



ROLE OF STATES IN IMPROVING CITY BUS SERVICE

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Outline

- Legislative and regulatory framework
- Roles of three tiers of Governments
- Types of public transport agencies
- Challenges faced by the city bus sector
- Suggested state interventions

LEGISLATIVE AND REGULATORY FRAMEWORK

Constitutional Provisions (1)

- The division of roles between various tiers of government in India is governed by the Constitution of India (COI)
- Article 246 of the COI deals with this matter and contains references to Seventh Schedule containing
 - List I (Union List)
 - List II (State List)
 - List III (Concurrent List)
- The subject of urban transport specifically has not been dealt with in the COI

Constitutional Provisions (2)

- The subject of Road Transport is covered under List III (Concurrent List)

“Mechanically propelled vehicles including the principles on which taxes on such vehicles are to be levied.”
- The subject of local governance is covered under List II (State List)

“Local government, that is to say, the constitution and powers of municipal corporations, improvement trusts, districts boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration”
- Article 243 (W) deals with provisions regarding power, functions and other incidental matters related to municipalities

Constitutional Provisions (3)

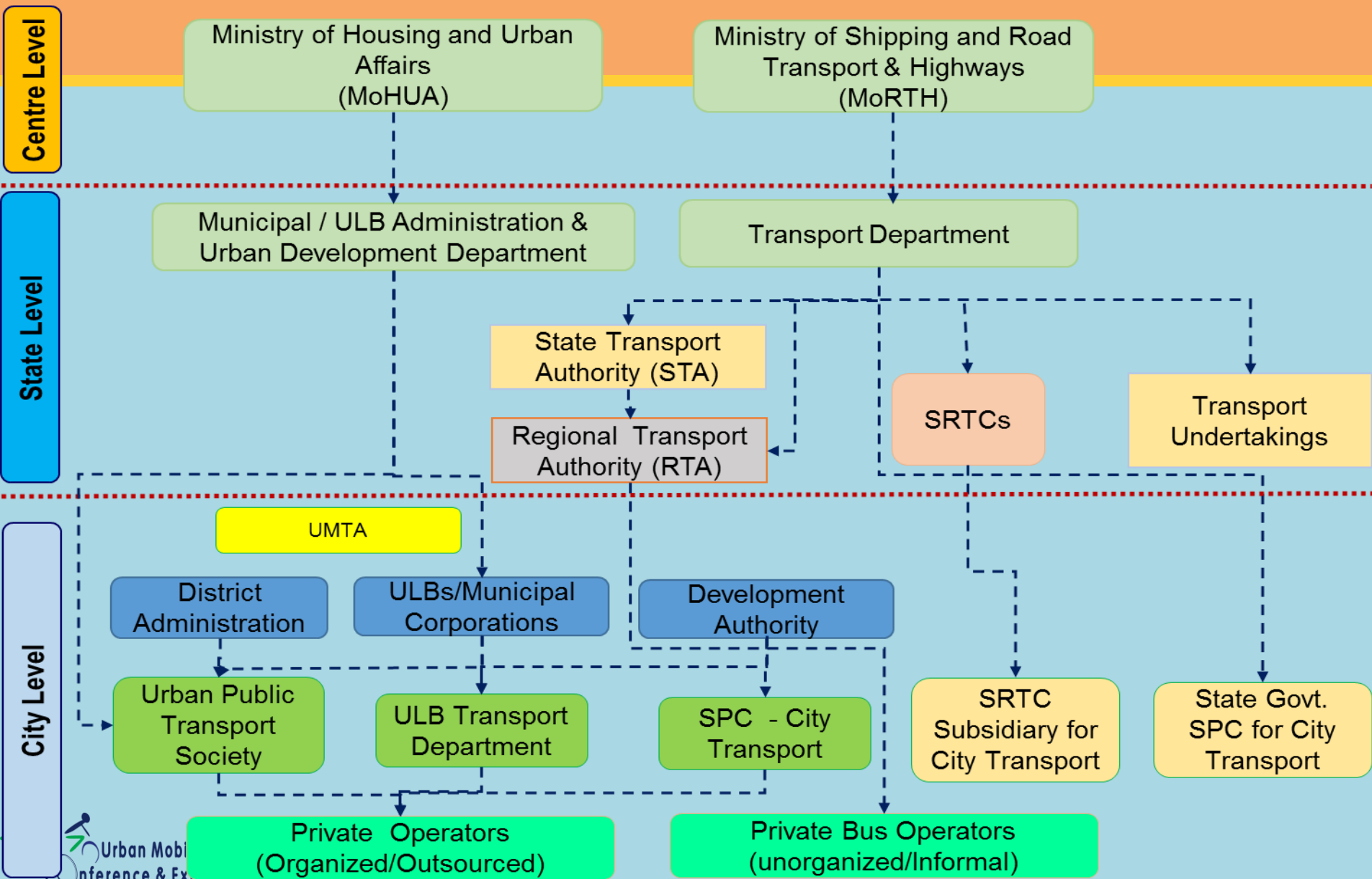
- Territorially, the States are responsible for Urban Development whereas the subject “Mechanically propelled vehicles” being an item in the concurrent list can be legislated both by the centre as well as the states
- Sharing of power between the Union Government and the States is basic to the structure of the Constitution of India
- For any amendment, it has to be first passed by both the houses of Parliament with a majority of the total membership of that House and by a majority of not less than 2/3rd of the members of that House present and voting (Article 368 of the Constitution of India)
- Subsequently, it has to be ratified by the legislature of at least half of the total States in the country

ROLES OF THREE TIERS OF GOVERNMENTS

Roles of Three Tiers of Governments (1)

National	MoRTH	<ul style="list-style-type: none">- MV legislation, administration of MV Act- CMVR, RTC Act
	MoHUA	<ul style="list-style-type: none">- Planning and coordination of UT Systems- NUTP formulation- Support through Bus Funding Scheme- Smart Cities Mission
State	Transport Department	<ul style="list-style-type: none">- Vehicle registration, licensing, permits, stage carriage permits, city bus routes
	SRTC/ City Bus companies	<ul style="list-style-type: none">- Urban bus services
	State /DAs	<ul style="list-style-type: none">- Setting up of and ownership in City Bus Companies
	Traffic Police	<ul style="list-style-type: none">- Management of traffic signals, regulation of traffic, traffic rules enforcement
City/Local	Municipal Corporation	<ul style="list-style-type: none">- Setting up of and ownership in City Bus Companies- City roads, bus stops, signal installation and maintenance
	MTUs/ City Bus Companies	<ul style="list-style-type: none">- Urban bus services

Roles of Three Tiers of Governments (2)



TYPES OF PUBLIC TRANSPORT AGENCIES

Types of Public Transport Agencies (1)

Central Government

- Union Territory Administration (e.g. CTU)
- Special Purpose Companies (SPCs) formed jointly with the State Governments (e.g. DMRC and NMRCL).

State Governments

- State Transport Department (e.g. Haryana Roadways)
- State Road Transport Corporations (SRTC) [e.g. BMTCL, APSRTC, DTC]
- SPCs of State Government / parastatal body/ SRTCs including those formed along with the municipal corporations (e.g. MTC, CRUT).

ULBs/ Municipal Corporations

- ULB Transport Cell (e.g. Gandhinagar, Mira Bhayander)
- Municipal Transport Undertakings (MTUs) [e.g. BEST, AMTS, NMMT]
- SPCs (e.g. PMPML, AJL, AICTSL, JCTSL)
- Societies established with State Government and municipal participation (e.g. Raipur and Bilaspur Urban Public Transport Society)

Types of Public Transport Agencies (2)

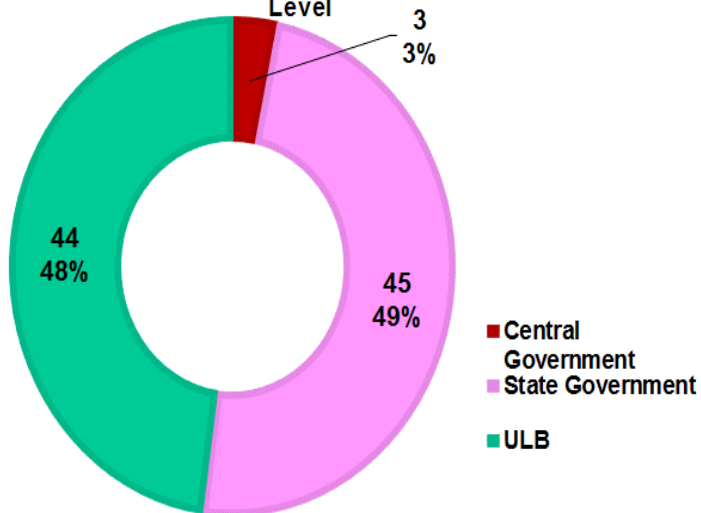
92

PTAs

198

Cities/towns

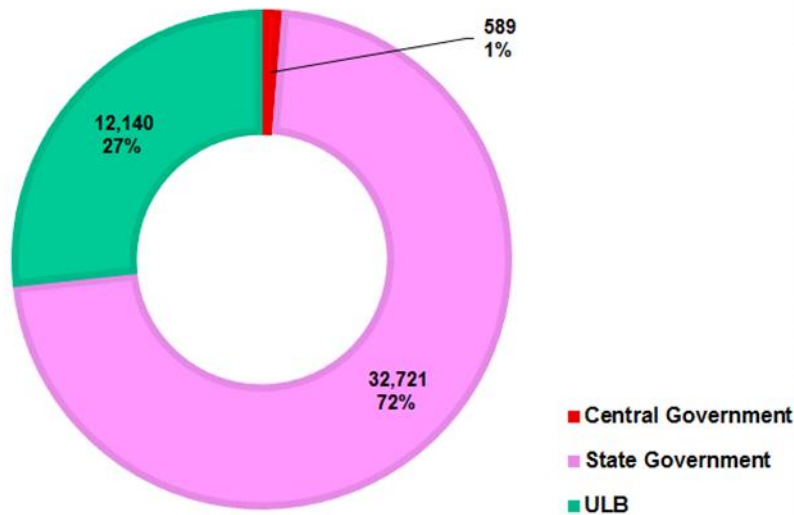
Entities Responsible for City Bus Services - Country Level



SN	Type of Public Transport Agencies	No. of Entities	% To Total
1	Central Government		
a)	UT Administration	1	1%
b)	Through SPVs/SPCs	2	2%
2	State Governments		
a)	Directly - by DOT	8	9%
b)	SRTC	15	16%
c)	Through SPVs/SPCs	22	24%
3	ULBs/MCs		
a)	Directly	5	5%
b)	Municipal Transport Undertakings (MTUs)	9	10%
c)	Through SPVs/SPCs	19	21%
d)	Societies	11	12%
	Total	92	100%

Types of Public Transport Agencies (3)

Fleet Under Management- Country Level



- Of the 45,450 city buses, 32,721 are with State Government entities accounting for about 72% of the total fleet
- ULB entities have 12,140 buses accounting for 27% of the total fleet
- Balance fleet (1% of the total) is shared between Centre/State Joint Venture entities, and UT administration

CHALLENGES FACED BY THE CITY BUS SECTOR

Challenges Faced by City Bus Sector..1

Inadequate Supply

- Shortfall in million plus cities is estimated to be about 42,400 buses
- Shortfall of close to 1,42,500 buses in all urban areas
- Absence of user/demand based service segments (AC, point to point)

Challenges Faced by City Bus Sector..2

Inadequate Capacity of PTAs

- Lack of economies of scale of many PTAs' operations
- Frequent change of guard at PTAs; non-availability of experienced and qualified personnel
- Lack of modern depot /workshops with required equipment/tools
- Non-availability of processes and tools to generate standardized operational and financial data
- Capacity to manage PPP contracts

Challenges Faced by City Bus Sector..3

Inefficient Service Delivery

- More than 80% of buses are under in-house operations
- Wide divergence in physical and financial performance
- In-house operations typically costing more than the outsourced operation
- Absence of a Service Level Agreements for PTAs
- Inadequate support infrastructure for city operations

In the Motor Vehicles Act [Section 67(1)], earlier the emphasis was *“the desirability of preventing uneconomic competition among holders of permit”*

Now it is *“promoting effective competition among the transport service providers”*

Challenges Faced by City Bus Sector..4

Financially
Unsustainable

- Regular fare revision not undertaken, fixing of fares at lower level to meet socio-political objectives
- Inadequate compensation to PTAs for concessions / uneconomical operations
- Inadequate financial resources with ULBs/ PTAs
- GST on buses; Central excise duty / sales tax / VAT on fuel; Motor Vehicle Tax
- Enforcement of permit related regulations not effective leading to competition from unorganised players

SUGGESTED STATE INTERVENTIONS

Suggested State Interventions..1

Institutional

- State nodal department be designated for city bus sector – to decide on the supply and managing the resource requirements at the sector level
- Nodal agency at the city level with the responsibility for planning and organization of city bus service
- Dedicated sources of funding be earmarked to support city bus services (UTF with assigned flows)
- City bus service delivery framework

Suggested State Interventions..2

Supply

- Planning approaches to be formalized and standardized at the state and city level (e.g. CMP)
- Quantity and quality benchmarks may be adopted
- Only the projects that got planned and executed in a defined manner to get funding support

Suggested State Interventions..3

Efficiency

- Cost benchmarking may undertaken by the State through independent authority / professional body
- Standardization of data capturing and accounting across PTAs
- Measures for bringing down inefficiencies discovered through benchmarking
- City bus operation (by operators) to be separated from the responsibility for organization of city bus service (city nodal agency)
- All city bus services need to be provided under contract with the city nodal agency

Suggested State Interventions..4

Support to PTAs/ City Nodal Agencies

- As the fares are set by the States in line with socio-political objectives, they almost always never lead to full cost recovery
- PTAs/City Nodal Agencies need to be compensated for the overall cost incurred by them in providing/organizing the city bus services
- Strengthening the PTAs/Nodal agencies through deployment of quality human resources and capacity building
- Funding be tied up to reform measures taken by PTAs to ensure adequate and efficient city bus service

THANKS