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शहरी विकास मंत्रालय  
निर्माण भवन

GOVERNMENT OF INDIA  
MINISTRY OF URBAN DEVELOPMENT  
NIRMAN BHAWAN

नई दिल्ली-110011, तारीख 200  
New Delhi-110011 Dated the 200

D.O. No. K-14011/48/2006 –UT(Pt.)  
12<sup>th</sup> January, 2009.

**Subject : Funding for purchase of buses for urban transport systems  
under JnNURM**

**JnNURM**

Under the second stimulus package announced by the Government on 2.1.2009, it has been decided that States, as a one time measure upto 30.6.2009 would be provided assistance under the JnNURM for the purchase of buses for their urban transport systems. It was also decided that a scheme towards this end would be announced shortly.

2. Accordingly, it has been decided, with the approval of Competent Authority that the Central financial assistance in the form of grant shall be provided for procurement of buses for urban transport under JnNURM as per detailed guidelines attached as Annexure I. The financing is meant exclusively for city bus service and Bus Rapid Transit System (BRTS) for all Mission cities.

3. The parastatals/ULB shall have to prepare proposals in the form of a detailed project report (DPR) giving details of city bus service/BRTS planning, financing arrangements, user charges, sustainability analysis, operation, maintenance, the ultimate benefit which will accrue to the urban commuters, colour scheme and logo for display of JnNURM prominently on the buses etc.

4. The State Governments while forwarding the proposals prepared by parastatals/ULBs to this Ministry may keep in view the overall State-wise allocation of funds/additional city wise allocation indicated by Planning Commission in their letter No. PC/H/8/5/26/2008-HUD dated 24.12.2008 (copy attached).

5. Since the objective of the Mission is to have sustainable outcomes, the financing shall be tied to certain reforms in the field of urban transport as given in the detailed guidelines. The State Governments and parastatals will need to enter into MoA for these reforms as well the reforms under Annexure II of UIG guidelines.

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6. As the time available is very short, immediate action is expected from all States/UTs/ULBs and parastatals. For any clarifications regarding the preparation of DPR etc., you may contact Shri S.K. Lohia, OSD(MRTS), Ministry of Urban Development, Tel: 23061114, Fax: 23061102, e-mail: [sklohia65@gmail.com](mailto:sklohia65@gmail.com).

With regards,

Yours sincerely,

Sd/-

( P. K. SRIVASTAVA)

Encl: As above.

To,

1. All Chief Secretaries-States/UTs
2. Principal Secretary (UD)/Principal Secretary (UT)  
- for all States/UTS.
3. Municipal Commissioners of 63 Mission cities..
4. Managing Director, State Transport Undertakings.
5. President, ASRTU.

- Copy to :
1. Cabinet Secretary, Cabinet Secretariat, New Delhi
  2. Finance Secretary, Ministry of Finance, Jeevan Deep Bldg, New Delhi 110001, w. r. t D.O. letter No. 187/S(FS)/2009 dt 5.1.2009
  3. The Secretary, Deptt. of Road Transport and Highways, Transport Bhawan, New Delhi.

  
( P. K. SRIVASTAVA)

## Annexure-I

### Detailed guidelines for financing purchase of buses for urban transport systems under JnNURM

#### 1.0 Introduction

1.1 Under the second Stimulus Package announced by the Government on 02nd January, 2009, it has been stated that " States, as a one time measure upto 30.06.2009, will be provided assistance under the JNNURM for the purchase of buses for their urban transport systems. A scheme towards this end will be announced shortly".

#### 2.0 Guidelines for extending Additional Central Assistance:

2.1 In pursuance of the stimulus package, Additional Central Assistance shall be provided as a one time measure upto 30.06.2009 for procurement of buses for urban transport systems under JnNURM as per the existing procedures and the following guidelines:

- i) All JnNURM mission cities will be eligible for Additional Central Assistance (ACA) for procurement of buses for urban transport.
- ii) The financing for buses under JnNURM is exclusively for urban transport i.e. city bus service and/or BRTS for the city/urban area for which buses are procured. In order to ensure that the buses procured under JnNURM are utilised exclusively for urban transport, the States/UTs/ULBs/para-statals shall set up a city specific wholly owned SPV/umbrella public body for controlling and managing the city bus service/BRTS.

- iii) Detailed Project Report shall have to be submitted by State Government/SLNA including details about city bus service/BRTS planning, financing arrangements, sustainability, user charges, operation, maintenance, the ultimate benefit which will become available to the urban commuters (Annexure-
- iv) The cost of preparation of DPRs shall also be reimbursed as per the guidelines for reimbursing the cost of DPRs under JnNURM subject to actual or 1% normally, and with exceptional justification upto a maximum of 2% of the overall project cost.
- v) The financing pattern for procurement of buses shall be as per para 18.1 of the JnNURM Guidelines for Submission of Urban Infrastructure and Governance.
- vi) The Additional Central Assistance(ACA) shall be in the form of grant as specified in para 19.1 of JnNURM Guidelines. ACA will be available to ULB/para-statal only.
- vii) The funds will be released in instalments as per para 19.2 of JnNURM Guidelines.
- viii) Proposals for public private partnership would be given priority while sanctioning. However, the ownership of buses will remain with the para-statals/ULBs.
- ix) The para-statal/ULBs shall commit to maintenance of these buses in top most condition throughout their useful life and put them in operation immediately.

- x) All million plus cities should procure buses as per the Urban Bus Specifications (as available on MoUD website and as circulated to all States/UTs/ULBs). In case of less than one million population cities, standard ordinary buses may also be procured, but the mini/midi buses to be procured should conform to Urban Bus Specifications.
- xi) Atleast 20% of the buses procured under JnNURM for all million plus cities should be low floor buses.
- xii) All the buses procured under JnNURM shall carry distinct JnNURM logo on both sides, the details of which will be advised in due course.
- xiii) The buses procured shall be in line with the Auto Fuel Policy approved by Government of India in 2002 which lays down roadmap of tighter emission norms upto 2010 i.e. introduction of Bharat Stage-III and Stage-IV vehicles.
- xiv) The procurement by para statals/SPVs/such umbrella bodies for the buses has to be focused not only on the initial price but the life cycle cost so as to encourage modern buses.
- xv) The project cost shall be arrived at after deducting the state and ULB taxes. These taxes shall either be waived off or reimbursed by the State Government/ULB.
- xvi) To improve the average speed of buses and their efficiency, all the million plus cities would be required to have either dedicated bus lane or demarcated bus lane on all the arterial roads.
- xvii) While sanctioning the projects, the overall Statewise allocation/additional city wise allocation as indicated by Planning Commission in their letter

No.PC/H/8/5/26/2008-HUD dated 24.12.2008 (copy enclosed) would be kept in view.

xviii) The procurement of buses should promote products with chasis and buses from manufacturing facilities in India.

### **3.0 Reforms in Urban Transport**

3.1. The Additional Central Assistance would be tied to following reforms in the field of urban transport as part of structural reforms under JnNURM:

#### State level

- i) Setting up of a city-level Unified Metropolitan Transport Authority (UMTA) for all one million plus cities, duly backed by a legislation, to facilitate coordinated planning and implementation of projects relating to urban transport and their integrated management.
- ii) Setting up of a Dedicated Urban Transport Fund at the State level(Refer Annexure-IA).
- iii) Change in bye-laws and Master Plan of cities to integrate land-use and transport by densification alongwith the MRTS corridors and areas around the stations.
- iv) Nominating a single department at the State level to deal with all urban transport issues as against different departments at present.
- v) Setting up of a regulatory / institutional mechanism to periodically revise fares for all public and intermediate public transport systems.
- vi) The State government and ULB waiving off / reimbursing all its taxes on urban Buses & city bus service/BRTS.

### City level

- i) Setting up of a Dedicated Urban Transport Fund at the city-level (refer Annexure-IB).
- ii) An advertisement policy which taps advertisement revenue on public transport, intermediate public transport and public utilities for public purposes subject to relevant legislations.
- iii) Parking policy wherein parking fee represents the true value of the land occupied, which is used to make public transport more attractive; banning of parking on arterial/ring roads, multi-level parking centres in City Centres with park-and-ride facility etc.
- iv) A well organized and efficient city bus system by using ITS through city-specific SPV for bus services, preferably on PPP, under well structured contracts where the umbrella institution of the government professionally does the role of planning, coordination, contracting, monitoring, supervision as well as management of common infrastructure and services etc .
- v) Multimodal integration, including suburban railways (by involving MoR) to provide network-connectivity in the region and single ticketing to provide seamless travel.
- vi) Setting up of a Traffic Information Management Control Centre for effective monitoring and enforcement of traffic as well as data-generation and data-collection for future planning.

3.2 The para-statal/ULBs shall enter into MoA with the Mission Directorate to undertake above reforms in addition to reforms as per Annexure-II of UIG

guidelines. There shall be a time bound plan for implementation of all these reforms within the mission period.

**4.0 Sanctioning procedure:**

4.1 The DPRs shall be appraised by Urban Transport Division in the Ministry of Urban Development, Government of India keeping in view the above guidelines.

4.2 After the appraisal, the proposals for Additional Central Assistance shall be submitted for consideration and approval by the Central Sanctioning and Monitoring Committee under the Chairmanship of Secretary (Urban Development) which shall also have a representative of DoRTH and Department of Heavy Industries also as special invitees.

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The possible sources of Dedicated Urban Transport Fund at State Level

At the State level, additional sales tax on petrol, additional registration fee on four-wheelers and two-wheelers, high registration fee for personal vehicles running on diesel, annual renewal fee on driving license and vehicle registration, congestion tax, green tax etc. may be used to draw sources for the Dedicated Urban Transport Fund at the State level. The inelastic demand of petrol with respect to price in a short run would ensure sufficient accruals to the funding and which would, in the long run, incentivise such people to shift to the public transport system. The funds so generated by the States can be used for new projects in urban transport, compensate towards exemption of tax on urban buses and replacement of assets of public transport companies and, towards meeting the cost of various other concessions extended to encourage public transport by the State Government.

## Annexure-IB

### The possible sources of Dedicated Urban Transport Fund at city Level

The cities can generate fund out of betterment levy on land in areas which benefit by investment in urban transport projects; rationalization of parking-fee, property development tax, property development on the land banks with para-statal, advertisement revenue on transit corridors, employment tax (as done in France) etc. This fund at the city level can be used for establishing a fare contingency fund to meet the difference between the 'public fare' (paid by the commuters) and the 'technical fare' (payable to the private operators) to sustain the operations and; to provide ULBs' share for funding the urban transport projects.

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## **Annexure-II**

### **Guidelines for a Detailed Project Report for one time financial assistance under JnNURM for purchase of buses for urban public transport**

The Ministry of Urban Development has approved one-time assistance to States under which cities could secure financial assistance under the JnNURM for the purchase of buses for urban public transport. Sanction of funds will require the preparation of a Detailed Project Report to be considered by the Central Sanctioning and Monitoring Committee, after it is appraised by the duly appointed appraisal agency. These guidelines set out the information that is expected in the DPR and also suggest a structure of the different sections of the DPR so that cities find it easy of prepare the required reports.

The DPR would be in three parts and each would have different segments. The expectations in each part and the different sections therein are as follows:

#### **Part I**

This part presents an introduction and would be expected to contain the following:

1. Current transport situation in the city
2. Current public transport situation in the city (include type, numbers, ownership, vehicle specifications, operating & operator details, regulatory mechanism if any, fares, financing schemes, summary of strengths and weaknesses of current system from Government, operators and users perspective).

#### **Part II**

This part would contain details of the public transport introduction / improvement plan and would include the following segments:

1. Details of routes, frequencies, demand estimates, etc
2. Calculation of the bus requirements
3. Specifications of the buses proposed to be procured

4. Details of the infrastructure arrangements being made to accord priority to the operation of the buses, and other infrastructure improvement required.
5. Details of cost and revenue estimation (from all sources including proposed fare revision, if any) and the viability gap, if any. Details of cost on account of Central, State and ULB taxes
6. Details of the institutional arrangements being put in place for introduction / improvement of the public transport system
7. Details of the mode of financing the costs – capital and O&M
8. Details of how the buses shall be maintained in top most condition throughout their entire useful life.
9. Details of the ITS facilities regarding fare collection system, operation and management system proposed to be put in place
10. Details of how these services will integrate with the other public transport systems in the city and the multi-modal integration that will be brought about, if any
11. System for performance evaluation, incentives and penalties for performance efficiency.
12. Extent of financing requirements /funds sought under this proposal, including the phasing of such financial support

### **Part III**

This part would contain details of the proposed reforms and would include the following segments:

1. Details of the proposed UMTA structure, composition, legal backing, functions, manpower requirements and staffing plan, etc
2. Details of the Urban Transport Fund proposed to be set up the State and City level, along with the sources of funding, estimates of funds that will be raised, management plan for the fund, eligible claims from the fund, appraisal and approval mechanism for claims from the fund, etc
3. Advertisement policy statement
4. Parking policy statement

5. Mechanism to enforce the parking policy that has been formulated along with restrictions on parking proposed to be implemented as well as new parking spaces to be created
6. Transit Oriented Development (TOD) policy and amendments proposed in the byelaws to encourage TOD
7. Details of the coordination department in the State Government and the measures proposed to strengthen the concerned department to deal with the subject of urban transport
8. Details of the Traffic Information and Management Control Centre proposed to be set up giving its
  - Objectives / Functions
  - Structure
  - Reporting Channel
  - Staffing
  - Information systems
  - Control systems
9. Regulatory mechanism proposed for the periodic revision of fares
10. State Taxes and duties proposed to be waived off for urban public transport

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Yojana Bhawan, Sansad Marg  
New Delhi, the 24<sup>th</sup> December, 2008.

OFFICE MEMORANDUM

**Subject:- Relaxation of Norms under JNNURM particularly Utilization of Additional Amount during Annual Plan 2008-09 - Regarding.**

Planning Commission has recommended an Additional Grant of Rs.4200 crore for JNNURM for the Annual Plan 2008-09 which has been approved by the Parliament. To absorb such funds during the current year, a few modifications in the existing norms for approval are being made without deviating too much from the existing principles of allocations of ACA of JNNURM among States given vide Planning Commission's letter No.PC/H/4/3/2005-HUD dated 2.7.2007 and No.PC/H/4/3/2006-HUD (Vol.IV) Part dated 21.1.2008.

2. For the UIG component, the following modifications may be permitted. This will meet the requirements of the programme for the supplementary fund released and for the higher allocations proposed in the next year pending raising of the overall ceiling and the extension of the period mentioned earlier:-

- (i) Notwithstanding the presently allocated ceilings for different States and Union Territories -
  - (a) every Mission Town should be sanctioned at least one project and those in the pipeline should be accorded higher priority so that work can start immediately.
  - (b) Projects which have already been sanctioned and for which first instalment has been released should be allowed to be completed.
- (ii) Additionally all Mission cities may be given one more project with a ceiling of ACA of Rs.100 crore for towns with million plus population or being a State capital city and Rs.50 crore for other Mission towns.

3. For the UIDSSMT component:-

- (i) For the towns for which projects have already been sanctioned by the State Level Approval Committee and for which releases are yet to be made, one project per town can be taken up for release out of the supplementary allocations.
- ii) After covering the case of (i) above, cases of districts which still remain uncovered by any sanctioned project for single town may be taken up on priority. While doing so the town with the highest population in these residual districts may be covered. For each such projects, a commitment of not more than Rs.25 crores may be made.

4. For the components of the JNNURM handled by the Ministry of Housing and Urban Poverty Alleviation, an additional allocation of Rs.500 crores has been provided in the second supplementary project. In order to enable them to spend this amount for projects which are already ripe for release, the following relaxation may be given –

Notwithstanding the presently allocated ceiling for different States and Union Territories additional funds out of Rs.500 crores may be allocated by making detailed assessment of the ability to spend the money and start or complete projects. While doing so, it may be ensured that the funds are distributed properly and not limited to a few States. The requirements of the North Eastern States may also be taken care of on priority.

5. It may be noted that this is being done to meet the urgent and immediately requirement and eventually the States ceilings will have to be suitably revised upward within the overall new ceiling for the Mission.

6. Ministry of Finance/Ministry of Home Affairs are requested to take action to release the ACA to States/UT respectively as per recommendation of the Ministries of Urban Development and Housing & Urban Poverty Alleviation.

6. This issues with the approval of Deputy Chairman, Planning Commission.



(Harish Chandra)  
Adviser (HUD)  
Telefax: 23096722

Secretary  
Department of Expenditure  
Ministry of Finance  
North Block  
NEW DELHI.

Copy to:

- i. Secretary, Ministry of Urban Development, Nirman Bhavan, New Delhi
- ii. Secretary, Ministry of Housing and Urban Poverty Alleviation, Nirman Bhavan, New Delhi
- iii. Secretary, Ministry of Home Affairs, North Block, New Delhi

Copy also for information and appropriate action:  
Chief Secretaries, State/UTs