar operators to explore the possibility of covering helicopter operations under RCS.
9. Another critical issue that has been raised many times is of timely payment of VGF to the RCS operators. It was again urged upon AAI, the Implementing Agency to make sure that the payments are made in a time-bound manner and should not get delayed due to minor procedural issues, which can be tackled later. As such it will be difficult for the operator to operate on such thin margins.
10. It was suggested that Government should cap seats per week and not the flights per week. It should be left to the operator to decide on the frequency of flights, depending upon the market conditions.
11. The issue of not permitting single engine aircraft under RCS was discussed. It was pointed out the world over small single engine aircraft are being used for regional services and India should also allow it.
12. On behalf of Ministry of Civil Aviation, it was informed that the Regulator has been advised to guide and facilitate the SCA Operators and nodal officers have been appointed for such purposes. MoCA has done away with the requirement of obtaining the initial NOC by operators, thereby reducing one step of the whole procedure.
13. MoCA has welcomed the suggestions for the improvement of the Scheme and assured the audience that the suggestions like flexibility of seats/flights per week and allowing Single Engine aircraft may be considered at an appropriate stage. It was also informed that the next round of bidding will be done for difficult/remote terrain destinations within 2 months.
14. It was pointed that while India is going to be the third largest civil aviation sector in July 2017 in terms of numbers, we should also strive to be the leader in civil aviation in terms of technical advancement thereby ensuring safe and efficient operations. In this regard, during a presentation on GAGAN (GPS Enabled Geo Augmented Navigation) it was pointed out that the AAI in collaboration with ISRO has successfully put GAGAN satellite in orbit in 2014,which is now fully operational. This navigational Satellite is eminently suitable for regional airports, which lack basic ground-based equipment. However, since the unserved airports have not been integrated with GAGAN, this great asset remains unutilised. Meanwhile AAI intends to utilise government funds to equip these airports with traditional ground basednavigation facilities as they hardly have any, for which the cabinet has sanctioned Rs 4500 crores.It was also pointed out that no landing procedures for these airportshave been devised nor the equipment required on board aircraft has been installed. It was stated that in the US, WAAS and in Europe EGNOS are being used extensively for satellite based landings.Both these issues need to be resolved urgently.The Indian operators find the equipment in an aircraft for Satnav very expensive and beyond the reach of small airlines. A way out of this imbroglio needs to be found.
15. It was confirmed by the Implementing Agency that all the unserved/underserved airports selected to be operationalised for RCS will have to be licenced by DGCA and their security to be vetted by BCAS.
16. Another issue that came up was with regards to leasing of small aircraft. It was felt that financing the aircraft by way of leasing or outright purchase will be a problem. How do you create an eco-system forleasing of small aircraft? India is still considered a risky place after Kingfisher and other episodes.
17. Landing Slots and Parking; It was stated that there is saturation in Metro airports of Mumbai, Delhi, Chennai, Bangalore etc. Landing slots for RCS flights have been provided for late at night and hardly any parking slots are available. For RCS to succeed, more and convenient landing slots are needed along with Parking bays.
18. It was also felt that to make RCS successful, more innovative technologies need to be introduced, like satellite landing or new cheaper and more efficient passenger and baggage handling technologies available in the world.
19. It was requested by the operators that there should be a single window system for necessary approvals by the regulator and all the three agencies i.e. AAI, DGCA and MoCA need to have close coordination to facilitate the smooth operation and successful implementation of the Scheme.

