Urban Bus Sector
Issues & Reforms

Laghu Parashar
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Urban India

- Urban India have to provide faster growth to aid Indian economy and make room for larger migration from rural areas.

- Preparing India’s cities for a rapid growth scenario will require a paradigm shift in planning for urban infrastructure and reforming the institutions for service delivery.

Source: HPEC, Report on Indian Urban Infrastructure and Services, 2011, Government of India
Urban India

- Cities more than 1 million: 40 (10 more than 3 million) as per census 2011
- Expected to be 70 cities – 1 million plus (by 2030)
For a sustainable city, **public transport** has to be the main artery for mobility.

Often, public transport or the mass transport is *neglected* or perceived as a *low class solution*.

**City Bus Service** is the most basic & important form of public transport.

### 12th Five Year Plan - Working Group Report

<table>
<thead>
<tr>
<th>Projects</th>
<th>Investments (INR Crores)</th>
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</thead>
<tbody>
<tr>
<td>Street Infrastructure</td>
<td>1,67,218</td>
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<tr>
<td><strong>Public Transport</strong></td>
<td><strong>2,02,628</strong></td>
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<td>City Bus Service</td>
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<tr>
<td>BRTS</td>
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<td>Urban Rail</td>
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<td>ITS and ATC</td>
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<td>Parking</td>
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<td>Institutions and Capacity Building</td>
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<td>Innovations, R&amp;D &amp; Pilot projects</td>
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<td>NMT and IPT projects</td>
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<td><strong>Total</strong></td>
<td><strong>3,88,308</strong></td>
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</tbody>
</table>

Source: Draft 12 Five year Plan, Planning Commission, Government of India
City Bus Service.... WHY?

Investment – Aprox. 20,000 Cr
Carries 20 lac passenger daily

Metro - City Bus

Investment - ?
Carries 60 lac passengers daily
Investment Priorities

Investment – 12,700 Cr.
75000 passenger daily

Airport - Intercity Bus Terminal

Investment - ?
More than 10 Lac Passengers daily
Public Transport.... City Bus Service

• Only 20 out of 90 cities (0.5 m) have organized city bus service system (before InNURM – 2009)

• Decline of public transport in majority of cities

• Proliferation of fragmented and unregulated IPT resulting in congestion

• Existing Transport Authorities have:
  - declining fleet sizes,
  - loss making
  - inadequate resources for service
  - issues infrastructure upgradation
  - lack of knowledge on modern vehicle technologies
Public Transport.... City Bus Service

- 7th Five yr. Plan (1985-90)- Exclusive focus on urban transport
- Delinking of urban services from rural/inter city services of STUs
- Urban services an unviable proposition
- Loss making STUs keep showing interest in rural/inter city services
- Options for involvement of Private sector were explored
Bus Passenger Transport
Evolution & Growth

- **Market Share of Private Sector**
  - 1951: 85%
  - 1961: 65%
  - 1971: 57%
  - 1981: 77%
  - 1991: 89%

- **Policy of ‘Nationalization’**
- **Growth of STUs**
- **Increase in Losses of STUs**
- **Nationalization Process Phased Out**
- **Central Funding Support withdrawn for loss-making STUs**
- **Fleet acquisition of STUs made limited to replacement of old buses**
- **STUs asked to cater to surplus demand through private sector**

- **Formation of STUs under the RTC Act of 1950**
- **7th Five Year Plan**
Bus Passenger Transport
Evolution & Growth

Market Share of Private Sector

- 1951: 85%
- 1961: 65%
- 1971: 57%
- 1981: 57%
- 1991: 77%
- 2001: 89%

Financial allocation for STUs in budget outlay

- 1956: 7.4%
- 1961: 11.1%
- 1966: 11.1%
- 1971: 1.25%
- 1976: 1.25%
- 1981: 1.25%
- 1986: 1.25%
- 1991: 1.25%
- 1996: 1.1%
- 2001: 1.1%
- 2006: 1.1%

Share of buses in total registered vehicles

Formation of STUs under the RTC Act of 1950
7th Five Year Plan
Issues with conventional city bus operation

- Lack of focused approach for CBS
- Fragmented decision making for urban services
- Infrequent revision of fare
- Various concessions
- Lack of support from State and Local government
- Social obligations of operators
- High manpower cost
**Nation Urban Transport Policy, 2006 - India**

India launched its first transportation policy in 2006, which focuses on moving people and not vehicles.

- Ensure coordinated planning for urban transport
- Ensure integrated land use & transport planning
- People focused & equitable allocation of road space
- Investments in public transport & Non Motorized modes
- Strategies for parking space and freight traffic movements
- Establish Regulatory mechanisms for a level playing field
- Innovative financing methods to raise resources
- Promote ITS, cleaner fuel & vehicle technologies for cities
- Build capacity to plan for sustainable urban transport
- Projects to demonstrate best practices in sustainable transport

**Source:** NUTP & InNURM – Government of India Initiatives to Strengthen Public Transport, SK Lohia, MoUD, GoI
Reforms in Urban Transport – State Level

**Unified Metropolitan Transport Authority**

All million plus cities should setup a city-level Unified Metropolitan Transport Authority (UMTA), duly backed by a legislation to facilitate coordinated planning and implementation of projects relating to urban transport and their integrated management.

**Urban Transportation Fund**

The State should setup a Dedicated Urban Transport Fund. The fund can generate inflows from 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. to fund new projects in urban transport, compensate towards exemption of tax on urban buses, 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.
Reforms in Urban Transport – State Level

**Integrated Planning**
- The State / City should make appropriate change in bylaws and Master Plans of cities to integrate land-use and transport by densification alongside major mass transit corridors and areas around stations.

**Fare Revision**
- The State should set up of a regulatory/ institutional mechanism to periodically revise fares for all public and intermediate public transport systems.

**Transit Oriented Development (TOD)**
- Transit Oriented Development (TOD) policy and amendments proposed in the bylaw to encourage TOD.

**State Taxes**
- The state government and ULB waiving off/reimbsuring all its taxes on urban buses & city bus service/BRTS.
Reforms in Urban Transport – City Level

Cities also need to set up a Dedicated Urban Transport Fund, generating inflows through 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-statals, advertisement revenue on transit corridors, employment tax which can be used for establishing fare contingency fund to meet the difference between the, public fare, and the 'technical fare'.

Cities should prepare an advertisement policy to generate advertisement revenue from transport, intermediate public transport and public utilities for public purposes.

Cities should evolve a parking policy wherein parking fee represents the true value of the land occupied. It can be used as a mechanism to curb private vehicles parking.
Reforms in Urban Transport – City Level

**Integrated Network**
Cities should design bus routes to ensure multi-modal integration, including urban railways by involving Ministry of Railways (MoR) to provide network-connectivity in the region and single ticketing to provide seamless travel.

**Intelligent Transport System**
There is a need to implement Intelligent Transport System (ITS) to improve the service and quality of city bus system. ITS includes Automated Vehicle Location System, Automated Fare Collection System, Priority Signaling for buses and real-time bus information system.

**Traffic Management Control Centre**
Cities also need to setup of a Traffic Information Management Control Centre (TIMCC) for effective monitoring and enforcement of traffic as well as data-generation and data-collection for future planning.
JnNURM Bus funding scheme

• Launched in 2009 for 67 cities (61 mission cities)
• Number of cities benefited: 63
• 15260 buses sanctioned, around 14000 purchased
• Total project sanctioned : Rs. 4724 cr.
Reforms requirements

- Formation of Special Purpose Vehicle (SPV)- **Exclusivity**
- Formation of Unified Metropolitan Transport Authority (UMTA)- **Consolidation of fragmented decision making**
- Fare Policy- **operational sustainability**
- Urban Transport fund (UTF)- **long term sustainability**
- Operation through private sector- **reduction in cost**
- Parking & advertisement policy- **to encourage and incentivize the public transport**
Status Report: Reforms

- Number of city specific SPVs formed: 28
- **Urban Transport Funds** created: 17
- UMTA formed: 16
- Cities implemented **Parking & Advertisement Policies**: 8
- Success Model of Operation on **Private Operator (PPP)**:
  - Bhopal,
  - Ahmedabad (AMTS & JanMarg),
  - Indore,
  - Bhubaneswar, Puri
- **Fare Policy**, eg: Ahmedabad, Karnataka
Bring change in the perception for bus based transport system
Social uplift for ‘captive’ bus users
Better options for ‘choice’ riders
Public transport for ‘ALL’ – PWDs
City Bus Operations through PPP
Recent attempts
Fate of Attempts in PPP

- Kota
- Jalgaon
- Jodhpur
- Jaipur
- Rajkot
- DMRC feeder
- Closed or early terminated

- Jalandhar
- Vadodhra
- Single operator
- No system expansion since inception

- Ujjain
- Indore
- Bhopal
Recent Attempts in PPP: Issues

- Change in the routes by the operators from the original routes
- Lack of effective monitoring
- Underestimation of fleet size
- No mechanism for increasing the fleet size
- Original routes found unviable
- No service on unviable routes

- Over crowding of passengers in peak hours
- Lack of effective monitoring
- Underestimation of fleet size
- No mechanism for increasing the fleet size
- Adverse for the image of public transport

- Non-adherence to the schedule & routes
- Lack of effective monitoring
- Operators only for viable routes, Monopoly in service
- Lack of confidence among the commuters

- Low level of participation during bidding
- High risk anticipation
- Operators only for viable routes, Monopoly in service
- Image of the system affected
- Life of buses goes down

- Poorly maintained buses
- Lack of infrastructure
- Image of the system affected
- Life of buses goes down

- Absence of dedicated top level management
- Necessity not appreciated
- Non-delivery of regulatory functions
- Lack of ownership of the overall system

- Skeleton Staffing in the SPV
- To prevent situation of STUs
- Non-delivery of regulatory functions
Root Problems

1. Absence of Fare policy

2. Absence of a robust institutional structure

3. Inadequate operations planning for the system
Absence of Fare Policy

- Private sector doesn’t show much interest
- Private operator quotes low license fee
- Unwarranted practices post inception of operations
Creating a Fare Policy

• Balancing viability and affordability
• Fare fixation and review mechanism
• Adequate reflection of cost of inputs, service quality parameters & operational productivity
• Periodicity of revision
• Supportive Institutional mechanism
• Mechanism for calculating ‘subsidy’ in case of no revision
Absence of Robust Institutions

- Officers having additional responsibilities with short tenure - short vision
- Skelton structure of SPVs(2-3 employees with no job commitment) - ownership
- Not efficient to deliver the functions - monitoring
- Allocation of resources (land, right of adv.) - maintenance & sustenance
- Minimal paid up capital - no financial independence
Inadequate Operation Planning

Inadequate operations planning

Routes changed after inception of operations

Operation on only profitable routes

Only viable routes bid out
Other Issues.... PPP - Urban Bus

- City does not consider Public Transport as essential service
- Always expect royalty from PO
- One sided contract documents
- Support and coordination from other local Administration, Police & RTO
- Role of authority more as regulator
- Lack of commitment to provide necessary infrastructure ie. Depot
- No legislative support against freebies, IPT, concessions
- No provision of subsidies to Private Operator
Reforms....for sustainable PPP in CBS

• Time to have MCA?

• Recognizing CBS as Infrastructure project- long term low interest funding, fuel subsidy

• Tax holidays (80 IA)

• Fare Policy

• Strengthen SPVs (beyond paper)

• Provision of Depot (part of master plans/town planning)

• Safeguard of patronage through amendment in MV Act

• Route rationalization incl. IPT
THANK YOU