REGULATORY CHALLENGES IN THE PRIVATIZATION OF PUBLIC TRANSPORTATION IN INDIA: LESSONS FOR KSTRC FROM UTC

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CERTIFICATE

This is to certify that the research work entitled **"REGULATORY CHALLENGES IN THE PRIVATIZATION OF PUBLIC TRANSPORTATION IN INDIA: LESSONS FOR KSTRC FROM UTC"** is the work done by Parneet Singh under my guidance and supervision for the partial fulfillment of the requirement of B.B.A., LL.B. (Hons) degree at College of Legal Studies, University of Petroleum and Energy Studies, Dehradun.

Signature & Name of Supervisor

Designation

Date

DECLARATION

I declare that the dissertation entitled **"REGULATORY CHALLENGES IN THE PRIVATIZATION OF PUBLIC TRANSPORTATION IN INDIA: LESSONS FOR KSTRC FROM UTC"** is the outcome of my own work conducted under the supervision of Dr. S.G. Sreejith, at College of Legal Studies, University of Petroleum and Energy Studies, Dehradun.

I declare that the dissertation comprises only of my original work and due acknowledgement has been made in the text to all other material used.

Signature & Name of Student

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CONTENTS

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PREFACE

Over the years, road transport sector has appeared as a dominant mode of transport accounting for concerning five percent of India's GDP. Though, the road transport sector is beset alongside problems. Development in vehicular populace above 10% each annum has out stripped the humble development in development of road web managing to harsh congestion on countless stretches of National/State highways. Besides, elevated development in motor vehicle populace has inflicted negative externalities on the area in the form of rising contamination, road accidents and period defeat in commuting due to congestion. Over the years the share of buses in the vehicle populace has fallen from extra than 11% to hardly 1% as a consequence of development in personalized mechanical mode (two wheelers and cars). Road transport being a State subject has managed to complex and varied regulations in words of motor vehicle taxes, permit fees, passenger taxes etc. across the States making interstate procedure of buses problematic.[i]

In this backdrop, the study examines the elements of the prevailing policy and a regulatory framework that must to be in place for public passenger bus transport. Besides, the study outlines the Indian experience of regulation and deregulation to proposal some experience for KSRTC from the success story of UTC in focus and a petty view on success story of the privatization of public transport in other states.

With the enactment of the Road Transport Corporations Act, 1950 and corrections to the Motor Vehicle Act 1939, the Government of India paved the method for speedy nationalization of passenger road transport, formation of State Transport Undertakings (STUs), and inspiring STUs to grant permits. Consequently, all the Indian states instituted STUs and commenced nationalizing bus operations. As a consequence of STU initiatives in countless states, frank groundwork like bus depots, workshops, present bus stations and shelters were built. People living in remote villages, who had not perceived automobiles, commenced by means of STU buses progressively.

According to the vision of Satyanarayana, STUs crafted and nurtured the ever-expanding market in passenger road transport from the 1950s across the 1980s. According to the

Association of State Transport Undertakings, the share of STU buses in the aggregate number of buses in the state produced from 20% in 1950 to 50% in 1980. Though, alongside the liberalization of economy emerging out of adjustments in the strategy nature, requested across corrections to the Motor Vehicle Act in 1988, STUs commenced confronting harsh opposition from private vehicles and private operators as the main 1990s[ii].

> *Owing to rising private incomes, long-distance passengers aspired for luxury services in rural operations. But STUs compelled these passengers to excursion by uncomfortable ordinary buses. Urban STUs have floundered to cater to the producing demands from low-income peripheral spans of cities. Employing monopoly entitlements, STUs neither catered to changing passenger needs nor allowed others to come in and seize care of their needs till the liberalization of the economy in the main 1990s. This arose in a momentous drop in STU clientele alongside passengers drifting to private buses and private services[iii].*

These two trends have given considerably to the erosion of market share, occupancy ratio and profitability of STUs. A bulk of STUs registered negative development and defeats in the 1990s. To enhance commercial viability, STUs were coerced to remove procedures that encompassed unprofitable trips, services and routes. Predictably, private operators have additionally not given services on low-density paths because these are not profitable. Ironically, possessing circumnavigated the maximum circle; India has arrived up in a situation nearly comparable to the one that continued pre-independence, insecurity of free admission to bus services[1].

Therefore, in a liberalized nature, it becomes a larger obligation of the state to protect the interest of customers, exceptionally those passengers who are coerced to travel in buses of low-density traffic, as they are too poor to afford personalized transport or elevated taxi fares. In countless post-liberalized economies, such setbacks were efficiently tackled across a collection of measures like packaging of paths, subsidies, and tax concessions, amid others, across the formation of a manipulating mechanism.[iv]

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[1] This problem existed under UTC and KSRTC, which has been entertained as allowing private operators and having control over its operation by the regulations and management of the UTC

Hence, there is an urgent demand to address two subjects in road transport in India[v]:

1. *Improvements in continuing STUs to enhance their competitiveness in the liberalized nature as fulfilling the goals for that they were set up in the early place.*
2. *Formation of regulatory commissions, both at the center and in states, to seize care of contractual compensation, fare association and above all, customer interest.*

Henceforth, the scheme of the study conveys the privatization in India in various sectors and transport sector with emphasis on UTC and how it can help in revival of the KSRTC. Thus, it is trails as:

Firstly, chapter discusses about the inception of privatization in India and successful privatization story in various sectors like Electricity, Insurance, etc. It further deals with the compliance of the regulatory mechanism for privatization in the abovementioned sectors and the lessons learnt from it.

Secondly, the research takes an outlook of the problems faced by public transport system in India and the reasons behind the same. It also scrutinizes the framework for the working of the SRTUs. The problems relating to the KSRTC are also discussed from management view, operational view, which leads to non-compliance of the rules or the regulations.

Thirdly, the study of the various public sector with intervention of the private operates are looked into, so as to observe strategy opted by the state for privatization. As the public transport is state matter under list II of the constitution, Uttarakhand state allowed private participation by way of PPP. There exists other states where again PPP allowed for efficient operations of the STUs.

Fourthly, the chapter deliberated over various ways of privatization prevailing in India. It also debated over the Kerala Motor Vehicle Rules, 1989 which are apparent to be complied by the private operators, and suggesting PPP to be the optimal solution for the revival of KSRTC. By way of PPP operations and control of the private operators will be in the hands of the management of the KSRTC, and will encourage the compliance of the rules and regulations under Kerala Motor Vehicle Rules, 1989.

[i] Sriraman, S., Public Road (Passenger) Transport Regulation in India. CIRC Working Paper No. 02. New Delhi: CUTS Institute for Regulation and Competition, 2013.

[ii] Satyanarayana Y., Reforms and regulation in passenger road transport and state transport undertakings, ASCI Journal of Management, Vol. 29, 2000.

[iii] Available at http://journal.asci.org.in/Vol.29%282000%29/292_Satyanarayana.htm accessed on march 22, 2015.

[iv] Id

[v] Id

CHAPTER I

PRIVATE PARTICIPATION IN PUBLIC VENTURES: THE LARGER LANDSCAPE OF REGULATIONS

Privatization is transfer of either ownership or management of the enterprise from the public sector to the private sector. In other words, privatization is withdrawal of the state from sector or industry either partially or fully. Privatization has both advantageous and adverse effects as, higher flexibility, scope of innovations with cost savings and impact on employee morale leading to termination or dislocation, respectively. In economy like India privatization has been advocate and criticizes by the experts, hence it is upon the decisions makers to look into both pros & cons attached to the privatization of such policy. Thus, during inception period Indian economy was dormant towards the privatization.

As per study there exist various modes of privatization i.e., firstly, by way of sale of an enterprise to the private players, secondly, by leasing out the entity or enterprise, thirdly, through joint ventures between state and private players, fourthly, by way of public share offers and lastly, allowing private players only for operational and financial functions.

In India privatization, up till now is at marginal level. Privatization by sale of enterprise is negligible in India though it is very much prevalent by way of public share offers, thus, 31 public sector enterprises have entered into privatization through shares offerings. In 1991, New Economic Policy gave a boost to the privatization as economy was introduced to delicensing, no entry barriers for private players and equity funding.[1] **(Gouri, G., 1996)**

[1]Privatization and Public Sector Enterprises in India: Analysis of Impact of a Non-Policy, Economic and Political Weekly, 31(48), Pp. 63-74

In this era there exist several reasons for the privatization of the public sector but some of the prevailing are to reduce the burden on the government, to strengthen the competition, to improve public finances, to fund infrastructures, accountability to shareholders, to reduce unnecessary interference, more disciplined labour force. **(Prasuna MV, 2009)**[2]

This intensified the competition in the diligences that were monopolized by the public sector earlier. State owned enterprises were deficient of the subtlety that private enterprises employed as the competitive edge. Deregulation in India was enabled by regulations like the Industries (Development & Regulation) Act, 1951 (IDRA), Monopolies & Restrictive Transactions Practices Act, 1969, (MRTPA), Foreign Transactions regulation Act, 1973 (FERA), Capital Issues Control and technical scrutiny by the Directorate General of Technical Development (DGTD).**(Goyal ND.)**[3] Post-independence, the Indian power adopted socialistic commercial strategies. It was in 1980s, that Rajiv Gandhi commenced commercial restructuring. With the aid of IMF, Indian government commenced a sequential commercial reorganization. P.V. Narasimha Rao held in the extreme economic events alongside the aid of Dr. Manmohan Singh. The aftermath of these improvements can be assessed statistically by contrasting the finished overseas investment in words of portfolio investment, FDI and investments from external equity capital markets. In 1995-1996, it was $5.3 billion as contrasted to $ 132 million in 1991-1992. The highlights of the improvements encompassing eradicating license raj for all except 18 critical sectors for licensing; tempering the regulatory on industries; Foreign Knowledge Agreements; FDI & FII; amendment of MRTP Act, 1969; Deregulation; Regulation of Inflation; Tax restructuring; encouraging external company relations.[4] Insufficient examples of privatization in India are Lagan Jute Machinery Firm Limited, Current Food

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[2] Prasuna MV, Privatisation, Slideshare, (Feb 24, 2015), 2009,

[3] Goyal ND, Privatization in India, ILO (Feb 24, 2015) http://www.ilo.org/public/english/region/asro/bangkok/paper/privatize/chap3-1.pdf

[4] Maps of India, 2010. Liberalisation, Privatization and Globalisation in India, [online], Available at: http://business.mapsofindia.com/indiapolicy/liberalization-privatization-globalization.html [Accessed 24/02/2015]

Industries Limited, BALCO, Resort Firm of India Limited, Hindustan Zinc Limited, Paradeep Phosphates Limited, BSNL etc.

Privatization indeed is helpful for the development and sustainability of the state-owned enterprises. The achievements of privatization can be observed from both microeconomic and macroeconomic encounters that privatization exerts. The microeconomics achievements are: firstly, state owned enterprises normally are outdone by the private enterprises competitively. After compared the last display larger aftermath in words of revenues and efficiency and productivity. Hence, privatization can furnish the vital momentum to the underperforming PSUs. Secondly, privatization brings concerning extreme structural changes bestowing momentum in the competitive sectors. Lastly, privatization leads to adoption of the globe best practices alongside association and motivation of the best human talent to foster sustainable competitive supremacy and improvised association of resources. **(Sheshinski, E. and Lopez-Calva, L., 2003.)**[5]

Macroeconomic achievements are enumerated as: firstly, privatization has a affirmative encounter on the financial condition of the sector that was previously state regulated by method of cutting the deficits and debts. Thirdly, the net transfer to the State owned Enterprises is lowered across privatization. **(Filipovic, A., 2005)**[6] Fourthly, helps in intensifying the presentation benchmarks of the industry in finished. Fifthly, can primarily have an unwanted encounter on the employees but softly in the long word, shall prove helpful for the development and prosperity of the operatives. Lastly, privatized enterprises furnish larger and punctual services to the clients and aid in enhancing the overall groundwork of the country. **(Guriev, S. and Megginson, W., 2005)**[7]

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[5] Sheshinski, E. and Lopez-Calva, L., Privatization and Its Benefits: Theory and Evidence, 49(3), CESifo Economic Studies, Pp. 429-459 2003.

[6] Filipovic, A., Impact of Privatization on Economic Growth, Issues in Political Economy, Pp. 1-22, 2005

[7] Guriev, S. and Megginson, W., Privatization: What have we learnt?, ABCDE Conference, St. Petersburg, January, 2005

Privatization in spite of the countless benefits it affords to the state owned enterprises, there is the other side to it as well. Here are the prominent drawbacks of privatization: Firstly, private sector focuses extra on profit maximization and less on communal goals unlike public sector that initiates socially viable adjustments in case of emergencies and criticalities. Secondly, there is lack of transparency in private sector and stakeholders do not become the finished information concerning the functionality of the enterprise. Thirdly, privatization has endowed the unnecessary support to the corruption and illegitimate methods of accomplishments of licenses and company deals amongst the power and private bidders. Lobbying and bribery are the public subjects tarnishing the useful applicability of privatization. **(Ahmad, F., 2011)**[8] Fourthly, privatization loses the duty alongside that the enterprise was instituted and profit maximization agenda inspires malpractices like generation of lower quality produce, elevating the hidden indirect prices, worth escalation etc. Fifthly, privatization aftermath in elevated operative incomings and a lot of investment is needed to train the lesser-qualified workers and even making the existing manpower of PSU abreast alongside the latest company practices. Sixthly, there can be a fight of attention amongst stakeholders and the association of the client private firm and early confrontation to change can hamper the presentation of the enterprise. Lastly, privatization escalates worth inflation in finished as privatized enterprises do not relish power subsidies afterward the deal and the burden of this inflation affects the public man.**(Lokyo S. 2012)**[9]

PRIVATIZATION IN ELECTRICITY SECTOR

The Government of India in 1991 formulated a strategy to enthuse private sector for larger participation. The strategy was commenced in 1991 alongside the goal of mobilizing additional resources for power generation, transmission and distribution. This

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[8] Ahmad, F., Privatization : A View at Developing Countries, Degree Thesis, International Business, Arcada 2011

[9] Lokyo S., Privatization Study, LWVSJC, February 18, 2012

was enabled alongside the corrections to the Electricity Generation Acts, namely, the Indian Electricity Act, 1910, and the Electricity (Supply) Act, 1948. This was altered in 1991 to enable the rising of capital from domestic and foreign marketplaces and to furnish a more open-minded, commercial and legal environment to permit the private financiers to set up generation capacities or work as Licensee (Distribution) firms, that was hitherto a monopoly of the State Electricity Boards (SEBs) or public sector undertakings. The policy delivered under these Deeds provides the framework for private sector participation in the electricity sector. (**Pal, 2013**)[10]

In 1998, Government of India held Electricity Regulatory Commission Act, 1998 enabling centre to set up Central Regulatory Commission (CERC) and accompanying the state powers to hold comparable deeds to set up State Electricity Regulatory Commission (SERC) alongside with the view to regulate tariff not merely at the distribution level but additionally at the transmission level. The regulatory commissions, at the central and state levels are expected to hold extra transparency, rationalisation of tariffs, and extra notified debates on the subjects of subsidies, improvements and restructuring.[11] A forceful and autonomous watchdog will instill larger assurance in financiers and hasten the pace of reforms.[12] Also, these agencies are anticipated to balance and protect the interests of the public and private sector players.

Finally, came the Electricity Act, 2003. In order to elucidate the official procedures, the Electricity Act, 2003 consolidated the abilities of the preceding three acts, viz., the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998. In fact, the Electricity Act 2003 has retained all the abilities of the preceding three Acts. As such, retaining the abilities of Electricity Regulatory g Commissions Act, 1998, the Electricity Act 2003 merely modified the name of the CERC as Central Commission and SERC as State Commission. The Deed provides a lawful framework for enabling reforming and restructuring of the regulatory sector. As such, the supplementary features of the Act includes, the Central Power to

[10] Pal Animesh, Power Sector in India: Growth, Policies and Challenges, Vol. 3 (3), IJETAE, 2013
[11] Id
[12] IPPs, Better late than Never: Despite Slow Start, Projects Beginning to Take Off, August 1999, p. 3/5.

design a National Electricity Policy in consultation alongside the State Governments, shove to finished the rural electrification and furnish for association of rural distribution by Panchayats, Cooperative Societies, Non-Governmental Organizations, franchisees, etc, generation being DE licensed and captive generation being freely permitted (except hydro), State Commission as a needed necessity, metering of all electricity supplied made mandatory, abilities associating to theft of electricity made extra stringent and an Appellate Tribunal to hear appeals opposing the decisions of the Central Commission and State Commissions, etc.[13] Though, above the years from 1991, Power has been streamlining and elucidating procedures to enthuse extra and extra private participation.

Broad Feature of the Policy on Private Power Development

1. The Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 have been amended to hold concerning a new lawful, official and commercial environment for private enterprises in the Electricity sector.
2. Private Sector can set up thermal undertakings (coal/gas/naphtha and supplementary fluid gas based), hydel undertakings and wind/solar power undertaking of each size.
3. Electricity Undertakings whereas finished outlay does not exceed Rs.100 crores demand not be submitted to the Central Electricity Power (CEA) for concurrence. The check has been more increased to Rs. 400 crores in case of generation undertakings to be set up by producing firms selected across competitive bidding.
4. Private sector firms can set up enterprises to work whichever as licensees or as generating companies.
5. All private firms going in the Electricity Sector hereafter will be allowed a debt-equity ratio up to 4:1.
6. Promoter's contribution ought to be at least 11 each cent of the finished outlay.
7. To safeguard that private entrepreneurs hold additionality of resources to the sector, not less than 60 each cent of the finished outlay for the undertaking have

[13] Id

to come from origins other than Indian Public Commercial Institutions.

8. Up to 100% foreign equity participation can be permitted for undertakings set by the foreign private investors.
9. The condition of dividend balancing by export paycheck, that is normally being applied to cases of external investment up to 51 each cent fairness, will not be applicable to foreign investments in the regulatory sector.
10. The rates of depreciation in respect of assets have been liberalised.
11. With the approval of the power, import of supplies of regulatory undertakings will also be permitted in cases whereas foreign supplier(s) or agency(ies) spread concessional credit.
12. The rehearse obligation for import of power equipments has been decreased to 20 each cent and this rate has additionally been spread to machinery needed for renovation and modernisation of power plants.
13. A five-year tax celebration has been allowed.
14. The excise obligation on colossal number of capital goods and instruments in the power sector has been reduced.
15. Up to 16% revisit on foreign equity encompassed in tariff can be endowed in the respective foreign currency.
16. Fixed prices can be recouped at 68.5 per cent plant burden factor (PLF) in case of thermal power plants and 90 each cent Potential Factor for hydel plants[14] Attractive incentives are counseled for presentation beyond this PLF level.
17. Tariff can be fixed in deviation of norms stipulated in March 1992 tariff notification endowed that the each constituent tariff does not exceed the each constituent tariff worked out on the basis of the norms.
18. As Renovation & Modernisation (R&M) is understood as the alternative offering far cheaper and quicker method to add capacity, it has been selected to accord the highest priority to this area. The R&M strategy has been proclaimed by the power, that outlines a little of the options obtainable for reassuring private investment in this vital area.

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[14] The policy prescribed that Government will recover the fixed costs of the Generating Companies if they operate the thermal plants at 68.5% plant load factor and hydel plants at 90% availability factor.

19. As a short-term compute, the power has proclaimed the gas fluid strategy, which permits use of precise hydrocarbon fuels for regulatory generation subject to the undertaking encounter precise locational criterion.
20. To enable setting up of colossal capacity plants m the private sector, the government has presently proclaimed its mega regulatory undertaking policy. The vital support construction is made obtainable to advance such projects.
21. State powers have additionally been counseled to ponder setting up of barge mounted power plants[15]
22. The power has additionally made efforts to update the procedure of undertaking approval. CEA has adopted a two-stage procedure for appraising a undertaking proposal. Detailed guidelines for submission of Methodical Undertaking Report to CEA have additionally been issued. In supplement, numbers of clearances needed for CEA's Technoeconomic approval have been reduced.
23. In order to enthuse captive, encompassing co-generation, power plants, guidelines have been delivered to the state powers for crafting established mechanism for early clearance of such propositions and additionally to safeguard competent measures such as purchasing or wheeling excess power from such plants.[16]

Start Of Privatization

The early state that commenced to rearrange and privatise the power sector was Orissa in the mid-1990s. Upheld by theWorld Bank they commenced a) un-bundling the consolidated utility into three distinct sectors of creation, transmission and distribution, b) privatisation of creation and distribution firms, and c) to institute autonomous regulating

[15] Barge-mounted power plants are short gestation projects to meet the immediate power shortages to be set up by the coastal states wherever economically feasible. For barge-mounted power plants it should be ensured that due care is taken regarding off-shore fuel arrangements and on-shore transmission of power. Such projects would reduce the burden of in-land transportation of fuel

[16] Govenunent of India, India's Electricity Sector- Widening Scope for Private Participation, New Delhi: Ministry of Power, (mimeograph), pp 8-10.

commissions to power these utilities. Quickly afterward, countless supplementary states like Haryana, Uttar Pradesh and Andhra Pradesh followed. (**Stamminger, 2002**)[17]

Genisis

Orissa State Electricity Board (OSEB) was instituted in 1961 to accept creation, transmission, and distribution of electricity in the State. Over the years, OSEB's commercial condition deteriorated due to assorted factors. It endured due to subsidy from the State Government; in 1995-96, the State subsidy payable had gone into arrears totaling Rs.369 crore.

The gap amid top demand and supply had grasped nearly 45 each cent by 1993-94. Though, the customer strength increased to extra than ten lakhs, the finished commercial presentation deteriorated.

The improvements procedure commenced alongside the presentation of The Orissa Electricity Reform Deed in 1995. The Deed was projected to address the frank subjects accountable for the poor presentation of the power sector in the State. The new legislation was aimed at rearranging the electricity industry, seizing measures conducive to rising the efficiency of creation, transmission, and distribution of electricity, onset avenues for confidential participation, and instituting a Regulating Commission. The Deed allowed for transfer of the assets, liabilities, workers, and statutory obligations of the OSEB to heir companies. (**Dubash, 2005**)[18]

Privatisation of Distribution Business

Since the weakest link in the industry value-chain is the distribution of power to the ultimate customer, power selected to transfer this task to the confidential players.

The procedure commenced alongside so shouted "Management Contract System" beforehand advancing on to "Divestment". In October 1996, Gridco went in into

[17] Satmminger Michael, "Privatization of electricity in Delhi", Centre for Civil Society, 2002
[18] Dubash Navroz K., "The New Regulatory Policies Of Electricity In India –Independent, Embedded, Transcendent", The Politics Of Necessity, Oxford, September 2005

association contract alongside BSES, one of the managing confidential contestants of the industry. Below the contract, which was recognized as DOS (Distribution Procedures Agreement), BSES was given the association of one of the four zones (Central Zone) in thought of a fee plus incentives established on measurable improvements in collections and metering. The examination, though, floundered, and Gridco revoked the contract in May 1997.

This examination clarified that it was not probable to enhance the presentation of an association just by asking the confidential entrepreneurs to run the day-to-day procedures lacking providing the finished control; the Government of Orrisa, though, contacted it vital to transfer the power to confidential hands. (**Kodwani, 2007**)[19]

This propelled the Government of Orrisa to afterward seize the pace of divesting its allocate in all the four distribution zones. Pursuing were salient features of the privatisation process:

- The distribution zones were corporatised, that provided origin to Wesco, Nesco, Southco, and Cesco in November 1998 as 100 each cent subsidiaries of Gridco.
- As each the transfer scheme of the Government of Orrisa, fixed assets and corresponding fairness were transferred to the distribution companies. In acting so, a moderately clean balance piece was instituted for every single of these firms, albeit it had a little negative result on Gridco, as defeats were not transferred.
- More than 50 parties (both nationwide and global organisations) had shown attention in the early periods of the process. Merely twelve companies/JVs, though, presented the needed papers, of that eleven were pre-qualified by Gridco.
- To furnish data concerning Gridco and the distribution firms, an Data Memorandum was endowed to the interested parties. Gridco additionally appointed distinct groups for the evaluation of the technical and commercial bids.
- Only three bids were consented for three firms, namely, Wesco, Nesco, and Southco. For Cesco, a subsequent round of presenting was invited.

[19] Kodwani Devendra G., Regulatory Challenges in Electricity Market In India, CIRC, 2007.

- The procedure concluded by transferring Wesco, Nesco, and Southco to BSES and Cesco to AES and Jyothi Constructions limited.

Restructuring And Privatization Of Generation

It is interesting to note that the power creation company of Orissa has perceived all forms of improvements, namely, corporatization, privatization, and transfer from state enterprise to the central enterprise. By consenting such varied methods of rearranging, the Government of Orrisa had clarified its promise to improvements and in the procedure had increased far demanded funds (and partly addressed the cash flow problem).

In 1995, the Talcher Thermal Domination Station (TTPS) of OSEB was transferred to NTPC. The assets were transferred to Government of Orrisa and next vested alongside NTPC by a distinct Deed (TTPS Deed 1994). NTPC paid a finished of Rs.356 crore towards buy of assets alongside book-value of of Rs.139 crore.

In 1996, Government of Orrisa transferred all the hydel producing stations of OSEB to a presently crafted entity shouted OHPC. The power had endowed concerning Rs.2 billion for finishing the Higher Indravati Hydro Undertaking and was anticipating to recoup the alike by privatising OHPC. Though privatization of OHPC needed distinct thought, as its producing plants are utilized for irrigation, power creation, and deluge control. Moreover, OHPC is the biggest supplier of power to Gridco, accounting for extra than 40 each cent of the power purchased. At present, power is being vended to Gridco at extremely low worth (54 paise).

In 1998, Government of Orrisa divested 49 each cent of its stake in OPGC. Eight bidders (including four global companies) were short-listed. The stake was divested in favour of AES Firm of the USA for a thought of Rs.603 crore. The premium worth consented for OPGC was a consequence of the competitive procedure generated by Global Competitive Presenting Process. (**Swain, 2007**)[20]

[20] Swain Ashwin K., Introducing Competition in Indian Electricity: A Micro- Privatisation a Possible Way?, CIRC, 2007

Creation Of Regulatory Commission

One of the attainments of the Orissa Domination Sector Improvements Undertaking has been the conception of OERC. OERC was instituted in August 1996 as the early autonomous electricity regulating body in India. Countless of the obligations and states vested preceding alongside the state power have been delegated to the commission. Some of the key purposes of OERC are as follows[21]:

- To power creation, transmission, distribution, and supply of electricity in Orissa;
- To advance efficiency, economy, and protection in the transmission, distribution, and use of electricity in the State;
- To advance competitiveness and progressively involve the participation of the confidential sector, as safeguarding a fair deal for consumers.

Thus, the Commission is anticipated to monitor presentation of confidential utilities, asssure them reasonable returns, and at the alike period, deed as a custodian of area interest. In supplementary words, the Commission is needed to balance the hobbies of the assorted stakeholders and, at the alike period, advance efficiency, economy, and contest in the sector.

In the early four years of procedures, OERC conceded licenses for transmission and distribution of electricity in the State and enabled the privatisation of distribution business. Tariff construction was rationalised and power was to de-politicise the tariff setting. The Commission crafted mechanisms to update the procedures of assorted contestants by crafting grid program, billing procedures, complaint-handling procedures, and working and protection standards. It additionally delivered orders connected to customer protection, captive power creation, and third party sales, and scrutinised the power buy accords went in into by Gridco[22].

[21] Id
[22] Supra 19

One of the vital contributions of the improvements procedure was updating of the tariff setting process. Countless steps were undertaken by the Commission to update the tariff-setting procedure and make it transparent by including the public. According to the new procedure, Gridco has to file a request alongside the Commission for tariff hike at most after in a year. The tariff request ought to have the features of counseled tariff, anticipated revenue and expenses, capital center, and all such information. Gridco has to publish a notice in newspapers, demanding area comments and objections to its proposal. Each person can next raise objection inside thirty dates from the date of notice. Gridco has to answer to the objections and the person can dispatch rejoinders. This procedure could seize one more thirty days. The Commission can seize the aid of beyond professionals to study and examine the data filed. Later this, Commission conducts a 'public hearing', whereas it permits the area to rise inquiries and pursue answers from Gridco. Instituted on the data obtainable and the hearings, the Commission seizes decision on the tariff-hike. The Commission has to finished the whole procedure inside 90 dates from the submission of all information. This comprehensive procedure provides an vital mechanism to power Gridco and to restrain it from misusing its monopolistic position.[23]

Orders delivered by the Commission have made momentous progress in reforming the electricity tariffs in the State. The Commission has been accompanied by the parameters counseled by The Electricity (Supply) Act 1948. The Act, though, permits the Commission to deviate from the counseled parameters by providing justifications. The Deed has been the basis for ascertaining the revenue necessity of distribution licenses as its notification in 1948. One of the limitations of the Deed is that it does not furnish for incentive for effectual performance. One of the goals of the reform was to address this limitation.[24] The Regulating Commission made an power in this association by familiarizing a hybrid tariff. Below this, it allowed Gridco to receive an enhanced rate of revisit as and after it reduces the T&D defeat to 35 each cent or less. Moreover, it has made the tariff construction effectual by allocating chance amid the assorted contestants in the industry. Distinct tariff orders for bulk supply, transmission and distribution, and

[23] Id
[24] Supra18

retails supply have been delivered by the regulator. A little of the vital features of these tariff orders are delineated below.

In its early tariff order OERC allowed an average rise of 10 each cent and commenced steps to cut the cross-subsidisation. It is interesting to discern that Gridco's tariff proposition was established on the anticipated T & D defeat of concerning 46 each cent, whereas the Commission allowed merely 35 each cent. As a consequence, Gridco endured to incur commercial loss.

The subsequent tariff order was a vital one. The tariff allowed after once more 35 each cent of T&D defeat and counseled an supplementary incentive of 1 each cent for every single percentage-point reduction. For the early period, the tariff was unbundled on the basis of the hobbies of Gridco. The bulk supply tariff was segregated into demand and power charges. Fixed prices in creation were recouped in the form of demand charges. Similarly, the retail tariff was un-bundled into a client ability price, demand price, and power charge.

The third tariff order was made afterward privatisation of the distribution business. In the bulk supply tariff, the Commission allowed transmission defeat of 4 each cent (against 5.3 each cent asserted by Gridco). It was vital to note that average power buy price of 103 paise each constituent was allowed (against 118 paise). This compelled Gridco to accept proper power buy planning. Similarly, the Commission disallowed pass-through of attention on promises delivered in lieu of overdue payables to power suppliers, therefore making it obligatory for Gridco to become Commission's approval for each commercial rearranging proposal. A momentous consequence of the order was that the Commission disallowed rural electrification works lacking adequate budgetary prop from the Government of Orissa. (**Prayas, 2003**)[25]

[25] Prayas, A Good Beginning But Challenges Galore: A Survey Based Study of Resources, Transparency, and Public Participation in Electricity Regulatory Commissions in India. Pune: Prayas, 2003

Lessons Learnt

At the period of commencing the reform procedure, it had been remarked that, above the years, the act of the power should cut, contest should raise, an autonomous watchdog will regulate the sector, and all those should lead to a extra gratified consumer.

Even nowadays, the top association is extra distressed alongside the wishes and whims of the Government. Period and once more, persons from the civil-services-cadre have been made the CEO of Gridco. Company governance endures to be a setback alongside preceding Gridco Chairman tolerating in Gridco as non-executive managers, as additionally being in the boards of allocation firms, alongside things exacerbating after one of them came to be presently the OERC member. One more uncertain subject is the degree of regulators' independence. The watchdog has been entrusted alongside the dual obligations of regulating monopoly and advancing competition. Nevertheless the OER Deed encompasses abilities permitting the watchdogs to work in an autonomous manner, the Commission yet has to seize the approval of the government for workers and budget. This lack of commercial autonomy limits its autonomy.[26]

Cross-holdings additionally craft problems. BSES holds 51 each cent stake in three of the four distribution firms, and AES holds 51 each cent and 49 each cent stake suitably in one of the distribution firms and in OPGC, the main supplier of power. Even OERC does not have vital states or monitoring mechanisms to stop conception of indirect or manage monopolies.

AES, as buying the Government's stake in OPGC, asserted on the liquidation of Gridco's whole dues to OPGC as precondition. Moreover, OPGC has additionally gone in into an escrow report alongside Gridco, and there is a potential of revenue from Cesco being diverted to OPGC. Is this a by-product of the cross holding? The whole sector is in a vibrant situation, and the early construction can change alongside method of time. One such potential is the more rise of the confidential players' stakes in the allocation or

[26] Power Sector Reform In Orissa: A Case Study In Restructuring (March 23, 2015) https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=7&cad=rja&uact=8&ved=0CEIQFjAG&url=http%3A%2F%2Fplanningcommission.nic.in%2Fplans%2Fstateplan%2Fsdr_orissa%2Fsdr_orich13.doc&ei=shYPVaaKJNDnarfPgYgL&usg=AFQjCNFtNHTCJG0YHFFEPTEePkUZ-T4TOA&sig2=EVpc_Hrw4HhdI0Jac2pjhA

transmission business. Such changing outlines will rise the setbacks of most of the stakeholders, like clients, watchdogs, and suppliers. Will these uncertainties make Orissa go the 'California' method ?

Change of ownership could from time to time lead to larger presentation, and from time to time worse. So, efforts ought to be made to change the ownership, if at all, wisely. It could not be vital to burden the continuing firm alongside all the defeats and craft healthy balance pieces for divested companies as scouting for a confidential party; Gridco retained in its own books concerning three periods the quantum of liabilities bypassed on to the four allocation companies. It could be vital to accept a proper valuation of assets and craft a reasonable balance piece alongside an satisfactory debt-equity ratio. If privatisation is anticipated to usher in contest, cross holdings ought to be avoided. Above all, it ought to be knew that it is not privatisation, but larger association, that can hold in efficiency. (**Kanungo Committee, 2001**)[27]

PRIVATIZATION IN INSURANCE SECTOR

In 1994, insurance sector demanded confidential participation to instigate a spirit of contest amongst the assorted insurers and to furnish a choice to the consumers.

In 1997, insurance watchdog IRDA was set up as the demand was felt:

a) to set up an autonomous manipulating body that provides larger autonomy to insurance firms in order to enhance their performance;
b) to enable them to deed as autonomous firms alongside commercial motives;
c) to protect the attention of holders of insurance policies;
d) to alter the Insurance Act, 1938, the Attendance Insurance Firm Act, 1956 and the Finished insurance Company (Nationalization) Act, 1972;

[27] Kanungo Committee, Report of the Committee on Power Sector Reforms in Orissa. Bhubaneshwar, Orissa, 2001

e) to conclude the monopoly of the Attendance Insurance Firm of India and Finished Insurance Firm and its subsidiaries.

In the early year of insurance marketplace liberalisation (2001) as far as 16 confidential sector firms encompassing combined ventures alongside managing external insurance firms have entered the Indian insurance sector. Of this, 10 were below the existence insurance group and six below finished insurance. Therefore in all there are 25 contestants (12 existence insurance and 13 general insurance) in the Indian insurance industry till date. (**Singh, 2010**)[28]

The Insurance Regulatory and Development Authority

Following the recommendations of the Malhotra Committee report, in 1999, the Insurance regulating and Development Authority (IRDA) was constituted as an self-governing body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA contain raise of contest so as to enhance client satisfaction across increased consumer choice and lower premiums, as safeguarding the commercial security of the insurance market.

The IRDA opened up the marketplace in August 2000 alongside the invitation for request for registrations. External companies were allowed ownership of up to 26%. The Power has the power to construction regulations under section 114A of the Insurance Act, 1938 and has from 2000 forwards entrapped various regulations fluctuating from registration of firms for carrying on insurance company to protection of policyholders' interests.

Today there are 28 general insurance firms encompassing the ECGC and Agriculture Insurance Corporation of India and 24 life insurance corporations working in the country. The insurance sector is a large one and is producing at a speedy rate of 15-20%. Jointly alongside investment services, insurance services add concerning 7% to the country's GDP. A well-developed and evolved insurance sector is a boon for commercial

[28] Singh Avinash, "History Of Insurance Legislation", Manupatra, 2010

development as it provides long- word funds for groundwork development at the alike period reinforcing the chance seizing skill of the country. (**Meena, 2014**)[29]

Since 1956, alongside the nationalisation of insurance industry, the LIC grasped the monopoly in India's life insurance sector. GIC, alongside its four subsidiaries, enjoyed the monopoly for finished insurance business. Both LIC and GIC have frolicked a momentous act in the development of the insurance marketplace in India and in bestowing insurance coverage in India across a comprehensive network. For example, presently, the LIC has a web of 7 zones, 100 splits and above 2,000 branches. LIC has above 550,000 agents and above 100 million lifetimes are covered.

From 1991 forwards, the Indian Government gave assorted improvements in the financial sector paving the method for the liberalisation of the Indian economy. It was a matter of period beforehand this liberalisation altered the insurance sector. A huge gap in the funds needed for groundwork was contacted chiefly as far of these funds might be loaded by life insurance funds, being long tenure funds.

Consequently, in 1993, the Government of India set up an eight-member group chaired by Mr. R. N. Malhotra, preceding Governor of the Supply Bank of India, to study the prevailing construction of regulation and supervision of the insurance sector and to make recommendations for reinforcing and updating the regulating system. The Committee presented its report to the Indian Government in January 1994. Two of the key recommendations of the Committee encompassed the privatization of the insurance sector by permitting the entry of private players to go in the business of life and general insurance and the formation of an Insurance Regulating Authority.[30]

It seized a number of years for the Indian Government to apply the recommendations of the Malhotra Committee. The Indian Parliament bypassed the Insurance Regulating and Development Act, 1999 (IRD Act) on 2nd December, 1999 alongside the target "to furnish for the formation of an Authority, to protect the interest of the policy holders, to

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[29] Meena G. "Impact Of Recent Developments On Insurance Sector", Vol. 3. Issue 2, Indian Journal Of Research, , December, 2014, (March 23, 2015) http://theglobaljournals.com/paripex/file.php?val=December_2014_1420187076__70.pdf

[30] Gupta R. K., Fundamentals of Insurance, Himalaya Publishing House

regulate, advance and safeguard orderly development of the insurance industry and to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the General Insurance Business (Nationalization) Act, 1972".

The Indian life insurance industry has appeared as the mainstay of whole insurance space alongside Rs 2.9 trillion (US$ 58.7 billion).With above 35 crore existence insurance strategies in power, the industry has registered remarkable development as its privatization in 2000. The 24 existence insurance players' premiums amassed in April-December 2011 stood at Rs 71, 953.54 crore (US$ 14.59 billion) as the industry vended concerning 27.24 million policies during the era, according to data amassed by IRDA.

The insurance sector is a large one and is producing at a speedy rate of 15-20%. Jointly alongside investment services, insurance services add concerning 7% to the country's GDP. A well-developed and evolved insurance sector is a boon for economic development as it provides long- word funds for infrastructure development at the alike period reinforcing the chance taking ability of the country.

New Initiatives Taken By Government Of India[31]*:*

1. *The Insurance Laws (Amendment) Bill, 2008*: The Insurance Laws(Amendment) Bill, 2008, that proposed amendments in the Insurance Act, 1938, the General Insurance Business (Nationalisation) Act, 1972 and the Insurance Regulatory and Development Authority (IRDA) Act, 1999 was introduced in the Rajya Sabha on the 22nd December, 2008.The counseled corrections were aimed at removing archaic and redundant abilities in the legislations and incorporating certain abilities to furnish IRDA alongside flexibility to discharge its purposes extra effectively.

The Insurance Laws (Amendment) Bill, 2008 was devoted to the Standing Committee on Finance for examination and report. The Standing Committee presented its report to Parliament on the 13th December, 2011. The Standing Committee on Finance, in its report, has made countless recommendations suggesting amendments in the Bill. The

[31] IBEF, Insurance Sector in India, November, 2013

Notice to introduce the Insurance Laws (Amendment) Bill alongside authorized amendments was dispatched to Rajya Sabha Secretariat on countless occasions prior to design sessions, encompassing most presently on 30.01.2014. The matter might, though, not be seized up by the House. The Cabinet agreed amendments to the Insurance Laws (Amendment), Bill, 2008, pending in the Rajya Sabha.

2. *Varishtha Pension Bima Yojana (VPBY)* as a pension scheme for elder citizens : The revived Varishtha Pension Bima Yojana (VPBY) was formally launched by the Finance Minister on 14.08.2014 and will be open across the window stretching from 15th August, 2014 to 14th August, 2015 for the benefit of residents aged 60 years and above. The scheme will be administered by LIC. The subscription to the scheme is probable to craft a corpus of extra than Rs. 10,000 crore, and should therefore additionally be a momentous basis of resource mobilization for the progress of the country. Pension would be on instant annuity basis in monthly, quarterly, half-yearly or annual mode, fluctuating, suitably, amid Rs. 500 to 5000 (monthly), Rs. 1500 to 15,000 (quarterly), Rs. 3000 to Rs. 30,000 (half-yearly) and from Rs. 6,000 to Rs. 60,000 (annually), reliant on the number subscribed and the option exercised. The pay-out implies an assured revisit of 9% on monthly payment basis, that numbers to an annualized return of 9.38%. As on date 2477 beneficiaries have registered andtotal number consented is 74.52 crore.

3. *Pradhan Mantri Jan Dhan Yojna (PMJDY):* targeting comprehensive commercial inclusion as been launched by PM on 28th August 2014. To safeguard expansive coverage of the micro insurance produce of life/ - life sector and AABY under the plan PSICs have been demanded to ambitiously conclude targets for coverage/issue of strategies and follow up in consultation alongside the State Level Bankers Committee (SLBC), District Level Bankers Group (DLBC) and Block Level Bankers Group (BLBC) coordinators, for each Sub Service Expanse (SSA) under PMJDY. These targets should be aggregated to appear at block, district, State and Nationwide level targets and attainments, to be described usually through the SLBC coordinators as portion of PMJDY in the counseled formats. PSICs have been demanded to safeguard that all Regional/ Branch workplaces are closely associated alongside the roll out of this programme and

attainment of its aims across close coordination with the earth investment entities and usual monitoring.

Suggestions

Now the industry needs development. Regulation can come afterward IRDA has dealt alongside dwindling growth. Insurance industry wants progress early and regulation later- that's what the industry is asking for to bring back the sector on the flat tracks. As the company of insurance is subject to governmental regulation to protect the area hobbies as well manipulation & develop the industry. Nowadays there have been assorted regulatory changes that needed existence insurers to recalibrate their company models. (**Ganesh, 2014**)[32]

1. Craft belief at the conclude the date in commercial wellbeing to a client, and the client ought to sense that the solutions endowed by the existence insurance industry are properly manipulated by the regulator.
2. Bancassurance will furnish a large boost for the development of the insurance sector if banks can deed as broker. Currently, concerning 50 each cent company comes from bancassurance, 30 each cent from the association channel and the rest from supplementary channel.
3. Allocation improvements were additionally key to the industry's growth. Entrapping a public set of laws on selling practices and incentive constructions for all intermediaries could do distant extra for commercial product penetration today than product improvements have completed so far.
4. Insurers needed appealing and retaining agents in the sector. Agent's attrition is additionally a main subject, with almost 45-50 each cent of company pending from insurance agents. Higher incentives for agents, while customer's wallet is not nipped alongside alongside a definite occupation progression path.

[32] Ganesh S.S.S Durga, "Growth Of Insurance Sector After Privatization- Life Insurance Is At Inflection Point", Vol. 2, Researchjournalis' Journal of Commerce, March, 2014, (March 23, 2015) http://www.researchjournali.com/pdf/402.pdf

5. As agreeing the new produce use - and -file mechanism is commanded whereas insurers can onset selling a product by pursuing the frank guidelines instead of a file-and - use mechanism whereas every single product has to be early agreed by IRDA beforehand its sale is permitted.
6. The industry ought to have a construction work for clearing produce by looking at the frank features, leaving some room for change by the companies.
7. Incentivizing continuing contestants and appealing external contestants should be the key to the sector's survival.
8. Worth corrections have been delineated as one of the biggest needs of the finished insurance industry since insurers are looking for usual premiums increases in the motor and condition insurance segments to match the development in inflation. (maintain a balance amid the customer's skill to wage and charging an adequate price for services provided)
9. It needs clients welfare rather than development in industry.
10. Implementation of catastrophe insurance (and pool formation) as one of the unfinished agenda in the tenure of farmer Chairman Mr. J.Harinarayan. Cat pool mechanism is the demand of an hour to deal with losses from calamitous events such as deluges and cyclone Nilam etc., (a catastrophe pool (cat- pool) is similar to that of radicalism pool, helps allocate the chance of such usual catastrophes consistently there by offering quicker relief to the victims. It additionally lowers the hit that individual insurers have to seize on their books. It was envisaged that the pool should be crafted across premiums paid by residents, supplemented by government funds. Reinsurers ought to additionally seize portion in this concept).
11. Pricing, changes and produce ought to be left to prudence of the insurance firms as agreeing the products.
12. Client approachable and industry approachable allocation improvements are definitely the demand of the hour.
13. Finance Minister's announcement in 2013-14 budget in words of allocation of insuranceproducts, onset of divisions will boost the insurance industry.

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CHAPTER II

THE PROBLEMS OF PUBLIC TRANSPORTATION SYSTEM: THE CASE OF KSRTC

Bus transport services started in India nearly a hundred years ago. By the main 1920s, a large number of vehicles were by now operating in countless portions of the country. For nearly three decades from its inception, the service was nearly completely endowed by the confidential sector. Its development was unprecedented, that managed to harmful competition amid the operators who were plying these vehicles for retain and recompense and also proved to be a menace to the railways.

It was therefore recommended that the number of licences for buses on each path must to be restricted and that conditions such as arranging, publication of fares and compulsory insurance of motor vehicles ought to be prescribed. Across pre-independence years, efforts were made to manipulation and manipulation the industry, both to circumvent harmful contest and additionally to allegedly protect the railways revenues in that the Government had considerable commercial stake. This influence came in the form of the Motor Vehicles (MV) Act of 1939. **(Mitchell & Kirkness,1932)**[1] According, to expert opinion at that period counseled controlled monopoly as an answer to the evils of the system. Endeavors to hold the operators into clusters of operators though proved futile due to contradictory goals of the parties concerned. (**Padam, 2001**)[2]

Soon afterward independence, it was consented that the way of creation have to be closely controlled, if not owned by the State. This was additionally imitated in the case of road transport, that was tabulated in the Design B of the Manufacturing Strategy Resolution that called for progressive nationalization. This arose in the form of legislation, namely, the Road Transport Corporations (RTC) Act of 1950. This legislation was meant to enable the state governments to form corporations inside their jurisdictions. Accordingly, countless states completely nationalized public bus procedure as a little others endowed for a limited act for the private sector. The method of

[1] GoI , 'Report of Mitchell- Kirkness Committee', Government of India, 1932.
[2] Padam S., Quo Vadis: Essays in Transport and Management, Pune: Central Institute of Road Transport, 2001

this legislation looked as if to indicate the government's desire for rising state supremacy, alongside the MV Act, 1939 tolerating to be the administrating legislation.[3]

However, the RTC Act endowed for monopoly and government ownership wherein the government should not merely be the watchdog but additionally be an operator. Consequently, special abilities were added to the MV Act in 1950s for publication of nationalization of bus path schemes and for approval of these schemes by the government. This was reinforced more in the context of the Five Year Strategies after the Arranging Commission emphasized the significance of bus transport in the fulfilment of Design objectives.

The bus mode of public transport has been generally endowed by the corresponding State Road Transport Firms (SRTCs) alongside the private sector frolicking a limited role. The growth and presentation of State Road Transport Undertakings (SRTUs) across the past five decades have been no mean achievement, even though there was considerable variation in the presentation of these Undertakings in disparate states; following liberalization in the main 1990s, the share of the SRTUs in words of vehicle numbers has though been declining. The share of the private sector in the total number of buses increased from 57 per cent in 1980-81 to concerning 85 per cent in 2007-08. Thus, a quick plummet of the allocate of SRTUs buses from concerning 45 per cent in the mid- 70s to concerning 15 per cent in 2007 was observed. At present, there are 63 SRTUs possessing a total number of concerning a lakh of buses of fluctuating fleet size.[4]

In words of passenger movement, as the 90s, the SRTUs have not been able to cater to the rising demand, exceptionally in city areas, as imitated by the occupation ratio (number of Traveler kms each Chair kms) in the cities. Therefore, it came to be vital to re-allow private sector participation in spans where merely area operators were allowed till the main 90s, and to increase private participation whereas it by now continued to fill the gap amid demand and supply.

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[3] Id
[4] Id

But given the lack of competent implementation of the regulatory framework, across states many instances were noted of clandestine operations grasped out by the private sector. This was extra prevalent in mofussil (rural) operations, one motivation being the associated profitability of enumerated paths and the supplementary being the indifference of the monopoly operator, namely, the SRTU, in meeting the genuine demands of the concerned spans, that has frequently arose in the low burden factors of countless SRTUs thereby affecting their commercial presentation extremely adversely.(**World Bank, 2005**)[5]

Coming to the subject of marketplace share, NCAER examined the marketplace construction associating to bus transport in seven states in the country. the marketplace allocate of the private and public operators in these states, alongside the former frequently manipulating the less industrialized states.

The above dynamics of the marketplace construction must be believed opposing the background of the finished transport strategy of the Central government as well as the enabling strategies of the disparate states that has in fact contributed to the lack of uniformity in patterns and concerns across states. Following the liberalization of the economy in the main 90s, the Arranging Commission delivered guidelines on the way by that supplementary demand for bus transport was to be met.

In 1993-94, the Planning Commission allocated down that all supplementary demand for bus services has to be encountered by the private sector. Accordingly, privatization schemes for provision of bus transport were commenced in many states, exceptionally those in that all routes had been nationalized earlier. As this inspired private participation, they were additionally at the origin of the countless distortions which crafted extra setbacks than they solved in the years to come. Insufficient cases can be examined.[6]

In 1993-94, permits were delivered to cooperatives of unemployed youth in Haryana with a think to produce occupation opportunities in the State. These

[5] World Bank, 'Road Transport Service Efficiency Study', Mimeo, World Bank, Washington D.C., 2005.
[6] Submitted to the 11th Finance Commission, Government of India; and the World Bank (2005)

operators could furnish bus services merely on intradistrict paths, that were vitally 'link' roads. To safeguard monopoly of the Haryana Roadways in the lucrative inter-state paths, these link roads might contain Nationwide and State Highways, merely up to a maximum length of 15 kilometers, managing to fragmentation and anticompetitive practices. A strange feature of the bus transport sector in Rajasthan was that the path web was demarcated across the area sector and the private sector. The allocate of Rajasthan State Road Transport Corporation (RSRTC) in the total route-kilometrage went down progressively above a era of time. The trends indicated that each new development in route kilometrage had been in favor of the private sector. The burden factors for the Corporation went down steadily across the late 90s alongside reports indicating that the tremendous development of 'clandestine' operations on nationalized paths was at the root of the decline.

In Himachal Pradesh, ability has been noticeably categorized in words of three regions: (i) higher span or high-hills (ii) middle-region or mid- Himalayan spans and (iii) lower span or foot-hills. Concerning 60 per cent of HRTC's services were being endowed in the middle and the higher regions. The upper span roughly corresponds to the tribal belt of Himachal Pradesh that reports for 42 per cent of the span of the state but merely three per cent of the finished population.

The HRTC has a finished monopoly in this region. Most of the HRTC's paths were pondered in the middle-region. Here, the HRTC confronted competition from private operators generally on remunerative routes. While, in the lower region, the HRTC confronted contest from other inter-state operators such as the 'Delhi Transport Corporation', the 'State Transport Haryana', 'Punjab Roadways' as well as the 'RSRTC'. The burden factor was lowest in the middle span due to progressive influx of private operators in this region. In comparison, the burden factor was higher in the upper span because of the finished monopoly of HRTC operations.

The World Bank in 2005 examined private bus operations in three states, namely, Karnataka, Maharashtra and Uttar Pradesh. In both rural and inter -city segments of the passenger transport marketplace, period cart operations were discovered to be yet predominant. Limits were described with respect to grant of permits, both in nationalised and non-nationalised areas. To bridge the gap amid demand and supply, clandestine procedures seemed to be the law with marketplaces becoming ruthlessly competitive and most of the private buses having contract cart permits disregarding the permit conditions and working as 'stage carriages'.[7]

They additionally had to contest alongside the multitude of tinier vehicles such as maxi cabs, jeeps, vans and LCVs and tourist cabs, all of that operated lacking each stare to the permits they grasp and did not pursue each regulations either in fares, on routing matters or in timings of procedure alongside their procedures being fully flexible and fluctuating alongside traffic demand. In situations whereas SRTUs had not met marketplace demand, the marketplace was working around the wrecks of the power instruments - the SRTUs and the restrictive policies projected to protect them - to encounter societal needs. The cases denoted to above clearly imitated ineffective regulation as at the alike period carrying into question the relevance and demand for such restrictive regulation.

Public Land Passenger Transport services in India can be categorized into two clusters - the Rail Passenger Transport and the Road Passenger Transport. Buses seize up above 90% of Road Public Transport in Indian metropolises, and assist as an inexpensive and convenient mode of transport. India's Passenger road transport for short and medium distances is bus oriented. Buses even contest alongside railways on precise long-distance paths by presenting evening services (**Dhar, 2008**)[8]. Services are generally run by Government owned state transport corporations. All passenger buses use the average truck engine and chassis and are not frugal for metropolis use – there are nearly no buses in India specifically projected for city conditions. As a consequence, obtainable city mass transport services are overcrowded, unreliable, and involve long staying periods. Though, afterward the commercial liberalization, countless state transport corporations have gave

[7] Supra 5.

[8] Dhar, R. L., Quality of Work Life: A Study of Municipal Corporation Bus Drivers, The Journal of International Social Research, Vol. 1, 251-273, (2008).

assorted kinds of distinct buses like low-floor buses for the disabled and air-conditioned buses to appeal confidential car proprietors to aid decongest roads (**Patankar, 1989**)[9].

Off late additionally, new initiatives like Bus Rapid Transit System(BRTS) and air-conditioned buses have been seized by the assorted state Governments to enhance the bus public transport systems in cities. BRTS by now continue in countless metropolises like Pune, Jaipur, Guwahati, Delhi, Visakhapatnam, Thiruvanthapuram, Indore and Ahmedabad. In 2005, the Central Government had come up alongside the Jawaharlal Nehru Nation Urban Renewal Mission, whereas the Central, State and innate Governments come jointly to fund and craft larger groundwork for metropolises (**Trivedi, 2009**)[10].

INDIAN REGULATING FRAMEWORK IN CONCERN TO BUS TRANSPORT:

The MV Act and State-Specific Regulations: The present MV Act, 1988 came into power on July 01, 1989 afterward extremely comprehensive amendments to-date and is applicable throughout the country. It defines the powers of Central and state government with regard to the regulations for road transport industry. We debate in brief below the significant abilities relevant to our purpose. While a little of these are valid across all states, a little of them furnish for supplementary regulations.

i. *Selection of Drivers*: It is needed for drivers of stage carriages to embrace a valid driver's license as per the Act of 1988. The prescribed period check for buying such a license is minimum 18 years, that is valid across the state and the needed educational qualifications could vary across states.

ii. *Selection of Conductors:* It is needed for the conductors of stage carriages to grasp a valid conductor's licence as each the Act of 1988. The counseled period check for buying such a licence is minimum 18 years that is

[9] Patankar, P. G., Urban Transport (in India) in Distress. Pune: Central Institute of Road Transport, 1989.
[10] Trivedi, D., Ahmedabad going for a ‘take the bus’ drive, (March 24, 2015) http://www.thehindubusinessline.com/iw/2008/10/05/stories/2008100550771700.htm (2009).

applicable inside the state frontier and the required educational qualifications could vary across states.

iii. *Registration of Motor Vehicles:* A certificate of registration delivered by the state government is a frank necessity for working the vehicle across the country. The validity of the certificate is 15 years for vehicles not used for public purposes. In Rajasthan, the same holds good for transport vehicles (which includes stage carriages as well as contract carriages) as well. Though, in the case of change of ownership or locale of residence, a new certificate enumerating the alike is required from the concerned authority. To obtain a valid registration certificate it is essential across all the states for the vehicle to hold a fitness certificate. This certificate is valid across the state but it cannot exceed the period check of the vehicle. The period limit of vehicles could vary from state to state.

iv. *Control of Transport Vehicles:* For the use of a vehicle as a transport vehicle a valid permit delivered by the State Transport Authority (STA) or Regional Transport Authority (RTA) is required. Accordingly, there are no entry barriers for procedures in a State. The permit prescribes the locale and manner in that the vehicle (as a period or contract carriage) is to be used. These associate to route or routes needed the kind and seating capacity of vehicle, number of trips to be provided, etc. Each individual or firm could apply for a permit.

v. *Fixation of Fares:* Below this ability, the state can set maximum and minimum fares. In the case of stage carriages, the counseled fare to be charged is additionally to be presented along alongside the application.

vi. *Exit Barriers:* There are additionally no exit barriers. As per the Act, an operator could curtail procedures at each period by notifying the concerned authority. The state additionally has the right to annul or adjourn the permit on certain fields such as rupture of conditions, loss of ownership of vehicle, etc.

vii. *Distinct Provisions Relating to State Transport Undertakings:* If the state government touches that for the intention of providing an effectual, adequate frugal and properly coordinated road transport services it could be vital in the public interest to supply precise routes or areas for operations, it could do so below the provision of this Act. On such routes merely provisional permits alongside one-year validity can be delivered to the private sector. Below these provisions, some of the states have imposed their own restrictions such as finished nationalization (Maharashtra), a little paths kept for the public operator (as in West Bengal and Orissa, Kerala, Rajasthan), imprisonment to rural spans or link roads (Himachal Pradesh, Haryana) and permits for operators who ran buses prior to nationalization (Tamil Nadu).

viii. *Control of Traffic:* It is needed for all vehicles to pursue the maximum and minimum speed fixed below this Act. The state power could, though, vary the same in the interest of public protection or convenience whichever in the whole state or in a particular area or road. No vehicle that is not fitted alongside pneumatic tyres is allowed to be driven in each area place.

ix. *Provision of Bus-Shelters:* The state government or any concerned authority additionally determines locations at that motor vehicles may stand whichever indefinitely or for a specified era of period and additionally the locations at which public service vehicles could halt for a longer period than is vital for boarding or dropping passengers. As in Tamilnadu, Kerala, Orissa, Himachal, West Bengal and Orissa, private operators are allowed to park in area terminals as in Maharashtra, they park their vehicles beyond the bus terminals.

SCRUTINY OF THE CURRENT REGULATING REGIME - PROVISIONS, IMPLEMENTATION AND LIMITATIONS

Regarding entry controls in words of subjects of permits, it is extensively knew that as some degree of control is vital so as to avoid excessive contest, the basis that should normally have been a comprehensive planning exercise has always been missing.

Moreover, the subject of becoming permits is by itself such a long-winded exercise that involves substantial delays that in coil constitutes a set of barriers to entry into the sector. The exercise that was undertaken connected to factors such a period taken for subject of permits, nature of permits (temporary or permanent), registration fees charged, maximum number of vehicles allowed, subject of permit for a solitary routs or for a web of paths, emerging in a alongside a competition index. (**NCAER, 2007**)[11]

As is clear, Rajasthan is at the top of the ranking of the competitive index. On the supplementary hand, Maharashtra is at the bottom of the ranking. Amongst the six indicators analyzed Maharashtra is at the bottom for all indicators. Himachal Pradesh is just above Maharashtra, i.e. at the sixth position in the ranking.

Road transport regulations in India as discussed preceding, have allegedly arisen from the demand and desire to protect the railways. The permits confined road transport interest initially to a precise, described innate span that was next spread to a span, next to the province and next in the end to state as a finished when the demand arose for larger capacity over longer distances and exceptionally after the railways were incapable to lift the needed tonnage at the right period and at the right place. In fact, the road mode is most optimal over short or medium distances, alongside the railways scoring above road merely in longer distances. Optimality is described in words of minimum resource price to area encompassing energy and environmental considerations.

[11] NCAER, State Policies Affecting Competition: Passenger Road Transportation Sector , Competition Commission of India, New Delhi, 2007. .

The misallocation of resources due to no optimal modal blend amounted to nearlyRs.40000 crores in 2006-07. This setback could perhaps be decreased to an extent by an appropriate combination of pricing and investment strategies that seizes into report the multi-modal nature of movements especially long-distance ones. **(RITES, 2009)**[12]

Section 67 of the MV Act 1988 empowers the state government to subject directives to the State Transport Authority considering the fixing of fares and freights (including maximum and minimum) for stage carriages, contract carriages and goods carriages. It is, though, unclear to what extent the fare regulations are observed. The real situation is plausibly a mixed outline, alongside the degree of adherence to statutory fares reliant on how closely those fares transpire to match the marketplace prices at a specific period and place. But it is recognised that the regulation of fares has almost always been completed in an inefficient manner that reflects two particular features[13].

One relates to excessive constraint of finished fare levels that frequently affects the revenue required to fund expenditure on vehicular maintenance and replacement. One more subject relates to approvals for fare development frequently seizing a long period by that period the intention of the exercise is lost. In a growing state like India, fare manipulation should be needed for a public ability but the governance of such a provision needs to be enhanced significantly.

To a limited extent, there have to be provisions for automatic fare rise established on marketplace considerations such as gas benefits and consumer worth index that indicates the general level of inflation for the public man. It have to be recalled that all these features appear out of the strategy decision making framework a little of that demand to get proper approval from the manipulating authority.

The introduction of special provisions for SRTUs in the MV Act 1939 in 1950 (Chapter 6) has possessed, as it appears, fluctuating impacts. The nationalization

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[12] RITES, 'Report on Total Transport Systems Study', submitted to the Planning Commission, Government of India, 2009

[13] Id

procedure that pursued was reasonably prosperous exceptionally in the early three decades but the inability of the area sector to prosperously encounter the supplementary demand was due to commercial constraints on fleet development and governmental interference; the emergence of the private operator in a formal manner and extra considerably in a clandestine method (mostly due to innate governmental support) additionally altered its role. In both rural and inter-city segments of the bus traveler transport marketplace, limits have been reported alongside respect to grant of permits, both in nationalized and non-nationalized areas. (**Sriraman, 2013**)[14]

And yet the SRTUs have neither increased their armada nor (generally) properly allowed private operators in the nationalized areas, although presently, in a little cases, private buses have been recruited below SRTU management below the 'km-scheme'. It have to also be noted by countless of the SRTUs (under the guise of distinct provisions) have come to be insensitive to the needs of users' - their primary clients - as consequence of that each private sector ability even though all its flaws has been consented as a reasonable alternative to the SRTU. [15]

OPERATIONAL OUTLINE OF ROAD TRANSPORT SYSTEM IN INDIA:

In India, as in countless supplementary portions of the globe, investment in Passenger Road Transport System (PRTS) is indulged as a portion of public provision of services whereby the key focus is on meeting the communal obligation of an reasonable, innocuous and consistent bus ability to the state people (**Transport Research Wing, 2002**)[16].

[14] Sriraman, S. Public Road (Passenger) Transport Regulation in India. CIRC Working Paper No. 02. New Delhi, 2013.
[15] Id
[16] Transport Research Wing, Motor Transport Statistics of India, Ministry of Surface Transport, Government of India, New Delhi, 2002.

In India, the Road Transport Corporation Act, 1950 enabled State and Central Governments to institute the Road Transport Corporations. Likewise, the Motor Vehicles Act, 1950 was subsequently altered to make discrete provision for State Transport Undertakings (STUs) (**Singh, 1993**). This Act was more altered in 1969 for advancing "State Monopoly" in passenger road transport services. Hereafter, The Indian bus transport industry is regulated by the openly owned STUs; and the PRTS in India has been coordinated in four forms (**Singh, 2000**[17]):

a. *Public Corporations* : like Andhra Pradesh State Road Transport Corporation (APSRTC), Maharashtra State Road Transport Corporation (MSRTC), Gujarat State Road Transport Corporation (GSRTC), Karnataka State Road Transport Corporation (KnSRTC), Uttar Pradesh State Road Transport Corporation (UPSRTC), Rajasthan State Road Transport Corporation (RSRTC), Kerala State Road Transport Corporation (KSRTC), Delhi Transport Corporation (DTC), Madhya Pradesh State Road Transport Corporation (MPSRTC) etc.
b. *Departmental Undertakings* : like State Transport Punjab (STPJB)
c. *Municipal Undertakings* : like Bombay Electricity Supply & Transport Undertaking (BEST); and
d. *Government Companies* : These four kinds of set up basically plummet below the colossal category of State Transport Accepting (STU), even known as State Road Transport Undertaking (SRTU). Presently, in India, there are finished 21 such Public Corporations constituted below the abilities of the Road Transport Corporation Act, 1950; as 31 undertakings are industrialized under the Indian Corporations Act, 1956. The Urban Transport is worked by 10 Local Municipal Councils; as the staying 9 Undertakings purpose as portion of the Government Departments.

Corporations report for concerning 75% of the bus armada strength followed by Corporations (17%); the share of Municipal Undertakings (4.5%) and Government Departmental Undertakings (3.5%) were lower. The biggest amid them are the

[17] Singh S. K., State Road Transport Undertakings, 1983-84 to 1996-97: A Multilateral Comparison of Total Factor Productivity, Indian Journal of Transport Management, Vol. 24(5), 363-388. 2000.

Maharashtra State Road Transport Corporation (MSRTC) and the Andhra Pradesh State Road Transport Corporation (APSRTC) with an armada of concerning 17000 Passenger buses each.

Ironically, above an era of period, except the consoling and very enthusing example of Tamil Nadu State, most of these STUs have amassed deficits merely and ironically have not been able to encounter rising transport needs of the public (**Singh & Kadiyal, 1990**)[18]. Thus, even though its prime locale in the movement of people exceptionally in remote rural areas, these STUs are subjected to criticism due to heavy defeats incurred by them every single year (**Thomas, 2000**)[19]. On the portion of these STUs, one main constraint is that the State Government controls the STU's fares as well as the most relevant aspects of their supply (**ILO/UNDP Undertaking on STUs in India - A Discover of Performance, Setbacks and Prospects, 1982**). Hence, these STUs have moderately insufficient incentives to run their business effectually (**Jha & Singh, 2000**)[20]; and are always perceived as 'public servants' lacking far botheration concerning their profitability (**Chakrobarthy, 2007**).[21]

PROBLEMS OF RTS IN INDIA:

As progress of road transport is generally allocated under the State Government, the Nationalization of this sector additionally comes under the preview of State Governments. This explains the nonexistence of uniformity in nature of nationalization of passenger transport in the disparate states. The nationalization is additionally sluggish

[18] Singh M. & Kadiyal L. R., Crisis in Road Transport, Konark Publishers Pvt. Ltd., 1990.
[19] Thomas M. K., Public Sector Bus Transport in India in the New Millennium - A Historical Perspective, Pune: Ebenezer Publishers, 2000
[20] Jha R. & Singh S. K., Small is Efficient: A Frontier Approach to Cost Inefficiencies in Indian State Road Transport Undertakings, 1-26. (March 25, 2015) http://papers.ssrn.com/paper.taf?abstract_id=216569 (2000)
[21] Chakrobarthy B., Is it Meaningful to Measure Performance of Government Sector? Journal of Commerce, 12, pp. 32-42. 2007

and at some point partial, in the given state. (**Thakkar, 2013**)[22] The heterogeneous characteristics of the STUs in disparate states are accountable for disparate problems:

- *Legal Constraints:*

It is public experience that the procedures of disparate STUs are disparate owing to countless lawful constraints. For instance, the Motor Vehicle Deed imposes countless official procedures to become permit for path of the bus services. The demand outline for Passenger trip is additionally unequal and at some point more random in nature than usually noted in the case of supplementary productive enterprises. Increasing price of countless inputs required for bus procedures is uncontrollable price constituent as the procedures have no impact to control the prices of fuels, tyre and spares. The commercial rationale demands the immediate upward change in the fare constructions established on cost of the procedures, but owing to lawful and official procedure, the assorted steps demanded materialize to be exceedingly time consuming. Confrontation from the public and political authorities is additionally crafting setbacks even for validated rise in fare. The lag in rise in fare and elevated price of procedures owing to non-controllable price constituent creates the long term setback of commercial viability of the organization.[23]

- *Heavy Burden of Taxation*:

The taxation on road transport industry in India is exceedingly burden-some. The fixed constituent of taxation that is autonomous of vehicle utilization each date creates fixed liabilities on the organization. After the benefits of inputs altering variable price constituent are rising, the fare is not flexible as needed; the burden of taxation is to be decreased so that the financial viability should be possible.[24]

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[22] Thakker Mehul G., Management Concerns of Public Road Transport in India, Indian Journal of Applied Research, Vol. 3, 2-3, 2013.
[23] Id
[24] Id

- *Subject of Manufacturing Relations*:

For healthy and competent procedures of nationalized bus transport undertakings, the congenial employer-employee relationship is a pre-requisite. It appears that the managerial efforts to boost up the labour productivity do not become adequate reply from labour. So the real trial lies in how to furnish incentive by bestowing good atmosphere so that the supplementary expenditure is compensated by rise in the productivity of bus services.[25]

- *Nature of the Nationalization of Road Transport Industry*:

How the nationalization is being requested in a particular State is additionally extremely far vital for commercial procedure of the STUs. If there is a partial nationalization irresistible the STUs to contest alongside confidential operators, countless setbacks should crop up as confidential operators are possessing distinct advantages; which could craft the setbacks for exceedingly legalized and accountable association like STU. So, as distant as probable, the partial nationalization ought to be avoided[26].

PROBLEMS OF KSRTC

The KSRTC is the seventh biggest public transport consenting in Kerala possessing a fleet strength of above 4,500. The KSRTC accounted for 17.80 each cent of the total stage carts presenting services in the State. According to figures, the KSRTC's allocate has been coming down in relation to the total number of buses to 6.82 each cent in 2001.

The percentage of over-aged buses in the KSRTC has cut to 9.76 per cent in 2001 from 32.94 in 1980. According to the latest figures, the age-wise distribution of buses owned by the KSRTC displays that 2,194 buses out of the total buses of 4,478 buses are below

[25] Id
[26] Id

five years aged, as 918 buses are amid five and seven years. As countless as 437 buses are below 10 years. (**Menon, 2002**)[27]

Here are a little facts connected to the KSRTC. It has the subsequent highest worth in respect to price each bus each day. Income per operative is higher by concerning 12 percent in the transport corporation. In 2002, the KSRTC incurs a defeat of concerning Rs. 14 crores each month or Rs. 3.50 lakhs each bus each year or a daily defeat of Rs. 44 lakhs.

During the Ninth Plan Period, the Government endowed Rs. 55.71 crores as Plan outlay towards capital contribution and one more advance of Rs. 12.25 crores was modified as distinct grant. Therefore capital contribution by the Government was concerning Rs. 68 crores across the Ninth Plan Period. Total share capital till March 31, 2002, was Rs. 106 crores from the State Government and Rs. 23 crores from the Centre.

The KSRTC has advance repayment promises to the tune of Rs. 133.10 crores, as on March 31, 2002, alongside the KTDFC and Hudco accounting for Rs. 86.50 crores and Rs. 46.27 crores respectively. Owing to constant cash loses, and simultaneous rise in workers benefits, the overdue payments are pretty precarious.

Currently, KSRTC has total workers strength of 34,046. The strength of the working workers is 19,084 of that 5,000 are involved on provisional basis. The KSRTC staff-bus ratio is 7.46, that is moderately on the higher side. The potential of workers each operable bus was higher at 9.20. The crew strength each operable bus was 5.16.

Only 81 each cent of the obligation hours of the crew is projected to run the bus and the staying is capitulated in rest or check in/out times. The average productivity of workers is merely 40.29 vehicles per km per date per staff. Crew strength of 5.16 persons each bus is able to run merely 267.37 vehicle km daily. It way that a set of conductor and driver is

[27] Menon, KSTRC Facing Too Many problems, The Hindu, October 27, 2002 (March 23, 2015) http://www.thehindu.com/2002/10/28/stories/2002102803910500.htm

merely working 104 km each day. It gives an average speed of 16 km each hour of steering obligation for driver and conductor. These are far below the all-India average.[28]

There are 22,000 pensioners and family pensioners in the KSRTC. The monthly pension price comes to Rs. 5.5 crores. The High Court has arranged the KSRTC to deposit 10 each cent of its daily collection separately to circumvent the treasury bar in the payment of pensionary benefit on the basis of retirement seniority. The pension bill will go up sharply from 2002 to 2008 because the retirement is anticipated to cross 2000 operatives annually. The finished supplementary promise on pension should be Rs. 80 crores annually.

The protection record of KSRTC buses is far larger than the confidential buses in the State, but the level of mishap frequency is extremely elevated after contrasted to the size of the state and the number of vehicles. As each the obtainable figures, the KSRTC buses were encompassed in 1,617 accidents Across the six month period of April to October 2001, the KSRTC buses were encompassed in 323 main accidents and 995 minor accidents in that 104 persons died. The annual frequency is approximated to be 2,700 accidents and 220 deaths. The KSRTC has an overdue number of Rs. 8 crores towards payment of Motor Mishap claims. It is approximated that the annual price on report of accidents is Rs. 9.5 crores. The breakdown level of KSRTC is extremely high. Every single year concerning 33,000 breakdown seizes place. It implies that every single date 2.40 each cent of schedules and 2.34 each cent of the buses are experiencing breakdown[29].

In supplementary words, afterward every single 10,000 kms of travel the bus is experiencing a breakdown. As far as 12 per cent of the vehicles are below overhaul at any time. It is quite weighty to note that one-third of the breakdown is due to tyre defect or punctures. Engine defect is noted in 21.8 per cent of the breakdowns. According to figures, the KSRTC spends Rs. 2.40 lakhs each bus each year on maintenance.

[28] Id
[29] Id

In 2001, 4388 buses were projected of that merely 275 buses were worked in Thiruvananthapuram, representing 6.27 percent of the finished buses. On moffusil paths, 2,472 ordinary buses (56.33 per cent) and 1,196 fast traveler buses (27.26 per cent) were operated. Therefore higher group of buses encompassing super-fast passenger (330 buses) and super express (97 buses) and super elegant (16 buses) accounted for 10.09 per cent of the buses. The predominance of ordinary and metropolis buses is one of the reasons for low yield in words of revenue received per passenger kilometer.

In fact, revenue paycheck each passenger kilometer closes to fare each traveler kilometers of ordinary ability (least priced). In supplementary words, the KSRTC is not able to derive the benefit of minimum fare fixed and higher fare rate for express and elegant services.

There is no data on identification of uneconomic paths or schedules. Nevertheless revenue data is obtainable at design level; price data is obtainable merely at the constituent level. According to studies, there ought to be at least 13 travelers in the bus (22 per cent burden factor) to recoup the gas cost. If all variable prices (fuel, physical labour etc) have to be recouped, there ought to be at least 39 travelers in the bus. If the present finished price is to be recouped, the burden factor ought to be 93 per cent, but it is tentative whether this is being achieved.[30]

It was described that KSRTC incurs a defeat of 8 lakhs rupees every single day. The reason they quote is that of the present hike in the diesel price. It was notified that KSRTC has to casing out extra money contrasted to the domestic car users as they plummet in one more category. It looks like the strategy of the Government is not to advance public transport but the private vehicles. In that case, one do not concur alongside the Government prescription for extra sales tax on diesel for KSRTC as it breaks the laws in the game and possessing a level frolicking field alongside the rest of

[30] The State Planning Board vice-chairman, V Ramachandran, has submitted a detailed report, which has been elaborately quoted above. The report was approved by the full planning board and submitted to Government in April, along with a set of recommendations to improve the KSRTC's functioning. But the Transport Department has not made any move so far.

the competitors in the sector. Rather, Government ought to have lessened the sales tax to enable and prop the public transport. This event displays that private transport and private vehicles are inspired as the public transport is neglected. (**Dhanuraj D., 2013**).[31]

At the alike period, one wonders whether the subjects alongside KSRTC will be resolved alongside the slashing of sales tax on diesel. They have a long past of apathy and inefficient custom of resources. In my opinion, KSRTC is a good example for how a public commodity can be channelized for the governmental upmanship and poor association practices. KSRTC had duty after it was set up. In today's globe, that duty demand to be innovated if it has to tolerate in the sector. With the onset up of the sector insufficient decades ago, KSRTC flourished in the sector alongside endured patronage from the Government and imposing marketplace monopoly principles in the select routes. It had the supremacy of being always on the Government's side to uphold itself in the market. KSRTC is neither good in effectual distribution of resources nor in selecting frequency of bus procedures in a particular route. It has amassed defeats above the years that is bigger in size contrasted to the present defeats incurred as a consequence of hike in Diesel price.[32]

There is a larger debate whether KSRTC ought to continue in the present ideal or be closed down. Personally, one trust that the sector has to be revamped beforehand we onset thinking of revamping KSRTC. The meaning of area transport shall have a wider meaning and accommodate contestants like autos and share autos to encounter the duty of larger and adjacent connectivity for the commuting public. One more complaint in this sector is concerning the misbehavior and rash steering by the confidential bus operators. In this case, the strategy ought to enthuse the transport operators to form cooperatives and the profit shall be established on the miles they work and not on the basis of no of commuters board. Next comes the duty of KSRTC. It was set up to link the interiors of the State whereas the transport options are limited. Now, the broader meaning of area transport will aid to connection this gap by delivering permits to the share autos, the pressure and demand for KSRTC will come down. Even the nationalised paths shall be

[31] Dhanuraj D., Future of State Road Transport (KSRTC) Kerala, CPPR, (March 23, 2015) http://www.cppr.in/uncategorized/future-of-state-road-transport-corporation-ksrtc-in-kerala/

[32] Id

opened up in the Sector. In this scenario, if KSRTC has to continue, it shall be bifurcated into the local corporations. KSRTC head office in Transport Bhavan in Trivandum shall not be the Government to judge the paths and the frequency for a particular path in Kazargod. In that case, effectual service according the demands and necessities of the local/region can be the prioritised by KSRTC innate head offices. Even next, there ought to be marketplace ethics and principles for the sector so that everyone in the sector is respected and no one is bulldozed.[33]

[33] Id

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15. Jha R. & Singh S. K., *Small is Efficient: A Frontier Approach to Cost Inefficiencies in Indian State Road Transport Undertakings*, 1-26. (March 25, 2015) http://papers.ssrn.com/paper.taf?abstract_id=216569 (2000)
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CHAPTER III

PRIVATE TAKEOVER OF PUBLIC TRANSPORT FOR ENHANCED EFFICIENCY: REGULATION ON FOCUS—A CASE STUDY OF UTC

Uttarakhand state came into presence on November 9, 2000 alongside main objective of bringing progress to hill span of the state. As per the **Uttarakhand PPP Policy, 2012,** privatization of the various projects including public transport system is on the following principles:

> In the period of globalization, it is imperative for the governments to enhance the public infrastructure in order not merely to craft competitive supremacy but additionally to safeguard inclusive and sustainable progress of nation/state as a finish, by rising outreach of investments to all portions of the nation.
>
> Planning Commission, Government of India, had approximated that concerning US$ 1 Trillion has to be invested in the infrastructure sector across the 12th Design to accomplish development targets of the plan. Out of that 50% is projected to be invested across Public Private Partnership (PPP) mode. It has been envisaged that a colossal portion of this investment should have to come from the Private sector. Therefore, Private sector needs to be actively engaged and inspired to give in infrastructure progress and enhancement of ability transport in continuing infrastructure as well.
>
> Public Private Partnership (PPP) is one of the best instruments to involve the Private sector in investment into Public infrastructure progress to :
>
> a. complement government's efforts,
> b. supplement resources obtainable to Government,
> c. hold in operational efficiency and expediency in killing of undertakings and transport of service
> d. hold in client oriented way in ability transport and benchmark ability levels
> e. and in the end to craft competitive nature inside this sector.

To comprehend the above objectives, Government of Uttarakhand (GoUk) is adopting this policy for Public Private Partnership, as a average instrument, assisting the ability of Public services and Public infrastructure.

This PPP policy declares in the early locale an unambiguous prop for the implementation of PPP undertakings and additionally seizes care of their regulation and the locale of the watchdog in reinforcing fiscal discipline.

In order to seize maximum supremacy of PPPs Government of Uttarakhand shall subject guidelines for subjecting all infrastructure undertakings, above a precise size in words of undertaking price, to a PPP test. If the PPP examination suggests that undertaking should consequence in larger worth for money for the Government and all stakeholders nevertheless PPP next it shall be industrialized as a PPP project. Merely in case PPP examination indicates unlikelihood of PPP by method of negative worth for money for Government across PPP next it shall be believed below maximum Government funding.

Further this UPPP policy defines PPP, its applicability along with objectives and principles behind it as trails:

PPP as " an arrangement established on a contract amid a Government or statutory entity or Government owned entity on one side and a Private sector entity on the supplementary, for the ability of Public infrastructure assets and/ or connected services for Public benefit, across investments being made by and/or association undertaken by the Private sector entity for a enumerated period era, whereas there is a comprehensive chance sharing alongside the Private sector and the Private sector receives presentation related payments that conform (or are benchmarked) to enumerated, pre-determined and measurable presentation standards.

Government entity shall mean :

a. Government Departments & Directorates

b. Government sponsored boards, Publics and supplementary self-governing bodies
c. Government sponsored education, scrutiny and vision association institutions
d. Urban Local Bodies and Panchayats
e. Government owned companies

Private Sector Entity shall mean an entity in that 51% or extra of the subscribed and paid up fairness is owned and/or manipulated by a Private entity. This shall contain Privately owned/sponsored Publics, not for profit associations as well.

Applicability

This PPP Policy shall apply to all Infrastructure Undertakings encompassing communal sectors, Main sectors and ability industry requested across Public Private Partnership in the sectors as could be notified by the Government or Government Entity as delineate in para below the Policy from period to time. This Policy should apply to all state government entities as described in

The Policy Objectives[1]

1. Craft a conducive nature for Private investment so as to:
    a. Find supplementary capital from Private sector to fund commercially viable undertakings and thus freeing of Government funds for larger allocation to commercially nonviable but socially justifiable projects
    b. Use efficiencies from innovativeness, flexibility, price efficiency, alternative management and implementation skills of Private sector

1 PPP in Transport Sector,Reserve Bank of India, (March 31, 2015) http://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=1943

c. Furnish and safeguard larger quality worth added services to the customer and the public at colossal
d. Furnish larger identification of needs and optimal use of resources
e. Develop effectual Public infrastructures in shorter words than or else

2. Accomplish commercial development and boost manage global and internal investments by giving incentives to Private investment in Public infrastructure and Public services

3. Check negative encounter of non-systematic killing of PPP projects

4. Set up a transparent, consistent, effectual official mechanism to craft a level playing earth for all members and protect attention of all stakeholders.

5. Design a ledge of undertakings to be presented for PPP alongside assistance of the proprietor departments and seize them onward across a transparent selection process.

6. Furnish vital chance allocating framework in the undertaking construction so as to allocate dangers to the entity most suited to grasp them.

7. Locale in locale a mechanism to safeguard the enhanced worth for money assessment of all projects to safeguard the incremental benefit to Public by selecting right undertakings for Public Private partnership.

8. Locale in locale an competent and effectual established mechanism for speedy clearance of the projects.

9. Craft a robust argument redressal mechanism / manipulating framework for PPP projects.

Core Principles

a. Value for money assessment
b. Efficient use of existing assets and optimal allocation of additional resources
c. Payment for services
d. Equitable contractual structures
e. Transparent process of procurement
f. Fair regulatory framework
g. Enabling institutional frameworks
h. Sustainable incentives and concessions

Legal Framework for PPP

GoUk knows that conception of Infrastructure below the PPP ideal needs that there be reasonable assurance that contesting abilities should not be crafted that should materially adversely alter the technical and commercial viability of the project. With this background in mind there should additionally be a obligation for the Government to safeguard independent regulation of such monopolistic situations to safeguard that the hobbies of both users and ability providers are retained in view.

GoUk aims to set up autonomous manipulating Governments for a little of the infrastructure sectors. The act of the watchdog should contain setting norms for entry and exit, tariff fixation, instituting standards for assembly, procedures and maintenance for the facilities/ services, revenue allocating amid Private partner and Government association, strengthening the exit barriers – in words of fixing bank guarantees, collateral or each such instruments to circumvent unilateral exit of Private partner across the undertaking term. However, the setting up of the manipulating Governments should be selected established on the specifics of every single sector.

UTC (Uttarakhand Parivahan Nigam): Case Study

In Uttarakhand, public road transport is endowed by the Uttarakhand Parivahan Nigam (Nigam) that is mandated to furnish an efficient, adequate, frugal and properly synchronized road transport. The State also allows private operators to furnish public transport. The State has not reserved each path completely for the Nigam. At present, the private operators also work on the paths on that the Nigam operates. The fare construction is controlled by the State Government and is disparate for the Nigam and for private operators.

Nigam provides public transport in the state through its 17 depots. The Nigam had fleet strength of 1905 buses as on March 31, 2009 excluding 63 hired buses and carried an average of 1.11 lakh passengers per day. It accounted for a share of 17.58% in public transport with rest 82.42% accounted for by private operators. The performance audit of the Nigam was conducted for the period from 2004-05 to 2008-09 to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Nigam.

The turnover of the Nigam was Rs. 195.22 crore in 2008-09, which was equal to 0.47% of the State Gross Domestic Product (Rs 40159 crore). The Nigam Employed about 6897 employees as at March 31, 2009 including 1007 drivers and 915 conductors engaged through outsourcing. During 2008-09 the total revenue earned by these 17 depots was Rs. 103.96 crore and constituted 53.25% of the total revenue of the Nigam.

The objectives of the performance audit were to assess the undermentioned, through which we can also access the role of private operators/players in UTC. By this we can also observe and evaluate if private operators are indulge in activities so as to obtain the objectives of the UTC:

a. Operational Performance
   - the extent to which the Nigam was able to keep pace with the growing demand for public transport;
   - whether the Nigam succeeded in recovering the cost of operation; and
   - whether the adequate maintenance was undertaken to keep the vehicles roadworthy.
b. Financial Management
   - whether the Nigam was able to raise claims and recover its dues efficiently; and
   - the possibility of realigning the business model of the Nigam to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.
c. Fare Policy and Fulfillment of Social Obligations
   - the existence and adequacy of fare policy; and
   - whether the Nigam operated adequately on uneconomical routes.
d. Monitoring by Top Management
   - whether the monitoring by Nigam's top management was effective.

On the basis of the working results like operating revenue and expenditure, total revenue and expenditure, of the audit report it is perceived that the major chunk of the operating revenue includes fare realized from private operators under kilometer scheme which has been increasing from 2004-05 to 2008-09 (from 102.19 crore to 188.47 crore). But the payment/expenditure on the hired buses or the private operators is included in the working sheets as other fixed costs, which has increased till 2007-08 but has declined in the year 2008-09 (from 1.09 to 0.07).

Henceforth, the audit report of UTC for March, 2009[2] is summarized under various heads which clearly shows how the government of Uttarakhand in consonance with the transport department of the state had allowed the private operators by way of hired buses

[2]Pandey Pravir, Audit Report of Uttarakhand Parivahan Nigam 2009, (March 31, 2015) http://saiindia.gov.in/english/home/our_products/audit_report/government_wise/state_audit/recent_reports/Uttarakhand/2009/Civil/Civil_Uttarakhand_2009/civil_chap5.pdf

to improve the financial and economic health of the UTC and increased its share in the yearly revenue earned by the state. Intrinsically, it does not have any such regulator or regulating agency thus it is also discussed hereunder:

Financial and Performance

The Nigam suffered a loss of Rs. 14.09 crore in 2008-09 without considering prior adjustments. Its accumulated losses and borrowings stood at Rs. 236.61 crore and Rs. 33.13 crore as on March 31, 2009, respectively. The Nigam earned Rs. 14.96 per km and expended Rs. 16.04 per km in 2008-09. Audit noticed that with a right kind of policy measure and better management of its affair, it is possible to increase revenue and reduce costs, so as to earn profit and serve its cause better.

Declining Share

Of 6287 buses licensed for public transport in 2008-09, about 17.58% belonged to the Nigam. The percentage share declined from 20.07% in 004-05 to 17.58% in 2008-09. The decline in share was mainly due to its operational inefficiency (leading to non-availability of adequate funds to replace/ add new buses) and lack of support from the state government. Nevertheless, vehicle density (including private operator's buses) per one lakh population increased marginally from 53.57in 2004-05 to 60.30 in 2008-09 indicating stability in the level of the public transport in the state.

Vehicle Profile and Utilization

Nigam's buses consisted of own fleet of 1095 buses and 63 hired buses at the end of 2008-09. Of its own fleet, 99 (9.04%) were over-age, i.e., more than eight years old. The % of overage buses declined from 43.31% in 2004-05 to 9.04% in 2008-09 due to acquisition of 981 new buses during 2004-09 at a cost of Rs. 109.49 crore. Nigam's fleet utilization at 95% in 2008-09 was above the All India Average (AIA) of 92%. Its vehicle productivity at 340 kms/day per bus was also above the AIA of 63%. However, the Nigam did not fix its own targets of vehicle productivity and load factor. Though the Nigam did well on operational parameters, its 73% routes were unprofitable due to high cost of operations and non-reimbursement of full cost of operations on uneconomical routes by the state government. Nigam's performance on repair and maintenance was poor.

Economy in Operations

Manpower and fuel constitute 73.68% of total cost. Interest, depreciation and taxes account for 7.79% and are not controllable in the short term. Thus, the controllable expenditure has to come from manpower and fuel. The manpower per bus increased from 5.49 in 2004-05 to 6.95 in 2006-07, but decreased to 6.24 in 2008-09. The Nigam dis not attain its own fuel consumption targets resulting in excess consumption of fuel valued at Rs. 23.22 crore during 2004-09.

The number of hired buses decreased from 91 in 2004-05 to 63 in 2008-09. The Nigam earned a net profit of Rs. 10.57 crore from hired buses during 2004-09. As this activity is profitable and has the potential to cut down the cost substantially, the Nigam needs to explore possibility to replace over-age buses by hiring more buses in future.

Revenue Maximization

Nigam's staff at depot and Headquarters conducts enroute checking of buses. Though checking by higher management was required, the same was not being carried out. This is one area for the Nigam has about 5.89 hectares of land. As it mainly utilizes the ground floor/ land for its operations, the space above can be developed on PPP basis to earn steady income which can be used to cross-subsidize its operations. The Nigam has proposals for some projects on PPP mode, but these are still at very initial stage.

Need for a Regulator

The fare per kilometer stood at 54 paisa from April 2008. Though the state government approves the fare increase, there is no scientific basis for its calculation. The Nigam has also not framed norms for providing services on uneconomical schedules.

Inadequate Monitoring

Independent regulatory body to fix the fares, specify the fixation of targets for various operational parameters and effective Management Information System (MIS) for obtaining feedback on achievement thereof are essential for monitoring by the top management. The monitoring by the Board of Directors fell short as it did not take/ recommend suitable measure to control the cost and increase the revenue.

Thus the audit report for the March, 2009 concludes that though the Nigam is incurring losses, it is mainly due to its high cost of operations and not due to low fare structure. The Nigam can control the losses by resorting to hiring of buses and tapping non-conventional sources of revenue. This review contains five recommendations to improve the Nigam's performance (**Pandey, 2009**),

- increase its percentage share in passenger transport,
- hire more number of buses, being a profitable activity,
- rationalize manpower to achieve economy in operations,
- consider devising a policy for tapping non-conventional sources of revenue on a large scale, which will result in steady inflow of revenue without additional investment,
- consider creating a regulator to regulate fares and also services on uneconomical routes.

Privatization of Other States Transport Undertakings

As counseled preceding, a reversal in the strategy direction as the 90s inspired larger reliance on private sector service by liberalizing marketplace entry in all marketplace segments, except for precise 'nationalized' stage paths whereas the SRTUs yet retained some lawful monopoly rights. The act of the SRTUs in inter-city transport has nowadays considerably decreased across most of India, and countless states (mostly in eastern India) now rely completely on private provision.

Only Andhra Pradesh reportedly has as yet no comprehensive private bus encounter to the SRTU. Private bus operators have additionally established a new average of service in long distance inter-city services (particularly in states like Tamil Nadu), as the marketplace for shorter-distance transport is being transformed by the introduction of tiny to medium buses, that work extra efficiently on the rural routes(**Koteeswaran, 2000**)[3].

In countless states, a strategy of retaining private buses by SRTUs to supplement their armada strength and to work below SRTU management on still- nationalized paths has also been introduced. In cases whereas the SRTUs have not encountered marketplace demands, private operators have ignored restrictive regulatory strategies to work clandestine services. Those operators possessing contract carriage permits disregarded permit conditions to work as period carriages. They contested with the multitude of tinier vehicles such as maxi cabs, jeeps, vans and LCVs and tourist cabs, all of that worked freely without each stare to the permits they grasped and did not adhere to each regulations concerning fares, routings or schedules, as their procedures are fully flexible and can vary instantly alongside traffic demand(**Satyanaryana, 2000**)[4].

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[3] Koteeswaran, M., *The state of state transport undertakings: Challenges ahead*. New Delhi: Association of State Road Transport Undertakings. 2000

[4] Satyanarayana Y., *Reforms and regulation in passenger road transport and state transport undertakings*, ASCI Journal of Management, Vol. 29, 2000.

From a user outlook it is opportune that the marketplace has grasped to circumvent these restrictive regulating strategies emerging in a more flexible transport arrangement, extremely responsive to the specific needs of the passengers. But this has been attained at the expense of 'so-called' public regulation, and also to a little extent, at the price of encounter minimum global service quality (safety and environment) standards.

Public- Private Partnerships (PPPs) in Bus

Transport in Current Years, the raise of such partnerships has been an underlying goal of strategy statements related to the transport sector that the Central and state governments in India have been allocating onward as the late nineties. In present years, weighty efforts have been made to operationalize the believed in the context of bus transport as portion of the implementation of the Nationwide City Transport Policy[5],which has incorporated it, in a little cases, as portion of the Central government backed Jawaharlal Nehru National City Duty (JNNURM) that has prescribed ideal guidelines to the state and local governments. The emphasis has been on the demand to advance public transport arrangements with a extra managed initiative to advance the bus mode in the disparate metropolises for that funds for bus procurement are being liberally given even inside the framework of PPPs.

The JNNURM counseled to furnish 50 each cent of the funds needed to buy the buses for metropolis transport to 63 metropolises if they adhere to precise described guidelines. Of the balance fund needed, the state government should have to locale in 20 each cent of the number and balance 30 each cent should have to come from Metropolis municipal firms or Metropolis transport firms or a private party by way

[5] GoI (2006). 'Draft Report on National Road Transport Policy', Ministry of Road Transport and Highways, Government of India, New Delhi, mimeo.

of a PPP(**Singh J., 2010**)[6]. A little notable experiences of different PPP models are discussed(**Sriraman, 2013**)[7].

The Indore Experience

Indore Metropolis Transport Services (ICTS) Regulated was incorporated on December 01, 2005 alongside an goal to work and grasp the public transport arrangement of Indore. IMC (Indore Municipal Corporation) and IDA (Indore Development Authority) seized 50:50 stakes in a distinct intention vehicle that has been run on a public-private partnership basis, as bestowing the strategy and regulatory framework for private operators that furnish services on disparate routes.

Initially, the firm recognized and seized permission for 18 elevated excursion demand paths from the Transport Government of state government and commenced procedure alongside 37 ultra-modern low floor buses alongside 2 colossal doors that allowed travelers to board and alight swiftly and facilely, saving period and gas, and providing larger run-times and enhanced economy to the bus operators. Real period vehicle pursuing and fully computerized permit vending arrangement were a little changes endeavored first period in the country. Operation and maintenance (O&M) and supplementary regulating measures were being utilized by the company.

The metropolis bus path web arrangement was scientifically projected and designed. Association oriented 'hub and articulated model' of routing has been adopted and the ideal was projected keeping in mind the motto of 'Minimum Investment alongside Maximum Returns' for all

[6] Singh Jaspal, *Urban Transportation Market In India-Future Prospective,* Slideshare, 2010, (March 31, 2015) *http://www.slideshare.net/jaaaspal/urban-transportation-market-in-india*

[7] Sriraman, S., *Public Road (Passenger) Transport Regulation in India*. CIRC Working Paper No. 02. New Delhi: CUTS Institute for Regulation and Competition. 2013

parties encompassed in the business. A insufficient years later, Indore has a armada of present, low-floor buses alongside computerized permit vending. Electronic signboards at bus stops publicize when the subsequent bus is due established on satellite data. Investment in the arrangement has increased to Rs 40 crore, all completed privately. ICTS has made a profit as inception and so have its six private partners who run the buses. It has clearly displayed revenue producing skill and commercial sustain service of the PPP structure.

The Vadodara (Baroda) Experience

Vadodara Municipal Corporation (VMSS) seized up the initiative of coordinating a metropolis bus service on the basis of a public private partnership. As the lead requesting agency, it described the bus paths, bus stops and fare construction and additionally the quality of service in words of frequency. It had to follow guidelines for metropolis bus services as per urban progress and urban housing development department, was accountable to become NOC (No Objection Certificate) from the Gujarat SRTC (GSRTC) for stoppage of current services, given that the RTA was responsible for sanction of period cart permits below the MV Act. The bus stops were made by VMSS on a build-operate transfer (BOT) basis. In lieu of the entitlements given to the operators for accumulating fare, VMSS became a premium on a yearly basis from the operators.

On the supplementary hand the private partner procured, owned and upheld buses; seized care of expenditure on rolling stock and O&M (including price of driver and conductor, supervision, fuel). It additionally endowed uniforms to drivers and conductors. One more private party built and worked 124 pickup stands to give support to the bus services on basis of advertisements.

To onset alongside, 41 paths were worked alongside 100 buses. VMSS income increased from bus operations as additionally from bus stands. This income has been utilized for the infrastructure development of the city. VMSS has encountered countless trials in words of the phenomenal development of 3-wheelers and personalized vehicles (two wheelers and cars) which have crafted difficulties in bus movement. A move towards heavy occupancy vehicle lanes and next towards bus quick transit arrangement might pave the method for a vastly improved arrangement to emerge.

The Jalgaon Experience

The motivation behind the request of the PPP ideal in Jalgaon was endowed by the poor services that the next continuing public operator, MSRTC, was providing. MSRTC sustained endured defeats from the company and its demand for compensation from the Jalgaon Municipal Firm did not receive each response. As a consequence, procedures were discontinued in August 2009. The Municipal Firm wanted to furnish bus services but had neither the resources nor the requisite expertise to do so and hence there was no option but to go in for the PPP model.

A Special Purpose Vehicle (SPV) - JNTU was formed for this purpose. The SPV drifted the tender for bus services that next consented one reply 'ECOBUS' that afterward began procedures alongside the armada of buses fitted with EURO III diesel engines alongside rates beingM3 for the early two kilometers and M0.60 each km thereafter. This arrangement adopted e-enabled measured such as GPRS armada pursuing arrangement, electronic ticketing arrangement, LED and LCD displays in buses and stops, and intelligent card passes. The frequency on all paths was 15 minutes. As a consequence, the grasping capacity increased by 400 each cent as average occupancy increased to 55 each cent managing to a revenue rise of 500 each cent. All these were attained due to upheld marketing efforts, extra revenue from publicizing, motivation of man regulation thereby bestowing high-quality services, and above all accomplished high level of operational efficiency.

However, a slight extra than a year afterward, the services have been kept due to a number of reasons momentous amid them being the lack of infrastructure service as provided in the accord amid the public and private partners. Non co-operation on the portion of MSRTC did not permit use of a terminal that has been lying new ever as MSRTC halted metropolis operations. The nonexistence of a bus terminus and depot space arose in momentous supplementary expenditure on diesel for bus turn-around on every single journey and empty movement at the onset and close of the day. While the tendering procedure had enumerated 15 routes to be proposal for, merely 5 were presented and the staying were not being presented at the instance of the MSRTC. It is our understanding that even the paths proposed were not ever projected, that meant there is demand for rationalization of paths based on a comprehensive discover that needs to be undertaken to scrutinize origin destination movements and additionally to categories paths as trunks and feeder routes. This is a vital portion of the city planning and progress department that is presently not being given adequate attention.

An scrutiny of the disparate case undertakings in Indore and Vadodara reveals that a proper PPP framework was one of the factors responsible for making a undertaking successful. The regulating body (the innate association or SPV) analyses demand, strategies paths, fixes fares, gives out tenders, and monitors presentation regularly. Accomplishment has arose from proper identification of dangers and rewards and their allocation to the party that was best able to grasp it, quick decisions made considering tariffs, paths, frequency, etc., transparent selection of the operator, constant consultation alongside stakeholders and service of space for facilities. In Jalgaon, wreck resulted as countless of these frank governance elements exceptionally on the portion of the public authorities were missing, encompassing even proper arranging and easy monitoring practices.

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CHAPTER IV

A ROAD MAP FOR KSRTC FOR PRIVATIZATION: REGULATORY COMPLIANCES

To ensure smooth and efficient working of the life line of the state of Kerala, Government of Kerala need to look into the various aspects by way of guidelines discussed under this chapter. Furthermore, various examples are also deliberated, where either by way of privatization or PPP or decentralization are adopted and are successful.

Privatization:

One probable resolution for the setbacks could be the discerning privatization of India's RTS; whichever across onset up the marketplace to private firms (who should own, embrace, work and finance their own systems) or by possessing public associations contract along with private firms to maneuver services on an arrangement wide basis, for discerning routes, or for selected purposes (like maintenance). Mishra & Nandagopal have counseled that with the harsh and tolerating resource setbacks besetting the Indian economy, and alongside the pressure on strategy makers to raise commercial development, there is a demand to privatize State Transport Undertakings (STUs) (**Mishra & Nandagopal, 1993**). Furthermore it was opined by Kulshrestha but was confronted by challenge beside other way of transport and from the private operators; privatization seems to be an option for PRTS in India. This is because in an analogy of area and private bus operators in Delhi, the World Bank discovered that private bus corporations held twice as many travelers per bus each date (1,584 vs. 751), received twice as far revenue per bus per date (2,700 vs. 1,321 Rupees), needed less than half the staffing per bus (4.6 vs. 9.6 employees), price less than half as far each km (7.7 vs. 17.2 Rupees), and truly made a profit (3.2 Rupees each km) as the public bus corporations incurred a defeat (11.0 Rupees defeat each km) (**Kulshrestha, 1994**)[1].

It appears that privatization has far possible to enhance efficiency, but it has to be convoyed by severe regulations, performance standards, and finished coordination to safeguard better services. Thus, privatization of STUs, being a weighty and sensitive subject, demands substantial attention.

[1] Kulshrestha, D. K., *Transport Management in India,* New Delhi: Mittal Publications, 1994.

Change of Outlook/Orientation – Communal to Business:

As the Public Transport in India is perceived as a matter of "Social Welfare", it is frequently needed to furnish unprofitable services on lightly utilized routes to accomplish communal goals (**Ramanayya, Nagadevara & Roy, 2005**)[2]. So, unlike a viable company entity, the RTS in India runs alongside societal orientation instead of company orientation. So, the arrangement is incapable to match cost & revenue in respect of the aftermath of regulated fare, higher taxes, and intermittent subsidies from the government. Even there is inability (due to governmental compulsions) to link the cost of the provision to the rise in the input cost due to gas, spares, depreciation, and wages. Further to this, the government treats the arrangement as an association for employment generation. Consequently, the manpower price is approximately double the private operators. So, there is a vital need to change the outlook/orientation of RTS in India from social to wholesome company orientation.

People Management:

One of the main concerns of RTS in India has been the non-participative workers/employees and their apathetic and detached view to the working and commercial condition of the STUs. Even, decision making is awfully sluggish, as for seizing a minute decision; it has to go across a long bureaucratic hierarchy. The mentality of being government servants leads to non-performance amid bulk of the employees. Even, performer and non-performer are indulged in comparable line in words of monetary benefits. So, softly, the performers favor to be enjoying like the non-performers. To vanquish all these people subjects, systematic efforts have to be made to safeguard larger quality of work existence to boost the morale and motivation of such employees. At the similar period, to inspire the performers, and to retain the non-performers on their toes, goal and uniform presentation appraisal arrangement have to be initiated (**Thakker,**

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[2] Ramanayya, T. V., Nagadevara, V. & Roy, S., *Social Responsibility of Public Transport Undertakings,* Proceedings of the 9th International Conference on Global Business and Economic Development, Seoul, Korea, 2005

2013)[3]. Efforts have to moreover be commenced to kindle a sense of belongingness amid these employees. In this context, the attitude of Trade Unions in favor of growth in productivity is to be encouraged.

Monitoring/Regulatory Mechanism:

The real encounter for the large operations of the STUs should be regulating oversight at not too elevated a price that additionally ensures that the operatives adhere severely to their timetables and do not exclude services. Autonomy of discerning and certifying associations, as vital is not adequate as collusion is probable and a public entity might be slack. The only resolution is to raise the punitive measures opposing ability omission and to hold in competitors' monitoring of every single other. The critical determinant of accomplishment should be a manipulating mechanism that ensures path control and ability frequencies.

Decentralization:

Decentralization of the RTS additionally appears to be an enthusing solution, as it is visible in case of Tamil Nadu State initiative (**Mishra & Nandagopal, 1993**)[4]. In Tamil Nadu, a crucial decision was seized to set up a number of state road transport corporations below the Corporations Act of 1956 alongside procedures limited to one or two districts. Contrary to this, in all other states, the main setback is possessing merely one STU below the Road Transport Corporation Act of 1950 to run the ability for the whole state. So, in Tamil Nadu, this decentralization has activated the far demanded agent of healthy contest amid the transport undertakings inside the state itself, as commercial and communal indicators can be utilized to difference their comparative performance. In a method, it gave the potential of yardstick analogy as well as paved the method for more cohesive association that is always discovered missing in most of the

[3] Thakker Mehul G., Management Concerns of Public Road Transport in India, Indian Journal of Applied Research, Vol. 3, 2-3, 2013.

[4] Mishra, R. K. & Nandagopal, R., *State Transport Undertakings in India: Reforms and Privatization Strategies,* International Journal of Public Sector Management, Vol. 6(5), 1993.

Government owned and operated undertaking. Even the corporation form of these undertakings endowed operational autonomy and boosted the progress and further nurturing of company sophistication and professionalism in the seemingly bureaucratic set up of the STU. That's why the STUs in the state of Tamil Nadu present striking affirmative variations – a extremely reassuring picture of productive efficiency as contrasted to their counterparts in supplementary states of our state (**Singh, 2000**)[5].

After discerning and erudition from UTC and given guidelines, apropos privatization by way of PPP, Kerala government may also adopt PPP for privatization leading to the revival of KSRTC. Subsequent question is regarding regulatory compliance, for which KSRTC will have to adhere with the Kerala Motor Vehicles Rules, 1989.

KERALA MOTOR VEHICLES RULES, 1989

In conjunction with the Motor Vehicles Act of 1988, the Government of Kerala made distinct Rules by term "Kerala Motor Vehicle Rules 1989."[6] The Kerala Motor Vehicle Rules 1989 entrapped finished Rules and specific rules relating to all matters of road transport, exceptionally passenger service.

Having comprehended the obligation to furnish a commercial and efficient passenger amenity, the Central and State Governments envisaged disparate provisions in the Motor Vehicles Act of 1988 and Kerala Motor Vehicle Rules 1989, for the flat passenger mobility. For an extra methodical scrutiny these provisions can be learned in six heads, viz.

1. Provisions concerning to the duties of driver

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[5] Singh, S. K., *State Road Transport Undertakings, 1983-84 to 1996-97: A Multilateral Comparison of Total Factor Productivity,* Indian Journal of Transport Management, 363-388, 2000.

[6] In exercise of the Governments conferred by sections 26,28,3%,65,%,107,1 I 1,138,159,176 and 213 of the Motor Vehicles Act 1988(Centrd Act 59 of 1988), the Government of Kerala hereby made the following rules, the same having been previously published as per Notification No.57129/M3/881PW & T dated the 14' June i 989 in the Kerala Gazette Extraordinary No.554 dated the 14' June 1989 and Notification No. 57 I29/M3183/PW &T dated the 19' June 1989 in the Kerstla Gazette Extraordinary No.574 dated 1 9Ih June 1989 and Notification No. 571291M3188fPW & T dated the 19~ June I989 in the Kerala Gazette Extraordinary No. 578 dated the 20' June1989, as required by sub-section (1) of section 21 2 of the said Act.

2. Provisions concerning to the duties of conductor
3. Provisions concerning to the duties of vehicle owners
4. Provisions concerning to the duties of passengers and
5. Other general provisions
6. Provision concerning to fares in stage carriages

Duties of Drivers of a Passenger Vehicle

The driver being the head of the bus, nevertheless not undeviatingly interacting with the passengers, his whole purposes and Acts shall give to the smooth running of passenger service. Rule 46 of the Kerala Motor Vehicle Rules 1989, stipulates the program of conduct of the drivers of a passenger vehicle.

Accordingly, the driver of a passenger vehicle, as on obligation, shall behave in a political and orderly manner to the passengers and aiming passengers in his vehicle and shall uphold the vehicle in a clean and sanitary condition. The driver shall not drive or endeavor to drive each transport vehicle after the consumption of any kind of alcohol or any intoxicant[7]. Moreover driver shall hold the vehicle to rest for an adequate stage in a harmless and convenient place on demand or gesture by the conductor or by each passenger desiring to alight from the vehicle and unless there is no room in the vehicle, upon demand or gesture by the aiming passengers[8].

It shall be the obligation of the driver to exercise all reasonable care and diligence to uphold his vehicle in a fit and proper circumstance and shall be accountable for the observance of the obligations of a conductor across his nonexistence or inability to present his duties. Further, driver is not suppositious to, after carrying his vehicle to rest for the intention of picking up or setting down each passengers at or adjacent the locations whereas one more area ability vehicle is at rest for the alike purpose, drive the vehicle so as to endanger, cause inconvenience to supplementary vehicle or passengers

[7] Rule 46 (1) of the Kerala Motor Vehicle Rules, 1989
[8] Rule 46 (2) (b), (c), and (d) of the Kerala Motor Vehicle Rules 1989

boarding there on or alighting there from and shall hold the vehicle to rest behind the supplementary vehicle and on the left-hand side of the road[9].

From the fortification point, the driver shall not permit each person, animal or things to be allocated adjacent the driver's chair that will impede him from having a clear vision for apposite driving,[10] shall not yell in order to appeal passengers, shall not smoke or chew-pan as on obligation, shall not hold in the vehicle each person's reasonably suspect to be paining from each infectious or contagious decease and shall not replenish the gas tank after the passengers are in the vehicle[11].

The Rules moreover states that the driver shall not loiter or unduly stay each journey, but shall continue to his destination alongside all reasonable dispatch, adhering to the path and stage design enumerated and he shall not demand or collect fares in excess of the rates fixed by the Government from stage to time[12].

Apart from the provisions pertinent to drivers in passenger vehicles as stated in Rule 46, the drivers in motor vehicles shall not drive a vehicle, which do not have registration, insurance, fitness certificate, contamination certificate, proper permit: etc.

The Motor Vehicles Act specifies that no person shall drive a motor vehicle in each public area unless he/ she holds an competent steering license[13].

Obligations of Conductor of a Passenger Vehicle

The act of the conductor is particularly vital, as he is the person who really controls the vehicle of passenger service. Conductor is anticipated to be a man of gentleness and patience as he interacts alongside hundreds of people every single day. The Rule 89 of the Motor Vehicle Rules envisages countless provisions to be well-known by the conductors of an area passenger vehicle.

[9] Rule 46 (2) (i) of the Kerala Motor Vehicle Rules 1989
[10] Rule 46 (2) (g) of the Kerala Motor Vehicle Rule 1989
[11] Rule 46 (2) sub Rules (g), G), (n) and (0) of the Kerala Motor Vehicle Rules 1989
[12] Rule 46 (2Xm) and (p) of the Kerala Motor Vehicle Rules 1989
[13] Section 3 (I) of the Motor Vehicles Act of 1988

Accordingly, every single conductor of a stage carriage as on obligation shall behave in a political and orderly manner to passengers and aiming passengers and they are accountable for maintaining the vehicle in a clean and sanitary condition[14]. It is the obligation of the conductor to seize all reasonable precautions to ensure that the passengers are not endangered or unduly inconvenienced, after goods are grasped on the vehicle in supplement to the passengers and the conductor shall, in the event of a stage carriage being incapable to continue to its destination on report of mechanical breakdown or supplementary reasons beyond the manipulation of the driver or the conductor, organize to communicate the passengers to their destination in some supplementary comparable vehicle or if incapable so to organize inside a reasonable time after the wreck of the vehicle, shall on demand refund to every single passenger the fare needed for the completion of the journey for that the passenger had paid the fare[15].

To furnish a harmless journey the conductor shall additionally take care in many respect such as helping the driver to cross an unguarded railway level crossing, not permitting each passenger to be in the vehicle after the gas tank is being replenished, not permitting to carry the passengers in each area ability vehicle in excess of the passenger capacity enumerated in the permit, not to hold in the vehicle each person reasonably distrusted to be paining from each infectious or contagious illness etc.[16]

A conductor of a pubic passenger vehicle can do a lot in bestowing an efficient and cozy travel. The Motor Vehicle Rules 1989 empowers the conductor in this concern. According to Rule 89, the conductor shall he responsible for exhibiting the proper destination board and for their brightness. In bestowing a cozy journey the conductor shall safeguard that the passengers shall not hold each goods liable to foul the inside of the vehicle, shall not cause or permit each thing to be allocated in the vehicle in such a manner as to hinder the entry or exit of passengers, shall not permit to hold more than the

[14] Rule 89 (b) and (c) of Kerala Motor Vehicle Rules 1989.
[15] Rule 89 (d) and (e) of Kerala Motor vehicle Rule 1989.
[16] Rule 89, sub- Rules (f), (w), (p) and (v), of the Kerala Motor Vehicle Rules 1989

permitted luggage by the passengers in the vehicle, shall not smoke or gnaw pan or intake any intoxicating drinks, as on duty.[17]

The above Rule more provides that the conductor shall not, lacking good and adequate reason, plummet to hold each person tendering the legal fare and shall not, lacking good and adequate reason, need each person, who has paid the legal fare, to alight from the vehicle afore the completion of the journey, Moreover the conductor shall not cause the driver to loiter or unduly delay on each journey.[18]

Discretely from the provisions in Rule 89, the conductors shall not present his obligation lacking in wearing uniform, lacking in providing proper permit or by delivering invalid permit etc.

The motor vehicle regulations stipulate the necessity of conductor's license. It says that no person shall Act as a conductor of a stage carriage unless he/she holds a competent conductor's license.[19]

Duties of Owners of Passenger Vehicles

In order to furnish an effectual and harmless passenger transport amenity to the public, assorted provisions have been encompassed in the Motor Vehicle Rules with regards to the obligations of owners of passenger vehicles. Here discussion is made in two heads viz. provisions associating to the assembly and maintenance of vehicles and provisions associating to the provisions to be endowed in the vehicles.

Provision associating to the Assembly and Maintenance of Passenger Buses

The passenger buses shall be crafted in such a way that it ought to facilitate the proper passenger service. The pursuing are the main provisions in this respect.

[17] Rule 89, sub-Rules (k), (t), (l) and (m) of the Kerala Motor Vehicle Rules 1989
[18] Rule 89, sub Rules (4) of the Kerala Motor Vehicle Rules 1989
[19] Section 29 (I) of the Motor Vehicles Act of 1988

a) *Body of the stage carriage*[20]*:* Every single stage carriage shall have a body of the saloon kind unless or else permitted by State or Native Transport Authorities. But it is not applicable to stage carriage registered prior to 16th May 1961

b) *Body dimension and guardrails*[21]*:* Every single passenger bus shall be so assembled that the height of the body side from the floor or the height to the ridges of the windows as the case may be, shall not be less than 71 crns. If the bottom of each open window or supplementary onset is less than 66 crns above the seats, provision shall be made by way of guardrails otherwise to prevent passenger's from allocating their arms out.

c) *Size of seat of passengers*[22]*:* A cozy journey is a desire of every single passenger. Convenient and cozy seating is a main factor in this respect. Rule 267 deals alongside the size of chair of passengers. Accordingly in every vehicle there shall be a provision for every single passenger, a reasonably comfortable seating space of 38 cms square measured on straight line alongside and at right slants to the front of every single seat.

d) *Cushions on chairs of stage carriages*[23]*:* The chairs and back rests of every single vehicle shall be endowed in conjunction with foam cushions obscured alongside suitable materials capable of being retained in a clean and sanitary condition. The chair shall be endowed of not less than 80 mm thickness and the back rest alongside foam cushions of not less than 30 mm thickness. In case of all express stage carriages, back rests shall be endowed alongside cozy head rests.

e) *Distance amid two seats*[24]*:* After chairs are allocated dong the vehicles, the back of every single chair on one side shall be at least 1 3 7 cms distant from the back of the chair or the other side. After the seats are allocated across the vehicle and are confronting in the alike association there shall be everywhere whereas a clear space of not less than 68.5ms amid the back of the seat, after the chairs are placed across the vehicle and are confronting every single supplementary there shall be a clear space excluding padding and upholstery amid the such external of each

[20] Rule 277 of the Kerala Motor Vehicle rules 1989.
[21] Rule 285 of the Kerala Motor Vehicle Rules 1989
[22] Rule 267 of the Kerala Motor Vehicle Rules 1989
[23] Rule 283 of the Kerala Motor Vehicle Rules 1989
[24] Rule 267 1 (a), {b) and {c). d the Kerala Motor Vehicle Rules 1989.

portion of the chair opposing that the back of the passenger is to rest and the surface of the corresponding serving of the chair confronting it of a minimum width of 124.5 cms and a clear space amid the front of confronting chairs of a minimum width of 48.5 ms.

f) *Grab rails*[25]*:* A grab rails shall be fitted to every single entrance and exit of a vehicle. An overhead grab rails alongside or without hanger straps shall additionally be provided inside the body for standing passengers.

g) *Steps of stage carriages*[26]*:* In every single vehicle the top of the head of the lowest pace for each entrance shall not be extra than 40 cm or less than 25 cm above the earth after the vehicle is empty. All steps shall be fitted alongside non-slip treads. Fixed steps shall not be less than 23cms expansive and shall in no case task beyond the body.

h) *Location of the gas tank*[27]*:* No fuel tank be allocated in any passenger vehicle below any portion of a gangway that is inside 61 ms of each entrance or exit.

i) *Gangways*[28]*:* In every single compartment of a vehicle the entrance to that is from the front door rear thereof, there shall be a gangway along the vehicle and its minimum width is 61 cms whereas chairs are allocated alongside the factions and minimum 35 cms if chairs are coordinated across the vehicle.

j) *Protection of passenger from weather*[29]*:* Every vehicle shall be constructed alongside a fixed and water taut rooftop and suitable windows, venetians or screens capable at all stages of protecting the passengers from the meteorological conditions devoid of precluding adequate ventilations.

k) *Entrance and exit*[30]*:* In case of metropolis and town services every single bus shall have a distinct entrance and exit, one at the front and the supplementary at the rear, every single having at least 63 cm width and adequate height. In all other cases the opening for entrance and exit could be conjoint.

[25] Rule 281 of the Kerala motor vehicles Rules 1989.
[26] Rule 282 of the Kerala Motor Vehicle Rules 1989.
[27] Rule 287 of the Kerala Motor Vehicle Rules 1989
[28] Rule 272 of the Kerala Motor Vehicle Rules 1989.
[29] Rule 275 of the Kerala Motor Vehicle Rules 1989.
[30] Rule 280 of the Kerala Motor Vehicle Rules 1989

l) *Conductors Seat*[31]*:* On every single stage carriage there shall be provision for the conductor a reasonably cozy seating space of 38 cms square so located as to permit him at all stages a broad vision of the inside of the vehicle.

m) *Inner lighting in passenger buses*[32]*:* Every single passenger vehicle shall be equipped alongside one or extra mechanical lights, adequate to give reasonable illumination across out the passenger compartment but of such manipulation has not to impair the onward vision of the driver.

According to motor vehicle regulations all stage carriages are liable to be rested distant fitness every single year but for new vehicles the early fitness certificate issued is valid for two years.[33] The condition of the vehicle both in engine and body are tested and the fitness certificate is delivered accordingly.

Provisions associating to facilities endowed in the passenger buses

With a think to providing extra amenities to the passengers, Kerala Motor Vehicle Rules encompassed the pursuing rules.

a) *Complaint Tool*[34]*:* A complaint book, the pages of that are serially numbered and sealed or authorized by the permit holder shall be retained in every single stage carriage on service in a clean and neat condition by the conductor and notice shall additionally be displayed. It shall be made obtainable on demand by each passenger to make an entry. A passenger making an entry in the complaint book shall note at the foot of his entry herein, his maximum term and address and details of approval or permit he holds for the journey and shall locale his signature. The permit holder shall seize the Act on the complaint inside fifteen dates of making the complaint or each person authorised by him and shall be notified to the complainant.

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[31] Rule 274 of the Kerala Motor Vehicle Rules 1989.
[32] Rule 286 of the Kerala Motor Vehicle Rules 1989.
[33] Section 56 of the Motor Vehicles Act 1988.
[34] Rule 223 of the Kerala Motor Vehicle Rules 1989.

b) *Standing capacity in stage carriages*[35] The State or Native Transport Authority could fix the number of standing passengers, the vehicle could be permitted to hold endowed that the inner height is not less than 167.5 cms and the number of standing passengers shall not exceed 25 percentage of the number of passengers for whom there is seating capacity as enumerated in sub rule (l), Endowed more is that, fifty percentage standing passengers could be allowed in metropolis and town services, Moreover no standing passengers were be allowed in luxury services, super elegant services, super express services and super-fast services till 1999, but it became altered by a Government order[36] and there afterward standing services be additionally allowed in these types of buses.

c) *Maximum passenger capacity*[37]*:* Subject to the provisions of Rule 267, the number of passengers encompassing standing, if any, that could be permitted to carry in a vehicle shall not exceed the number ambitious.

d) *Minimum seating capacity in stage carriage*[38]: Minimum seating capacity shall be undeviatingly proportional to the wheelbase of the vehicle

e) *Protection of the luggage on the stage carriage*[39]*:* Luggage grasped on the out-side of the stage carriage shall be protected from rain by a suitable waterproof covering securely attached to the vehicle.

f) *Communication along with driver*[40]*:* In every single vehicle, the driver chair be separated from the passenger's compartment by a fixed partition and shall be furnished alongside competent way to enable the passengers and the conductors to gesture the driver to halt the vehicle.

g) *Drinking water facility in buses*[41]*:* Drinking water ability shall be provided in luxury services, super elegant services and super expresses."

h) *Fire extinguishers in stage carriage*[42]*:* As a pre-condition for the conceding of permit, the state transport Government and regional transport Government could

[35] Rule 267 (2) (a), of the Kerala Motor Vehicle Rules 1989
[36] GO (P) No.4/991Tran dtd. 1 -2.1999, published as SRO No. 1 1 8/99 in K.G.Ex228 dtd.3-2-99.
[37] Rule 268 of the Kerala Motor Vehicle Rules 1989.
[38] Rule 269 of the Kerala Motor Vehicle Rules 1989
[39] Rule 276 of the Kerala Motor Vehicle Rules 1989.
[40] Rule 279 of the Kerala Maor Vehicle Rules 1989.
[41] Rule 288 A of the Kerala Motor Vehicle Rules 1989

insist on fire extinguishers in a passenger vehicle and it shall be examined at such periods and by such persons as it could specify.

i) *Prohibition of audio-visual device*[43]*:* No public facility vehicle other than a contract carriage shall be installed alongside each audio-visual device.

j) *Halting places of stage carriages*[44]*:* The state or RTO can fix such locations for such carriages afterward consultation with such Government, as it could deem desirable. Halting locations shall be indicated by way of notice boards. The driver of a stage carriage shall halt at such locations after so needed by each person desiring to alight or board. But the driver demand not halt the carriage for a person desiring to go in if the vehicle is already full.

k) *Uniform and name badge for each person other than driver and conductor:* In exercise of the states conferred by the Rule 153 C of the Kerala Motor Vehicle Rules 1989, the Transport Commissioner of Kerala specified the pursuing uniform and badge distant operatives other than driver and conductor[45].

- Pants and half- sleeved shirt alongside two breast packets in armada blue color.
- Name badge above the right breast pocket. The term badge shall be a plastic plate possessing a six 7.5 cm x 2 cm, on that the term shall be etched in black messages on white background. The size of the messages shall be 0.5 cm.

Obligations of Passengers

Even nevertheless the service providers of passenger service embrace the main rule in the competent presentation of the road transport passenger facility; the role of the passengers cannot be ignored. The State Government comprehended that the passenger service would be competent merely if the passengers behave properly. Therefore the program of conduct to be noted by the passengers was additionally included in the Motor Vehicle

[42] Rule 288 of the Kerala Motor Vehicle Rules 1989

[43] Rule 289 of the Kerala Motor Vehicle Rules 1989.

[44] Rule 206 of the Kerala Motor Vehicle Rules 1989

[45] Kerala gazette extraordinary No: C 1-44 12KC197 dated 6' June 2002, Govt. of Kerala

Rules. Rule 227 explains the norms to be followed by a passenger across the journey. Accordingly, the passengers in a public ability vehicle shall do or perform precise things. Comparably they are not permitted to do or present certain acts. The program of conduct of the passengers can be mainly tearing into two: namely the Acts, which are prohibited to do and the Acts, that must to be performed.

The Acts that are prohibited to do by a passenger

According to Rule 227 of Motor Vehicle Rules 1989, passengers in a public ability vehicle shall not use obscene or impolite speech or conduct himself in a riotous or muddled manner and they are not hypothetical to board or alight from the vehicle supplementary than by doors or starts endowed for the purpose. Moreover, s passenger shall not, after going in or endeavoring to go in the vehicle, willfully and unreasonable impede supplementary passengers pursuing to enter in to the vehicle or to alight there-from. Further, the passengers shall not smoke in the bus. One more check considering the entry into the bus is that, the passenger shall not go in the vehicle after demanded not to do so by an authorized person for the reason that the vehicle is carrying its maximum complement of passengers or that the operator is debarred from picking up passengers at the place in question by the reason of the condition attached to the permit.

With regards to the seating, there is a little restriction. A passenger inside the bus shall not inhabit extra than one chair or without legal excuse occupy each chair completely kept for each one or kept distant ladies and shall not journey on the top of the vehicle or in or on any portion of the vehicle not provided for the conveyance of passengers.

The prohibition of distractive hobbies is additionally encompassed in the program of conduct of passengers. Accordingly, a passenger shall not spit on at from the vehicle or willfully damage, ruin or defile each portion of it and the passenger shall not damage any portion of the vehicle or cause injury or discomfort to other passengers. As sitting inside the bus, a passenger shall not distract the drivers' attention lacking reasonable cause or articulate to him unless it is necessary and give each gesture that could be elucidated by the driver as a signal from conductor to onset the vehicle. More they shall not after in or on the vehicle, to the annoyance of other passengers, use or work each loud instrument or permit person to make each excessive sound by chanting or shouting.

On a moving vehicle a passenger shall not, allocate printed or similar matter of any description or allocate any article distant the intention of advertisement or announcement or publicity and shall not appeal, sell or proposal for sale of any article. The passengers are not supposed throw each money to be scrambled for by any person on the road or footway or throw out of the vehicle any bottle, fluid or each article probable to irritate persons. Across the journey the passenger shall not willfully hinder or impede each authorized operative of the permit holder in the sequence of his obligations and ere not supposed to journey alongside loaded fire arms or any dangerous or impolite articles. Passengers are not allowed to journey in a bus if his condition is such as to be impolite to supplementary passengers or if the condition of his dress or clothing is such that it could reasonably be anticipated to ruin or injure the cushions of the vehicle or the clothing of supplementary passengers and they shall not locale each goods or article of luggage in a chair aimed for passengers. Moreover, no passenger shall use or attempt to use my bypass or permit that has been altered or defaced or delivered to another person[46]. These are the prohibitory Rules to be pursued by a passenger and nowadays the affirmative Rules are looked into+

The Acts must to be performed by passengers[47]

Every passenger shall, unless he is the holder of a bypass or permit, wage the conductor the fare pelt the journey and accord the permit and depart the vehicle on the completion of the journey, unless he aims to tolerate the journey by paying supplementary fare for the spread serving and he shall produce the permit on demand by each person authorized to scrutinize the permit and on wreck to produce the permit, the passenger is liable to wage the fare from the commencing point of the bus. After, the journey, the passenger has to submit the permit also.

[46] Rule 227, sub Rules (a) to (u) of the Kerala Motor Vehicle Rules 1989.
[47] Rule 227, Sub Rule (3) (a) to 18) and Rule (4). of the Kerala Motor Vehicle Rules 1989.

During the journey, a passenger shall inhabit the chair pointed out by the conductor and abstain from travelling in a standing position, as there is a seating accommodation. Each passenger contravening the provisions of these rules could be removed from the vehicle by the driver or conductor or on appeal of them, by a police officer. Each passenger, who is reasonably suspected of contravening these Rules, shall give their term and address, on demand, to the police officer or driver or conductor.

Other General Provisions

Apart from the specific provisions associating to passenger service, the Act also encompasses other Motor Vehicle Rules, that have manage bearing on a harmless and competent passenger service. It includes:

a) One shall not drive a motor vehicle in contravention of the speed check imposed by the authorities.[48]
b) One shall nut drive the vehicle afterward consuming alcohol or each supplementary drugs provoking intoxication.[49]
c) No person shall drive a motor vehicle in each area locale unless he holds a valid steering license.[50]
d) No person shall drive or cause or permit to be driven each vehicle alongside more than the permitted load[51].
e) Na person shall drive a vehicle in a manner, that is hazardous to the public[52].
f) No person shall drive the vehicle by ignoring the traffic rules[53].

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[48] Section 1 12 and 183(l) of the Kerala Motor Vehicle Rules 1989.
[49] Section 185 of the Motor Vehicles Act of 1988 says that whoever, while driving or attempting to drive a motor vehicle has in his blood, alcohol exceeding 30 per 100 ml of blood detected in a lest by the breath analyzer or under the influence of a drug to such an extent as to be incapable of exercising proper control over the vehicle
[50] Section 3,4 and 181 of Motor Vehicles Act of 1988
[51] Section 1 13,114,115 and 194 of Motor Vehicles Act 1988
[52] Section 184 of Motor Vehicles Act 1988
[53] Section 116 and 121 of Motor Vehicles Act 1988.

Provisions associating to Fares of Stage Carriages

As the public passenger service is usually utilized by the low- income and middle-income clusters, fares charged in passenger vehicles assumes outstanding significance. The: fares charged ought to be reasonable and affordable to the general area,

The Motor Vehicles Act and Rules confer powers to the State Government to fix the fare of stage carriages and supplementary vehicles. Serving 67 of the Motor Vehicles Act 1 988[54] says that the State has the manipulation to fix the minimum and maximum fares for the stage and contract carriage, possessing stare to,

- The gains presented to the area, trade and industry by the development of motor transport.
- The desirability of coordinating road and rail transport.
- The desirability of stopping the deterioration of the road arrangement and
- The desirability of stopping uneconomic contest amid holders of

The extent and scope for making decisions by the State Government under section 67 has additionally been defined in countless High Court judgments. While fixing fares for stage carriages of disparate kinds, the Government can insist on the permit holders to proposal extra amenities and comforts to the travelling.[55]

As each Rule 21 1 of the KMVR 1989[56], all stage carriage ought to price fares according to fare stages fixed by Transport Authorities. The responsibility alongside stare to the fixation of ke stages rests alongside the State / Regional Transport Authorities. The Rule additionally mentions to the maximum distance between two consecutive fawe stages, that is 6.5 kilometers.

[54] Section 67 (1) Motor Vehicle Act 1988

[55] State of Kerala Vs Sebastian 1995,(1)KLT421: 1995(1)KW318.

[56] The Rule 21 1 of Motor Vehicle Rules 1989 d as "In the case of stage carriages, the State or Regional Transport Authority, shall after such enquiry as it may deem desirable, fix fare stages on all routes. The maximum distance of each such stage shall not ordinarily exceed six KMS end five hundred meters. When stages arc so fixed, fair shall be collected according to stages. When the passenger gets into or gets down from a stage carriage at a place lying in between two stages, fare shall be collected from him firm the stage preceding the place from where he gets into the bus to the stage standing the place where he gets down.

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CHAPTER V

CONCLUSION

The demand to regulation of fares on paths based on a meticulous but quick understanding of underlying price profiles and associated efficiency norms can be assessed merely by a specialized agency. In rural spans, optimal reforms should be to join privatization with deregulation of fares. Here, operators can examination alongside assorted combinations of fares with services and even furnish for cross-subsidization. Though, this is dependent on maintenance of competent competition. **Estache, 2004**[1]**,** points out the limits to such contest as emerging exceptionally from market failures.

Government interference could therefore be needed, critically in growing countries like India whereas there is possiblility for anticompetitive actions in the form of practices and procedures of path associations. As these associations proposal important benefits in co-coordinating schedules, cutting unsafe steering, etc., they can check antagonism by restricting entry or encouraging higher fares. But the implications need to be understood as well exceptionally when there are universal service obligations/unviable but socially needed routes.

Role and Presentation of Sectoral Regulators

According to **Gwilliam, 2008**[2] regulatory wreck is almost by meaning too an established failure. Such a wreck emerges after there is no appropriate focal association to clench, say, in this case, bus regulation. Given the continuing regulatory arrangements such as the ones we have at present, there might be an acute problem of overlapping of jurisdictions of national, state and municipal level of governments. Basically, this begins at the level of formulation of strategies and in transport all the three levels of government have their own focus spans to contend with. In the absence of competent co-ordination amid these tiers of government at the strategy formulation and implementation level, it is not stunning that the convoying regulatory framework faces comparable setbacks in practice.

[1] Estache, A. (2004). 'The Limits to Competition in Urban Bus Services in Developing Countries', PRWP 3207, The World Bank, Washington DC.

[2] Gwilliam, K. M. (2008). 'Bus Transport: Is there a Regulatory Cycle?', Transportation Research Part A, 42:1183-1194

It is extensively knew that the implementation of the MV acts has concentrated excessively on the revenue producing provisions to be distressed alongside active implementation of countless functional provisions which after believed extremely prudently need a distant extra urbane framework including technical skills to present the anticipated act adequately. Remark could be made of fare control, for example, that can be utilized only afterward a methodical examination of an entity's price profile its capacity to assist the requirements vis-à-vis the market.

In supplement, we have by now remarked the need for a comprehensive arranging exercise which serves as a little reasonable basis for provision of permits. Today, there is complete arbitrariness in subject of permits, especially in stare to the demand for supplementary capacity. Even after it comes to competitive bid franchising, the distressed governments have hardly each believed as to what the service needs are. Accordingly, the demand arises for a planning and specialist regulating association that has the expertise and skills to scrutinize these subjects alongside the implementation being left to the official authorities.

Gwilliam observes that merely the attendance of an competent multi-modal transport association can aid in the rise of a stable regulating regime. In the Indian context, there is an urgent demand for a Nationwide Transport Commission that as well studying India's transport priorities and strategies inside an integrated framework on a continual basis , could additionally monitor commercial regulation and thereby advance competition(**Dalvi, 1997**)[3]. There is additionally a demand for such regulating mechanisms at the State and innate levels.

Conclusion and Strategy Recommendations

Two vital subjects usually arise after seeking to familiarize or enhance commercial regulation:

[3] Dalvi, M.Q. (1997). Transport Planning and Policy on India, Mumbai: Himalaya Publishing House

1. What ought to be the basis of contest, either free contest (or 'competition in the market') or a little kind of contracting or franchising (or 'competition for the market') and how is this ensured?

2. How is a government to monitor services and regulation anti-competitive abuses?

Planning and Policy Subjects:

In the case of bus services, particular issues arise above arranging and regulating services. For non-urban bus services there may not be a case for main interference by government in arranging and regulating services. Departing operators free to design services in accordance with the needs of the passenger inspires service change and frees government to ponder on the important task of setting and imposing safety standards and of safeguarding that competitive conditions prevail.

There are countless methods of familiarizing fair competition in service provision to the passenger transport marketplaces in India. Route franchising is a way of maintaining some public regulation above the level of services and benefits in the public passenger transport market, as employing competitive forces to secure supply at the lowest cost. This can apply to non-remunerative bus services alone (as in most of the UK) or for all services (as in London) alongside the supplier whichever grasping merely the price chance (as in a little cases in the UK) or carrying both the price and revenue risk.

Competition amid clusters inside a licensed franchise arrangement can be promoted by safeguarding that the paths for that monopoly franchises are conceded overlap sufficiently to enthuse contest for customers on public servings of route. This approach is rehearsed to safeguard contest between disparate bus operators' associations in Latin American metropolises and additionally amid operators of disparate kinds of public transport vehicles in the context of a little African countries. This form of contest makes it probable to a little degree to coordinate supply, and limits anti-competitive working practices, as long as there is a competent franchising government to stop the emergence of a solitary forceful cartel.

It ought to be an consented principle of good governance that each government that demands an operator meets unprofitable public service obligations ought to additionally be required to reimburse for those services given that the operator demonstrates efficient provision of services. Moreover, better account of service can be safeguarded after the government that demands the services is the one that meets the price of such services, which is not the case if a disparate level of government (the central government) is expected to encounter the obligations commanded by one more level (often the innate government). That the central government in India no longer commercially supports the SRTUs but leaves this to state and local governments that demand reimbursement is consequently a step towards larger governance.

Regulatory Subjects:

With a think to create a marketplace in which passenger services of assorted kinds and size compete alongside every single supplementary, unassisted, policymakers in India ought to be distressed with allocating in place a proper regulating environment. In particular: (i) regulations that internalize communal prices, such as those related to the nature, protection and congestion, so that the market can allocate resources in a socially desirable way; and (ii) regulations that institute frank laws for fair competition ought to be industrialized and implemented.

There are two reasons why it could be necessary to retain a little public regulation of the supply of bus transport in the inter- bus markets. First, regulation could be desirable in a little cases whereas an unregulated marketplace procedure could consequence in: (i) mis-matching of schedules, (ii) increased pressure to involve in harmful working practices, and (iii) perceptions associating to stability and reliability of service, alongside consequent reduction in vehicle utilisation.

Further, as price reductions emerging from unfettered contest could permit beforehand unprofitable services to tolerate, and could even lead to extra recurrent services being provided on beforehand non-remunerative routes by precise service changes employing smaller vehicles that are larger suited to low demand, communal goals could need manage financing of a little services that could otherwise be capitulated across contest in the market as was the case of rural bus services in Sri Lanka. Enabling such marketplaces to be 'contestable', might yet permit non remunerative services to be endowed at the least cost. These wrecks of the marketplace process could need qualitative controls, though not vitally monopoly franchises, and not ever manage state involvement in service provision.

In an unregulated marketplace, profit could be sought across the conception of an operators' cartel, as it transpired in the bus industry in Chile, or by operators joining alongside suppliers of terminals or supplementary groundwork to exclude competitors from admission to critical facilities. The most effectual marketplaces for road transport procedures seem to normally comprise extremely colossal numbers of extremely tiny producers. Though, if a little firms or associations of firms, produce so colossal as to threaten the competitiveness of specific sub marketplaces, it is vital for anti-monopoly authorities to intervene.

In the Indian context, it could be desirable to restructure SRTUs into a number of tinier firms to curtail their marketplace government. The Tamil Nadu experience in the eighties and nineties exposed healthy contest between public sector constituents as well as between public and confidential sector entities. All these point to the removal of distinct provisions in stare to SRTUs in the MV Act as is being presently suggested by the **Sundar Committee, 2011**[4].

The main focus of regulating strategies in the case of bus services ought to be qualitative standards connected to safeguarding the protection of the services and the minimization of negative environmental impacts. Protection dimensions encompass vehicle road worthiness standards (brakes, steering, tires, visibility, lighting and signaling), driver qualifications and working hours, and avoidance of excessive overloading (riding on the beyond or top of buses as happens from period to period in India is not conducive to safety).

[4] GoI (2011). 'Report of the Expert Committee to Review the Motor Vehicles Act, 1988', Ministry of Road Transport and Highways, Government of India

Unfortunately, in India these helpful regulatory dimensions are additionally not usually enforced for the alike reasons that commercial regulations are not usually enforced, i.e. transport operators usually find it extra advantageous to make 'facilitation payments' to the transport authorities(**World, 2005**).[5] Qualitative regulations can give considerably to improved protection and environment. An MV Act containing merely these aspects might tolerate to assist as a regulating mechanism. The framework for commercial regulation needs to be dealt alongside contrarily as counseled above.

Concluding Remarks:

Having gone across a precise series of changes alongside respect to operator or supply response to growing needs, the situation in developing states like India is such that the emphasis is curving to the established bus transport mode, chiefly in spans and for above short and medium distances, in part additionally due to concerns concerning road congestions and nationwide carbon emissions. Public transport has an exceptional feature in that it is in contest alongside the confidential transport which is in the public attention to suppress. The rise of public-private partnerships especially in public transport can be anticipated to mould the confidential sector entity in prop of a openly wanted outcome.

The goal of the improvements agenda formulated for the spans, for example through JNNURM, to validate the bus component embodies of an elaborate set of guidelines for enhancing mobility and ensuring priority for public transport. These guidelines scope from dedicated lanes for buses, distinct intention financing and public private partnerships for setting up Bus Quick Transit Arrangement (BRTS), dedicated transport funds to be set up nevertheless supplementary vehicle registration fees, congestion tax and green tax, bus specifications to be pursued etc.

[5] World Bank (2005). 'Road Transport Service Efficiency Study', Mimeo, World Bank, Washington D.C.

Preference for public transport is rightly stressed. In this context, the momentous act of United Metropolitan Transport Governments in matters associating to bestowing the agents of the commercial regulating framework for multi-modal integration, demand management, restraint on confidential automobile growth has been emphasized explicitly. Merely such a specified regulating association (currently grasped by municipal associations referred to in case studies of PPPs) can ensure the competitive locale of public transport above personalized transport in the context of publics. This examination might perhaps additionally furnish the guidelines for a framework, that nevertheless qualitatively different, might apply in the supplementary segments of bus transport. In this manner the government might best safeguard well-functioning marketplaces that furnish the array of services the assorted marketplace segments demand at least cost. But the believed needs to be seized onward further.

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