



HIMACHAL  
TOURISM

INVITATION OF REQUEST FOR PROPOSAL (RFP) FOR APPOINTMENT OF A SPECIALIST AVIATION CONSULTANT TO  
PREPARE THE AIR CONNECTIVITY STRATEGY FOR HIMACHAL PRADESH

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FOR APPOINTMENT OF A SPECIALIST AVIATION CONSULTANT TO  
PREPARE THE AIR CONNECTIVITY STRATEGY  
FOR  
HIMACHAL PRADESH

**RFP DUE DATE: July25, 2018**

**Director  
Department of Tourism & Civil Aviation,  
Block No.28, SDA Complex, Kasumpti, Shimla,171009**



## **1. Disclaimer**

1.This Request For Proposal (RFP) document has been prepared with adequate care. However, the Applicant/Organization should verify that the document is complete in all respects. Intimation of discrepancy, if any should be given to the Director, Tourism & Civil Aviation at below mentioned address.

**To**

**The Director,**

**Department of Tourism and Civil Aviation ,**

**Govt. of HP. Block No.28, SDA Complex ,**

**Kasumpti , Shimla- 171009**

**Email: [tourismmin-hp@nic.in](mailto:tourismmin-hp@nic.in)**

2. Neither, the Department nor its employees or consultants will have any liability to any prospective Applicant or any other person under the law of contract, for any loss, expense or damage which may arise from or be incurred or suffered in connection with anything contained in this RFP document.

3. The applicable laws for the purpose are the laws of India. Courts of Shimla will have jurisdiction concerning or arising out of this RFP document.

4. The Department reserves the right to accept or reject any or all RFP application without assigning any reason.



INVITATION OF REQUEST FOR PROPOSAL (RFP) FOR APPOINTMENT OF A SPECIALIST AVIATION CONSULTANT TO PREPARE THE AIR CONNECTIVITY STRATEGY FOR HIMACHAL PRADESH

## **Department of Tourism & Civil Aviation, HP**

### **Invites**

### **Request for Proposal (RFP) for appointment of a specialist aviation consultant to prepare the air connectivity strategy for Himachal Pradesh.**

The Department of Tourism & Civil Aviation (DOT), Government of Himachal Pradesh intends to appoint a specialist aviation consultant to prepare the air connectivity strategy for Himachal Pradesh. Therefore, Department of Tourism & Civil Aviation, HP invites Request for Proposal (RFP) from the interested consultants/organizations/companies for preparing air connectivity strategy/study to give boost to the Tourism in the State.

The format for submitting detailed RFP, Terms & Conditions can be downloaded from the Department Website [www.himachaltourism.gov.in](http://www.himachaltourism.gov.in)

Interested parties may send their offer (RFP) to the Director, Tourism & Civil Aviation, Government of Himachal Pradesh, Block No. 28, SDA Complex, Kasumpti, Shimla -171009 on or before **July 25, 2018** up to 4.00 PM positively. For further information, please contact:

**Director, Tourism & Civil Aviation, Government of Himachal Pradesh, Block No. 28, SDA Complex, Kasumpti, Shimla -171009.**  
**E-mail: [tourismmin-hp@nic.in](mailto:tourismmin-hp@nic.in) Telephone- 0177-2625864, 2625511, 2625924, Telefax: 0177- 2625456.**



## 2. Schedule Of Submission of RFP

Activity Scheduled date	
Downloading of RFP document	5 <sup>th</sup> July 2018 to 24 <sup>th</sup> July 2018 (Up to 5.00 PM)
Date of Pre-bid	17 <sup>th</sup> July at 3.00 PM
Due date for RFP document submission	25 <sup>rd</sup> July 2018 (Up to 4.00 PM)
Opening of RFP documents	25 <sup>rd</sup> July 2018 at 5:00 PM, or any date as may be intimated

## 3. Background

Himachal Pradesh offers scenic beauty, outdoor activities and pilgrimage sites that attract numerous visitors to the state. However, tourism has not yet developed to its full potential, partly because the mountainous terrain makes connectivity challenging.

Regular, reliable, safe and affordable air services could deliver a significant stimulus to visitor arrivals. Opportunities exist to enhance connectivity between Shimla/other points in Himachal Pradesh to Delhi, Chandigarh and other strategic cities, as well as on intra-state routes.

The Government of Himachal Pradesh wishes to develop a strategy to establish an operating environment that encourages the development of air connectivity to/from and within the state.

## 4. Appointment of a Qualified and Reputed Consultant

The Government of Himachal Pradesh seeks to appoint a specialist aviation consultant to prepare the air connectivity strategy.

Key qualification criteria include:



1. Consultant must strong international credentials and a deep understand of the Indian market;
2. Consultant must have been operating in India for at least 10 years;
3. Consultant must have successfully completed more than 20 aviation projects in India. Clients may have included airlines, airports, general aviation, MROs, investors etc.;
4. Consultant must have experience estimating market demand and developing accurate traffic forecasts;
5. Consultant must have access to comprehensive economic and aviation databases to support market analysis;
6. Consultant must have in-depth understanding of aircraft economic and experience in modelling route performance;
7. Consultant must provide references from the CEOs of at least 3 relevant clients in India.

## **5. Scope of work and deliverables for study**

### **Demand forecasting**

The Consultant should develop 10-year traffic forecasts as specified below:

1. Domestic passenger traffic (split by inter-state and intra-state);
2. International passenger traffic;
3. Domestic cargo volumes (split by inter-state and intra-state);
4. International cargo volumes;
5. Domestic aircraft movements (split by inter-state and intra-state);
6. International aircraft movements;
7. Forecasts should be presented on a route-wise basis for city pairs accounting for at least 70% of total traffic;
8. Sensitivity of forecasts to price should be modelled;
9. Seasonality of top city pairs accounting for at least 70% of total traffic should be forecast;



## **6. Catchment area analysis and strategic market overview**

The Consultant should present detailed analysis of the market and the drivers of traffic, including for example:

1. Profile of economic activity in the catchment areas by sector;
2. District-wise population, economic activity and per capita GDP;
3. Social and consumption indicators in the catchment districts;
4. Purpose of travel e.g. business, tourism, visiting friends and relatives, pilgrimage etc., together with the respective size of these markets and their potential for growth;
5. Economic activity driving demand for air cargo;
6. Detailed profile of visitors (domestic and international) to Himachal Pradesh looking at point of origin, duration of stay, expenditure, activities, circuits followed;
7. Propensity of passengers to pay and the price points at which they will travel should be carefully evaluated and identified. Similar analysis should be conducted of shippers of air cargo;
8. Inventory of hotel capacity by location and category of property, as well as average room rates, and planned investments;
9. Projected volume and profile of tourism growth over the next 10 years.

## **7. Aircraft Analysis**

In order to determine the viability of air services in the state, the Consultant must develop appropriate financial models to evaluate route-wise performance of alternative equipment, based on reasonable cost and revenue assumptions.

1. Aircraft types to be evaluated include ATR42s/LET410s/Beechcraft 1900s/Twin Otters, as well as transportation helicopters;
2. Financial analysis should evaluate both leasing and financing options, and provide detailed coverage of capex and operating costs;
3. Strategic issues such as the availability of an eco-system (maintenance, training, pilots) to support the fleet, as well as customer acceptance, safety record, should be taken into account, as well as customer acceptance;



4. Operational issues should consider the suitability of the aircraft with respect to seat capacity, cargo payload requirements, infrastructure in the state etc.;
5. Outputs from demand analysis above should be used to develop assumptions for passenger numbers and fares, as well as cargo volumes and rates, and their respective seasonality and directionality;
6. Based on the financial modelling and strategic/operational analysis, the most appropriate equipment for the propose mission should be shortlisted.

## **8. Preparation of Business Plan**

The Consultant must prepare business plan including the following sections:

### **8.1 Demand Analysis**

Research must be conducted in order to understand travel preferences and consumption behaviour, amongst travel agents; corporate travel managers; business houses and SMEs; hotel and resort companies; tourism authorities; cargo and freight handlers; and passengers themselves. The purpose of this field research will be to understand the ground realities of transport and traffic flows. The objective will be to address issues such as:

1. What are the key drivers of travel – business, leisure, VFR, pilgrimage?
2. Where do people currently have a need to travel?
3. Are they able to do so cost and time effectively?
4. What determines their choice of transport mode?
5. Are they satisfied with the cost and time involved with current options?
6. If air services are currently available is the schedule offered convenient?
7. Have they used air travel – if so, why – if not, why not?
8. Would their behaviour change if greater air services were introduced e.g. would they travel to different destinations, would they travel more frequently?
9. What is their propensity to pay?
10. What is the sensitivity to time and cost?
11. How do goods currently move around the region?
12. Are there new business opportunities in trade and tourism that could be developed if air services were expanded?



13. What is the potential volume of traffic?

### **8.2 Operations Plan**

The Consultant should develop an operations plan which includes:

1. Network development over 10 years;
2. Schedules and frequency;
3. Base strategy;
4. Product specification.

### **8.3 Maintenance Plan**

The Consultant should develop a plan which addresses:

1. Line maintenance, airframe maintenance, components maintenance, engine and life limited parts maintenance
2. Airline maintenance best practice models, especially for regional airlines;
3. Recent support deals secured by other regional carriers;
4. Advice on competitive supplemental lease/maintenance reserve terms;
5. Analysis of which activities should be outsourced and to what extent; – how close is it possible to get a completely outsourced maintenance strategy;
6. Maintenance organisation structure – DGCA requirements and best practices;
7. Local environment and operating issues that could pose challenges;
8. Vendor assessment and selection criteria for 3<sup>rd</sup> party maintenance providers;
9. Recommended strategy to be pursued.

### **8.4 Human Resources Plan**

The Consultant should develop a plan which addresses:

1. Job descriptions of key roles;
2. Characteristics and skills required in key roles;
3. Recruitment practices;
4. Roles for which expatriates may be required;
5. Board composition and structure;





6. Outsourcing v. in-house strategy;
7. Training and education requirements.

### **9. Financial Model**

A financial model should be provided covering the set-up costs and the first 10 years of operation. The model should include:

1. Projected profit & loss account;
2. Balance sheet;
3. Cash flow statement;
4. Key performance indicators e.g. average yields, cost per ASK, breakeven load factors;
5. Route wise profitability analysis;
6. Sensitivity to key variables such as load factors, yield, exchange rates and fuel prices;
7. Recommended equity structure and capital requirements;
8. Internal rates of return and prospective future valuations.

### **10. Risk management analysis and mitigation strategy**

The Consultant should develop a risk management plan which addresses:

1. Capital risk and access to funding;
2. Financial risk including fuel prices, exchange rates, interest rates and taxation;
3. Competitive risks and potential responses from incumbents;
4. Demand risk including economic slowdowns;
5. Human resources risk related to shortage of skills, industrial disputes;
6. Operational risks including weather, technical issues, incidents;
7. Strategic risks related to the business model or market proposition;
8. Infrastructure risks including access to infrastructure;
9. Supplier risk including performance of aircraft, technology;
10. The risk management plan should identify proven mitigation strategies.



## **11. Implementation Plan**

This should identify the critical paths and milestones, covering activities such as:

1. regulatory approval;
2. brand development and market positioning;
3. fleet acquisition and financing;
4. sales and distribution/marketing planning;
5. operating procedures and manuals;
6. flight operations, including pilot and cabin crew recruitment and training;
7. engineering/maintenance;
8. airports/ground services;
9. customer care (pre- and post-flight);
10. organisation structure and recruitment of key roles;
11. Finance and administration set-up, systems and information.

## **12. Recommendation for Corporate Structuring**

Following the development of the business case, the Consultant will evaluate which of the following structures are recommended:

1. Option1: Invite private investors through an open and transparent bidding process for subsidies and support required from the Government of Himachal Pradesh. Bidders will need to make commitments to minimum capital requirements, fleet size and capability.
2. Option 2: A joint venture between the government and a private operator. The Consultant will recommend the equity structure and management model.
3. Option3: Government of Himachal Pradesh will own the assets such as the aircraft equipment and lease out to an operator with a revenue share model, including minimum guaranteed payments to the government.

## **13. Execution of the Recommendation**

The Consultant will support the Government of Himachal Pradesh implement the recommended option by providing the following services:

1. Preparation of the terms of reference for the bid;



2. Specification of the bid evaluation criteria;
3. Advise the Government with short listing bidders;
4. Advise the Government with selecting the successful bidder;
5. Engage with the successful bidder to understand their business plan in detail;
6. Assist the successful bidder and the Government execute the project.

#### **14. Timelines**

- Consultant to be appointed by 1st August 2018;
- Consultant to prepare short, medium and long term strategies:
  - Short term by 15<sup>th</sup> September 2018;
  - Medium term by 31 October 2018;
  - Long term by 30 November 2018.
- Preliminary objective will be to see the launch of initial services in the December 2018 quarter.



### **Financial BID AND DRAFT MoU**

1. The Financial Bid will contain Price Schedule and related details of the offer. Financial bid it is expected to be all inclusive lump sum amount covering all items of the work including the cost of staff, stationery, contingency amounts, travel, living expenses, communication, other resources and all miscellaneous expenses that may be required to be met in connection with delivery of the Consultancy Services. The price bid should be unconditional and any conditional financial proposal shall be rejected summarily.
2. All prices should be quoted in Indian Rupees and indicated both in figures and words. Figures in words will prevail.
3. The cost quoted will be firm and fixed for the duration of performance of the contract. At no point of time will any deviation from the quoted rate be entertained.

Upon receipt of Request for Proposal from the prospective applicant , draft MoU will be made available to the person/organisation meeting the above general eligibility criteria, for their participation.

### **The RFP received after the due date and time will not be considered.**

The Request for Proposal shall be submitted in a sealed envelope super-scribing **“Request for Proposal for Air Connectivity Study to Support Tourism in Himachal Pradesh”**.