

## **Myths and Facts about Electrical Bus tendering of BMTC**

### **Background:**

It was shocking to note what has appeared in few print and visual media as Minister's statement about he sensing something in EV Bus tender of BMTC. A particular electronic media caricatured the alleged statement of Minister and disseminated a news item which was false and factually wrong. This was besides using derogatory, malicious and impertinent language against the officers of BMTC and MD. Needless to mention that the entire discourse, on the tendering for induction of Electrical Buses by the BMTC, was based on wrong, falsity and self-interpretation.

While a notice is being issued to ask the channel as to why action not be taken against it under the relevant law, it is also felt appropriate to provide the information to those of citizens who would like to know the actual facts about the twisted news items which appeared in one of the electronic media. Along with the relevant information, BMTC is also making available the scanned copies of all the documents connected with the entire tendering process initiated for induction of electric buses on the BMTC website in an utmost transparent manner for the information of public.

### **Facts of the Case;**

1. The tender process for Electric Buses began well before the current MD took over as the trial of EV Bus, choice between purchase and hiring, board approvals, proposal submission to GOI and preparation of tender documents began as early as 21.10.2016
  - The State Cabinet had announced induction of 3000 buses by BMTC, 1500 on purchase basis and balance 1500 by hiring. However, the National Green Tribunal (NGT) granted stay on the grounds that BMTC shall move towards 'cleaner fuel' to reduce the environmental pollution of Bengaluru City.
  - While BMTC was exploring the possibility of moving towards cleaner fuel option, GoI announced Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) Scheme, under which, 60% of the bus cost would be provided by DHI- GoI, by way of incentive.

- GoK, in the Budget announcement for the year 2017-18, had also announced for the induction of 150 EV Buses by availing financial assistance from GoI.
- Accordingly, BMTC invited tenders for induction of 150 EV buses under GCC model with the funding support of GoI as per FAME Scheme guidelines.

Thus, BMTC has only taken steps to give effect to the policies and budget announcements of Government of Karnataka.

2. In order to understand the market capacity and to elicit views of various stakeholders, a round table conference, involving Original Bus Manufacturers, bus Operators and State Transport Corporations of the Country was held in BMTC. Earlier experience of the Corporation in the hiring model contract was also taken into account and the reasons for failure were examined and the remedial measures to be incorporated in the tender document were also looked into.
  - Based on the feedback from the above process and also keeping in view the fact that the Electric bus technology is new, evolving and there are no Indian manufacturers, BMTC decided to opt for Gross Cost Model (GCC) to make the contract 100% risk free. Accordingly, the Tender document was finalized and most transparent tender process was followed.
  - It took about 9 months to complete the process.
  - There were in all 6 eligible bidders for BMTC, which ensured strong bid competition.
  - Similar tenders were also issued by other cities namely ; Hyderabad, Mumbai and Ahmedabad and they also have opted for hiring model only.
3. The quote received by BMTC is the lowest in the Country, that is Rs 37.35/km, followed by Hyderabad- Rs 43/km, Bombay -Rs 55/km and Ahmedabad: Rs 58/km.
  - After adding the costs of Conductor and the power charges the costs arrived for AC EV Bus is Rs. 60.86 per km and for Ordinary EV Bus is Rs 40 per km.
  - Present cost of operation of an ordinary diesel bus is Rs 55/km and AC diesel bus is Rs 84/km.
  - Likely savings per km: AC EV bus: Rs 27.43, Ordinary EV Bus: 15

- Present average earnings of BMTC per kilometer of operation of diesel AC Buses is Rs 65.56, and of Ordinary Buses is Rs 49.26
- However, it is important to note that to maximize the revenue to the Corporation, it is proposed to operate the EV buses only on longer routes. The present revenue from AC buses operating in the longer routes, say Airport route is Rs.88.29/km and for non AC buses in other longer routes is Rs.55/km

Thus, the cost arrived at for the EV buses is much below the present cost of operations and above the present revenue earnings of BMTC. Thus there would be not only reduction in cost but also the BMTC will have higher revenue earnings by running the electric buses. This will be in addition to the advantage of reduced environmental pollution.

4. The channel talks about loss of Rs 600 crore which is again baseless and where is the question of adding to loss when the EV Buses contract will reduce cost of operation by about Rs 30 per km in case of AC Buses and Rs 15 in case of Non-AC buses when compared with the current cost of operating diesel buses. When there is cost saving for the corporation, how can the channel allege the officers are adding to loss? Is it not misleading the public and carrying out mis-propaganda by the channel with ulterior motive?
5. Techno- Economic analysis of EV buses was carried out by Lawrence Berkley National Laboratory (LBNL), a world class research organization of University of California, which reveals that the quote received/ arrived by BMTC for 12 m AC EV bus is the least in the country, taking into consideration the normalization of various tender conditions across the cities.
6. There is an allegation made about Rs 2000 crore worth Shanthi Nagar Depot being handed over to private party. This statement is 100% factually wrong as Shanthi Nagar depot is not proposed in the EV Bus project at all. Hence, Rs 2000 crore worth property being handed over to private party is utterly false.
  - No Depot or land will be handed over or leased to any private party or Operator, under any circumstances, contrary to what was reported in the TV news.
  - Buses can't be parked on street and repair works can't be done on the street. As such, the tender provides that the operator would be allowed to use Depot

space only for charging, cleaning and maintenance of EV buses and that no transfer of lien of Depot space or any other land is envisaged under the tender conditions.

7. No BMTC official made any correspondence or met anyone in govt including the Minister except attending one meeting called by Minister and submitting the file to Govt for final approval. The issue of BMTC officials bringing pressure on govt is baseless as the officers of BMTC are too small before govt and they have to work as per the rules framed by govt. Officers work as per the overall command and control of govt and not the vice versa.
8. Ministry of Urban Development of GoI and NITI Ayog have come out with model tender document and model agreement which also provides similar terms and conditions as that of BMTC. These documents are available in public domain for anyone to refer.
9. Allegations on MD, BMTC that he is taking decisions on his own and running his own 'Darbar' is malicious as every decision, relating to procurement, taken in BMTC has to have the concurrence of the Contact Management Group, Central Purchase Committee and the Board of BMTC. The copies of the approvals taken for 80 Electric Bus tender from these forums are made available on the website.

This apart, the Board notes, the files relating to it are available as evidence for anyone to check. Anyone interested to go through can apply under RTI act and get all documents or peruse the file itself.

Can abiding by Govt Order which is issued as per Cabinet Decision be called Darbar of officers? Where is the malafide as alleged by the channel and it's reporter?

10. The present EV Buses tender has been done involving 2 stakeholder meetings, 2 pre-bid meetings, approval of board taken twice, approval of GoI taken twice. How can it be portrayed as the decision of MD only?

All the documents relating to the above process are also made available on the BMTC website.

11. EV Buses are zero pollution buses, introducing the electric buses is the social responsibility of BMTC, how can that be alleged as malafide? Is it not an irresponsibility of the channel to malign a social cause & greater good initiative.
12. The channel alleges that contract has been signed by the officer while the fact is that it is not yet signed and is pending at govt level for approval. This is misleading the public and feeding the public space with wrong information with personal vengeance. The anchor repeatedly alleges that MD has signed agreement knowing fully well it is detrimental to BMTC when the agreement is not signed and also it is in no way detrimental even if it is signed. The whole tender process has been carefully examined and approved by central purchase committee of four corporations, BMTC Board and Department of Heavy Industries (DHI) of GoI. The facts being so, this repeatedly made statement of anchor is blasphemous.
13. Channel alleges that buses are ready as per contract signed which is totally incorrect. On the contrary, the contract is not signed and after the tender was finalized, a letter was written specifically that the service provider should not go ahead with manufacturing of bus until govt approvals are taken. Copy is made available on the website for anyone's cross verification. How can the channel claim contrary info and what is the basis for the same?
14. Channel alleges that there is liability on the BMTC to take over the buses from the service provider when the tender condition very clearly stipulated that buses will not be taken over by BMTC under any circumstances and it will be the look out of the service provider whether he runs successfully or fails for whatever reasons and BMTC will have nothing to do with the service provider. BMTC is bound to pay on per km basis only if the buses are operated as per tender conditions, so there is zero risk on BMTC. However, the channel alleges that

BMTC has to take over buses. This is not only incorrect but malicious statement by the channel out of irresponsibility and vengeance.

15. Channel alleges that as per agreement there is chance of the private company going to court and making BMTC to take over. While nothing can prevent anyone from going to court, the tender condition stipulated that BMTC will not be responsible for the buses as procurement, maintenance and operating the buses as per BMTC'S directions are the responsibilities of the Operator. It is provided in tender conditions and the agreement is yet to be signed. Hence, the allegation is not only wrong but has been made with ulterior motive.
16. Channel alleges that govt is in trouble because of MD's mistake, what is the mistake and what is the trouble for govt? Is the introduction of EV Bus is trouble for the govt or is the lowest cost arrived in tender is trouble for the govt? The channel must explain it's irresponsible statement.
17. The anchor alleges that MD is using BMTC as if his own property and doing everything according to his whims and fancies. How can this statement be made when the MD is functioning as per rules, else action can be taken against him by the Govt. The channel has not bothered to care for citing even one incidence as basis to make this allegation?
18. The anchor alleges that Rs 2000 crore worth property of Shanti Nagar depot is being handed over to operator, while maintenance and all liability is with BMTC. This is absolutely baseless as Shanthi Nagar Depot is not at all related to electric bus operations at all. Also, no other Depot will be handed over to anybody rather the operator will be allowed to use the buses to park, charge and maintain and will not have any right over any land or Depot. The reporter has not bothered to know even a bit about what the allegations he made against a public authority discharging duty as per the law.

He goes on to allege that loses will double from Rs 650 crores to more than Rs 1200 crores, which is again another baseless allegation as the proposal will cut down the loss.

19. The Minister's statement is being twisted by the channel as the Minister says that MD is not ready and he also says that these were decided before Minister took over, etc but the channel attributes extra wings to it to allege malafide against BMTC officers and MD only based on these twisted statements without any other verification of the facts. Telecasting anyone's statement is freedom of expression but twisting the statements and caricaturizing the same to suit the conclusions they want to draw and Telecast as truth is perjury and the anchor and the channel are responsible for this reckless act.
20. The reporter of the channel goes on to allege that it is clearly evident that MD has designed tender conditions in such a way that all risk factors are on BMTC. This is malicious and completely illogical statement as the tender conditions are framed by Contract Management Group and vetted twice. Further, contrary to what is alleged by the reporter of the channel, 100% risk is assigned to the service provider in the tender conditions. This allegation is not just made without knowing facts but willfully wrongly being quoted and that too the reporter says that it is crystal clear while whatever he is speaking in that news item is one hundred percent contrary to the truth.
21. He also alleges that MD has gone ahead without informing the Minister and put the govt in tight spot when no step has been taken so far to implement the contract as alleged and the whole file with all facts and documents is submitted to the Govt. This allegation is not only condemnable but also done with the intention to commit character assassination.
22. It's requested that the interested citizens who would like to know can read this piece of information and if not satisfied take any or all documents related to electric bus tender or choose to go through the entire file by applying under RTI Act.
23. BMTC is not walking any extra mile to provide the documents in the present case as special case but simply a reiteration of the provisions of the RTI Act.

