

CESL seeks ₹1,000-cr payment guarantee for electric buses...

ALLOCATION SOON. Expects its demand for security fund to be addressed in the Budget

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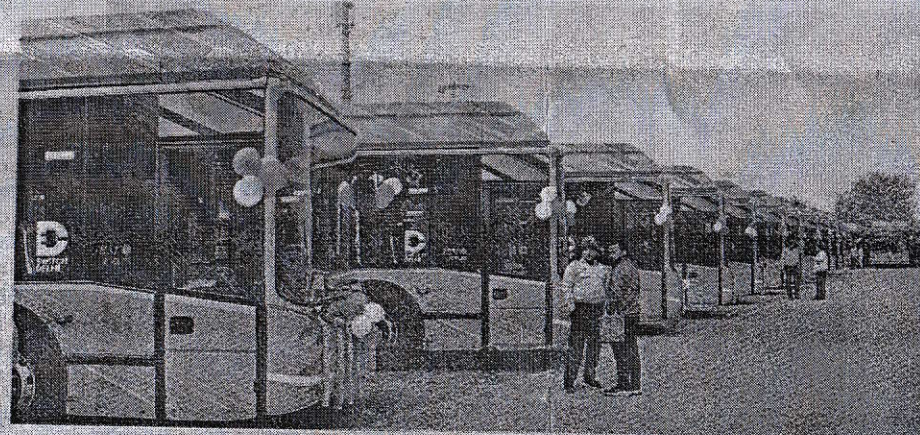
Convergence Energy Services Ltd, the government company that is tasked with facilitating e-mobility in India, expects its demand for ₹1,000-crore payment security fund for e-buses to be addressed in the Union Budget.

Today, CESL came out with its third tender, for 4,675 e-buses. The previous tender was issued in September for 6,465 e-buses. Both these were under the National Electric Bus Programme. The first tender was for 5,450 buses, which was finalised in February 2022.

The CESL model is to aggregate demand from various States and issue one tender on behalf of the participating States.

MAJOR CONCERN

The winning bidders manufacture and run the buses on routes specified by the State transport undertakings for a per-km fee, which typically works out far cheaper than the per-km expenditure on a



SAFETY NET. If a state transport undertaking fails to pay its monthly dues, the e-bus operator will be paid out of the fund for three months SHIV KUMAR PUSHPAKAR

diesel bus.

A major concern of the bidders has been the question what is the guarantee that the State transport undertakings (STUs) will pay their dues. Most STUs are financially broke.

In the first tender, Tata Motors bagged 5,000 buses, while Olectra and Volvo-Eicher got the rest. In the second, Ashok Leyland's subsidiary, Switch Mobility, has emerged as the best bid-

der for 2,600 buses. Tata Motors kept out of the tender, apparently due to payment concerns.

PAYMENT SECURITY

In order to assure the bus companies of their due payments, CESL has asked the government for ₹1,000 crore to set up a "payment security fund."

In case a STU fails to pay its monthly dues, the bus company would be paid out

of the fund for three months, CESL's CEO, Mahua Acharya, told *businessline* today.

CESL has also been working on securing carbon credits, the proceeds of the sales could go into the payment security fund. Acharya had earlier told *businessline* that each bus, if charged by renewable energy, could earn up to 55 credits a year - roughly, a credit earned by an e-bus can sell for at least \$10.