



UTTAR PRADESH CIVIL AVIATION & MRO SECTOR





GLOBAL SCENARIO

- The global civil aviation industry took a setback during the Covid outbreak. However, in 2021, the global seat capacity offered by airlines improved by 20 percent, exceeding the growth in passenger demand.
- The overall passenger load factor in 2021 stood at 68 percent, compared to 82 percent in 2019.
- Despite difficulties, passenger traffic has proved resilient and is poised to reconnect at an annual growth of 3.9% per year during 2021-40, driven by expanding economies and trade worldwide, including tourism.
- Demand in the freight sector is driven by expected growth in express transport of 4.7% per annum and growth in general transport of 2.7%. In total, some 2,440 freighters will be needed over the next 20 years, of which 880 will be newbuilds.

INDIA SCENARIO

- India is the 7th largest civil aviation market in the world and is set to become the world's 3rd largest by 2024.
- As of May 2022, Indian Cargo revenue stood at INR 2,000 crore with 3.1 million metric tonnages having a CAGR of 13%. India has 21 international and 35 domestic cargo terminals and GOI aims to establish 33 new domestic cargo terminals by 2024-2025.
- The Indian Civil Aviation MRO market, at present, stands at around USD 900 million and is anticipated to grow to USD 4.33 billion by 2025.
- India has 91 international carriers out of which 5 are domestically owned. India has air connectivity with 59 countries through 344 routes.
- 100 more airports would be developed by 2024 to support the Udaan scheme.
- Government has accorded 'in-principle' approval for setting up of 21 Greenfield Airports across the country, out of which eight are operationalized as of November 2021.
- Air fleet number is expected to expand to 1200 by 2024 from the present 600.
- Ministry of Civil Aviation issued 170 Drone Acknowledgement numbers in the month of May 2021. India has the potential to be a global drone hub by 2030.



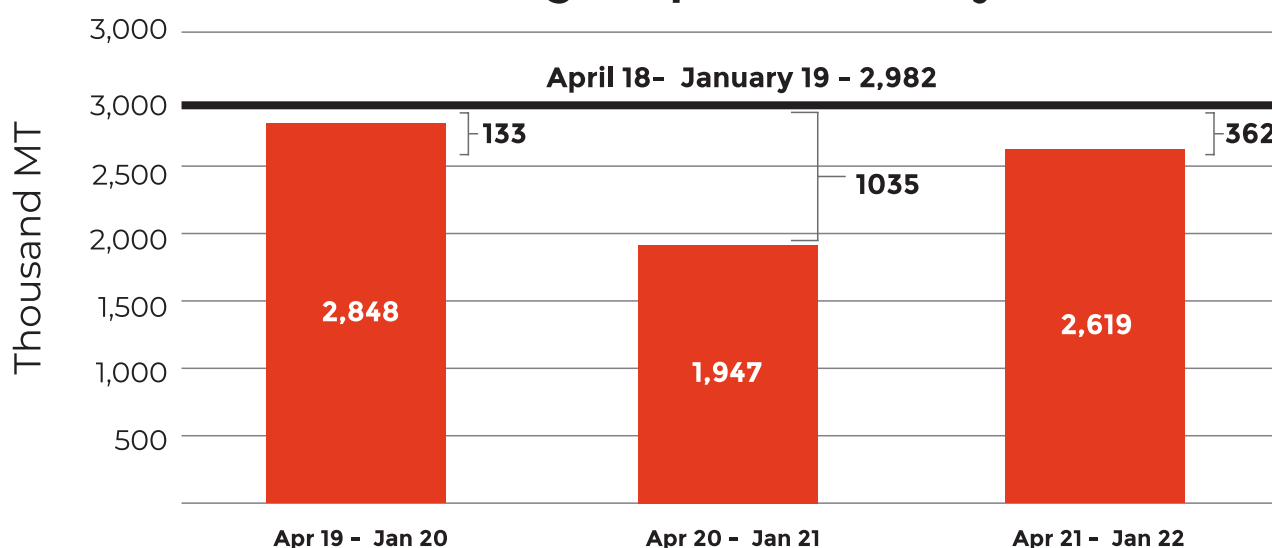
- Scheme UDAN has been awarded the Prime Minister's Award for Excellence in Public Administration 2020 under the category "Innovation (General) – Central".
- Total budgetary allocation for FY 2022-23 towards the Ministry of Civil Aviation is INR 10,667 cr.

Air Passenger Traffic in India (Million)

FY18	FY19	FY20	FY21	FY22
308.75	344.70	341.05	115.37	188.89

Freight Traffic

Total Freight April to January



Source: [FICCI and PwC Knowledge Paper Aviation.pdf \(investindia.gov.in\)](#)

Source: IBEF Presentation
 Coronavirus economic impact TH (icao. int)
 Aviation industry growth forecast 2040 | World Aviation (worldaviationato.com)
 IBEF Presentation
 Aviation | Make In India
 AAI Annual Report 2021
 Aviation | Make In India



Central Government Initiatives

- Government approved the "Revival of unserved and underserved airports" scheme at the total cost of Rs.4500 crore for the revival and development of unserved and underserved airports of State Government, Airports Authority of India (AAI), Civil Enclaves, Central Public Sector Enterprises, Helipads and Water Aerodromes.
- AAI and other airport operators to spend INR 90,000 Cr till 2024-25 for the Modernization of airports.
- 100% FDI allowed under automatic route for both greenfields as well as brownfield projects
- Scheduled air transport service/ domestic scheduled passenger airline/ regional air transport service: Up to 49% allowed under the Automatic route beyond which Government approval is required.
- The Union Cabinet introduced PLI Scheme for drones and drone components to catalyze super-normal growth in the upcoming drone sector. Financial Outlay- INR 120 crores.

Investment Opportunities

- Indian carriers are projected to increase their fleet size to 1,100 aircraft by 2027.
- Indian airports are emulating the Special Economic Zone (SEZ) Aerotropolis model to enhance revenues. The model focuses on revenues from retail, advertising, vehicle parking, security equipment and services.
- AAI has taken up developmental projects worth around INR 25,000 crores over the next five years for expansion and modification of existing terminals, new terminals, expansion or strengthening of existing runways, aprons, air navigation services, control towers, technical block etc.
- Noida International Greenfield Airport at Jewar, Uttar Pradesh will bring about all-around development of the industrial infrastructure in the region, increase employment opportunities and encourage manufacturing and export.





UTTAR PRADESH SCENARIO

- Number of operational airports in UP went up from 2 to 9 in 2021, covering 80 destinations. GOI aims to increase the operational airports to 15.
- Six domestic airports are located at Agra, Allahabad, Bareilly, Gorakhpur, Kanpur, and Lalitpur. Three international airports are located at Lucknow, Varanasi and Kushinagar.
- 25 airports targeted under UDAN Regional Connectivity Scheme. 6 Projects under progress under RCS phase 1&2 (Kanpur, Agra, Azamgarh, Moradabad & Shravasti). New projects identified under RCS Phase 3 (Ayodhya, Kushinagar, Sarsawa, Gazipur & Meerut)
- India's largest flying academy - Indira Gandhi Rashtriya Uran Akademi (IGRUA) is situated at Amethi (Uttar Pradesh), and has been permitted to carry out pilot training in Gondia (Maharashtra) and Kalaburagi (Karnataka) to enhance its flying hours and aircraft utilization, which get severely affected during winter months due to visibility issues.
- On October 20, 2021, the Kushinagar International Airport in Uttar Pradesh was inaugurated. The 3rd international airport in the state is likely to facilitate the air travel requirements of international Buddhist pilgrims in India.
- The Noida International Greenfield Airport at Jewar, Uttar Pradesh will bring about all-around development of the industrial infrastructure in the region, increase employment opportunities and encourage manufacturing and export.
- Lucknow airport in UP (along with 5 other airports in India) was awarded for operations, management and development under PPP for a period of 50 years.

Passenger traffic (2019-2020)

Kanpur (Chakeri) Airport	2,12,017
Gorakhpur Airport	6,65,703
Lucknow Airport	54,33,757
Agra Airport	16,735
Prayagraj Airport	4,14,064
Varanasi Airport	30,10,702

Source: [Civil Aviation | Official Website of Invest UP, Government of Uttar Pradesh, India](#)





Key Investments and Growth Enablers

1. Growing Air traffic:

UP is a leading Indian state in terms of tourism, with 109.71 million domestic tourists and 33,737 foreign tourists in 2021. It was the 2nd most visited tourist destination in India by domestic travellers in 2020 and the 3rd most visited by international travellers

The top tourist destinations in U.P. are Agra, Vrindavan, Mathura, Varanasi, Kushinagar, Allahabad, Lucknow, Naimisharanya, Ayodhya, Jhansi, Chitrakoot, Sarnath, Dudhwa, Chandra Prabha, Mahoba, Chunar, Deogarh. Out of which Agra, Varanasi/Sarnath, Kushinagar, Allahabad, Lucknow, Ayodhya/Faizabad, Jhansi, Chitrakoot, Dudhwa (Palia airstrip) have functional airport/airstrips.



Aviation | Make In India

Civil Aviation | Official Website of Invest UP, Government of Uttar Pradesh, India

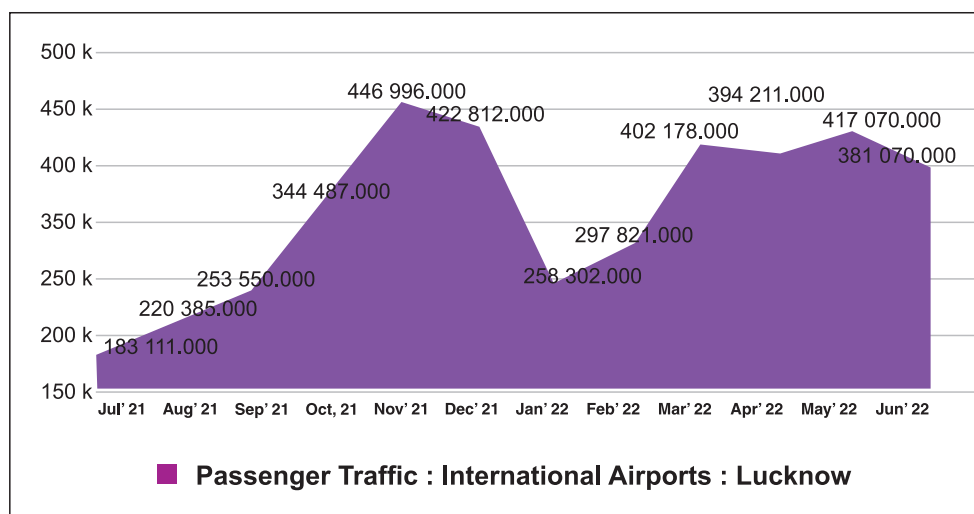
Annual Report (investindia.gov.in)

FICCI and PwC Knowledge Paper Aviation.pdf

IBEF Presentation



International Airport Traffic Lucknow

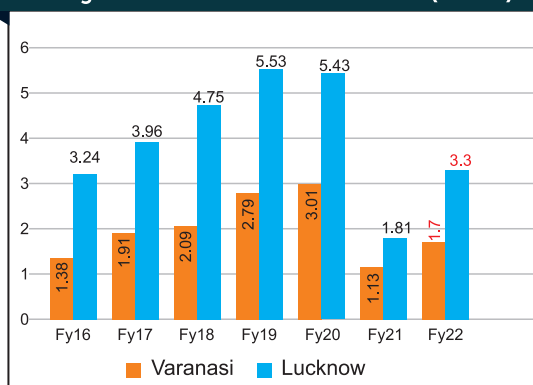


Source: CEICDATA | Airports Authority of India

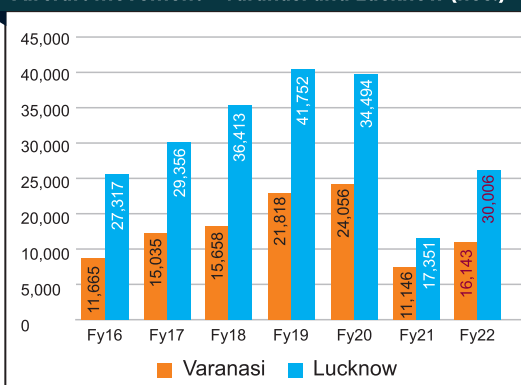
Passenger and Aircraft Movement (in 2021-22)

Airport	Passenger Traffic (no.)	Aircraft movement (no.)
Agra	72,831	1,086
Prayagraj	441,006	6,450
Gorakhpur	901,206	6,639
Kanpur (Chakeri)	175,268	1,692
Lucknow	3,303,960	30,005
Varanasi	1,708,220	16,143

Passenger Traffic - Varanasi and Lucknow (million)



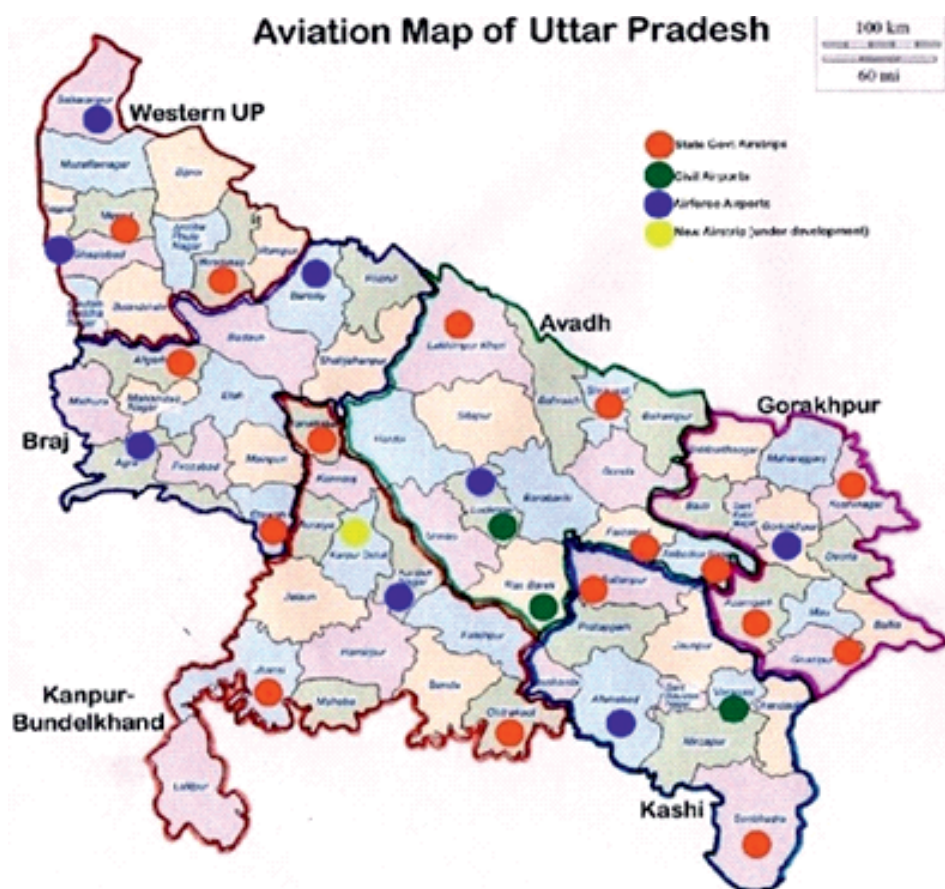
Aircraft movement - Varanasi and Lucknow (nos.)





1. Rapidly improving air connectivity:

The State of Uttar Pradesh is the only State in India to have 5-International Airports – 3-existing viz. Lucknow, Varanasi and Kushinagar, and 2-upcoming viz. Noida (Jewar) and Ayodhya. In addition, 7 airports have been made operational under Regional Connectivity Scheme (RCS) for domestic connectivity, and another 8 airports are in pipeline. This includes 3-civil airports, 08 IAF Airports and 16 State owned airports.



Source: Civil Aviation Deptt Website

1. Untapped - Identified Assets

Under the Regional Connectivity Scheme, some airports/airstrips have been identified as RCS airports in Uttar Pradesh, as follows –

- Underserved Airports/ Airstrips: Agra, Prayagraj
- Airstrips to be considered under RCS under unserved category: Moradabad, Azamgarh, Chitrakoot, Paliya (Kheri-Dudhwa), Farrukhabad, Rasoolabad (Kanpur Dehat)



b) Unserved Airports/ Airstrips: Total 29

330	Akbarpur	340	Jagatpur	350	Muirpur (Korba)
331	Aligarh	341	Jhansi	351	Phaphamau
332	Bakshi Ka Talab	342	Jhingura	352	Pirthiganj
333	Bareilly	343	Kanpur (Chakeri)	353	Rajwari
334	Etawah	344	Kanpur (Civil)	354	Saharanpur (Sarsawa)
335	Faizabad	345	Kanpur (Kalyanpur)	355	Sah-baj-quli
336	Fursatganj (IGRUA)	346	Kasia	356	Sardanagar
337	Ghazipur	347	Lalitpur	357	Shravasti
338	Hindan	348	Madhosingh	358	Sultanpur (Amhat)
339	Iradatganj	349	Meerut		

- a) Helipads/ Heliports: The State Government will consider development of helipads/heliports to connect the remaining of the following tourist destinations: Vrindavan, Mathura, Naimisharanya, Chandra Prabha, Mahoba, Chunar, Deogarh.

1. Human resource Potential:

- With a total population of more than 24 Cr, Uttar Pradesh boasts a labour force of over 6,58,14,715.
- Commercial pilot license courses approved by the directorate of civil aviation are conducted at Indira Gandhi Rashtriya Uran Akademi (IGRUA) Amethi and six private flying training academies, viz, 3 at Aligarh, one each at Faizabad, Sultanpur, and Kanpur.
- Can be updated - Indira Gandhi Rashtriya Uran Akademi (IGRUA) set a record of 19000 flying hours in 2021 and is set to hit a target of 25000 flying hours in 2022 by inducting a record 121 cadets.
- Diploma courses for Aircraft Maintenance Engineering (AME) In airframe & engine, avionics, helicopter operations, and power plant at Aeronautical Training Institute (ATI), Lucknow at the State Government. The ATI, Lucknow has an annual intake of 90 students per year.
- Human resource support under CMII Aviation Policy 2017 of Uttar Pradesh: State Government promotes aviation-related courses in premier Institutes/universities In Uttar Pradesh e.g. IITs, NITS and universities at Lucknow, Allahabad, Aligarh, Agra, BHU, Rohilkhand, Meerut etc. to generate skilled workforce and professionals for the aviation sector.
- The state government facilitates the training of aviation professionals by: (a) Extending the scholarship scheme available for diploma and graduate courses, to the courses related to AME, cabin crew and other civil aviation professionals. (b) A special cell at the directorate level to engage with the airlines to support placement services to graduating and aspiring civil aviation professionals of Uttar Pradesh.





Policy Support

Highlights of Uttar Pradesh MRO 2022

All MRO units, would be eligible for capital investment subsidy at the following rates:

- 5% - where capital investment is not more than INR 500 crore;
- 8% - where capital investment is more than INR 500 crore but less than 1,000 crore; and
- 12% - where capital investment is more than INR 1,000 crore, subject to a maximum amount of INR 200 crore.

Cost of Land will not be included with in terms of capital investments.

Highlights of Uttar Pradesh Civil Aviation Promotion Policy 2017 (updated)

Summary of Incentives and concessions for RCS airports/routes under Civil Aviation Policy 2017 Uttar Pradesh

S.No.	Description of Incentive/Concession	Incentive/Concession for Regional/Connectivity scheme (RCS) Routes/Airports
1	VAT on ATF	Zero for 10 years
2	Viability Gap Funding (for 50% of total seats)	20% State share as per RCS
3	Security arrangement RCS Airports (Mandatory support by State Government under RCS)	Will be provided by the State Government
4	Fire Services	Will be made available by the State Government free of cost
5	Electricity	Will be made available by the State Government at concessional rate (Rate pf subsidy will be INR 4/unit up to 30,000 units per month)
6	Water	Will be made available by the State Government free of cost
7	Provision of ATF fueling facilities at RCS airports	The State Government will facilitate and provide necessary land at zero rental to Oil Marketing Companies to develop ATF fueling facilitate at RCS Airports owned by the State Government
8	Road Connectivity	Road connectivity for All RCS airports will be ensured and maintained by the PWD Department of GoUP from its own resources
9	Bus service to the nearby main city	Bus service to all RCS airports will be ensured and maintained by UPSRTC
10	Ambulance and medical facilities	Will be made available by the Medical and Health Department of the State Government



Additional support by state government

11	Underwriting of NON VGF seats (from remaining 50% of total seats) @ INR 2500/- underwritten seat	100% for category-1 Aircraft connecting Lucknow with Divisional Headquarters (initially for 3 years) 30% for other categories of Aircraft or on other routes (initially for 3 years)
12	Reimbursement of S-GST on sale of air tickets on RCS flights as applicable	100 % reimbursement initially for 3 years
13	Airports parking/Night Halts at RCS Airports	Zero charges (initially for years) at Airport Airstrips owned by the State Government
14	Space at No-frills, Airports for office of airlines up to 100 sq.mt. and aircraft maintenance engaged in RCS in Uttar Pradesh	Zero Rental (initially for years) at Airport Airstrips owned by the State Government
15	Route Navigation and Facilitation Charges (RNFC)	50% of RNFC (up to Rs 2000) will be reimbursed on RCS Airport or flights connecting Divisional Headquarters (initially for years)

Investment Opportunities in Uttar Pradesh

Capitalizing on the several demand factors for the sector in the state, investment opportunities lie across the value chain. Towards this, the state seeks investment from all

- ✕ Generally aviation companies
- ✕ Air cargo and logistic services
- ✕ Fixed-based operator companies
- ✕ Airport management companies
- ✕ Freight Forwarders
- ✕ Aircraft service providers
- ✕ Air traffic management service
- ✕ Charter airlines and low-cost carriers
- ✕ Ground Handler companies
- ✕ Maintenance, Repair & Overhaul (MRO Companies)
- ✕ Aviation insurance
- ✕ Airport infrastructure developers
- ✕ Aircraft manufacturers
- ✕ Investment banks & financial institutes
- ✕ Aviation oil companies
- ✕ Aviation training providers
- ✕ Training and simulation providers
- ✕ Aviation consulting companies
- ✕ Terminal interiors and lighting companies
- ✕ Security equipment companies

Details of Investible Projects

NOIDA INTERNATIONAL AIRPORT (JEWAR)

One of the most ambitious greenfield international airport of India is being planned to be set up at Jewar at Gautam Budh Nagar district of Uttar Pradesh. Some of the salient features of the upcoming airport are as follows:

- I. Second Airport in National Capital Region - Planned to be world class international airport.
- II. The site clearance (around 3000 hectare) has already been provided by the Government of India to develop the airport.
- III. The airport capacity is expected to be 30-50 million passengers annually - The first phase to handle 20-25 million passengers with one terminal and one runway in 1000 hectares.
- IV. The total expected outlay for the project is IN 15,000-INR 20,000 crores.
- V. Metro connectivity from Greater Noida Metro station to Jewar Airport has been assured by Government of Uttar Pradesh.
- VI. Yamuna Expressway Industrial Development Authority (YEIDA) will be the nodal agency for the project.
- VII. The airport area is planned to be developed as an Aerotropolis with industrial clusters and education centres around it.



AYODHYA INTERNATIONAL AIRPORT

A new international airport is under phase-wise development in an area of 660 acres of land at Ayodhya, Uttar Pradesh.¹⁶ The development of this airport is in line with the vision of the Prime Minister towards boosting connectivity and creating a future-ready aviation sector. Ayodhya is an important religious tourism destination for people living in India and abroad. Uttar Pradesh Cabinet has cleared the proposal to rename the Ayodhya airport as Maryada Purushottam Sri Ram Airport, Ayodhya. The international airport is expected to boost tourism in UP.

MRO/ CARGO COMPLEX

A Maintenance, Repair, Overhaul (MRO) and Cargo Handling Complex can be planned at the upcoming International Airports. For eg. MRO & Cargo complex on 100 acres each can be developed near Jewar Airport in YEIDA region. Investments for setting up such cargo and MRO hubs in other areas can also be attracted, viz. Prayagraj, Hindon, Varanasi, etc.

Key Players in Uttar Pradesh







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