

## 4 YEARS ON, UDAN PLAN STRUGGLES TO EXIT TURBULENCE

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**NEW DELHI** : India's ambitious aim to link its smaller towns and cities to the wider air travel network through the [regional connectivity scheme](#) (RCS) is struggling about four years after it was kicked off.

Only about 40% of the routes awarded so far are active, with airlines shying away from using most of the routes, wary of inadequate infrastructure and low demand.

Their concerns have mounted with covid severely denting demand.

The Airports Authority of India (AAI), the state-run airport operator, has so far held four rounds of bidding under RCS, which was christened [UDAN](#) (Ude Desh ka Aam Naagrik) by the government.

Under this scheme, airlines compete to win subsidies for operating flights linking small airports with bigger ones.

As many as 766 routes have been awarded so far. However, only 311 routes involving 47 RCS airports, five heliports and two water aerodromes continue to be operational as of 27 January, civil aviation minister Hardeep Singh Puri told the Rajya Sabha last week.

"UDAN has turned into a game-changer for a few airports, namely Darbhanga, Jharsuguda, Kadapa, Nasik, Belagavi, Hubballi, Kishangarh, etc. by triggering the air connectivity and regional growth," Puri said.

However, with airlines and airports staring at huge losses this fiscal due to the pandemic, there is limited appetite to start new routes under RCS as passenger demand continues to be weaker than pre-covid levels, an industry official said, requesting anonymity.

"The pandemic hit regional airlines harder than the bigger ones, which have more cash to see through the crisis. So, airlines, irrespective of the subsidies provided, will often opt to operate only on routes that have enough demand to at least make up for cost," the official said.

Regional airlines, despite earning exclusivity on RCS routes, use smaller aircraft to cope with low demand. This drives up costs and hurts commercial viability.

Government subsidies often don't cover the entire cost while fares on such routes are capped, hindering airlines' ability to make such flights sustainable.

Regional carriers such as Air Deccan have halted flights while TruJet, StarAir, Zoom Air and Air Heritage have scaled down their operations due to the pandemic.

For RCS to work, the government needs to create a hub and spoke model between smaller

cities and the larger metros with the help of Air India and other private carriers, said a senior official at a Gurugram-based budget airline.

"Steps from state governments like reducing taxes on fuel and providing other incentives will further push some airlines to start their services in some of the under-connected routes," the official added.

A hub refers to a central airport that flights are routed through, and spokes are the routes that planes take out of hub airport.

Aviation consultancy CAPA India said in a recent presentation on regional aviation that most domestic airlines are struggling to recover their cost as airfares in India remain one of the lowest in the world. The price sensitivity is more pronounced in regional routes.

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