

E-bus drive set for boost, but delay in tendering poses challenge

PM E-DRIVE and PSM schemes instil confidence among e-bus manufacturers

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The country's public transportation sector is steering towards a greener future.

With the launch of the ₹10,900 crore PM Electric Drive Revolution in Innovative Vehicle Enhancement (PME-DRIVE) and the ₹3,435.33 crore PM-eBus Sewa-Payment Security Mechanism (PSM) scheme, the industry is optimistic that these initiatives will significantly boost electric bus (e-bus) penetration.

Between January 1, 2019, and September 13, 2024, India sold 373,810 buses, with only 9,108 — just 2.4 per cent — being electric, according to data from the Ministry of Road Transport and Highways' Vahan portal.

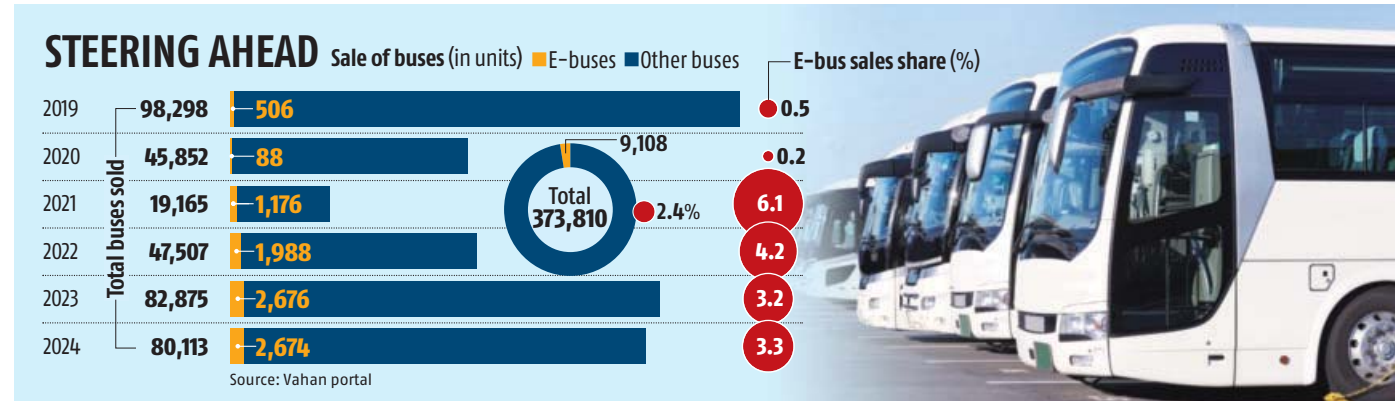
This slow adoption persists

despite the government's allocation of ₹3,545 crore (30 per cent of the ₹11,500 crore FAME-II budget) to support the procurement of 7,210 e-buses and launch of ₹57,613 crore "PM-eBus Sewa" for augmenting city bus operations by 10,000 e-buses.

Under the new PME-DRIVE initiative, the allocation has increased to 40 per cent of the ₹10,900-crore budget, or ₹4,391 crore, for 14,028 e-buses.

Industry players are optimistic that these enhanced allocations will provide the necessary boost to accelerate e-bus adoption.

"The policy addresses key expectations. By offering incentives for chargers and introducing the PSM, it will instil confidence among all stakeholders," said Aanchal Jain, chief executive officer (CEO) of



PMI Electro Mobility.

The government has announced incentives for installing 1,800 fast chargers under PME-DRIVE.

Additionally, the PSM scheme will support the procurement and operation of 38,000 electric buses (e-buses) by Public Transport Authorities (PTAs) from FY25 to FY29.

"This much-awaited impetus to original equipment manufacturers (OEMs) will act as a cornerstone to establish the e-bus sector. It will attract substantial global investors," said Nishant Arya, vice-chairman (V-C) and managing director (MD), JBM Auto.

Under the PSM scheme, if a PTA is unable to pay its dues to

OEMs or operators, the payment will be covered by the PSM fund for up to three months.

If the default continues beyond this period, the Reserve Bank of India (RBI) will deduct the amount from the state's accounts, said Union Minister for Heavy Industries HD Kumaraswamy. This follows the Cabinet's approval of the scheme.

So far, e-bus OEMs have been hesitant to participate in tenders, as many PTAs have been operating at a loss, making bus deployment unviable. Delays in tendering have also been a major obstacle to the growth of e-bus adoption, according to industry experts.

"The poor financial condition of PTAs has discouraged OEMs

from participating in auctions. Furthermore, delays in tendering by Convergence Energy Services (CESL) have also slowed e-bus penetration," said Preetesh Singh, a specialist in CASE and alternative powertrains at NRI Consulting & Solutions.

CESL, a government entity under the Ministry of Power, has issued tenders under the PM-eBus Sewa scheme, but the process has been slow.

The first tender for 3,825 electric buses was issued on November 17, 2023, followed by a second tender for 3,132 e-buses on March 14, 2024. However, the first round of tenders is yet to be awarded.

An e-bus manufacturer stated that while CESL has finished the bidding process, tenders are yet to be awarded.

If the tendering process were expedited, deployment could start within six months, accelerating the penetration of e-buses.

