

Scheme Guidelines

PM-eBus Sewa- Payment Security Mechanism (PSM) for Procurement and Operation of Electric buses

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Ministry of Heavy Industries

Government of India

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1. Introduction

The PM-eBus Sewa-Payment Security Mechanism scheme (hereinafter called as 'Scheme') has been formulated to mitigate payment risk and improve bankability for OEMs/operators who have entered into Concession Agreements (CAs¹) with Public Transport Authorities (PTAs²). This Scheme will ensure timely payments to OEMs/operators through a dedicated Payment Security Mechanism Fund (hereinafter called as 'Scheme Fund'), to be setup under the Scheme, which would subsequently be recouped from PTAs/States/UTs.

The details of the Scheme are elaborated in subsequent sections.

2. Duration of the scheme

The scheme shall provide payment security coverage for up to 12 years for each bus deployed under the Scheme.

3. Direct Debit Mandate (DDM) issued by State Govt/UT

If the PTAs fail to make timely payment as per CA to the OEMs/operators, then CESL, on the request of OEMs/Operators will make the payments from the scheme funds as per the Scheme guidelines and Standard Operating Procedures (SOPs). The PTAs are required to recoup the funds within a period of 90 days. The details are given in subsequent paragraphs.

The Direct Debit Mandate (DDM) envisages that in the event of failure of recoupment of scheme fund by PTAs/State Govt/UTs, then MHI would request RBI to invoke the DDM. RBI will debit the account of States/UTs and credit the amount to the Scheme fund. The fund so recouped will attract LPS i.e. interest @1% per annum in addition to the SBI's 3 years MCLR prevailing on the date of disbursement, compounded annually. The number of days of delay for which LPS will be applicable will start from the date of disbursement of scheme funds to OEMs/operators up to the date of transfer of money to the scheme fund by debiting the account of State Governments/UTs.

¹ **CAs** refers to the agreements executed between PTAs and OEM/operators, by whatever name called (such as Agreements, Contract Agreement, etc), for procurement / deployment / operation / maintenance of the electric buses.

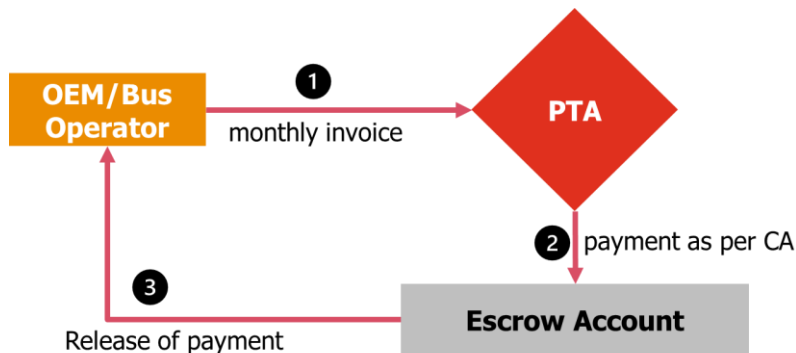
² **PTAs** {such as State Transport Undertakings (STUs), State Transport Corporations (STCs), Special Purpose Vehicles (SPVs) and any other Govt. agencies operating the bus service in India.

The State Govt./UT shall furnish DDM to RBI as per the format at Annexure 1.

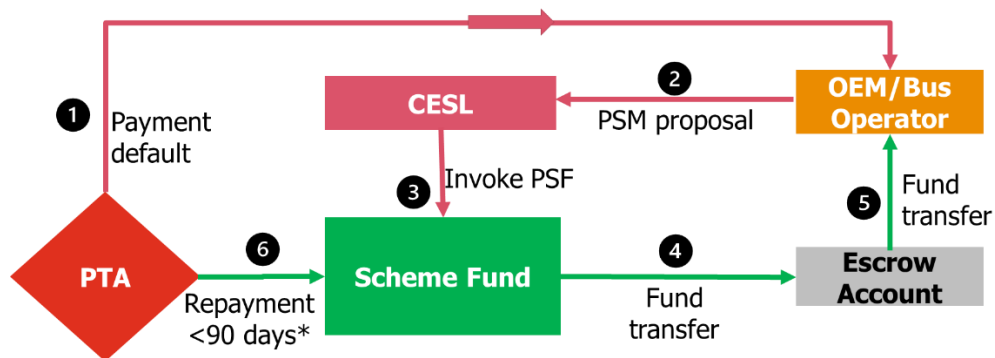
4. Overview of PM-eBus Sewa-Payment Security Mechanism Scheme

A flow chart showing the process of invocation of fund, its flow and repayment mechanism is as follows:

i. Business-As-Usual (BAU) - Payment by PTAs

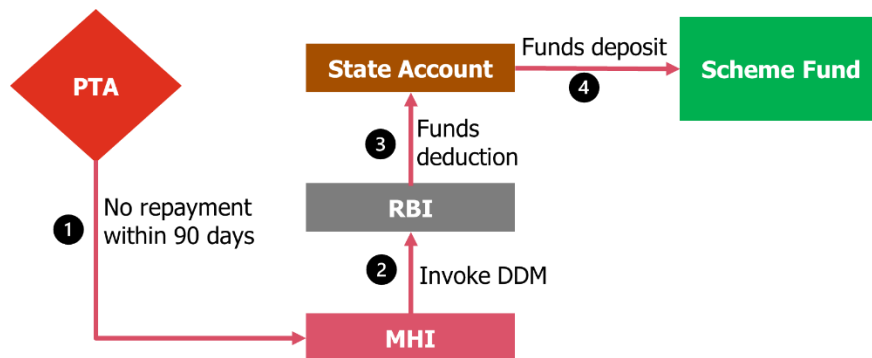


ii. Payment Default by PTAs



*Repayment amount shall include LPS @1% per annum in addition to the SBI's 3 years MCLR prevailing on the date of disbursement, compounded annually.

iii. Invocation of DDM through RBI



The steps involved in operationalization the scheme are mentioned in subsequent sections.

5. Framework for operationalizing and implementing the Scheme

The eligibility criteria for PTAs, OEMs/operators to participate in the scheme and the implementation mechanism for various activities under the scheme is explained below:

5.1. Eligibility criteria for PTAs to join the Scheme for e-buses

PTAs meeting the following criteria will be eligible to participate in the Scheme:

- a. the PTAs who adopt the Gross Cost Contract (GCC) model for procurement of e-buses that is aligned with Scheme guidelines. However, PTAs procuring buses through any other similar models, may also be considered subject to approval by the steering committee, and
- b. their parent States/UTs register the Direct Debit Mandate (DDM) with RBI for availing the Scheme Funds by their PTAs for the entire duration of the Scheme. Under DDM, the States/UTs undertake that in case the PTAs fail to recoup the scheme fund then MHI would request RBI to invoke the DDM. RBI will debit the account of State/UT, subject to availability of clear and sufficient balance in the account at the time of executing the mandate and credit the amount. Clear balance in the account of State Government means the amount held in such account excluding minimum balance, operating limit under special drawing facility, authorised limit under ways and means advances and overdraft. The DDM submitted under the Scheme, will be valid for all GoI sponsored schemes for procurement and operation of e-buses, and
- c. they procure and operate e-buses with aggregation by Convergence Energy Services Limited (CESL) under any GoI/State Govt/UT Scheme, where the CA adheres to the Scheme guidelines.
- d. In case PTAs are directly procuring e-buses (without CESL), then their request for participation under the Scheme can be considered by the steering committee (SC)

5.2. Eligibility criteria for OEMs/operators

Those OEMs/operators who enter into CAs with PTAs satisfying eligibility criteria as

mentioned at para 5.1 shall be eligible for availing Scheme fund.

5.3. Process to avail Scheme fund by e-bus OEMs/operators

- i. PTAs shall open and maintain an Escrow Account as specified in the CA.
- ii. The OEMs/operators will submit regular bill/invoice to PTAs, in accordance with the timelines specified in the CA.
- iii. The PTAs shall process the bill/invoice in accordance with the provisions of the CA.
- iv. If insufficient funds in the Escrow Account result in delay/non-payment by PTAs within the prescribed time as per CA, then the event will be called as “**Default by PTA**”.
- v. Such defaults by PTAs will be reported to CESL and the OEMs/operators may submit a request to CESL (PSM Request) to invoke the Scheme fund.
- vi. CESL shall develop and maintain a technology-based platform that shall enable the OEMs/operators to submit their request for invoking the Scheme fund.

5.4. Process for fund disbursement from Scheme fund to e-bus OEMs/operators

- i. Process of fund disbursement along with the quantum and timelines will be detailed out under Standard Operating Procedures (SOPs) developed by CESL.
- ii. CESL shall review, verify and approve the PSM request of OEMs/operators.
- iii. If CESL finds that the request of the OEMs/operators is in accordance with CA, Scheme guidelines and the SOPs, then CESL shall disburse the approved amount from Scheme fund to the Escrow Account created under CA.

5.5. Repayment mechanism by PTAs/ State Govts/UTs in case of default by PTAs

The repayment mechanism by the PTAs/ State Govts/UTs to Scheme is as follows:

i. Repayment from PTAs to Scheme

- a. PTAs are required to repay to the Scheme fund, the entire amount disbursed from the Scheme fund to the OEMs/operators along with Late Payment Surcharge (LPS), within 90 days from the date of its disbursement.
- b. During this period, PTAs will be levied an interest in the form of Late Payment Surcharge (LPS), on the amount to be repaid.
- c. The LPS would be levied @1% per annum in addition to the SBI's 3 years

MCLR prevailing on the date of disbursement, compounded annually.

- d. The number of days of delay for which LPS will be applicable will start from the date of disbursement to OEMs/operators up to the date of payment received from the PTAs/State Govts/UTs.

ii. Recouping of Scheme funds through Direct Debit Mandate (DDM)

- a. In case the PTAs fails to repay the entire amount disbursed from the Scheme Fund along with Late Payment Surcharge (LPS) within 90 days from the disbursement date, Ministry of Heavy Industries (MHI) would request RBI to invoke the DDM.
- b. RBI would transfer the money to the scheme fund by debiting the account of the State Government/UTs, subject to availability of clear and sufficient balance in the account at the time of executing the mandate. Clear balance in the account of State Government means the amount held in such account excluding minimum balance, operating limit under special drawing facility, authorised limit under ways and means advances and overdraft.
- c. This will also include the LPS as mentioned at para 3.
- d. The number of days of delay for which LPS will be applicable will start from the date of disbursement of scheme funds to OEMs/operators up to the date of transfer of money to the scheme fund by debiting the account of State Governments/UTs.

6. Monitoring and implementation of the scheme

6.1. Steering Committee (SC)

MHI is designated as the nodal Ministry for implementing and monitoring the Scheme through CESL. To ensure effective operation and implementation of the Scheme, a Steering Committee (SC) has been constituted as under:

S. No.	Designation	Position
1.	Additional /Joint Secretary (Auto), MHI	Chairperson
2.	Advisor, NITI Aayog	Member
3.	Additional/Joint Secretary, MoHUA	Member

S. No.	Designation	Position
4.	Additional/Joint Secretary, DoE, Ministry of Finance	Member
5.	Additional/Joint Secretary, Ministry of Road Transport & Highways	Member
6.	Additional/Joint Secretary of the Ministry implementing a scheme for e-buses	Member
7.	Managing Director & CEO, CESL	Convener

Note: Committee may co-opt any other member as and when required.

The broad terms of reference for the Steering Committee will be as follows:

- i. To monitor the performance of the Scheme and issue instructions for its smooth implementation.
- ii. To consider proposal of CESL and recommend invocation of DDM to MHI.
- iii. To approve the Fund requirements for various activities like administrative expenses, training and capacity building; and development, operation and maintenance of the technology-based platform and IEC (Information, Education and Communication) etc.
- iv. To consider and recommend alternative sources of fund for the Scheme, if required.
- v. To consider and approve use of funds for outward remittance to Consolidated Fund of India (subject to a maximum of Gol grants) as and when the Scheme fund grows beyond ₹ 4,000 crore.
- vi. To take/approve all policy decisions to meet the aims and objectives set under the Scheme.
- vii. To consider emerging requirement of green mobility within the overall financial outlay of the Scheme
- viii. To remove difficulties within the framework of the Scheme.
- ix. To approve the SOPs to be issued by CESL.
- x. To consider and approve proposals of PTAs for inclusion under the Scheme of e-buses procured without CESL. This will include alternative procurement models similar to GCC. The committee will also determine the fee structure to be charged from these PTAs.

The Steering Committee shall meet at least once in a quarter or earlier as required.

6.2. Implementing Agency – CESL

Convergence Energy Services Limited (CESL) will act as the Implementing Agency for the Scheme. The roles and responsibilities of CESL are as follows:

- i. Managing of funds and record keeping thereof.
- ii. Co-ordination with stakeholders i.e. MHI/MoHUA/other GoI Ministries supporting procurement of e-buses, OEMs, operators, PTAs/Cities/ULB's, RBI/Banks, Steering Committee, State Govt/UTs. etc.
- iii. Coordination with donor agencies.
- iv. Assistance in drafting, vetting, and executing agreements between the PTAs and OEMs/operators under the Scheme.
- v. Acting as a repository for documentation pertaining to the Scheme.
- vi. Issuance of Standard Operating Procedures (SOPs) for smooth implementation of the Scheme.
- vii. Issuance of Model CA for guidance of stakeholders in consultation with PTAs/ States/ UTs/ operators.
- viii. Development, Operation and maintenance of technology-based platform for running the Scheme including receipt and processing of claims, disbursement of fund, recoupment monitoring and all relevant electronic communications etc.
- ix. Examination of claims received through technology-based platform, their processing and disbursal thereof from the Scheme funds.
- x. Arranging regular communication with PTAs/State Govts/UTs regarding disbursement from Scheme and requests of recoupment.
- xi. To explore and recommend alternative sources of fund for the Scheme, if required.
- xii. Submission of proposals to Steering Committee for invoking DDM.
- xiii. Arranging various types of audits and ensuring necessary actions for compliance.
- xiv. To act as a secretariat and managerial agency to Steering Committee.
- xv. Support States and PTAs in adoption of Scheme guidelines.
- xvi. To review feedback received from all stakeholders including PTAs, OEMs/operators, States, UTs and external stakeholders as needed, to improve the Scheme.
- xvii. Training and capacity building of PTAs/State Govt/UTs/ULBs.

- xviii. Conducting IEC (Information, Education and Communication) activities from time to time.
- xix. Any other work related to the scheme as assigned by Steering Committee/MHI.

6.3. Role of State Govts/UTs/PTAs

- i. State Govts/UTs to sign the DDM mandate as per RBI format (Annexure-1).
- ii. State/UT to communicate their procurement requirements to CESL.
- iii. PTAs to perform all activities as specified under the Concession Agreement (CA) including opening of Escrow Account.
- iv. PTAs to ensure transferring of Scheme Fund immediately to the OEM/operator as received in the Escrow account without any intervention/condition.
- v. Adhere to the SOPs for smooth implementation of the Scheme.

6.4. Role of RBI

- i. RBI to confirm and acknowledge the consent to DDM given by the State Govts/UTs.
- ii. Once the DDM is invoked, RBI will debit the State Govt/UT's account, subject to availability of clear and sufficient balance in the account at the time of executing the mandate. Clear balance in the account of State Govt/UT means the amount held in such account excluding minimum balance, operating limit under special drawing facility, authorised limit under ways and means advances and overdraft. .

7. Utilization of funds under the Scheme

The scheme funds shall include the Late Payment Surcharge (LPS) and also the interest accrued on the Scheme funds. The funds under the scheme shall be utilized to:

- i. Make payment to the OEMs/operators in case of defaults mentioned in section 5.3.
- ii. Meet costs on account of development, operation and maintenance of the technology-based platform for operationalizing the Scheme.
- iii. Meet administrative, operation and maintenance expenses incurred by CESL towards all activities related to operations of the Scheme for its entire duration.
- iv. Expenses incurred for delivering capacity building activities identified under this Scheme.

- v. Any other expenses as approved by the Steering Committee (SC).

8. Reconciliation and Reporting

8.1 CESL, will prepare quarterly status reports on the Scheme and submit it to the steering committee covering the following details:

- i. Details of 'default payments' by various PTAs and payments made thereof from the Scheme funds.
- ii. Interest earned on the Scheme funds.
- iii. Details of payments made by PTAs to the Scheme funds.
- iv. Details of recoveries made through DDM.
- v. Statement of Scheme funds indicating debits and credits.
- vi. Details of LPS levied and received.
- vii. Preparation of Annual accounts of the Scheme and facilitating CAG Audit.

8.2 Annual report for each financial year summarizing the fund utilization under the Scheme by various State Govt/PTAs/UTs

8.3 Any other detail, as may be desired by Steering Committee/MHI

9. Dispute Resolution

Disputes between PTAs and OEMs/operators shall be resolved as per the Dispute Resolution Mechanism outlined in the respective CAs.

10. Enabling provisions for effective implementation of the Scheme

To develop an enabling ecosystem for successful operationalization and implementation of the Scheme, CESL will develop a Standard Operating Procedures (SOPs) to be followed by the parties involved (i.e., MHI, CESL, PTAs, States/UTs, OEMs, operators, RBI) outlining the guidelines for communication, data requirement, fund flow, etc. The SOPs would be approved by the Steering Committee.

Annexure 1- Direct Debit Mandate Format for PM e-Bus Sewa PSM Scheme

MANDATE

FORM FOR IRREVOCABLE LETTER OF AUTHORITY TO BE FURNISHED BY THE STATE /UNION TERRITORY(UT) OF(*Name of the State/UT*) IN FAVOUR OF RESERVE BANK OF INDIA for availing the PSM Scheme Fund under PM-eBus Sewa-Payment Security Mechanism Scheme (herein after called as the 'Scheme') of Ministry of Heavy Industries (MHI), Government of India implemented through CONVERGENCE ENERGY SERVICES LIMITED (CESL).

The Chief General Manager Reserve Bank of India

Central Accounts Section (CAS) Nagpur

Dear Sir/ Madam,

Place:- Date:-

Recovery of the funds disbursed (including Late Payment Surcharge, if any) from PM-eBus Sewa-PSM scheme Fund (hereinafter called as the 'Scheme Fund') of MHI implemented through CESL.

- a) The Scheme, provides payment security (in case of payment default by the PTA(s)), to ensure the PTAs monthly fee obligation to the OEM(s)/operator(s) of e-buses contracted under all Gol sponsored schemes for procurement and operation of e-buses.)
- b) At our request and/ or upon guarantee given by us, the Scheme has agreed to provide a payment security, as per para (a), In consideration thereof, we are required to furnish an irrevocable letter of authority ('Mandate') duly executed by the State /UT of(*Name of the State/UT*) and registered with the RBI / Principal Banker, unconditionally authorising MHI, Gol to advise RBI / Principal Banker to debit forthwith such amount as may be requested by MHI, Gol in regard to repayments of the funds disbursed from Scheme Fund and/or LPS from the account(s) of the State/UT of

.....(*Name of the State/UT*) maintained with RBI/ Principal Banker and credit the same to the bank/FI account of Scheme Fund or to such accounts as MHI, Gol may specify, in the event of default by the State /UT's PTAs in honouring its repayment obligations to the Scheme Fund during the entire duration of the 'Scheme'.

- c) Accordingly, we hereby authorise and request you that as and when a written requisition is received by you from MHI, Gol and notwithstanding any dispute that may exist on issues between us and MHI/Gol/ PM-eBus Sewa-PSM Scheme /CESL, you may, without reference to us, debit our current account / Principal Government Deposit Account (PGDA) / Inter Government Transitory Account (IGTA) maintained with you, with such sums as may be specified by MHI, Gol in its written request and, pay the same to Scheme Fund or to such accounts as MHI, Gol may specify in such manner as they desire under advise to us.
- d) We agree that the RBI will honour the direct debit under this Mandate subject to availability of clear and sufficient balance in the account at the time of executing the mandate. Clear balance in the account of State /UT means the amount held in such account excluding minimum balance, operating limit under special drawing facility, authorised limit under ways and means advances and overdraft. Further, such repayments shall be provided for in the State Budget. If at any time, the clear balance in the State /UT account maintained with RBI is inadequate to meet the aforesaid debit, its account may be debited to the extent of availability of funds, and the remaining amount may be debited subsequently and to the extent funds become available in its account
- e) We agree to the fact that the MHI, Gol has approached you in writing for debiting our current account with you shall be conclusive proof that default has arisen in respect of payment of the sums by us to the Scheme Fund and it shall not be necessary for us to admit to the fact of default by means of separate advice to you or MHI/CESL.
- f) This letter of authority shall also be enforceable against any current account /Principal Government Deposit Account (PGDA) / Inter Government Transitory Account (IGTA), which may be opened with you by our successors or assigns.
- g) This letter of authority shall not be revoked by us except with the prior concurrence of the MHI, Gol/ and RBI may act upon this authority until such time this authority is revoked and a written communication thereof is received by the Chief General Manager/

General Manager, Reserve Bank of India.

- h) It is clarified that this letter of authority('Mandate') does not countermand or affect in any way the existing authorities on mandates already given by us to you in the past and they shall not be deemed to have been substituted by this Mandate.
- i) The scope of authority given in this Mandate shall be valid and enforceable only for recovery of the disbursed amount from Scheme Fund and/or, LPS against such disbursements under the Scheme.

Please acknowledge receipt of this letter and also return the duplicate copy thereof confirmed by you to MHI, GoI/ CESL.

Yours faithfully,

For and on behalf of the Governor of the State/ Administrator of UT of

Confirmation of the RBI on the duplicate copy of the letter of authority

Returned to the

(Name of the lending institution)

The Reserve Bank of India (RBI), hereby, acknowledges the receipt of the Mandate/Letter of Authority dated..... issued by the State /UT of for recovery of the funds disbursed from PM-eBus Sewa -PSM Scheme of Ministry of Heavy Industries (MHI) implemented through Convergence Energy Services Limited (CESL) and/or, Late payment surcharge against such disbursement to the OEM(s)/Operator(s), on account of a payment default by the concerned PTAs of the State/UT. ...

RBI, hereby, confirms that it shall take action as required in terms of the said Mandate/Letter of Authority.

For Reserve Bank of India.

Authorized Official

Place

:

Date