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Cabinet nod to set up SPV for JNNURM buses

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Aim is to ensure that funds do not lapse.

The State has decided to set up a special purpose vehicle (SPV) to operate and manage the buses procured with 80 per cent financial assistance from the Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

Official sources told *The Hindu* that the Cabinet, on Wednesday, cleared the long-pending proposal to ensure that the funds sanctioned last year to procure 400 buses does not lapse.

The SPV would be set up on the lines of the one in Karnataka which operated JNNURM buses. The SPV would be under the State-owned Kerala State Road Transport Corporation

(KSRTC), though the JNNURM wanted it as a separate entity, sources said.

Setting up of an SPV was the main condition put forth by the Central Sanctioning and Monitoring Committee on Urban Infrastructure and Governance (CSMC) in September to release the first tranche of funds for the purchase of 400 buses under the JNNURM extended scheme.

Sources said more clarity was needed on the SPV as the CSMC had asked the State to notify the 'planning area' as the buses were to be operated to major towns and cities in 12 districts, grouped under five clusters.

It was to be known whether five separate SPVs would be needed for the as many clusters.

It was not known if the existing JNNURM buses, operated and managed by KSRTC, would be brought under the SPV. The decision to float an SPV would be communicated to the CSMC after working out the details with KSRTC, sources said.

The KSRTC, in a financial crisis and facing a monthly revenue-expenditure gap of Rs.93 crore, was of the view that the SPV move would lessen its burden. More clarity was needed on the Karnataka-model SPV, KSRTC sources said.

The employees of the transport utility would have to be taken into confidence if an SPV was to be set up. Five trade unions, including the Congress-backed Transport Democratic Front and the CITU-affiliated Kerala State Transport Employees Association, had opposed the move to create a special business unit within the KSRTC.

At present, the KSRTC operated 146 JNNURM buses, including 26 air-conditioned ones, in Thiruvananthapuram and 167, of which 48 were air-conditioned, in Kochi.