

Transport is the lifeline of a country”; “Roads are a building block of an economy”; “Transportation makes sublimation literal”*. These are all but truisms that we have been learning in our social science classes. Indeed, many libertarians such as us who have their utmost faith in the “natural order” and *laissez-faire* economy hold the lack of mobility, rather than an expanding population, to be the cause of India’s unarguable misery today. If any proof was needed to establish this, a look at the World Bank Report on the Indian transport would suffice¹. Thus, not getting into the debate over the significance of transport in financial growth, independence and mobility, the question to ask of ourselves is: why *bus* transport and why not have policies to facilitate private vehicle ownership instead, like some have argued? Or, why not have a Metro system which covers almost all of Delhi, some others argue? Well, there are many answers to those, especially regarding Delhi and keeping in mind the spiraling costs of fuels. Let’s begin by exploring them one by one.

The Significance

Let us look at some facts pertaining to Delhi²:

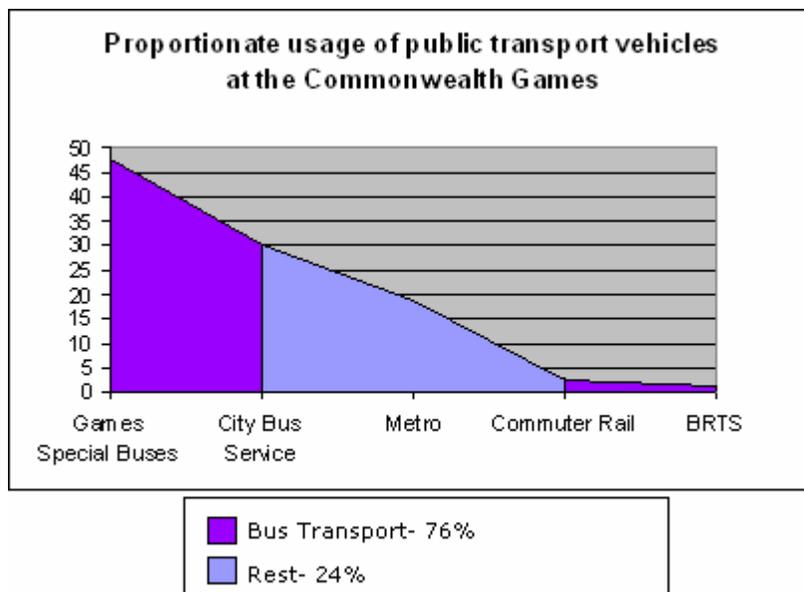
- Maximum per capita income is US \$1,000 per annum, which is not likely to exceed US \$4,000 till 2025, thus remaining a relatively “low-income” city by international standards for at least next 17 years;
- The cost of running a two-wheeled vehicle, on an average, is Rs. 1.2-1.5 per kilometer at July 2008 prices. This determines the maximum fare box levels for public transport. It will be difficult to attract users to public transport if fares are set higher than this;
- Delhi, like most other Indian cities, has a prominent and notorious mixed land use pattern, and we are not likely to succeed in implementing strict zoning for land use, even if it were desirable. This means that many citizens live close to work places and can walk, bicycle, use para transit and buses quite conveniently;
- The city is expanding in a radial mode. Moreover, the master plan 2021 envisages the city with decentralised points of trade activities with relatively low-rise development; this means that a transit system carrying 15,000-25,000 passengers per direction per hour is adequate.

International experience shows that bus transit systems are successful in cities that do not have distinct high income/low income areas, such as Delhi. Moreover, BRT systems can carry 20,000 passengers per direction per hour (cities such as Bogotá and Sao Paulo have made possible, the carriage of passengers up to even 40,000) and can be built at a fraction of cost of Metro Rail transit and private vehicles.³

* Robert Hughes

In a survey conducted by Rail India Technical and Economic Services (RITES) Ltd.⁴, an infrastructure company, which was submitted to the State Transport Authority of Delhi it was revealed that, in fact, people themselves are keen on and ready to pay for bus transport if it meets their certain expectations. 60% of Delhiites, it says, are willing to switch to public transport if mere 10 minutes are saved. 37% will shift if 20 minutes are saved. 63% would be ready to switch, if parking space was provided at the bus stops. 25% are ready to pay 1.25 times more than what they are currently paying.

This all, thus, leads us to believe that there is, in fact a huge demand and rationale for having a sound bus system. If any more proof was needed, look no further than the figures derived at, for the Commonwealth Games. 80% of the spectators will use public transport, out of which, 76% will be one or the other form of bus transport- a huge figure by all means⁵.



The Present Structure

Now that the question of rationale of buses is agreed upon, let's begin by exploring what exactly is the system that prevails in Delhi. A look at the stakeholders:

- The Customers (sic);
- State Transport Authority (STA);
- Delhi Integrated Multi-modal Transport System (DIMTS) Ltd.;
- The Ministry of Transport of the Govt. of NCT of Delhi (GNCTD);
- Delhi Transport Corporation (DTC);
- Blue-Line bus owners;
- Mini-bus owners (RTVs)/ Metro feeder bus owners;

- Delhi Metro Rail Corporation (DMRC);
- The potential customers;
- The staff on the buses;
- Players in the sub-economy of the bus-route.

In the present system, a person wishing to take public transport has the following options:

- Stage carriage buses;
- Govt. owned DTC buses that ply within the city and also cover inter-city routes;
- Metro Rail run by govt. owned DMRC;
- Metro feeder buses- both owned by DMRC & private players;
- Call centre cabs⁶;

Commercial buses can run on route under two systems, namely:

Contract Carriage- Fleet of buses, which ply from point to point and are not allowed stopping at stages (bus stops). Owned and maintained by private operators, they ply their buses in contract with specific organisations. They operate as chartered buses, school buses etc.⁷

Stage Carriage- the fleet of buses, which hold a permit to stop at the stages (bus stops), on the route they ply on.⁸

The focus of our study will be the buses under the Stage Carriage system, majority (70%) of which are, today, blueline buses (henceforth bluelines)*, the rest being run by the aging but continuously updating fleet of the DTC and a negligible number of white-line buses.

This system is run under the Motor Vehicle Act, 1988 and the Delhi Road Transport Laws (Amendment) Act, 1971, a special act stipulated for constituting the DTC. As per the Motor Vehicle Act 1988, the whole system is highly controlled by the State Transport Authority, an agency of the GNCTD which literally controls and takes each and every decision pertaining to transport in the city. The authority consists of a Chairman, an IAS officer who must have “had judicial experience or experience as an appellate or a revisional authority or as an adjudicating authority competent to pass any order”, and “such other persons, not more than four, as seen fit by the govt.”, which may also consist of MLAs⁹.

The blueline system in place today, named after the requirement to paint the buses with a blue stripe to distinguish them from DTC buses, was started in 2001. Under the scheme, private owners are granted individual permits to operate buses of a specified route, by the STA. Not just the route, but everything,

* Privately owned, govt. regulated buses running on the roads of Delhi since 2001; they have been aptly described by Business World magazine as “little more than steel boxes attached to noisy engines”.

including the fare, is decided by the Authority and handed over to the operators. According to the field research done, the blueline owners, on an average, manage to make Rs. 1200-1300 per day per bus, after deducting their capital & revenue costs, by making 12-16 trips per day.¹⁰

The DTC, on the other hand, is a public corporation which came into being by a special act of the parliament. The corporation, its website boasts, “has (a) manpower of about 27,000 (twenty seven thousand) employees comprising (of) drivers, conductors, traffic supervisory personnel, repair, maintenance and administration staff. The Corporation runs 34 (thirty-four) depots with sufficient parking capacity for approximately 3400 (three thousand four hundred) Buses. These depots are involved in the operation and maintenance of Buses”.¹¹ What the website does not say is that the corporation posted an annual loss of Rs. 330 crore at the last count. Most of the losses, according to a person at one of the govt. transport agencies, who declined to be named, are due to the sheer wastage of the resources and a hugely inflated workforce, byproducts of running a public company run by the taxpayers’ money. What the website does not say again, is that while it has a parking capacity of “three thousand four hundred” buses, this is only marginally filled up at any given time, leaving the rest of the space idle.

The Problems

One of the biggest problems that opened the Pandora’s Box of issues leading to a rethink of the system was the increasing number of fatal accidents caused by the bluelines in the past year. The buses were subbed as “killer buses” by the media; local radio channels began a series of satirical shows aimed at the mockery of the bluelines, RWAs started signing petitions to the government to put an end, somehow, to the rampage. The govt. under huge pressure from all sides began buckling under it. At first, it demanded a re-inspection of safety devices in all the bluelines resulting in a strike by the buses, bringing the city to a virtual standstill. This happened, somewhere in the middle of July 2007, leading the govt. back to square one. Finally, it was decided upon by the govt., that it had to stop treating the problems symptomatically and find a new sustainable system instead. Thus began the gaze inwards. Answers were sought as to where the govt. went wrong. Predictably, the geniuses at the government, with a Nehruvian hangover, called out the “profit-motive” to be the sole culprit. One such minutes of the meeting of the STA sheds light on the govt.’s frame of mind (in attendance are the commissioner of transport, the secretary, the additional commissioner of Traffic Police an MLA and an ex-MLA)¹²:

After a detailed discussion, it was agreed by all the Members *that the sole objective of individual private operators to earn more and more profit*, (my emphasis) has led to hordes of illegal/ malpractices like rash driving, frequent tampering of speed governors, over-speeding, over taking, unscheduled stoppages and waiting at bus stops to get more passengers, ill maintained buses, rude behavior of crew, dirty buses, presence of bad elements with crew on the bus, over charging,

installation and continuous blowing of pressure horns, beating the sides of the buses and shouting by conductors to attract commuters, non-adherence to the fixed working hours (eight hours), curtailment of routes at the will of crew to avoid rural or low catchments area, over crowding of buses, non-adherence to statutory provisions relating to employment / labour and motor transport worker's act, employment of unqualified staff and unsafe operation, etc.

Thus, every conceivable problem, (let's not debate whether they all are, in fact, problems or not) faced by the bus commuters in Delhi has typically been squarely blamed on the "profit-motive". At first glance, it may seem so and has actually been held so by many newspapers over the past few months. This seems the only logical conclusion: the buses have various costs to pay in order to survive in the market and must get certain returns ("rent", in economic terms). Whereas the DTC does not need to run fast to make profits (it does not have to make profits at all, in fact), the bluelines have to run after their breath to be viable, and thus in a race to make these profits, it will run over any passenger that comes in its way; that at least is the popular version of the story endorsed by STA.

That's what the "bad economist" will see and that's where the role of a "good economist" begins, as Mr. Bastiat would have put it. A good economist will see further. Before blaming the free markets, let us question whether it is actually free market at all. In a free market, there has to be free entry and exit, free flow of knowledge, large number of buyers and sellers and homogenous services. While the last condition holds true, none of the other three hold true. In fact, had the last condition not been true but the other three were, it would still have been a monopolistic competition. But what it eventually turned out to be was nothing close to competition or free markets. Far from it! How can it be a free market competition when everything, from its fare to the route is decided by the govt.? It just looks like a free market setup from the outside, just because it is "*operated*" by private individuals hoping to make a decent living out of their investments.

But the govt. got its scapegoat and an easy way out. That was all they could have asked for. Had it been truly free market, these problems would not have arisen in the first place. Just imagine if the govt. had allowed free entry into the bus transport: contrary to the popular perception that the fares would have risen overnight and the common man would no longer be able to approach the transport, the effect would have been totally opposite.

¹ May 10 2002, *India's Transport Sector: The Challenges Ahead*, The World Bank Group, 24457, Volume 1

² The following sections draw on: Mohan, D. (2005) *Public Transportation Systems for Urban Areas: A Brief Review*, Transportation Research and Injury Prevention Programme (TRIPP), IIT-Delhi

³ Ibid.

⁴ Mathur, A., (July 6 2008) *Busy Delhiites seek easy transport system: survey*, Hindustan Times

⁵ Pandit, A., (June 10, 2008), *80% of Games visitors to use public transport, says report*, Times of India

⁶ Though not included officially in the list of modes of public transport, they do give reasonable competition to certain routes by taking on passengers for a flat rate of Rs. 10/- per person while going to or coming from their respective call centre/office. Whatever they earn here is over & above their basic earnings.

⁷ Arora, S., (2004) *Privatisation of Urban Transport in Delhi*, New Public Management, Centre for Civil Society

⁸ Ibid.

⁹ Section 68, Article (2), Motor Vehicle Act, 1988

¹⁰ Look at appendix 1.

¹¹ <http://dct.nic.in>

¹² 18 January 2008, "Minutes_STA_18.1.2008.pdf" available on <http://transport.delhigovt.nic.in/>