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URBAN TRANSPORT DILEMMA IN PAKISTAN

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3.4 Recognizing the critical importance of an effective and adequate urban transportation and continued sorry state of affairs in all the major cities in the country, Government from time to time, has constituted a number of Commissions, Committees, Working Groups, panels of experts of local as well as foreign consultants to study the problem and recommend measures for improvement. A review of nine such reports (for details see Annex-I) prepared to date clearly indicate that the urban transport problems and their solutions have been elaborately identified and sound recommendations made in these reports but unfortunately very few of these have been actually implemented, as a result the problem continues to plague our cities. 3.42nd/ma

3.6 (The most critical impediments in the way of developing a viable system of urban transportation are as follows:

- (a) Lack of clear-cut policy: Urban Transportation Policy has been shifting from one extreme position to another. There has not evolved a clear-cut understanding of the role of private sector and the responsibility of the Government in providing urban transport. Not only the question of private and public share remains undecided so far, the responsibility for public sector has also been tossed between federal and provincial governments with occasional suggestion that it is really the responsibility of the local municipal corporations. Also there have been repeated suggestions that the public

sector corporations must be run on strict commercial lines and lower modes of transport i.e. rickshaws, mini-buses, etc must be eliminated.

This stems from the fact that there has been a remarkable lack of understanding of the nature of urban transport operation and how it should be run. There is hardly any urban bus transport system, even in the most developed countries of the world (who run their urban transport operation with fullest autonomy and maximum efficiency), which is running on commercial lines. The revenues, due to fare structure, seldom exceed 40-60% of the total operating costs, as brought out in Annex-II. The reasons for not meeting the operating costs from fare box are as follows:

- (1) The urban transport is used by the lowest income segment of the society, who are not in a position to pay the full cost of the services. As such raising the fares even to break-even level, is not socially desirable.
 - (2) The urban mass transport facilities are generally used by low-income groups of organized labour which makes raising fares in step with cost increases politically very difficult.
 - (3) The Government as part of its social responsibility have to provide transport to serve areas not justified on the basis of traffic.
- (b) Lack of adequate finances: The natural result of lack of clear cut urban transport policy on the part of Government has been in the form of inadequate finances. The public sector corporations have been constantly starved of the needed funds. The magnitude and source of financing has varied from time to time, and all kind of methods including

securing of commercial loans or raising of debentures have been tried and failed. Infusion of funds has been sporadic, in short burst and mainly in the form of addition to fleet without complementary supporting facilities. Instances abound where even no space was available for night parking of buses and chassis lying for years for want of funds for body building. Such investments are not only wasteful but also very counter productive as they create serious problem of absorption and obsolescence over a very short period.

Lack of adequate finances triggers a very vicious circle. The usual response of the management to lack of funds is to cut down on level of maintenance, which results in more frequent breakdown of vehicles which in turn has adverse effects on revenues and thus management is forced to cut further (usually maintenance) and the process goes on.

As regards private sector, the situation is even worse. There are no easy credit or loan facilities available to private urban transport operators. As a result, the entrepreneur resorts to securing the credit from private sources which though very easy to obtain, carry very high interest rates and most cruel terms of recovery of the loan. The loans are administered by anti-social elements and incidences of high handedness are very common.

- (c) Over regulation: The urban transport in the country is greatly over-regulated by the Government in terms of fares. The fare increases have been mostly adhoc, insufficient and too late. Inadequacies of the fare can be judged from the fact that the cost of tyres, tubes, POL, chassis and labour has gone up from 1000-1800% since 1950 whereas the fare increases are only a fraction of this. The current fares for various bus urban transport are generally 15-50% lower than what would be a reasonable level as brought out in Annex-III.

The problem would not have been very bad had the urban transport exclusively been in public sector. The difficulty arises because of the fact that the private sector also provide a large share of urban transport. Since private sector are there for financial consideration only they rightly feel no moral and social obligation to carry traffic at the subsidized rates. This has been a constant source of trouble in the past and need to be resolved.

There are certain other indications which point toward a very serious situation developing as detailed below:

- (1) The rate of induction of new buses has gone down considerably, while number of smaller vehicles has been very high in recent years, as can be seen from Annex-IV. This indicates lack of adequate sources of financing and non-profitability of larger vehicles.
- (2) No recognized high class entrepreneur is willing to invest in urban road transport due to very un-attractive return. As a result, the ownership has gone into the hands of middle and lower middle income group (often multi-ownership or self-operated).
- (3) The turn-over of ownership in public transport is very high. Instances abound where the investor (s) who entered the field for social reasons (ownership of public transport is still considered a status symbol) often with hard earned saving from working abroad or selling moveable/immoveable assets, quickly found out that it was no longer an attractive proposition and got out, suffering considerable financial loss in the process.

It is feared that if it is allowed to continue, the problem may attain un-manageable proportion and may result in very serious political as well as economic repercussions. An indication of the seriousness of the situation is obvious from the rampant over-loading, overcharging and other acts of lawlessness prevailing in urban transport.

- (d) Student Concession: There are three basic issues in students concession namely mode of financing, private sector obligation and misuse of concession. The students concessions are, however, not properly and equitably administered. Students have been granted a fixed fare for all travel. However, any loss borne by public sector road transport corporation is made up at the end of the year by making up the difference. This, however, is not automatic and require detailed exercise and is often not paid promptly. On the other hand, the buses plying in the private sector do not receive any reimbursement for student travel. This is a constant source of irritation and often results in unpleasant and ugly incidences involving students and private bus owners. The system also gives rise to widespread misuse by the student community.
- (e) Labour Laws: The number of cases involving litigation under the labour laws is so high that prompt application of the laws is almost impossible. This seriously impedes the discipline specially in the Urban Transport Corporations. Serious consideration need to be given to alleviate the problem.
- (f) Quality Manpower: There is dearth of skilled manpower to organize, manage, operate, repair and maintain the fleet especially in the Urban Transport Corporation (UTCs) which require skilled system managers, financial analysts, drivers, technicians, works managers and depot managers. At present, the practice is to appoint non-professionals on managerial jobs. Similar is the situation in lower positions though with a lesser degree.

(g) Urban Transport Management: Mere provision of more passenger vehicles (buses, mini-buses, etc) will not effectively alleviate the problem of urban transport unless proper attention is given to improving the flow of traffic on urban roads. Management practices in the existing system frequently fail to achieve the optimum conditions and in fact, often contribute to delay, fuel waste, increased pollution and frustration. Fortunately, possibilities do exist for the improvement of urban transport system through introduction of traffic management techniques. It primarily involves the application of comparatively low cost solutions (compared with the large expenditures associated with major new road projects) to attain the most effective, safe and efficient use of existing road space as a means to check the rising demand for road based public transport.

(h) Fleet Maintenance: Maintenance of urban transport fleet in general and public sector corporations in particular leaves much to be desired. The extent of poor maintenance is manifest from the average life of 5-6 years for buses as compared with 18-20 years for most developed countries and a very large proportion (often as high as 40%) of off road buses as compared with 15% for most developed countries. The problem is primarily due to three factors namely: (a) procedural and bureaucratic difficulties in procurement of stores; (b) large element of pilferage; and (c) low productivity of staff. Serious consideration needs to be given to cover this very crucial aspect, without which it would not be possible to evolve an efficient urban transport system.

Options Available for Improvement:

Four options are available to organize the urban transport set-up in the country. These choices have been discussed at length

in the following paragraphs:

(i) Laissez-Faire Approach: The existing situation may be allowed to continue and only sporadic efforts mounted to avoid the complete break-down of transport service. However, such a "do nothing" alternative on the part of the Government cannot be chosen deliberately in view of its obvious constraints in achieving the desired objectives.

(ii) Total Privatization: The entire urban transportation system in the country may be handed over to private sector while Government act as a regulatory agency in terms of quality standards and safety only. It is argued that such a system of free market forces would create a self-supporting transport system without any external financial support and competition would ensure efficiency and the supply position would be in commensuration with the demand pattern. There are, however, valid arguments against it, especially where it involves indigent section of the society who would be totally deprived of the public transport facility. Since private operators have an interest in operating only the most profitable routes, the transport services would be un-evenly distributed and completely lacking in many areas. Also, even if this alternative may seem to provide an opportunity to avoid government involvement and hence a possibility to save governmental funds in the short run, there is insufficient basis to believe that the presently disorganized and internally competing private sector would provide the optimal solution in the most cost effective manner. Therefore, for many valid socio-economic reasons, it would not be desirable to entrust the total responsibility for the urban transport to private sector.

(iii) Total Nationalization: This approach would mean that the government would be the sole supplier of public transport in urban areas. This would range from rail rapid transit to buses and all para-transit including mini-buses, pick-up vans, taxis, rickshaws, etc. The system is in vogue in communist block countries but would not be an appropriate solution because of the following socio-economic reasons:

- (a) Public funds for investment in the development and maintenance of an urban transport system are very limited.
- (b) The rapid growth of population and travel demand specially in sprawling urban areas of the major cities makes even the basic provision of transport facilities to be highly capital intensive.
- (c) Unavailability of adequately trained manpower and other physical constraint which impose serious limitations on the part of the public sector agencies to develop the infrastructure to absorb the funds even if they were somehow made available.

(iv) The Mixed Approach: This approach is primarily based on utilizing the combined resources from both the private and public sectors to provide an efficient urban transport system. This is commonly practiced in most European cities and many other parts of the world where public transport is regarded as a social service comparable to health care and education. The national and local governments provide the necessary funds and the urban transport services are duly subsidized. In such cases, the public transport services are in the form of buses and rail rapid transit within the municipal limit. The remaining transport such as taxis and some other specialized modes of transport are totally left to the private sector. Such a system, however, can work effectively and efficiently only if the operations are

well coordinated between the two sectors. This would be possible through proper planning and efficient regulation and enforcement.)

Recommendations:

The following recommendations are made to help organize the urban transport on sound footing :

- (1) A well conceived and clear cut Urban Transport Policy must be formulated wherein the need for treating urban transport as a social service in public sector is fully realized.
- (2) A two tier system of urban bus transport may be adopted to achieve the objective :

A. Public Sector

- (a) Government responsibility may be limited to providing urban transport to the most indigent segment of the society at a price which they can afford. The emphasis should, therefore, be on quantity rather than quality. The bus body design should, therefore, be simplified to provide barest minimum i.e. few seats and other frills.
- (b) All capital investment may be financed by the local, provincial and federal governments in the ratio of 20:40:40, respectively.
- (c) Fares may be so fixed that the public sector transport corporations recover only 50% of the operating costs through fare box.
- (d) The remaining 50% should be provided by local, provincial and federal governments as grants-in-aid in the ratio of 10:20:20, respectively.

B. Private Sector

- (a) Government has no moral or social responsibility to provide subsidized transport to the persons who demand high level of service and can afford to pay for it.
 - (b) To cater for the travel need of lower middle income group, who can afford to pay full bus fare, private sector buses may be allowed in all the four cities.
 - (c) The requirements of middle and upper middle income group should be met exclusively by the private sector in the form of mini-buses, rickshaws and taxis providing quality services.
- (3) Urban transport corporations may be provided with assured and continuous supply of adequate finances to enable them to carry out regular induction of new buses in a planned manner and organize their operations on scientific lines. The amount of subsidy may be budgeted in advance rather than paid on reimburseable basis.

- (4) The private sector transport may be declared as an Industry and a Transport Development Bank along the lines of Agriculture Development Bank/Industrial Development Bank may be established to provide easy loans for the full value of the vehicle against the mortgage of the vehicle which must be comprehensively insured to enable the Bank to recover its capital in case the bus is destroyed in an accident or due to other causes.
- (5) The private sector urban transport should be totally deregulated and the Government should divest itself of the responsibility of fixing fare for urban transport other than the buses run by it. This should be left to economic forces and market competition. Government must, however, retain the regulatory function with regard to quality of service and safety.
- (6) In order to provide the required data to the government as well as the private sector in determining the fares, National Transport Research Centre may be designated as official agency responsible for monitoring the cost escalation in various items such as POL, chassis tyres, tubes, labour, spare parts, etc and develop necessary indices for overall effects on the operating costs.
- (7) Students concession should be administered through the educational institutions where the student is enrolled and should be in the form of a "Travel Pass" on normal rates purchased by the respective institute on behalf of the student on monthly, quarterly or yearly (academic) basis from the owners of the buses whether private or public.
- (8) Alternatively students concession may be limited to only Government owned buses.

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- (9) In order to overcome the dearth of skilled manpower, training facilities in the managerial, technical and operational disciplines in the Polytechnics/Engineering Technology Institutes must be introduced. Also there is urgent need for augmentation of Driving Instructors, Driver Training Institutes and in-service training of the drivers.
 - (10) The maintenance problem may be overcome by contracting out the task to firms of repute as has been successfully done in Bangkok - Thailand.
 - (11) Comprehensive Transportation Studies may be conducted in all the major cities of Pakistan to determine their long term needs and suitable long-term transport plans on scientific lines. All cities with a population of more than 500,000 should have proper urban transportation system.
 - (12) Appropriate traffic management techniques not only to improve the traffic flows but also to provide quality efficiency and safety for the transport of people within our urban areas must be introduced.
 - (13) Provision of cheaper modes of transport like bicycles should be encouraged to the maximum possible by providing exclusive cycle tracks and lowering the price of bicycles in the country.
 - (14) All policy matters of the Transport Industry may be regulated by a Tripartite Committee composed of representatives of public notables, Transport Associations and the Government.
 - (15) The public sector road transport service should be declared as an essential service and clause 7 of the Essential Services Act may be made applicable to it.

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LIST OF PAST REPORTS

- (1) Working Group on Urban Transport for Sixth Plan (April, 1983).
- (2) Report of the Technical Committee appointed by the Finance Minister in pursuance of President's Directive No. 871 of 1981 to look into the affairs of KTC and PUTC (June, 1982).
- (3) Reports on Model Urban Transport System for Lahore (7 Reports) by M/s Volvo (October, 1980).
- (4) Report of the Sub-Committee on measures to encourage import of public transport vehicles by private sector. Planning Commission (August, 1979).
- (5) Recommendations on problems of Urban Transport in Karachi and Lahore. Planning Commission (February, 1979).
- (6) Report and Recommendations to improve the public transport services in the Urban Areas of Karachi, Lahore, Rawalpindi and Islamabad. London Transport International (June, 1978).
- (7) Report on the Rapid/Mass Transit System of Karachi. Rapid Transit Cell, Ministry of Communications (October, 1977).
- (8) Karachi Development Plan 1974-1985. Master Plan Department, K.D.A., Karachi (August, 1974).
- (9) Report of the Road Transport Committee, Ministry of Political Affairs and Communications (November, 1973).

URBAN TRANSPORT DEFICITS

<u>Sl.No.</u>	<u>Country</u>	<u>Deficit</u>
1.	France	69%
2.	Germany	60%
3.	Italy	75%
4.	Sweden	65%
5.	U.S.	50%
6.	U.K.	40%
7.	Iran	80%

BUS FARE STRUCTURE

<u>Passenger Capacity</u>	<u>Unit</u>	<u>Existing Fares Rawalpindi</u>	<u>Fares Karachi</u>	<u>Minimum Required</u>	<u>Difference Rawalpindi</u>	<u>Karachi</u>
63	Paisa/Km	10	12	14.9	49%	24%
100	"	10	12	13.0	30%	8%
85	"	10	12	14.7	47%	23%
34	"	13	17	19.2	48%	13%

INDUCTION OF BUSES

<u>Years</u>	<u>Buses</u>	<u>Light Commercial Vehicles</u>
1972-73	2,723	130
1973-74	3,135	136
1974-75	3,759	452
1975-76	2,893	1,424
1976-77	2,621	1,399
1977-78	2,659	3,090
1978-79	1,758	2,296
1979-80	3,774	3,812
1980-81	2,369	7,845*
1981-82	1,332	7,744*
1982-83	527	7,281*

Source: Federal Bureau of Statistics except*
which have been supplied by PACO.