

Guidelines for ₹57K cr eBus scheme likely in a month

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New Delhi, 29 August

In a bid to accelerate the adoption of green vehicles in the public mobility space, the Centre is planning to release guidelines for the ₹57,613 crore PM-eBus Sewa scheme within a month, *Business Standard* has learnt. "Consultations with state governments are underway. Within a month, the guidelines will be out," senior government officials said.

The ambitious PM-eBus Sewa scheme, which was announced on August 16, seeks to introduce 10,000 e-buses across 169 cities. This will be done through a 10-year public-private partnership (PPP) arrangement. The ministry of housing and urban affairs is overseeing this endeavour.

While the scheme has a total budget of ₹57,613 crore, only ₹20,000 crore will be allocated from the central government's budget. The rest will be secured through contributions from various state governments.

The responsibility of procuring and auctioning the e-buses is likely to fall under the purview of state-run Convergence Energy Services (CESL). Convergence will also help realise the government's vision of deploying 50,000 e-buses by 2027 under the National Electric Bus Programme (NEBP).

The PM-eBus Sewa scheme is a response to the limited adoption of electric buses in the public transit sector.

Despite the approval of 7,210 e-buses under the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME-II) scheme, as compared to the initial target of 7,090, only 2,435 e-buses have been put into operation, according to ministry of heavy industries data.

From 2014, India has witnessed the sale of 816,356 buses across various segments.

However, the proportion of electric buses is at a mere 0.63 per cent. This is equivalent to 5,124 units, according to the VAHAN portal of the ministry of road transport and highways (MoRTH).

In an effort to boost these numbers, the government is also contemplating an incentive scheme tailored specifically for private operators. This will encourage the purchase of electric buses, as reported by *Business Standard* on August 9.

Different from FAME-II

Distinguishing itself from FAME-II, the PM-eBus Sewa initiative empowers state governments to deploy electric buses in cities with a population of 300,000. But FAME-II focuses on deployment of e-buses in only nine cities with a population of over four million. FAME-II gives a subsidy amount in three instalments of 20:40:40 at the time of supply, order and delivery.

The PM-eBus Sewa proposes a kilometre-based incentive structure spanning a decade after six months of successful commercial bus operations. Despite the differing population criteria and incentive models, both schemes warrant that 50 per cent of raw materials for manufacturing should be sourced from domestic suppliers.

State transport undertakings to benefit

Under the PM-eBus Sewa scheme, the central government will extend subsidies, but the responsibility of payment to bus operators will rest with the respective state governments. This initiative could prove beneficial for state transport undertakings that often operate at a loss. State governments can avail the benefits offered by the upcoming 'payment security fund' from the central government.

On August 8, *Business Standard* was the first to report the government's intention to introduce a payment security fund of approximately ₹4,126 crore. This fund aims to facilitate the procurement of 38,000 electric buses (e-buses) nationwide.

This scheme will also have a dedicated fund for the development of charging infrastructure as part of the Green Urban Mobility initiatives, which will be implemented across 181 cities.

GREEN MOBILITY

57,613 crore total outlay | **20,000 crore** Centre's share

169 cities with population above 300,000 targeted

10,000 e-buses to be deployed | **10-year** public-private partnership

50 per cent localisation rule likely to stay



KEY FINDINGS

- A kilometre-based incentive structure spanning a decade
- Ministry of housing and urban affairs to be the nodal body
- State governments can avail benefits from payment security fund