

PUBLIC TRANSPORTATION OPTIMIZATION

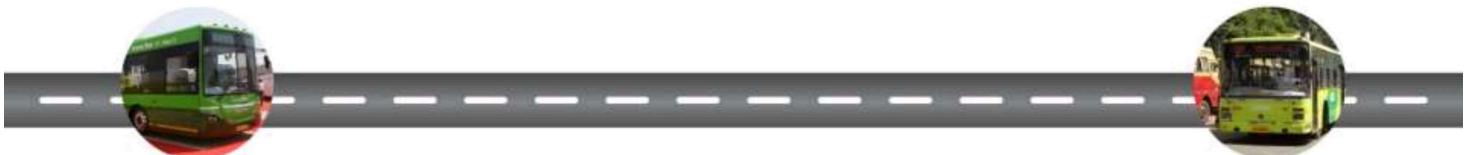
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OVERVIEW

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Scenario of Public Transport

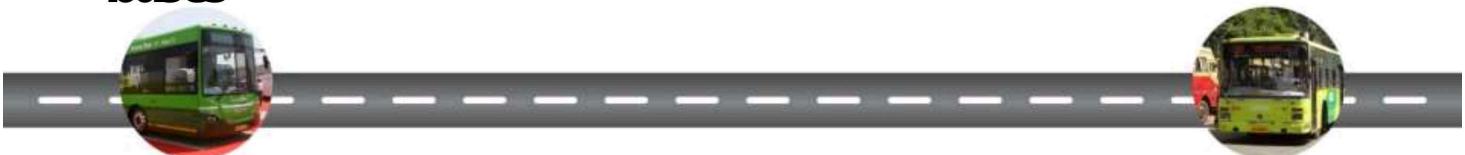
- Bus based Public transport plays an important role and reaches all the corners of City, Rural and Hilly Regions of the country.
- Public transport being provided by the State Road Transport Undertakings (SRTUs) also employ large number of skilled and semi-skilled personnel resulting in Human Resource Development.
- SRTUs are committed to its social obligations through operation of its schedules as below:
Based on the case study of one of the STU
 - 40% Schedules on Loss
 - 42% on Breakeven
 - 18% in Marginal Profit





Scenario of Public Transport

- Most of the SRTUs have been facing diminishing returns and have slowly deteriorated thereby incurring losses and financial instability.
- The underinvestment over a period of time in public bus transport lead to the increase in attraction to the personalized mode of transport and penetration of unabated private players.
- This has resulted in decrease in services and quality of buses





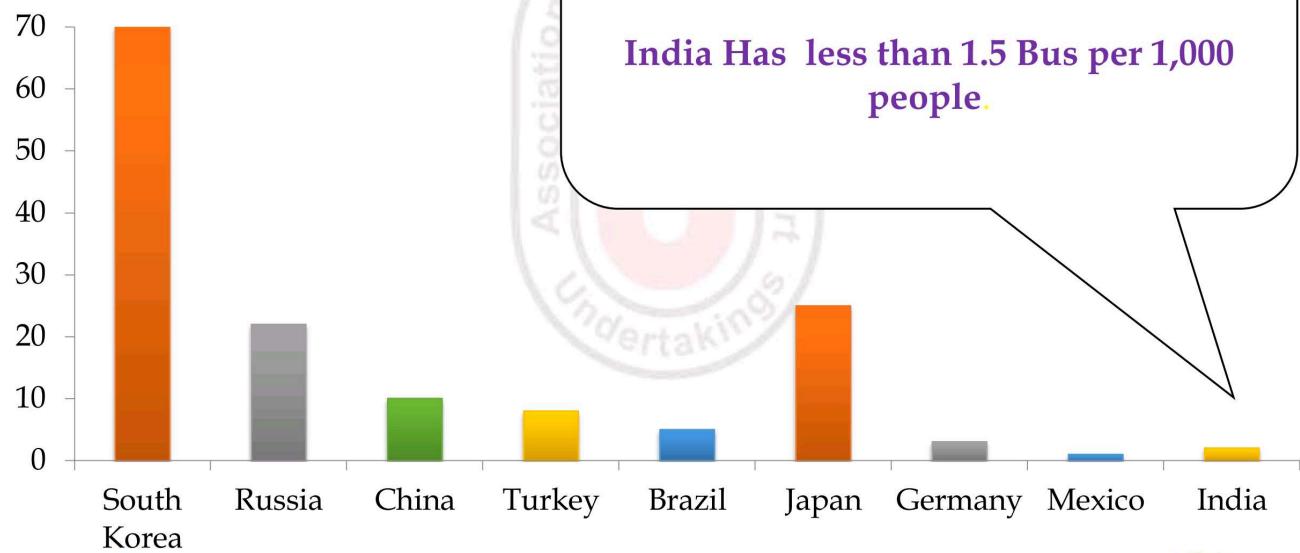
Public Transport in India

The Present Scenario

Total buses in India are 16.76 lac out of which owned by Private are 15.44 lac.

No. of Buses per 1000 people

China has 6 buses per 1000 people
India Has less than 1.5 Bus per 1,000 people.





Scenario of Public Transport

- Only less than 1.5 Number of Buses per 1000 Population
- Need at least 10 lac additional numbers of Buses to cater to the Transport need of the people
- 50 Cities with Million plus Population and another 500 Cities and Towns with more than 100,000 Population in the Country at present which require Quality and Organized Public Transport (List Annexed)
- Only 1,80,000 Villages are connected with organized Public Transport out of 5,93,000 inhabited Villages, ASRTU has submitted a report to the Govt of India for inducting 50,000 more buses at a cost of more than 10,000 Crore to connect un-economical routes covering 70,000 villages
- Less than 1% of Vehicles are ITS Enabled
- Cost of operation on fuel & manpower cost account to



OPERATIONAL STATISTICS OF STUs

STUs in the country owned 140497 buses as on 31st March 2015 . Approximately 8000 buses engaged from private sector on hire basis for their operations.

CAPITAL STRUCTURE

- The total capital & liabilities structure of reporting STUs was Rs. 26875.49 crore (including cumulative losses) as on March 2014.
- The total capital contribution made by State Governments and the Central Government is Rs. 24685.27 crore.
- The total loan capital from IDBI, LIC and other banks was Rs. 5435.69 crore.
- The STUs have to heavily depend on general and other reserves besides loan capital from open market. Current liabilities (inclusive of short terms provision and borrowings) increased to Rs.



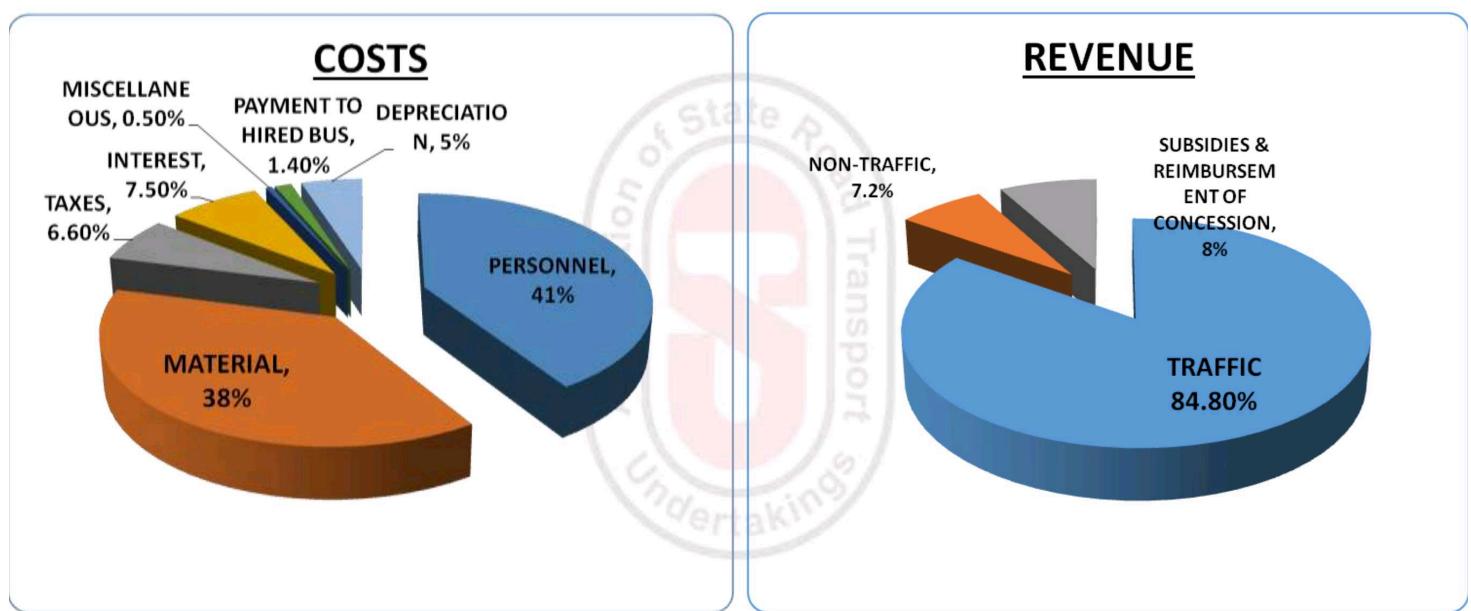
Some of the STUs could make surplus before tax during 2014-15 as given below:-

SI.N O.	Name of the STU	Profit Before Tax (2014-15) (Rs. in Cr.)
1	BMTC	46.17
2	GSRTC	127.29
3	Karnataka SRTC	114.43
4	MSRTC	688.13
5	NEKRTC	52.62
6	NWKRTC	48.13
7	OSRTC	10.11
8	PEPSU	8.58
9	PUNBUS	88.03
10	UPSRTC	354.57

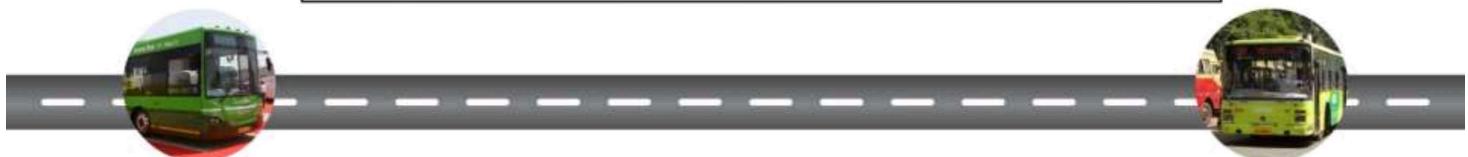




Revenue & Expenditure Distribution in STUs



- 41% of the total cost is towards Manpower
- 38% is towards Fuel and Spares





- STUs could recover overall total cost of 86% from the total revenue (including subsidies, reimbursement of fare concessions and non-traffic revenue) leaving 14% of the total cost uncovered resulting a net loss of Rs. 7112.62 crore.
- Rural STUs recovered 90.0%, hill region 80.4% and urban STUs 70.1% of their total cost respectively.
- The financial performance in hill region and urban STUs is not healthy.
- The operating cost comprising personnel and material cost grabbed 94.9% of the total revenue of all the reporting STUs.
- It is alarming that 74% of the revenue goes on personnel cost alone in urban STUs, 51% in hill region while it is 43% in rural STUs.
- Overall personnel cost rose to Rs. 14.97 per km during the current year as compared to Rs. 13.83 last year.



MATERIAL & FUEL COST

- In the year 2013-14, the material cost of reporting STUs is Rs. 13.86 per km. and it forms 38.4% of total cost which means an increase by 14.93% over the previous year.
- The major component of material cost is fuel (Diesel & CNG). Fuel cost also increased to Rs. 12.07 per km from Rs. 10.20 in 2012-13, a rise of 18.33%. However, the fuel cost during 2014-15 reduced due to the reduction in diesel prices.

Presently the purchase cost of a bus is compounded with commodity taxation, viz, Central Excise and State VAT/Sales Tax.





INTEREST & TAXES

•The component of interest in total cost is 7.5% for the reporting STUs.

•During 2013-14, STUs paid Rs. 3352.64 crore as taxes which is 9 to 15% of their total revenue.

CONCESSION AND FREE PASSES

•Financial burden, due to concessionary farefree passes, only few State Governments compensate on this account.

Details of subsidies:

•Students' concession : Rs. 3041.82 crore, free pass to blinds and physically handicapped : Rs. 418.78 crore, freedom fighters and MLAs : Rs. 17.14crore, Journalist :Rs. 32.43 crore, Senior Citizens: Rs. 610.56 crore and Others Rs. 195.01 crore.

•Total financial burden was Rs. 4315.75 crore and reimbursement received was Rs. 3447.01 crore in 2013-14.

KARNATAKA SRTC

Pays:-

- MV Plus
Passenger Tax 83
cr
- Taxes on Fuel 126
cr

Excise Duty 15
Sales Tax 22 cr
Out of a turnover
of 1800 cr.





FARE STRUCTURE

- STUs' fare is administered by the State Governments.
- In states like Haryana, Himachal Pradesh and Punjab the component of passenger tax is added to the fare, while in Maharashtra and Gujarat passenger tax is charged on traffic revenue.

FLEET STRENGTH

- The fleet strength of STUs has remained stagnant for almost a decade due to paucity of funds.





- **Financing of the operation by the revenues from fares/user charges and capital funding is challenging.**
- **The Purchase cost of bus consisting of multiple commodity taxation, viz, Central Excise and State VAT/Sales Tax.**
- **Public Buses are subject to MV Tax and Passenger Tax which needs to be rationalized.**
- **There is heavy and varying incidence of MV Tax on State Transport buses.**
- **SRTUs in Maharashtra and Gujarat contribute 17% of their respective turnover towards MV Tax: in Rajasthan MV Tax is 2.1% of the current cost of bus chassis on a monthly basis.: in UP the average incidence tax on UPSRTC bus was Rs.2.35 lakh which is almost four times what a private operator paid.**



Towards an efficient & reformed Public Transport System

- The Union Budget 2016 has provided a path breaking direction to the passenger transport segment in the Country
- The Budget provides for amendments to be made in Motor Vehicles Act to open up the road transport sector in the passenger segment
- Legal reforms will have to form a part of a broader sector reforms initiative.
- The STUs in India are key to public transport:
*nAedassitiexampljetis thevielformsin thePower
Servicesin The year 2008 iBf with an assistance of
40,000 crore to ito reduce the transmission losses.*





WHY PUBLIC BUS TRANSPORT TO BE PROMOTED?

- Public transportation helps to alleviate our nation's crowded network of roads by providing transportation choices.
 - Area required on road
 - For 60 people by car: 1440 sqmt.
 - For 60 people by bus: 36 sqmt.
- Parking requirement per passenger is also significantly lower thus reducing burden on Road Infrastructure
- Per capita reduction in carbon emission and carbon footprint of transport compared to personalized modes of transport.



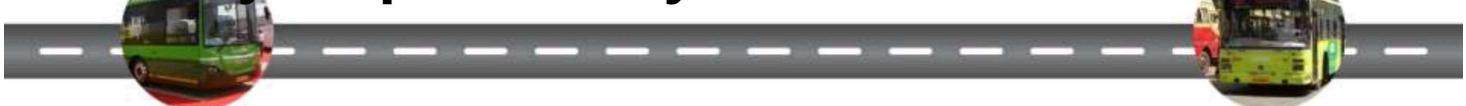


On the way to Public Transport

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- The urgent need to strengthen the SRTUs/bus passenger transport in the country is to overcome pollution, congestion and road accidents which are the grave concern to the society at large.
- To achieve the above goal and to move the public efficiently, high capacity mode of Public Transport is required with the motive “move people-not vehicle” .
- PPP Mode of high capacity buses and BRT are better solutions as, the capital investment compared to the other modes like metro & railways are predominantly less.

Rs. 4,300
crore was
budgeted for
the buses
under
JnNURM in
the 11th plan
while a single
Delhi airport
metro line
costed about
Rs. 5,700
Crore.



STRATEGIES FOR FINANCING OF PUBLIC TRANSPORT OPERATIONS



- Appropriately compensating for social obligations, Public Bus Transport can be operated on commercial lines.
- Some of the alternatives to user charges adopted in some developed countries including following options which may not only restrict the private vehicles on road but also promote the extensive use of Public Transport:
- Polluter Pays: vehicles which entail pollution compensate for the cost imposed on the community. The vehicles that cause congestion pay a fee to use the roads. The compensation paid



Beneficiary Pays: those who benefit from a service meet its costs. Employers in particular gain from the provision of public Transport services which give them access to wider labor-markets. The French Transport Tax (*Versement Transport*) requires employers with more than nine staff to contribute towards the cost of public transport investment and operation. Besides construction of new public transport infrastructure could be partly funded from the rents and sale values of property/premises of public transport operators/stations.

The Navi Mumbai Municipal Act envisages the enhancement of PSI and the commercial value along the Bus Corridor. This will not only encourage public transport but increase the revenue to Municipal Authority.



POLICY FRAME WORKS TO STRENGTHEN STUs



Some Policy Framework, for an efficient and organized Public Bus Transport system are:

- 1. Provide fiscal incentives to encourage Public Bus Transport**
eg: Gujarat State wherein Rs.700 Crore is budgeted annually for GSRTC for providing rural Transport.
- 2. Automatic adjustment in fare increase by which STUs may be compensated for increase in operational costs on account of fuel and manpower costs.**
- 3. Explore new forms of procurement rolling stock (through leasing) and outsourcing of maintenance operations.**

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6. Harmonize the MV Tax, which is a State subject can be suitably addressed through the empowered committee of State Ministers of Transport.

7. To promote much needed investment in the road public transport system there is urgent need to strengthen it with following :

- (a)Adequate funds towards fleet modernization.**
- (b)Upgrade bus infrastructure-bus terminals, stops etc.,**
- (c)Integration of Bus Transport with Multi-modal Transports.**

8. Non-traffic revenue mobilization.

9. Equity infusion & Financial assistance by the



What STUs have to commit

- 1 Commitment to reduce losses on annual basis over next three to five years
- 2 Submit a long term scheme for performance improvement with timelines for deliverables
- 3 Design a roadmap for legal and regulatory reforms
- 4 Manpower Rationalisation through usage of IT to enhance Customer experience
- 5 Efficient Operations and Maintenance
- 6 Improved Bus Ports by utilisation of available land & resources
- 7 Commitment to improve road safety to reduce the huge amount of road accident compensations being paid by STUs (overall 400 Crore paid by the STUs annually)





*when the vision is clear the cause is noble
and
there is energy within to move forward
then no constraints remain as constraints
they get converted into challenges and the
efforts will overcome challenges.*

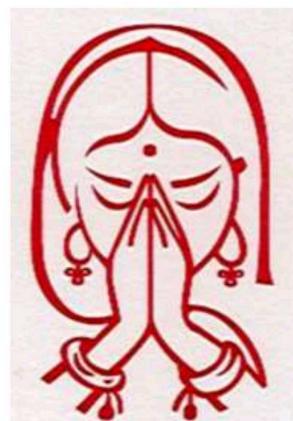




SLOGAN OF THE DAY

*Catch
the Bus.....*





THANK YOU

