

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter "MoU") is executed at Mumbai on this 23rd day of August, 2016.

AMONG

MINISTRY OF CIVIL AVIATION, GOVERNMENT OF INDIA

AND

GOVERNMENT OF MAHARASHTRA

AND


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

Government of Maharashtra", "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.

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- 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 any, between the cost of airline operations and expected revenues on such routes.
- 2.3 As provided in the NCAP 2016, payment of VGF will be made by the Implementing Agency to the beneficiaries i.e. Selected Airline Operators from the Regional Connectivity Fund (RCF) and the State Governments shall be asked to reimburse the applicable share.
- 2.4 The Scheme envisages a critical role to be played by the State Governments in terms of granting concessions and reimbursing its applicable share of VGF.
- 2.5 The Scheme shall be made operational only in States and at airports/heliports (irrespective of ownership by AAI / State Governments / private entities / Ministry of Defence, Government of India) which demonstrate their commitment and support to regional air transport operations by providing concessions as required under the Scheme.
- 2.6 Responsibility for collection and disbursement of funds under the Scheme, managing the process of seeking reimbursements from State Government for their share of VGF and crediting reimbursement proceeds to RCF will lie with the Implementing Agency.

NOW THEREFORE THIS MOU WITNESSETH AS UNDER:

3. OBJECTIVE OF MoU

- 3.1 All the Parties would make efforts and assist in promoting the Scheme and making it successful.
- 3.2 The Parties would ensure their commitment and support to regional air transport operations by providing concessions as required under the RCS.
- 3.3 The State Government would ensure their timely and complete commitment to VGF as required under the RCS.

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