

A Bharatiya Approach to Revitalisation of Public Transport Services: Proposed Policy Framework for introducing a “Sugam Bharat” Mission for roll out of Integrated Public Transport Services across India



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Introduction

Despite the obvious advantages of providing a robust road-based public transportation system for such low-income rural and urban citizens/ stakeholders, the sector has historically cried for proper attention by states and remains to be properly addressed as such by state governments.

It is interesting to note that while State Road Transport Undertakings (SRTUs) have been setup under a central legislation—the Road Transport Corporation Act; but quite unlike the Airport Authority of India and city/ regional metro rail corporations, central engagement in bus transportation sector has traditionally been on the lower side. The obvious end-result then, has been that State Governments have (mis)treated SRTUs much like they tend to ignore and override local bodies, resulting in administrative neglect and financial unsustainability issues for state roadways across most Indian states. The sector has also become highly fragmented in the shape of SRTUs, city transport corporations, city metro corporations and such like, with instances of multiple public transport corporations functioning (ineffectively and in silos) under multiple state government departments. Fragmentation across multiple state departments has thus led to, as yet, minimal, if at all, progress on adoption of multi-modal approaches and “ease of travelling” to citizens as consumers of public transport services.

Given that India’s visionary Prime Minister has given a clear clarion call for adoption of “whole-of-Government” approaches by breaking down silos as part of “Mission Karmayogi”; a time has perhaps come for applying this path-breaking approach for streamlining public transportation services amongst various state entities, as the next policy step for operationalising the PM’s “Gati Shakti” Master Plan rolled out last year. Within this context, it is imperative to note that during the last few years, whichever area the Central Government has identified for reform, has seen enormous public support and strengthening of public services—note, for instance, the cases of: (i) smaller airports, railway stations and national highways in the urban infrastructure sector; (ii) rural health (esp. centralised COVID vaccination) in the social sector; and (iii) drinking water (Jal Jeevan Mission), cleanliness and proper toilet facilities (Swachh Bharat Mission) amongst rural infrastructure services. The latest GoI initiatives for restructuring and revitalising the co-operatives sector will also surely see beneficial and impactful results within the next few years.

This brief proposes a similar adoption of a Central government-initiated and state government-nuanced approach for improvement of road passenger transportation across India. A time has clearly come for increased Central Government focus on improvement of public transport services in the form of a “Sugam

Bharat Mission for Integrated Public Transport Services”. It entails moving away from an “enforcement” approach hitherto adopted for public transport, to a regulatory form of sectoral governance. The elements are therefore similar in many ways to electricity and civil aviation sector reforms, just as some proposals are perhaps unique to the public transport sector as such. Proposed outcomes of this policy brief range from improved land-based public transport services in the short-term (within a maximum of 1-2 years); to improved public transport terminal (depot) facilities in the medium-term (within a maximum of 2-5 years).

Legal Environment for Reform

Central laws in the shape of the Road Transport Corporation Act and the Motor Vehicles Act have already been functional for decades, together with presence of central nominees on boards of STRUs and City Metro Rail Corporations. These provide an undisputed mechanism for introduction of powerful reforms by the Central Government for revamping public transport services across India’s states. Such time-tested legal enactments, in conjunction with focused investments by public and private sector financial institutions and investors, could easily provide an adequate policy framework for effective and impactful strengthening this sector with visible results within a short span of an year *and* in the near future.

Proposed Policy Interventions

A. Rationalisation of Regulatory and Operating Structures

Under the proposed policy framework, the Ministry of Road Transport and Highways (MoRTH) would once again be repositioned as an outcome-based “driver for public transport reforms”, replacing presently adopted “soft” approaches through suggestions made through the “Association of State Road Transport Undertakings” (ASRTU) also headed by Secretary MoRTH. In all fairness, while the latter mechanism is more of a nudge-based approach, its recommendations are yet to be given their due and actioned by state governments. The overwhelming public interest *inherent* in the public transport sector therefore necessarily demands a more focused repositioning of the Ministry for quicker and more effective rollout of public transport services across India’s states.

A time has also perhaps come for integration of air transport and public transport functions *within* state governments—as one single state government department dealing with provision of public transport services. This was done *de facto* by state governments themselves during travel systems developed for

international movement during COVID stress periods; and a *de jure* approach is surely now the need of the hour for seamless multi-modal movement of passengers using air, metro and city bus services. The suggested approach would also require the reorganisation of numerous city transport corporations as SRTU subsidiaries already envisaged under the Road Transport Corporation Act; with possible restructuring of city metro corporations as “group or “sister” companies/ corporations under an appropriate legal framework.

Some policy suggestions already in circulation could also be picked up for aggressive interventions, such as establishment of one state regulator (for tariff and regulatory supervision of SRTUs and city/ metro corporations); one state port operator (for proper administrative and financial functioning of all metro and bus stations/ depots under one dedicated operating port entity); and one public sector bus operator as a group company/ corporation (consisting of SRTUs, city bus and metro corporations). The state port operator should necessarily cater to *both* public and private bus operators, much like AAI accommodating both public sector and private sector airlines operators and passengers. SRTUs as public sector provider of transport services would similarly need to compete with private providers of public transport services, in the interest of overall competitive efficiency and broadening the bouquet of user choices amongst competing providers of transport services.

B. Financial Strengthening of SRTUs

A short three-month *consensus-based but crash programme* may be sufficient for updating SRTUs’ land/ lease documents and revaluation of SRTU assets consisting of: (i) ensuring proper allotment and lease documents for SRTU assets; and (2) valuation of such assets at prevailing market rates—both of which would immediately strengthen their balance sheet positions on asset-holding. This would enable easier and improved access to availing debt facilities and exploration of investment opportunities by SRTUs that would in turn enable: (i) an immediate ramp-up of public transport fleets; and (ii) upgradation of bus depots; both within a short span of the next one to two years.

Treatment of such “enhanced” land value as increased state equity participation (with primary capital infusion by the Central Government) could enable a “cost-less” solution to state governments for financial strengthening of SRTUs, without much need for additional capital infusion by states. However, on their part, state governments could be advised for suitable land tax exemptions and waiver of lease rentals by

ULBs etc. that would enable speedy resolution of land-related issues of SRTUs pending with district revenue officers/ ULBs etc.

Once balance sheets of SRTUs have thus been firmed up within clear timelines, they would be in an easier position to access financial institutions on their own for both fleet and depot upgradation. Another struggle that state road corporations face is the inability of state governments to revise maximum fares for stage carriages on a timely and realistic basis; and the Motor Vehicle Act mechanism of state government notification of ceiling bus fares (for stage and contract carriages) would therefore need to simultaneously be modernised by making it: (i) subject to mandatory annual review by states; (ii) allow for automatic adjustments based on prevailing input costs; and (iii) differentiated approaches based on whether the bus operator is primarily a pension-paying organisation (such as SRTUs or metro corporations) or non-pension paying organisations (such as most other bus operators). Automatic and differentiated adjustments of this nature would enable both SRTUs and private operators to recompense their losses on account of variable and fluctuating input costs and make increased investments in respective fleet and operational routes, enhancing public welfare in the process.

C. Deadlines-Based Asset Upgradation of SRTUs

As discussed earlier, this element would include fleet and depot upgradation, as well as maintenance systems modernisation for workshops and other STRU infrastructure within a clear timeframe of the next one to two years at the most. An important policy support could come in the form of reintroduction of the (now lapsed, with suitable restructuring of) earlier GoI scheme for integrated depot construction and operation under the PPP mechanism, which could now possibly be extended to include EPC mode of greenfield/ brownfield development as well.

D. Restructuring of Bus Depots and Metro Stations under an Umbrella Port Authority

Policy interventions in this regard could begin with adoption of an airport-like approach to bus/ metro depot operations, where bus depots are owned and operated by a SPV for use by multiple public and private bus operators, resulting in availability of proper passenger amenities (such as drinking water, toilets, parking, shade and other facilities) to *all* citizens and consumers of public transport through public and private bus fleets, not merely limited to SRTU passengers as at present. Such a port authority could also be entrusted with running and managing metro stations and city/ municipal/ rural bus depots for

ensuring proper coordination and provisioning of multi-modal transport services to all passengers and consumers.

E. Introduction of “Sugam Card” for seamless passenger movement across various public transport modes

New technologies can be quickly leveraged so that one “Sugam Card” can enable travel by one passenger/ card holder across state roadways buses, city transport corporation buses and city metro rails. Within the proposed approach, state governments would be encouraged to establish backend integrated ticketing systems with API permissions to private travel agencies for seamless and online/ app-based ticketing and movement within states, invigorating in the process the ticketing of public transportation services for land-based transport by multiple innovators in the private sector, along the lines of powerful applications already in use in the air transportation sector.

F. Future Coverage and Extension to Inland Water Transport Services (passenger services) and other Emerging Technologies under the Port Umbrella

Last but not the least, this approach could be adopted on a rolling basis to newer modes of transportation as well, such as the recent invigoration of waterways transport at the initiative of the Central Government, as well as smaller air taxi operations once again at the behest of the GoI. It is also clear that *drone-based* passenger transport could emerge as a safe alternative to road transportation anytime in the near future; and introduction of state transport regulators for the sector as suggested here would enable experience gained by them in the meantime to be utilised for quick deployment of multiple emerging technologies as and when they are ready for deployment in the public transport sector in India.