Standard Operating Procedures (SOPs)

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

Date: 30th May 2025

Ministry of Heavy Industries
Government of India

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ABBREVIATION AND DEFINITIONS

In this report, the following word (s), unless repugnant to the context or meaning thereof, shall have the meaning(s) assigned to them herein below:

1. "**BR**" shall mean Business Rules
2. "**CA**" refers to the Concession Agreement executed between PTA and OEM/Operator, by whatever name called (such as Operator Agreement, Contract etc.), for procurement / deployment / operation / maintenance of electric buses.
3. "**CESL**" means Convergence Energy Services Ltd., a wholly owned subsidiary of Energy Efficiency Services Ltd. (EESL), a JV of PSUs under Ministry of Power, Government of India, which is the implementing agency of PSM Scheme.
4. "**COD** "means Commercial Operations Date as specified in the Concession Agreement
5. "**DDM"** means the Direct Debit Mandate.
6. "**e-buses**" means plug-in pure electric buses propelled by batteries.
7. "**Escrow Account** " is the bank account designated as an Escrow Account as per provisions of the Concession Agreement.
8. "**Escrow Agreement** "is the tripartite agreement between OEM/operator, PTA and Escrow Bank for operations and maintenance of Escrow Account, created as per provisions of the Concession Agreement.
9. "**Escrow Bank**" shall mean the Bank designated by the PTA and the Operator in which the Escrow Account is opened.
10. "**Default by PTA**" refers to the situation where a payment against the Operator invoice is not made by the PTA within the CA prescribed time.
11. "**GCC**" means the Gross Cost Contract for operation and maintenance of e-buses.
12. "**Guidelines**" shall mean the Scheme Guidelines for PM-eBus Sewa- Payment Security Mechanism (PSM) Scheme for Procurement and Operation of Electric buses as published by MHI.
13. "**ISD**" represents the Invoice Submission Date, meaning the date on which the invoice is submitted by the Operator to the PTA under the provisions of the CA.
14. "**IAD**"represents the Invoice Approval Date, meaning the date on which the invoice is approved by the PTA or the date on which invoice is treated as deemed approved as per the provisions of the CA.
15. "**IT Platform**" means the Information technology-based portal which hosts the online system for PSM Scheme.
16. "**MoHUA**" shall mean the Ministry of Housing and Urban Affairs, Govt. of India.
17. "**MHI"** means the Ministry of Heavy Industries, Govt. of India
18. "**NEBP**" shall mean the National Electric Bus Program.
19. "**OEM**" shall mean the Original Equipment Manufacturer of the Electric Buses
20. "**Operator**" shall mean the e-bus operator with who the PTA has signed the CA for providing operations and maintenance services for the e-buses.

21. "**LPS**" shall mean Late Payment Surcharge payable by PTAs against a successful PSM disbursement in the form of interest @1% per annum in addition to the SBI's 3 years MCLR prevailing on the date of disbursement, compounded annually.
22. "**Payment 1**" or "**P1**" – shall mean, as per CA provisions, the first (ad-hoc) payment by the PTA to the Operator against the invoice raised.
23. "**Payment 2**" or "**P2**" - shall mean, as per CA provisions, the value of the operator's invoice approved by the PTA after reducing the amount already paid as "**Payment 1**" or "**P1**", statutory deductions, SLA penalties or other charges.
24. "**PSM**" or "**PSM Scheme**" represents the PM-e Bus Sewa Payment Security Mechanism Scheme.
25. "**PSM Request**" means the application by a Bus Operator to CESL for payment under PSM Scheme against a delay/default in payment by the respective PTA.
26. "**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.
27. "**PSF**" shall refer to the PSM Scheme fund.
28. "**Prescribed**" means as provided in the Business Rules
29. "**Operator**" shall mean e-bus operator with who the PTA signs the Concession Agreement.
30. "**Scheme**" represents the PM-e Bus Sewa Payment Security Mechanism Scheme.
31. "**Scheme Fund**" shall mean PM-eBus Sewa-Payment Security Mechanism (PSM) Scheme Fund
32. "**SC**" shall refer to the Steering Committee constituted under the Scheme
33. "**SEA**" means the Supplementary Escrow Agreement as permitted in the Escrow Agreement.
34. "**SOP**" shall mean Standard Operating Procedure
35. "**UT**" shall mean Union Territory of India.

Any other term(s), not defined herein above but defined elsewhere shall have the meaning(s) ascribed to such term(s) therein and shall be deemed to have been included in this section.

1 INTRODUCTION

The PM-eBus Sewa-Payment Security Mechanism (PSM) Scheme ("the Scheme")[1] has been formulated to mitigate payment risk and improve bankability for OEMs/Operators who have entered into Concession Agreements (CAs) with Public Transport Authorities (PTAs). This Scheme will ensure timely payments to OEMs/operators through a dedicated Payment Security Mechanism Fund, to be setup under the Scheme, which would subsequently be recouped from PTAs/States/UTs.

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 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:

3.1 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 shall provide a mandate/guarantee/undertaking that in case the PTA fails to recoup the Scheme fund, 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.

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[1] The Scheme is not a Dispute Resolution forum between the PTA and the Operator. It does not purport to advising on, evaluating or monitoring of the performance of either the Operator or the PTA under the Concession Agreement. It is not a substitute for any contractual or regulatory obligations arising out of the Concession Agreement or any agreement or from applicable regulations. All stakeholders who are participating in this Scheme must ensure to carry out their obligations without any recourse to this Scheme.

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).

3.2 Eligibility criteria for OEMs/operators

Those OEMs/operators who enter into CAs with PTAs satisfying eligibility criteria as mentioned at para 3.1 shall be eligible for availing the Scheme fund.

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

a. PTAs shall open and maintain an Escrow Account as specified in the CA.

b. The OEMs/operators will submit regular bill/invoice to PTAs, in accordance with the timelines specified in the CA.

c. The PTAs shall process the bill/invoice in accordance with the provisions of the CA.

d. 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".

e. 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.

f. CESL shall develop and maintain a technology-based platform that shall enable the OEMs/operators to submit their request for invoking the Scheme Fund.

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

a. CESL shall review, verify and approve the PSM request of OEMs/operators.

b. If CESL finds that the request of the OEMs/operators is in accordance with payment related terms of the CA i.e. Payment timeline and Payment proportion, Scheme Guidelines and the SOPs, then CESL shall disburse the approved amount from Scheme Fund to the Escrow Account created under CA.

3.5 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. If at any time, the clear balance in the State Government 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.
   c. This will also include the LPS as mentioned at para 3.5 (i)
   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.

3.6 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
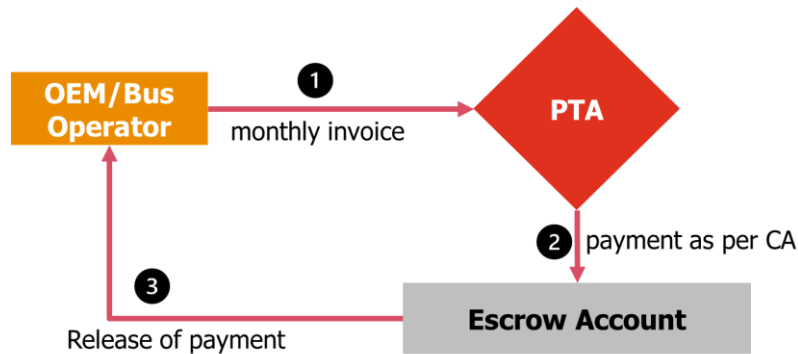
ii. Payment Default by PTAs
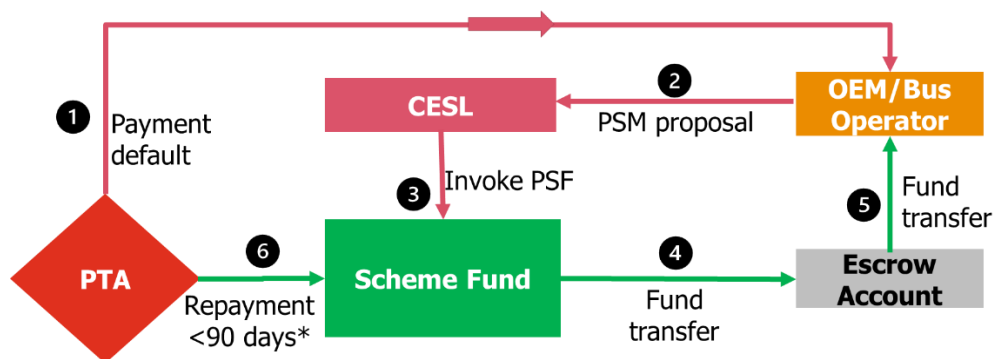
*Repayment amount shall include LPS @1% per annum in addition to the SBI's 3 years MCLR prevailing on the date of disbursement, compounded annually.

iii. Invocation of DDM through RBI

4   BUSINESS RULES AND STANDARD OPERATING PROCEDURES
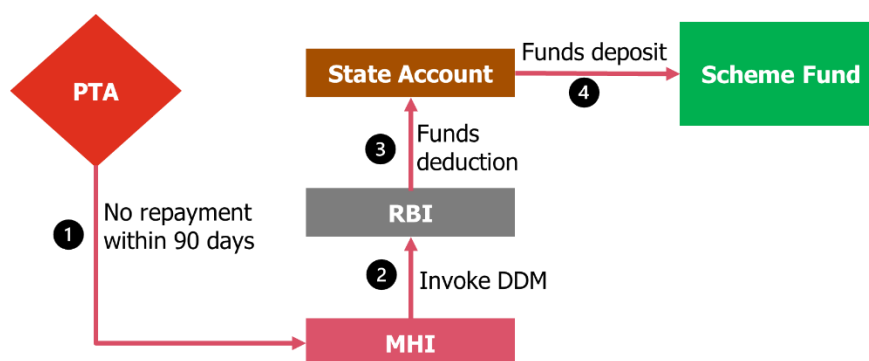
For aiding the operationalisation of the PSM Scheme, Business Rules (BR) and Standard Operating Procedures (SOPs) have been developed.

The Business Rules and SOPs are proposed on the back of an Information Technology Platform. All applications, information sharing and processing will be through this platform. The BR and SOP are provided for the following different stages:

1) Business Rules to govern all processes
2) SOP for Master Records and Information sharing on the IT Platform
3) Circumstances under which PSM Request is permitted
4) SOP for raising a PSM Request by the Operator
5) SOP to respond to a PSM Request by CESL
6) SOP for recoupment of the PSM amount.

The Business Rules and SOPs are provided below. All references to time limit is in calendar days. In case the stipulated day is a holiday, the concerned stakeholder must complete the task on the previous day or days without affecting the overall timeline.

4.1 Business Rules to govern all processes

Following are the Business Rules governing the SOPs.:

a) All PTAs and Operators must register on the IT Platform by filing in requisite details. State/UT Governments need not register but should be kept informed regarding all events involving (i) raising of a PSM Request, (ii) disbursement against a PSM Request, (iii) recoupment against a PSM disbursement made and (iv) invoking of DDM, if any. Communication should be directed to the appointed nodal officers of State Govt./UT **via automated emails.** State Govt/UT to communicate the name of nodal officer(s) to CESL.

b) Registration on the Portal will require Know Your Customer (KYC) details and all nodal officer(s) details (Name/Email/Phone number). Once registered, use of the portal such as login, submission, editing, viewing etc can be done through One Time Password (OTP) on the designated phone number of the agency inserted at the time of registration.

c) The OEM/Operator to update the details on the IT portal of the invoices that are raised and submitted to the PTA in terms of date, billing period, invoice amount, Invoice Submission Date (ISD) to the PTA etc. within 7[#]days of the end of billing cycle as per CA. The invoice copy need not be shared (invoice copy to be shared if and only when PSM Request is made) but all requisite details as required on the IT platform must be posted.

The timeline is for illustration purpose on the basis of PM e-Bus Sewa Concession Agreement. The actual timelines will be coincided as per the timelines mentioned in the respective CA.

d) Within 7# days of Invoice Submission Date (ISD+ 6), PTA to convey its approval for the immediate release of "Payment 1" or "P1" **OR** register its inputs on the IT Platform on prima facie incompleteness or errors in the invoices submitted, if any.

e) The OEM/operator to update the details of the concerned invoice against inputs provided by the PTA, if any and re-submit the details. The process of correction can be done multiple times, but before the date of deemed approval timeline as mentioned in CA. The Operator to ensure that updated details are submitted in the system immediately upon receiving inputs from the PTA.

f) PTA to convey its approval for the immediate release of "Payment 1" or "P1" on the basis of updated details provided by the OEM/operator.

g) If the PTA fails to approve an invoice pursuant to the above, within 15 (fifteen) days from the date of submission of such Invoice (ISD+14), the Invoice shall be deemed to be approved as per CA (only if such clause is available in CA). **Only those invoices whose details have been posted within the invoice submission timeline will be eligible for the Scheme.**

h) PTAs will be responsible for the regular update of the status of all invoices in terms of approved/paid or partly paid along with payment details on the IT Platform.

i) PSM requested on account of disputed invoices will not be considered for PSM Scheme and will be declined. However, in such cases the PTA must provide valid proof of dispute and restriction in payment in terms of

   1. an "order" of the competent Court or Tribunal or a dispute resolution agency as per Concession Agreement restricting or prohibiting or staying payment, and/or

   2. any existing status of termination of the Concession Agreement

The PTA must post this information along with supporting documents immediately upon the availability of above documents, the documents must clearly mention if the restriction in payment is against any particular invoice or on the entire CA. In the absence of such information with supporting documents, **it will be assumed that there is no such restriction.**

j) Unpaid or partly paid Invoices which become undisputed later, can be considered by Scheme later based on clear evidence of end of dispute being certified by PTA. Such invoices will become eligible for PSM Scheme by introducing them for PSM if the default in their payment lasts over 30 days after they become undisputed. Supporting documents certified by PTA signalling end of dispute must be posted by the Operator along with documents along with the PSM Request. The PSM Request can be made from 31st day to 45th day after they become undisputed. In this case Payment Certificate from the PTA will be required.

k) PSM Requests can be raised for both not paid or partially paid overdue invoices.

l) PSM Request against overdue Payment 1 (P1) will be considered against both approved or a deemed approved invoice. The exact proportion of P1 will be as stipulated in the Concession Agreement[2]. If the stipulated proportion is say 90% of invoice value, PSM will consider 90% under P1, even if the invoice is approved for a lower proportion for P1 by the PTA. Further, in the event, part payment is made under P1 less than the stipulated 90%, the balance amount to reach 90% will be considered under PSM. However, Operator has the right to raise the PSM Request for a lower proportion.

m) PSM Request against overdue Payment 2 (P2) for the balance proportion of the invoice value can be honoured *only* based on approved invoice accompanied by a Payment Certificate issued by PTA that clearly provides the amount payable after deductions on account of (i) net payable km, (ii) damages and fines, (iii) previously paid amounts for same invoice, (iv) TDS etc.

n) PSM Requests can be made for the full invoice (both P1 and P2 together) for a fully approved invoice under the composite payment option if the PSM Request was not raised for P1. Under this request, only the net approved amount of the invoice after deductions will be considered for payment under the Scheme.

o) The IT Platform will be configurable and flexible to accommodate different contractual payment thresholds under different contracts.

p) PSM Requests can be made only during the specific timelines as mentioned in the clause 4.5, beyond which Operators cannot raise the PSM Request.

q) PSM Request will get rejected as per the conditions mentioned in the clause 4.6

r) CESL shall release amounts against approved PSM Requests through Scheme Fund to the Escrow Account of the respective CA.

s) PSM Scheme will follow the quantum of payment for P1 and P2 and timelines as per the respective CA.

t) CESL will propose any changes required to the Business Rules for best operationalisation and implementation of the Scheme to the Steering Committee from time to time.

Based on above Business Rules, SOPs are formulated as described in the next section.

4.2 SOP for Master Records Updation

a) Master details sharing by the State Govt/UT-

    i) The details of the Nodal Officer including the email IDs for sharing the information on PSM Request, recoupment status and DDM invocation.

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[2] This SOP considers 90% of invoice value for Payment 1 and balance 10% under Payment 2 as an illustration. The exact proportions will be in accordance with the Concession Agreement.

ii)   The details of the Nodal officer at PTA who will be the Principal Officer for PSM Scheme management, he will have the Admin rights for the IT portal.

b)   Master details update by the PTA-

i)   Enter details of nodal officer and different other officers of the State Government and the PTA and create their IDs and sub-IDs for assigning different roles and responsibilities to them, and to keep these IDs updated at all times since the IT Platform will send notifications to these IDs.

ii)   Upload requisite details of the Concession Agreements like contract details, payment terms, details of Escrow Bank created under the respective CA etc.

iii)   Updating the status of the invoices, payments, disputes etc.

iv)   Any other information which is required on the IT portal.

c) Master details update by the OEM/Operator-

i)   Enter details of nodal officer and different other officers and create their IDs and sub-IDs for assigning different roles and responsibilities to them, and to keep these IDs updated at all times since the IT Platform will send notifications to these IDs.

ii)   Submit the copy of Board resolution authorising the person(s) for raising the PSM Request on behalf of the OEM/Operator.

iii)   Enter requisite details of the concession agreement

iv)   Any other information which is required on the IT portal.

4.3 SOP for Information Sharing

The information sharing to be carried out as follows.

a) The OEM/operator will report on the IT platform the following information about invoices submitted to the PTA, within 7 days of the end of billing cycle as per CA[3] :

1. Information on monthly invoices along with invoice number and date, invoice amount including and excluding the taxes, date of submission etc. (Monthly)
2. Copy of invoice (Only for invoices for which PSM Request is made)
3. Status of invoice, whether approved or pending. (Monthly)
4. Any other details as required.

b) Within 7 days of Invoice Submission Date (ISD+6), PTAs to convey its approval for the immediate release of "Payment 1" or "P1" or register their inputs on the IT

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[3] The timeline of 7 days is for illustration on the basis of PM e-Bus Sewa Concession Agreement. The timelines will be entered as per invoice submission timeline given in the respective CAs.

Platform on any prima facie incompleteness or errors in the invoices submitted, if any.

c) The OEM/operator to update the details of the concerned invoice against inputs provided by the PTA, if any and re-submit the details. The process of correction can be done multiple times. The Operator to ensure that the updated details are submitted to the PTA and details are updated on the IT portal immediately upon receiving inputs from the PTA.

d) PTA to convey its approval for the immediate release of "Payment 1" or "P1" on the basis of updated details provided by the OEM/operator.

e) If the PTA fails to approve an Invoice pursuant as above, within 15 (fifteen) days from the date of submission of such Invoice (ISD+14), the Invoice shall be deemed[4] to be approved as per the available details of the Invoice in the IT portal (for raising PSM Request subsequently). **Only invoices whose details have been posted within the invoice submission timeline will be eligible for Scheme.**

f) In case of any dispute between PTA and the Operator as per the provisions of the CA, the PTA will declare the Invoice under Dispute and post on the IT Platform the *"Acceptance of Termination from PTA and Operator"* or *"Resolution of the City / State Dispute resolution Committees"* as provided in the Concession Agreement or *"Arbitration Award"* or *"Order of the Competent Court"* within the timeline provided in the above point.

g) Any invoice declared to be under dispute by the PTA with documentary evidence will be considered as Disputed Invoice until both parties communicate end of the dispute. In case the dispute leads to the termination of the CA, PTA will provide the necessary documents to support the status of the contract. The Disputed Invoices will not be eligible for the PSM Scheme.

h) The PTA will share the following information on the System
   1. Status of approval of invoice (monthly)
   2. Paid / partly paid status with amount paid, if any. (as and when paid)
   3. Information on Disputed Invoice if applicable (As per occurrence)

The above information shall become the basis for review and approval of PSM Requests by CESL. More information requirements and functionalities can be added. The IT Platform will provide summaries of above information in terms of total amount due and overdue.

4.4 Circumstances under which a PSM Request is permitted.

Almost all CAs provide for payment of every invoice in two parts. A first proportion of the invoice value gets paid out as Payment 1. The balance Payment 2 is paid after the required adjustments by the next month. If the Authority fails to approve the invoice within certain

number of days (For Eg. 15 days), the full Invoice will be considered Deemed Approved[4] and the Operator can approach the Escrow bank for the release of the Invoice Amount.

The circumstances under which PSM Request can be raised will be different for Payment 1 and 2. This is primarily because

(i) BR specify that PSM Requests can be raised within a certain time-window only. Request time windows will differ for each payment due to different times when they become due and overdue.
(ii) PSM Request can be entertained for Payment 1 based on both an approved or a deemed approved invoice while for Payment 2 or for Composite Payment, it can be entertained only for an approved invoice.

The SOP for processing PSM Requests is thus divided into two separate processes for Payment 1 and Payment 2. The actual timelines may change in different CAs and can be configured at the back end in the IT Platform based on submissions if and when so required.

PSM Request for Payment 1:

In the normal course, the Operator submits the invoice to PTA in the mandatory time window given the CA (For eg within 7 days of the end of billing cycle). Within first 7 days, in the normal course, the PTA conveys its approval for release of Payment 1 (say 90% of invoice value) and upon approach, the Escrow Bank may release the same in stipulated days. There is no PSM Request in this situation.

However, events triggering the PSM Request for Payment 1 is permitted at the juncture when any of the following events happen:

a) In case the Escrow Bank, despite a conveyance of approval being received by it, for insufficiency of funds in Escrow Account, does not release Payment 1, or only partly releases Payment 1 within say 3 days, it can be considered as **Default by PTA** leading to PSM Request. or
b) If the PTA does not approve the invoice in 15 days of receipt, the invoice becomes deemed approved (only if such condition of deemed approved invoice is mentioned in CA) and from day 16, the Operator can approach the Escrow Bank for Payment 1. Again, if the Escrow Bank does not release or only partly releases Payment 1 against a deemed approved invoice in 3 days due to insufficient funds in the Escrow Account, it is another case which can be considered as Default by PTA leading to a PSM Request.[5]

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[4] if such a provision is available in CA; else only approved invoices will be considered.
[5] It is assumed that the Escrow Bank will have sufficient instructions to pay upon being approached by the Operator with a deemed approved invoice, such that in the presence of a fund balance, no case of non-payment arises.

Below flow Charts describes the situation leading to the PSM Request for Payment 1. Dates are given as an **illustration**.

Chart 1: Overview PSM Request for Payment 1

Abbreviations:

P1/Payment 1 - As defined in SOPs

Billing Cycle - Monthly
ISD - Invoice submission date
IAD – Invoice Deemed Approval date
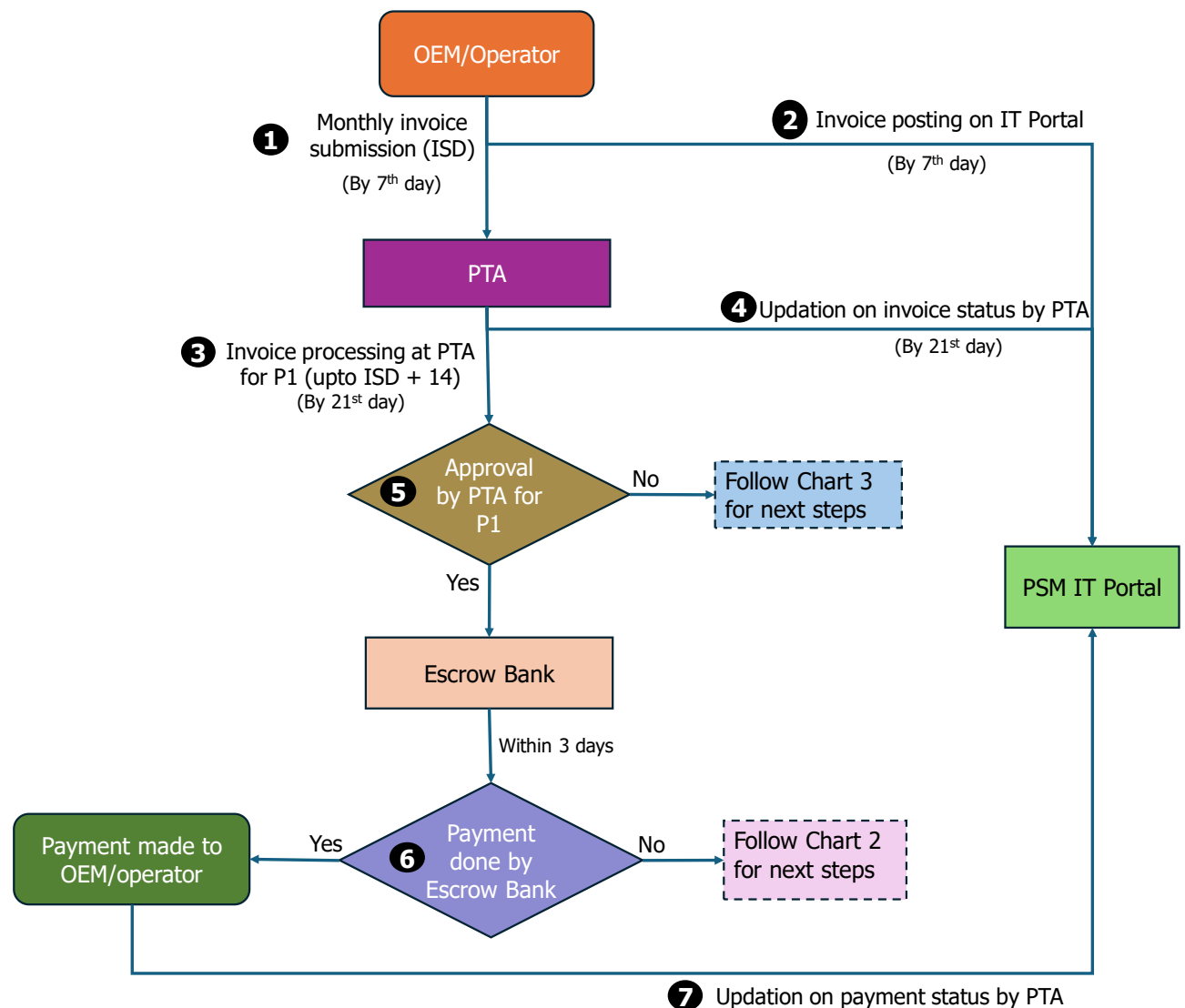
Chart 2: Process Flow - PSM Request for Payment 1 (approval given by PTA, but insufficient funds in Escrow Bank)
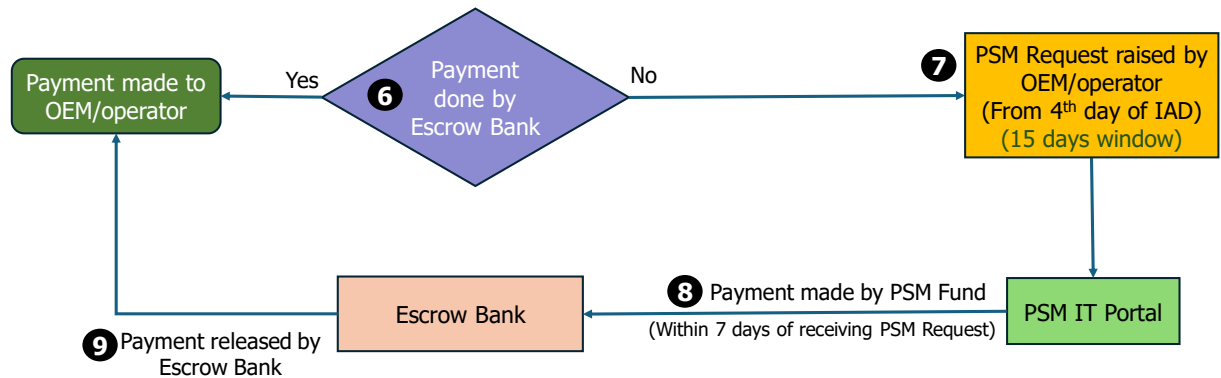
Chart 3: Process Flow - PSM Request for Payment 1 (Invoice deemed approved, but insufficient funds in Escrow Bank)
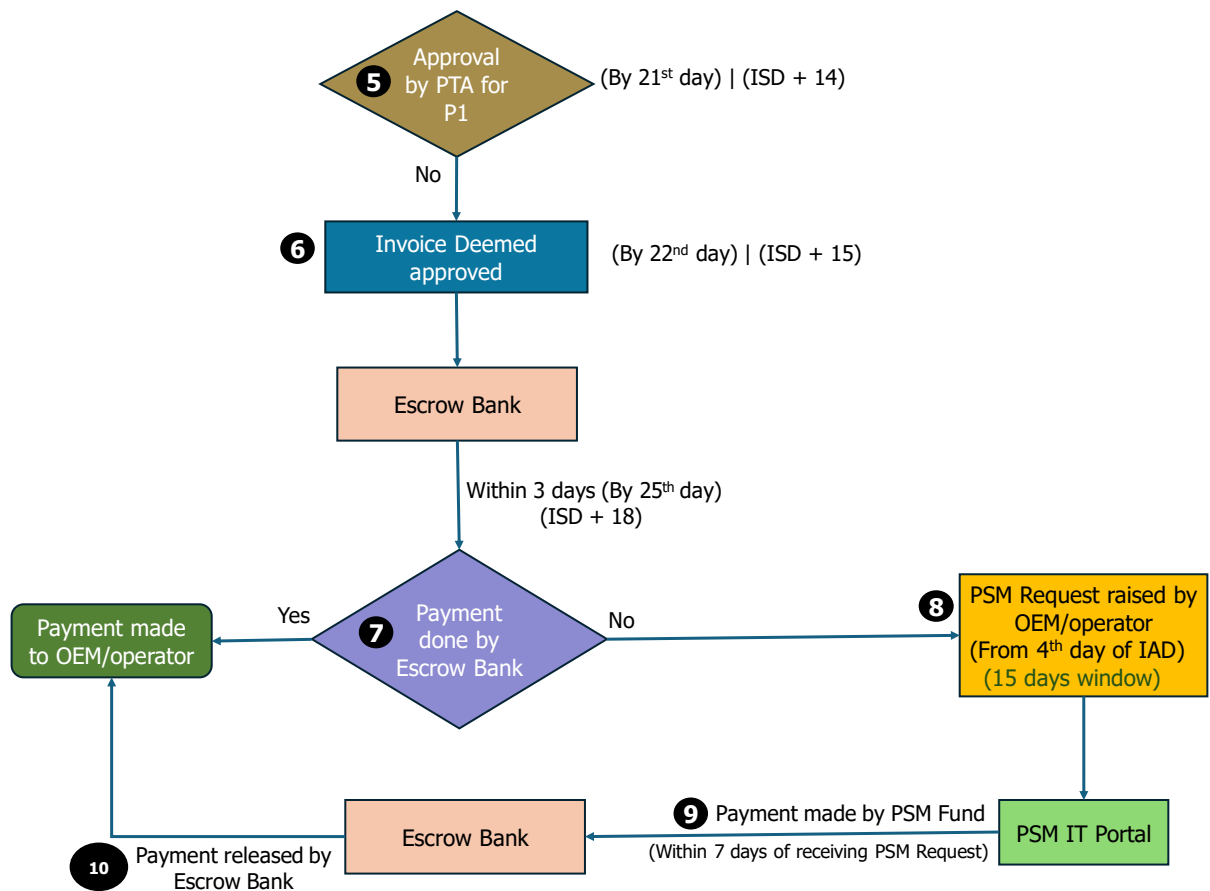
PSM Request for Payment 2:

Payment 2 normally becomes due over a month after submission, giving time for adjustments and deductions. If invoice is approved in the stipulated period being by say 7th day of the next month, it can be taken to the Escrow Bank for payment under the following circumstances:

a) In case the Escrow Bank, despite a Payment Certificate for Payment 2 being received by it, for insufficiency of funds, does not release Payment 2, or only partly releases Payment 2 within 3 days, it can be considered as **Default by PTA** leading to PSM Request.

b) If the PTA does not approve the invoice by the stipulated period, and the Operator approaches the Escrow Bank for Payment 2. However, if the Escrow Bank in this case does not release or only partly releases Payment 2, as per the BR, it is *not* a situation leading to PSM Request as the invoice is not approved.

Below flow Charts describes the situation leading to the PSM Request for Payment 2.

Chart 4: Process Flow – PSM Request for Payment 2 (Invoice approved, but insufficient funds in Escrow Bank)
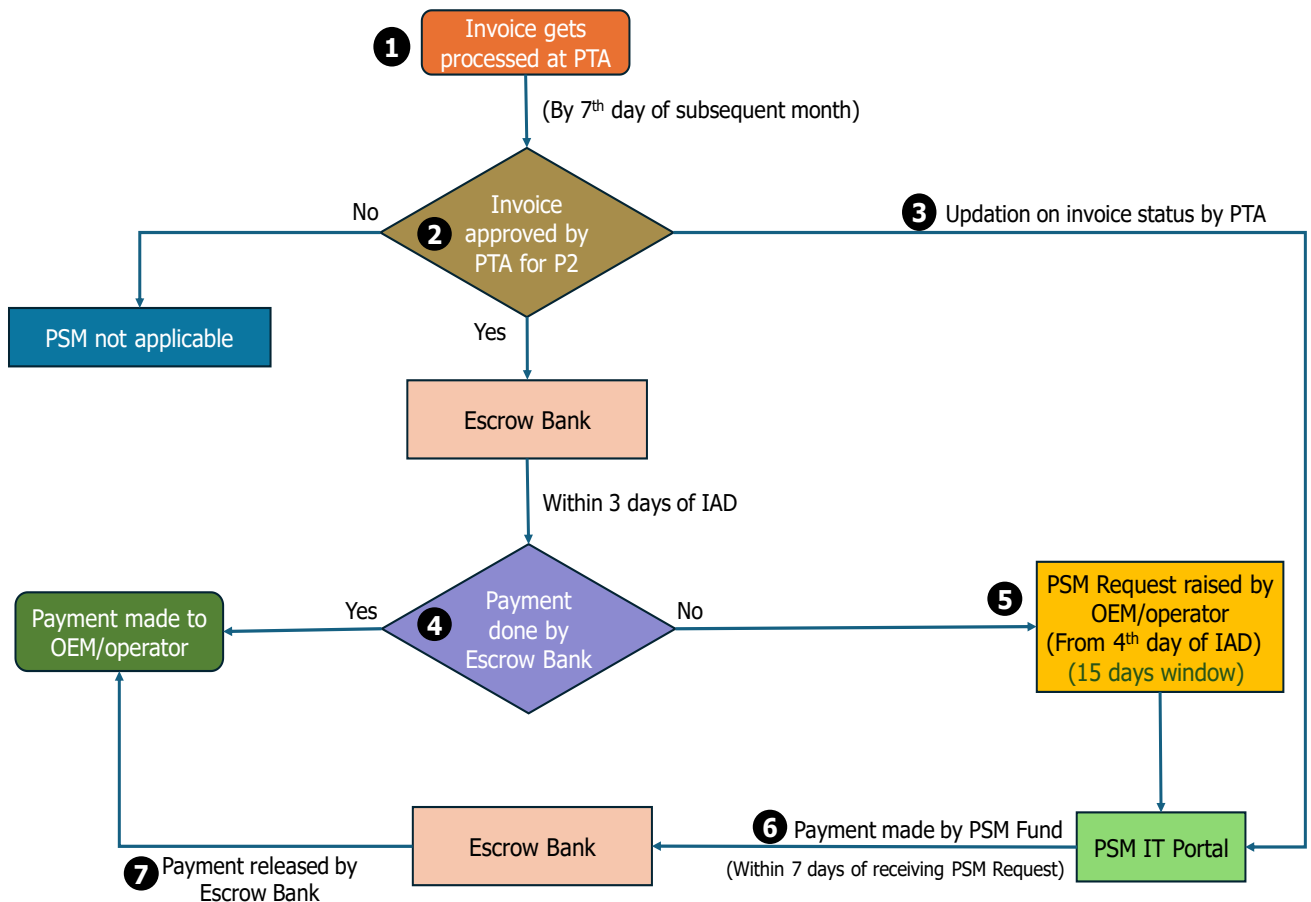
PSM Request for Composite Payment Option of full invoice:

It is possible that Payment 1 is not made to the Operator as per the Concession Agreement in time and the Operator may not still choose to trigger the PSM request despite a situation of PTA Default for P1. In such a situation, it may wait for approval and payment of both P1 and P2 at the time of payment for P2. However, in case of the default by PTA persists at the time settlement of P2 as well, it can be called a composite default of the full invoice value, and the invoice becomes eligible for a PSM Request for Composite Payment Option i.e. payment for aggregated payment of Payment 1 and Payment 2. Such an option will be automatically enabled by the System in case of default for both P1 and P2 and the Operator can choose this option if applicable. Below flow Charts describes this situation.

Chart 5: Process Flow – PSM Request for Composite Payment (Invoice approved, but insufficient funds in Escrow Bank)
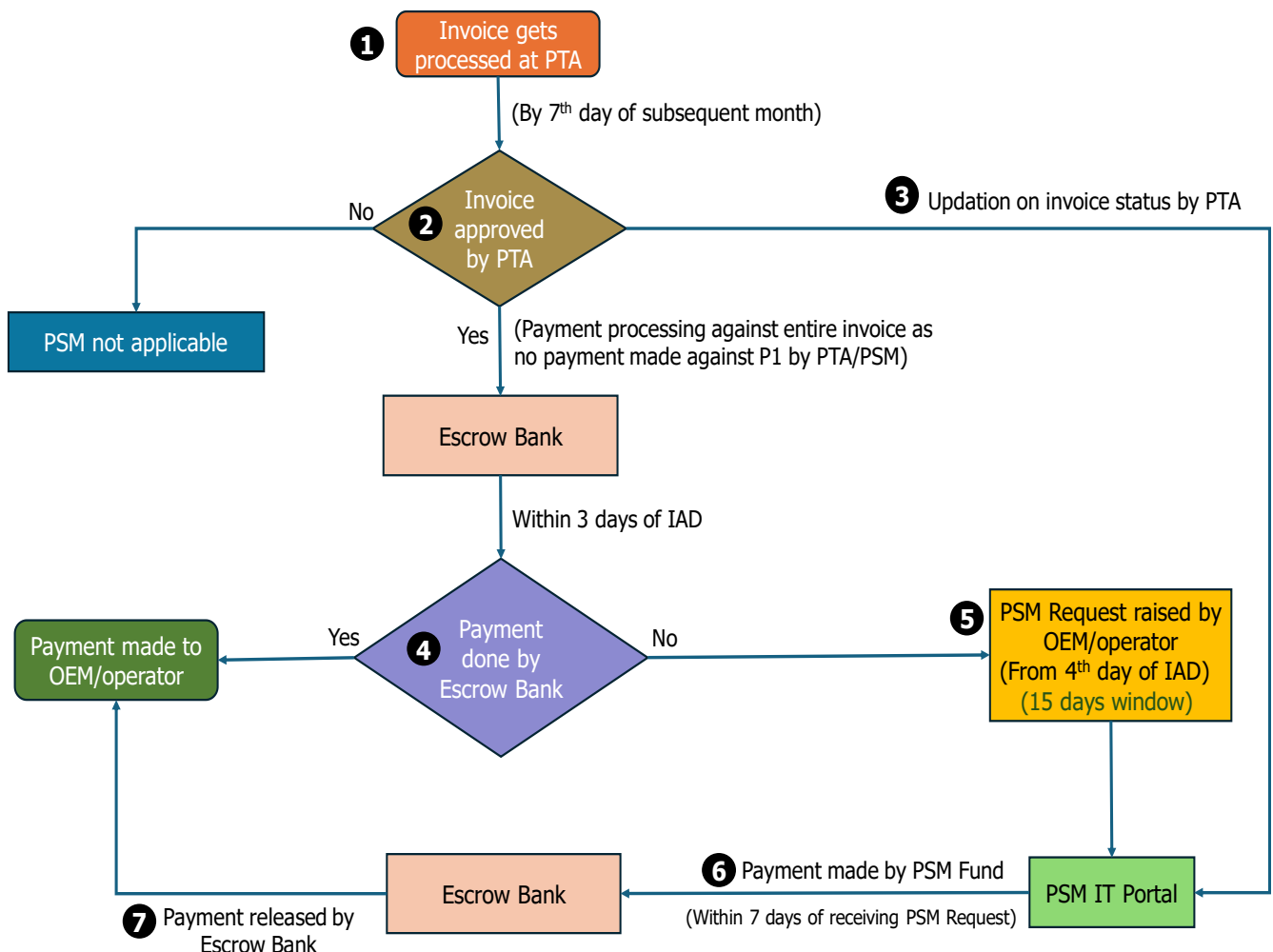
4.5 SOP for raising a PSM Request

For raising a PSM Request, following SOPs to be followed:

a) The Operator can raise a PSM request on the IT Platform by identifying the invoice, and Payment number (Payment 1, 2 or Composite). Such request shall be submitted through predefined form(s) available on the platform accompanied by details of invoice and other details as specified.

b) Only operator invoices previously posted and finalized on the system as described in the previous clauses are eligible for raising PSM Request under the Scheme.

c) Submission of PSM Request made through other modes of communication such as email, fax or physical submission will not be considered as valid submission.

d) Only PSM Requests made within the PSM time window can be entertained. The PSM Request time window is defined in the below table for illustration and will be as per the respective CAs. Requests made during any other time window will not be accepted by the system.

Payment Amount	Status of Approval permitted	Eligible for PSM Request (Days)	Time window for PSM Request
First Proportion of the Submitted invoice…. **(P1)**	Deemed Approved or Approved for Payment 1 by PTA.	After completion of the PTA approval time + deemed approval time + Escrow Bank payment time (3 days)	Invoices become finalised by ISD + 14 days or otherwise invoice becomes deemed approved. If not paid/partly paid by Bank by ISD + 17 days, PSM Request window for P1 starts on ISD + 18 days and ends on ISD + 33 days (i.e. 15 days window for raising PSM Request). (Illustration given in Chart 2/3)
Balance Proportion of the Submitted invoice…..**(P2)**	Invoice fully approved by PTA with net payment certificate	After completion of the PTA approval time + Escrow Bank payment time (3 days)	Payment 2 to be processed in normal course by 7th day of next month. Operator approaches Escrow Bank on 8th Day. If not paid/partly paid by Bank by 10th Day, PSM Request Window for P2 is open for 15 days between 11th Day to 25th Day of the next month. (Illustration given in Chart 4)
Composite Payment Option (C = P1 + P2)	Invoice fully approved by PTA with net payment certificate.	In case both Payment 1 and Payment 2 are pending.	Same as P2, provided only Nil payment has been made for P1. (Illustration given in Chart 5)

e) Invoices which have missed the above time window on account of either technical errors of the PSM IT portal or because the invoice is no longer in a dispute situation, can apply for PSM Request through a special widow created on the IT platform. (Special Window). The Operator to provide the evidence to be allowed for the Special Window. CESL may accept or reject the request on the basis of the facts for the respective incident.

f) Upon successful submission of the PSM Request by the Operator, the IT Platform will generate a ticket number for each request. It will also automatically intimate the PTA and State Government/ UT administration of such a request having been submitted.

4.6 Operating Guidelines for response to a PSM Request

Flow charts 6 and 7 respectively show the sequence of events for processing of PSM Requests for Payment 1 and Payment 2/Composite Payment respectively by CESL. Dates are given for illustration as per PM-eBus Sewa Concession Agreement timelines.

The following SOPs will be used for processing a PSM Request:

i) System will process Payment 1 as follows:
   a. System will consider it valid for both deemed approved and approved invoices.
   b. System will set maximum payment upto limit set for Payment 1 as per Concession Agreement (say 90%)
   c. System will calculate Remaining Payment (RP) by deducting any payment previously made against this invoice, if any.

ii) SOPs to process Payment 2 are as follows:
   a. Valid for only approved invoices. (System will reject if deemed approved and payment certificate not attached)
   b. Maximum payment set to limit for Payment 2(<10%)
   c. Amount payable will be calculated as follows: Net Payment Amount as per Certificate less limit set for Payment 1. [If invoice value is say Rs 100, and Net Payment Amount is Rs. 94, it will process Payment P2 for Rs. 04/- (94-90)].

iii) SOPs to process Composite Payment Request is as follows:
   a. Valid for only fully approved invoices for which no previous PSM Request has been made. (System will reject if invoice is deemed approved and if payment certificate not attached)
   b. Maximum payment set to approved invoice value

c. Amount payable will be calculated as follows: Approved invoice amount less any payments made earlier under this invoice by PTA.

iv) System will prepare PSM Request report with ticket number for CESL review, verification and approval highlighting all details such as documents, invoice status etc.

v) CESL will reject/decline the PSM Request only if the following is observed during the evaluation of the request.
   a. Eligibility criteria as per Scheme Guidelines not met; and/or;
   b. The invoice is not submitted within the prescribed PSM time window as mentioned in clause 4.4 and does not merit special consideration for delay due to any end of dispute or technical error issues.
   c. Non submission of an undertaking by the Operator saying that in case of any excess payment/wrong claim by the OEM/operator under the PSM Scheme, it will repay the same to Scheme Fund along with Late Payment Surcharge (the interest rate as specified in the Scheme). Format is attached as Annexure 1.
   d. A court order staying or restricting the payment or evidence of termination done has been issued to the Operator as per CA .
   e. Request is not in accordance with (i) payment related provisions of the Concession Agreement such as billing period, proportion of payment and invoice submission date (ii) Scheme Guidelines and (iii) SOP.

vi) CESL will not evaluate or verify details of the invoices which is a direct responsibility of the PTAs. CESL shall only limit itself to the checking of Invoice date, due date of the invoice, timeline for making the payment for the invoice against which PSM Request is made without going into the veracity of the invoice. Overall, evaluation of the invoice will continue to be done by the PTA according to its own practices and the PSM Scheme will not be a substitute for any such contractual or regulatory obligation of the PTA.

vii) PSM Requests made through a Special Window for delayed PSM Requests will be considered through attached documentation only if the delay in PSM Request was due to (a) end of dispute invoice which is overdue beyond 30 days from end of dispute and request for payment (b) technical error on the PSM IT portal which made the submission impossible. End of dispute invoices must be accompanied by recent letter/certificate from the PTA indicating that the concerned invoice is no longer under dispute, is eligible for payment and the amount payable. The evidence of technical error must be reported and acknowledged by PSM IT portal helpdesk within the prescribed timeline.

viii) CESL will process the PSM Request and prepare payment advice for payment to be released into the Escrow Account from the Scheme Fund.

ix) Upon release, the Operator, the Escrow Bank, the State Government/ UT administration, and the PTA will receive system generated email intimation of release of funds. The Operator/PTA can approach the Escrow Account for payment.

x) The system will generate a PSM Request report, broadly with the following components:
   a. Name and details of the PTA
   b. Name and details of the Department of the State Government/ UT administration.
   c. Payments Advice with amount of release and basis for calculation.
   d. PSM ticket number and date
   e. Details of the invoice for which PSM amount is disbursed with date and Escrow account number
   f. PSM amount repayment timeline and amount to be repaid by the PTA with interest.

The above report will be sent to PTA and State Government/ UT administration on the registered email IDs through the automated notifications from PSM IT Platform.

Chart 6: Process Flow for response to a PSM Request for Payment 1

Process Flow for Payment 1 (P1) after PSM Request

Operator makes a PSM Request on the System in PSM Window for P1 (Day 1 of PSM Call Window)

System informs PTA and State Govt about PSM Request through designated e mail a/c

System checks invoice submission date, invoice number, Payment details etc.

Request falls in PSM Time Window for Payment 1

Does not fall in PSM Time Window for Payment 1 or is ineligible

System generates Ticket No. and Checks whether invoice is Approved for P1 or Deemed Approved (Day 1)

System does not accept the PSM Request and no Ticket No. is generated. (Day 1)

Deemed Approved (with no payment certificate issued by PTA)

Approved for P1 with Conveyance of Approval

Processes P1 for 90%* of invoice value as permitted in Concession Agmt (Day 1)

System checks amount already paid against this invoice, if any, and arrives at Remaining Payment (RP) to meet shortfall upto 90%. (Day 1)

System generates report for PSM Request as per SOP for evaluation of request by CESL

CESL will review, verify and approve the PSM Request in accordance with CA, Scheme Guidelines and SOP, system sends recommendation to Approval Authority (By Day 4)

System informs PTA of PSM approval/decline and disbursement (Day 7)

CESL Approval Authority approves or declines the PSM Request (By Day 6)

Banking Team of CESL prepares disbursement advice (Day 7)

Disbursement against PSM Request Amount into Escrow (By Day 7)

* Proportion of 90% is used as an illustration. Actual proportion of P1:P2 will be as per Concession Agreement.

Chart 7: Process Flow for a response to a PSM Request for Payment 2

Process Flow for Payment 2 (P2) after PSM Request

Operator makes a PSM Request on the System for Payment 2 (Day 1)

↓

System checks invoice submission date, invoice number etc.

→ Does not fall in PSM Time Window and/or is ineligible.

← Request falls in PSM Time Window

Does not fall in PSM Time Window and/or is ineligible. → System does not accept the PSM Request and no ticket number is generated. (Day 1)

System generates Ticket No. Checks & satisfies that it is for Payment 2. (Day 1)

↓

Invoice not approved by PTA

Fully Approved with Payment certificate

Invoice not approved by PTA → Declines PSM Reqst

Fully Approved with Payment certificate → System Processes for upto Net Payment Amount (P2) as per Certificate (Day 1)

↓

CESL will review, verify and approve the PSM Request in accordance with CA, Scheme Guidelines and SOP, system sends recommendation to Approval Authority (By Day 4)

↓

CESL Approval Authority approves or declines the PSM Request (By Day 6)

→ System informs PTA of PSM approval/decline and disbursement (Day 7)

→ Banking team of CESL prepares disbursement advice . (Day 7)

↓

Disbursement of PSM Request mount for P2 into Escrow (Day 7)

4.7 SOPs for recouping the amount released under PSM Scheme

The PSM Scheme provides for recouping of the amount disbursed under PSM Scheme to the Operator as per Chart 8 as per following stipulations:

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.

e) 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.

f) 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. This will also include the LPS as mentioned in Scheme Guidelines.

g) 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.

For the recoupment of PSM amount following process will be followed.

a) The IT Platform will generate weekly reminders to the PTA and stipulated nodal officer in the respective State Government/ UT administration for repayment of PSM amount consisting of details of the amount due.

b) Upon successful payment of the due PSM amount by the PTA within the specified timeline, the system will generate a payment receipt and will close the particular PSM Scheme request permanently.

c) If the PTA fails to repay the PSM amount within the specified timelines to the Scheme Fund, CESL shall submit the proposal for invocation of DDM to the Steering Committee.

d) The Steering Committee, as per its decision, may request invocation of DDM to MHI. The MHI would request RBI for invocation of DDM.

e) In case of invocation of DDM, the LPS will be calculated and charged as per below process:

> **Step 1** – CESL will calculate the LPS from the date of disbursement from the PSM funds to the date of proposal put up to the Steering committee for invocation of DDM.
> **Step 2** – RBI will invoke the funds on a subsequent date and recoup the PSM fund.
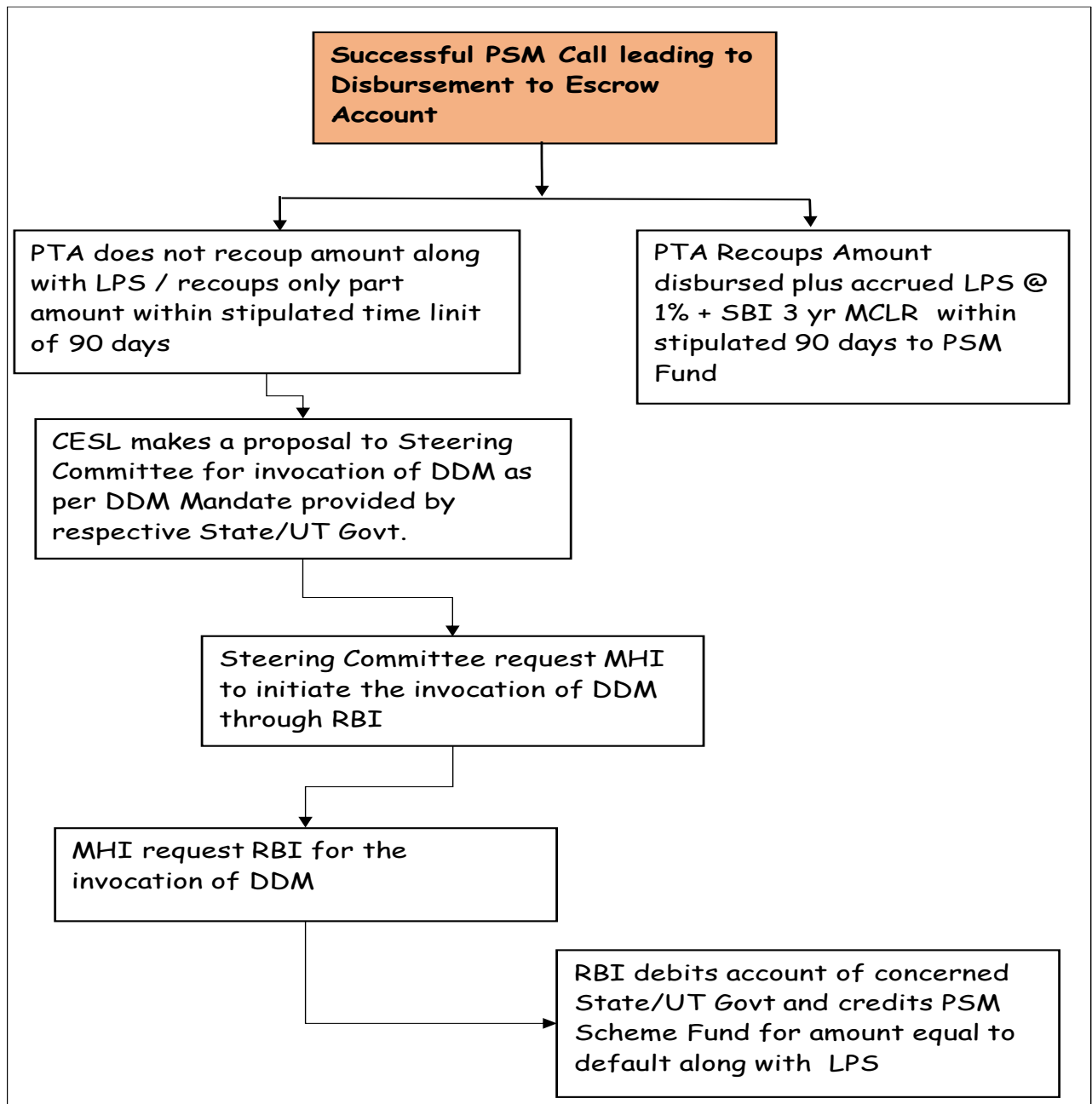> **Step 3** – CESL will calculate the LPS for the balance number of days i.e. the number of days between the date of the proposal put up to the Steering Committee and the actual date of recoupment of PSM fund by RBI.
> **Step 4** – CESL will ask PTA to pay the balance LPS as calculated in Step 3.
> **Step 5** – In case if the LPS is not paid by the PTA within 30 days from the date of intimation to the PTA, then CESL will again put up the proposal for invocation of DDM to Steering Committee for the recovery of the balance LPS.

f) Upon receipt of the PSM amount through DDM in Scheme Fund, the system shall generate a payment receipt along with a detailed payment advisory. The receipt will be shared with the PTA.

g) Upon successful completion of DDM process, the system will generate a payment receipt and will close the PSM request permanently.

Chart 8: Process Flow for Recouping of amount disbursed under PSM

Successful PSM Call leading to Disbursement to Escrow Account

PTA does not recoup amount along with LPS / recoups only part amount within stipulated time linit of 90 days

PTA Recoups Amount disbursed plus accrued LPS @ 1% + SBI 3 yr MCLR within stipulated 90 days to PSM Fund

CESL makes a proposal to Steering Committee for invocation of DDM as per DDM Mandate provided by respective State/UT Govt.

Steering Committee request MHI to initiate the invocation of DDM through RBI

MHI request RBI for the invocation of DDM

RBI debits account of concerned State/UT Govt and credits PSM Scheme Fund for amount equal to default along with LPS

5 INFORMATION TECHNOLOGY PLATFORM

An Information Technology platform for operationalising the PSM Scheme is to be created as per Scheme Guidelines and SOPs. The use of PSM Scheme Data-stream Portal will be mandatory use for all stakeholders to the PSM Scheme.

Objectives and Key Features of the Portal:

a) Provide updated information on status of invoices raised and their payment status for different PTAs and Operators

b) Provide the platform for raising and approving PSM Request

c) Provide the updated information regarding the PSM Request status, disbursement from the Scheme, Late Payment Surcharge, Recoupment of Scheme Fund etc.

d) Communicate with all the stakeholders on the status of PSM Request including automated notifications. Provide the various Dashboards related to the Scheme.

e) Use of Portal will be given through Login IDs. Adhar based authentication, KYC details will be required registering on the Portal.

f) The IT manual will be provided on the Portal for users.

ANNEXURE 1 : FORMAT OF UNDERTAKING TO BE GIVEN BY OEM/OPERATOR AT THE TIME OF RAISING OF PSM REQUEST

Ref:- Invoice Number: Invoice Date:

We undertake the below upon raising a PSM Request:

a. We, have raised an invoice as per the provisions of the respective Concession Agreement and raised a PSM request in accordance with the PSM Scheme guidelines and PSM Scheme SOPs against the operations of e-buses, and the invoice is payable as per the provisions of the respective CA.

b. We, have submitted the invoice to PTA as per the provisions of the CA

c. We, have not received/partially received the money from the PTA/Escrow bank, in case of partial money is received, the PSM Request is raised for the balance due amount.

d. We, had approached Escrow Bank, within 3 days prior to raising PSM Request and has not received money from Escrow Bank due to insufficient funds.

e. There is no ongoing dispute between the PTA/Escrow Bank and …………………………………………………………..(OEM/operator) which may affect our right to receive the money fully or partially against the invoice for which the PSM Request is raised.

f. The respective Concession Agreement is not terminated.

g. We, …………………..(OEM/operator) has the legitimate right to receive the amount.

h. If this is found subsequently after the disbursement from the PM-e Bus Sewa Payment Security Mechanism (PSM) Scheme Fund that the payment was not supposed to be released as per the provisions of the CA or in case of excess payment is made to us against such invoice, then we …………………………………(OEM/operator) undertake unconditionally to return the disbursed amount to the Scheme Fund (Fully or Partially as demanded by CESL), within 30 days from the intimation to us, along with the Late Payment Surcharge (LPS) @ 1% in addition to the 3 year SBI MCLR rate prevailing on the date of disbursement, compounded annually. The LPS will be charged from the date of disbursement to the date of recoupment of the Scheme Fund. The demand raised by CESL, will be conclusive and binding on us.

For, …………………………………….

Authorized Signatory
Name –
Designation –
(Stamp of the organization)

I,…………………………………..(name of the person raising PSM Request) hereby declares, that I am authorized by the Board of ………………………………….(name of OEM/operator) for giving such Undertaking on behalf of the organization and such Undertaking will be binding on ………………………….……(name of OEM/operator). (Attach the copy of the Board resolution authorizing the person)

Signature