



**Infrastructure Corporation of Andhra Pradesh Limited (INCAP)**

**NOTICE OF  
REQUEST FOR QUOTATION (RFQ)**

**from**

**Scheduled commercial airlines for Viability Gap Funding for operating scheduled commercial air services on the Kadapa – Hyderabad – Kadapa sector (4 days a week); Kadapa – Vijayawada – Kadapa sector (3 days a week); and Tirupati – Vijayawada – Tirupati sector (4 days a week)**

**(30<sup>th</sup> December 2015)**

**(PROPOSAL DUE DATE: 13-01-2016)**

**(This document is meant for exclusive purposes of submitting the Proposal/Quotation against this RFQ document and shall not be transferred, reproduced or otherwise used for purposes other than that for which it is specifically issued)**

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## **GOVERNMENT OF ANDHRA PRADESH**

### **Infrastructure Corporation of Andhra Pradesh Ltd.**

Request for Quotation from scheduled commercial airlines for Viability Gap Funding for operating scheduled commercial air services on the Kadapa – Hyderabad – Kadapa sector (4 days a week); Kadapa – Vijayawada – Kadapa sector (3 days a week); and Tirupati – Vijayawada – Tirupati sector (4 days a week)

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#### **GENERAL:**

Andhra Pradesh is on the path of sustained double digit growth and aviation is a focus area for connecting various parts of the State towards accelerating economic growth. After bifurcation of the erstwhile combined State of Andhra Pradesh (AP) in June 2014, the Government of the State of Andhra Pradesh (GoAP) has set ambitious targets for its development. Providing reliable and seamless air connectivity across the State, especially linking places of industry/trade, tourism and other major areas is a priority for the State Government.

The Government has released the AP Civil Aviation Policy 2015 in June 2015.

Following are the strategic objectives and targets of the AP Civil Aviation Policy:

1. To improve air connectivity within the state of Andhra Pradesh
2. To promote development of aviation infrastructure.
3. To make Andhra Pradesh a preferred destination for investment in aviation and allied businesses by creating airports as hubs of economic activity.

As per the provisions in the AP Civil Aviation Policy 2015, clause no. 43 states the following:

“The government will provide the following incentives to airlines to enhance intra and interstate air connectivity -

- i) Underwriting specific number of airline seats or certain percentage of the capacity of the aircraft, as assessed by the government
- ii) Providing an airline seat subsidy for airlines operating to specified airports in the State on specified sectors based on traffic levels through competitive bidding”

At present, Andhra Pradesh has 6 operational airports, of which 5 airports which are run by Airports Authority of India (AAI) have scheduled commercial air services. These airports are located at Visakhapatnam, Vijayawada, Tirupati, Rajahmundry and Kadapa. The air passenger traffic in the State of AP has shown an impressive growth of 51% in the period of Apr-Nov 2015 over the same period of last year.

Kadapa Airport has been commissioned in June 2015 by AAI. Kadapa is a key town in the Rayalseema region and is also a prominent District Headquarters. A large number of people from this region travel from Kadapa and its adjoining areas to Hyderabad, the combined capital of AP and Telangana and also to the new capital area of AP – i.e., Vijayawada.

The new capital city of AP – Amaravati is being served by the Vijayawada Airport (Gannavaram) at present. There is demand to operate air services from Vijayawada to Tirupati which is a popular pilgrimage centre in the country.

There are no scheduled commercial air services at present from Kadapa to Hyderabad; Kadapa to Vijayawada; and Vijayawada to Tirupati. Keeping in view the potential for air travel in these sectors and also as part of the initiative to promote inter and intra-State air connectivity, the GoAP plans to offer Viability Gap Funding through a competitive bidding process to the airlines who come forward to operate scheduled commercial air services for a period of 1 (one) year in the Kadapa – Hyderabad – Kadapa; Kadapa - Vijayawada – Kadapa; and Vijayawada – Tirupati – Vijayawada sectors via competitive bidding process.

**TERMS AND CONDITIONS:**

1. Proposal/Quotations for Viability Gap Funding are sought from scheduled commercial airlines with a valid licence from DGCA for operating services in the following sectors and schedules:

<b>S No</b>	<b>Sector</b>	<b>Schedule</b>	<b>Total no. of services per week combined in both ways</b>
1	Kadapa –Hyderabad– Kadapa	Mon, Tue, Fri, Sat	8
2	Kadapa – Vijayawada – Kadapa	Mon, Wed, Fri	6
3	Tirupati – Vijayawada – Tirupati	Thu, Fri, Sat, Sun	8

2. The interested airlines may submit their quotation(s) for any one or any two or for all the three sectors. The proposal along with price quotation for the VGF sought from GoAP shall be submitted separately for each of the above mentioned 3 sectors in the format prescribed in Appendix 1.
3. The applicant airline has to submit the estimated cost of operations, estimated load factor and any other relevant factors based on which VGF quoted has been arrived at for each of these sectors. A separate statement on this is to be submitted along with the proposal/quotation.
4. The reference aircraft for this scheme is the ATR-72 or ATR-42 or equivalent aircrafts only which can seat up to 78 passengers in the economy class configuration.

5. The quote shall be a lumpsum amount in Indian Rupees inclusive of all taxes/duties/charges. The quote shall be for operating scheduled commercial air services for a period of 1 (one) year and would be valid for 3 (three) months from the proposal due date.
6. The qualification criteria for the applicants is that the applicant airline shall be a scheduled commercial airline with a valid licence from the Directorate General of Civil Aviation (DGCA) on the date of submission of the proposal/quotation.
7. The quote(s) are to be given as per Appendix 1. The airline quoting the lowest VGF for a sector would be invited to operate in that sector with VGF from GoAP.
8. The proposal and quotation for the same should reach this office in a sealed cover on or before 15:00 hours of 13.01.2016 and the proposals will be opened at 16:00 hours on the same day. The applicant airline may depute their representatives to be present at the time of opening of the proposal/quotation.
9. The Vice Chairman & Managing Director of INCAP reserves the right to postpone the due date or reject/cancel the proposals/quotations at any time without assigning any reasons thereof.
10. Proposal/Quotation from unqualified agencies and also incomplete / time barred proposals/quotations will not be accepted.

11. The selected Airline has to submit a Bank Guarantee (BG) equivalent to 5% of the total VGF quoted and accepted for the sector issued by a Nationalized Bank, or a Scheduled Commercial Bank in India within 14 days from the date of issue of the Letter of Award (LoA) by the Government Authority. The selected Airline shall conclude an agreement separately for each sector with the Government Authority based on discussions within 14 days from the issue of LoA.
12. The payment of VGF to the selected Airline shall be done on a monthly basis before the end of the next month for each month based on the actual number of services operated vis a vis the stipulated number of services in that particular month.
13. In case the selected Airline fails to operate at least 50% of the stipulated services in any given month in a particular sector, the Agreement for that sector is liable to be terminated and the Bank Guarantee is liable to be invoked by the Government Authority.
14. The selected Airline has to commence the operations preferably within one month from the date of concluding the agreement and in any case not later than 1<sup>st</sup> April 2016.

15. In case the selected Airline fails to comply with the stipulated terms and conditions in this RFQ document or in the Agreement, the Government Authority reserves the right to invoke the BG /ban the Airline from further participation in any of the tenders/bids being floated by the GoAP or its Agencies for a period of 2 (two) years.

Sd/-

Vice Chairman & Managing Director, INCAP



## Appendix 1

### Proposal/Quotation for VGF for the [\*]<sup>1</sup> sector

(On Applicant's letter head)

(Date and Reference)

To,

The Vice Chairman and Managing Director,  
Infrastructure Corporation of Andhra Pradesh Ltd.  
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Web: [www.incap.co.in](http://www.incap.co.in)

Dear Sir,

Sub: Request for Quotation for Viability Gap Funding for operating scheduled  
commercial air services on [\*] sector

With reference to your RFQ Document dated 30<sup>th</sup> December 2015, I/We, having examined all relevant clauses and understood the contents, hereby submit our quote seeking Viability Gap Funding from the Government of Andhra Pradesh for operating scheduled commercial air services in the [\*] sector for a period of 1 (one) year.

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<sup>1</sup> Replace all instances of [\*] with the sector quoted for. Submit separate proposals/quotations for each of the sectors quoted for.

Our quotation for seeking Viability Gap Funding from the Government of Andhra Pradesh for operating scheduled commercial air services in the [\*] sector for ..... days in a week as indicated in the RFQ document is Rs ..... (Rupees .....) for a period of 1 (one) year. This quote includes all taxes/duties/charges payable at applicable rates. We intend to operate an ATR-42 / ATR-72 or their equivalent type aircraft in this sector.

The Proposal/Quotation is unconditional and unqualified.

1. All information provided in the Proposal/Quotation and in the Appendix is true and correct and all documents accompanying this Proposal/Quotation are true copies of their respective originals.
2. This statement is made for the express purpose of meeting the objectives stated in the aforesaid RFQ
3. I/We shall make available to the Government Authority any additional information it may deem necessary or require for supplementing or authenticating the Proposal/Quotation.
4. I/We acknowledge the right of the Government Authority to reject our Proposal/Quotation without assigning any reason or otherwise and hereby waive our right to challenge the same on any account whatsoever.

5. I/We certify that in the last three years, we or any of our Associates have neither failed to perform on any contract, as evidenced by imposition of a penalty by an arbitral or judicial authority or a judicial pronouncement or arbitration award against the Applicant, nor been expelled from any project or contract by any public authority nor have had any contract terminated by any public authority for breach on our part.
6. I/We understand that you may cancel the Selection Process at any time and that you are neither bound to accept any Proposal/Quotation that you may receive nor to select the Airline, without incurring any liability to the Applicants
7. I/We hereby irrevocably waive any right or remedy which we may have at any stage at law or howsoever otherwise arising to challenge or question any decision taken by the Government Authority and/ or the Government of India in connection with the selection of Airline or in connection with the Selection Process itself in respect of the scheme/project mentioned in subject RFQ.
8. I/We agree and understand that the Proposal/Quotation is subject to the provisions of the RFQ document. In no case, shall I/We have any claim or right of whatsoever nature if me or our Proposal/Quotation is not opened or rejected.
9. I/We agree to keep this offer valid for 3 months from the Proposal/Quotation Due Date specified in the RFQ.
10. I/We submit herewith separate statement(s) detailing the estimated cost of operations, estimated load factor and any other relevant factors based on which VGF quoted has been arrived at for each of these sectors.

11. I/We agree and undertake to abide by all the terms and conditions of the RFQ Document. In witness thereof, I/We submit this Proposal/Quotation under and in accordance with the terms of the RFQ Document.

Yours faithfully,

(Signature, name and designation of the authorized signatory)

(Name and seal of the Applicant)