

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter "MoU") is executed at Rajahmundry on this 19th day of September, 2016.

AMONG

MINISTRY OF CIVIL AVIATION, GOVERNMENT OF INDIA

AND

GOVERNMENT OF ANDHRA PRADESH

AND

AIRPORTS AUTHORITY OF INDIA, a PSU under the Ministry of Civil Aviation.

"Government of ANDHRA PRADESH", "Ministry of Civil Aviation, Government of India" and "Airports Authority of India" shall be collectively referred to as "Parties" and individually as "Party".

1. DEFINITIONS - The terms used in this MoU shall have the same meaning as defined in the Regional Connectivity Scheme (RCS) of the Ministry of Civil Aviation.

2. REGIONAL CONNECTIVITY SCHEME

2.1 The Ministry of Civil Aviation (MoCA), Government of India released the National Civil Aviation Policy 2016 (NCAP 2016). Two of the key objectives of NCAP 2016 are to "enhance regional connectivity through fiscal support and infrastructure development" and to "establish an integrated eco-system which will lead to significant growth of civil aviation sector, which in turn would promote tourism, increase employment and lead to a balanced regional growth". In this regard, MoCA has envisaged a Regional Connectivity Scheme (RCS or the Scheme) for the country.

2.2 The primary objective of the Scheme is to facilitate / stimulate regional air connectivity by making it affordable by supporting airline operators through (1) concessions by Central Government, State Governments and airport operators to reduce the cost of airline operations on regional routes and (2) financial (viability Gap Funding or VGF) support to meet the gap, if

