

# DECLARATION ADOPTED IN STUS NATIONAL CONVENTION HELD ON 09-12-2021 IN NEW DELHI

Dear comrades,

The brief history and background of Public Transport, how it has attained the importance, drew the attention of the Governments, how it has grown and when and how it started declining are explained in the declaration. The international experiences, the need to protect and expand the Public Transport, and the specific demands also are given in the declaration.

**History & Background:** During the World War II, huge destruction was taken place in different parts of the World. During that time different Committees have been formed to study how to reconstruct the World. A technical subcommittee to the subcommittee on transport was also constituted. The subcommittee in its report opined that “Regular, speedy and comfortable motor service, enforcement of maintenance and other safety measures, prevention of flooding of roads by motor transport concerns, resulting in cut throat competition” and urged that in order to have civilized facilities for travel commensurate with the density of the traffic and service which that traffic can support, the condition requisite must inevitably result in the replacement of the small owners by large companies. This recommendation was further supported by the transport Advisory Council in 1945. These recommendations forced several state governments to use compulsion and persuasion to organize individual operators into bigger units, bus operators in to groups of co-operatives. All these attempts were failed. This was the scenario at the time of Independence to India.

Even before independence, the first limited company to operate Road Transport Services was formed in 1916, under the patronage of the then ruler of the former princely state of Gwalior. Later, during the period 1932-42, many princely states like Hyderabad, Travancore, Kutch etc had also formed STUs, to bring passenger road transport into the organized sector. Many state Governments such as Madras, Mysore, Assam, Orissa, Uttar Pradesh, prior to promulgation of RTC Act 1950, has entered road transport operations and the management was handled by the State Department directly. Some state governments have established transport undertakings under companies act, while some others opted for municipal corporations/local bodies.

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After independence, the policy makers realized that the Road Transport had to play a vital role in the process of development planning for rapid industrialization. They were also convinced that Road Transport would enable industrial enterprises to utilize the untapped sources of labour and will contribute to the mobilization all available resources throughout the country. With this view, having failed all attempts to organize small bus operators into bigger units, the government had to bring out the “Road Transport Corporations Act 1950” enabling the state governments to form Road Transport Corporations in the public sector. A provision was incorporated in the Act to extend Capital Contribution by the Central and State Governments. The socio-economic and political factors which existed during the post-independence era, compelled India to take possible steps towards public transport sector.

To speed up the process of nationalization, M.V.Act 1950 was amended in the year 1956 to incorporate special provisions for STUs under Chapter IV A which were meant to be the agents of the Governments for progressive nationalization. Many STUs were formed in different states after this amendment. But this was challenged by the private operators in different courts. The courts also have upheld the objections of the private operators. Then in the year 1977, the Government of India has amended the constitution of India and added Chapter IV A to the IX Schedule of the Constitution of India to avoid legal litigations. With all these developments, the STUs have expanded their operations in a big way. This trend continued up to 1988. This period was a golden era for the STUs.

### **Duties of the Corporations under RTC Act 1950**

- 1) Provide an efficient, adequate, economical and properly coordinated system of Road Transport Services.
- 2) To provide for its employees suitable conditions of service including fair wages, establishment of Provident Fund, Living accommodation, Places for rest and recreation and other amenities.

As far as providing the services to the commuters, the STUs have discharged well. They have connected the remotest villages and hill regions to the towns and towns with cities etc. Night services were provided. Expanded the services by construction of new bus depots and bus stations. Buses were updated/modernized by adopting the advanced technology in the automobile industry.

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Several studies revealed that after the nationalization of the bus routes, the literacy rate has gone up. The agriculture and industrial sectors have advanced in a big way. The rule of reservation has been implemented and provided employment to a large number of youths. The contribution of the STUs in the overall development of the states/country is immeasurable.

Impact of Liberalization: The Soviet Union has helped the developing countries in all means. The working class all over the world achieved many victories. Most of the Labour Laws were enacted during that regime. When the Soviet Union collapsed in 1990, Unipolar World came in to existence. The Government of India pursued liberalized economic policies at the dictates of IMF & World Bank. The economy has been opened up gradually and the public sector has been weakened. As far as the Road Transport Sector is concerned the then Deputy advisor of the Planning Commission, Dr. Ora has written to all the Managing Directors of the STUs with the following guidelines.

- 1) operational efficiency of STUs must improve.
- 2) They should gradually make room for private sector except in cases where private sector is unlikely to come.
- 3) There should be no expansion of STUs.

The above guideline went against the very spirit of nationalization of bus routes and the establishment of the STUs on one hand and on the other, the Government has decided to stop the Capital Contribution. The Governments showed step mother attitude towards the STUs. The STUs were measured on the scale of "Profit & Loss" and blamed as inefficient. With all these developments, the financial position of the STUs gradually deteriorated. At present all the STUs in the country are facing severe financial crisis. The M.V. Act Amendment and the National Permit system are aimed at dismantling the STUs. The Covid Pandemic, the lockdowns/ restrictions and the ever-increasing fuel prices have further aggravated the financial crisis of the STUs.

In this background, the STUs could neither expand their operations according to the increasing travel demand nor replace the old aged buses. The workers were made scape goats by increasing workloads, curtailing the benefits, delay in payments of monthly salaries and even the terminal benefits to the retired employees are not being paid for years together in some STUs.

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**International experiences:** Some details are given hereunder how different countries in the Globe are extending financial support for Public Bus Transport.

- **USA**—57-89 percent of the operating costs of bus services provided by public funding, while in case of rail passenger transport, it is 29-89 percent of operating costs.
- **European Union**—23-50 percent of the operating costs covered by public funds (Depending on the financing system within the particular EU member state)
- **Beijing, China** – 40 per centare to be covered by local government sources.
- **Chicago Metropolitan Area, USA** – Federal funds: 48%, State funds: 8%, Local funds (Taxes, bonds): 39%
- **Madrid, Spain** – Public authorities – 56% (City of Madrid: 10%, Region of Madrid: 39%, Central State:7%).
- **Oslo, Norway**—City administration: 33% (Funding of public transport is the responsibility of the counties)
- **Ile-de-France, Paris** – National Government: 4%, Regional Government: 14%, Local government:9%.
- **Greater Port land region, USA**— Total federal funds: 12%, Total State funds: 74%, Total Local funds: 5%
- **Greater Tokyo Area, Japan** – **National** and Local governments up to 70% of total construction costs.

### **Different policies adopted for funding the public transport:**

- Road infrastructure fees – Road tax. Used in Scandinavian countries and the US.
- Excise duties – only on selected goods such as alcoholic drinks, tobacco products, mineral oils and energy. Germany and Switzerland have introduced a specific proportion of collected excise duties on mineral oils as a source of the financial support of public passenger transport.
- Motor Vehicle Tax – Compulsory within European Union member states, applies to all vehicles that are used for business. Also, used in Canada and US.
- Property Tax– used in Europe, Asia and North America. In US (Minneapolis and New York), India, Osaka, Japan, Spain – Assumption that value of property increases when it is better connected to public transport.
- Parking fees – directly used for financial support of public passenger transport.

## Local Taxes

- a. France—**Versement transport**, a tax placed on employers within a public transport service area. Businesses that profit from good transport links are used to build and maintain the transport services within a certain area.
  - b. Vienna—Metro financed by **local tax on large employers**.
  - c. Brazil – **Payroll taxes**, any employer with more than 10 formal employees, and a home – to - work trip for an employee that costs more than six percent of the employee’s salary, must pay the difference between six percent of the salary and the cost of the ticket. Assumption that employer’s benefit from good public transport.
- International Loans – World Bank – ‘Who benefits pays framework’ -- > those that benefit from urban transport services should pay for their costs. World Bank suggests three types of benefits:
    - a. general benefits, which are received by society in general
    - b. direct benefits, which are received mainly by users of the transport system
    - c. indirect benefits, where by non-users of the system still perceive benefits from the improvements.

**Table 1: financing instruments by type of beneficiary**  
Source: World Bank, From Sideways To Subways, 2016

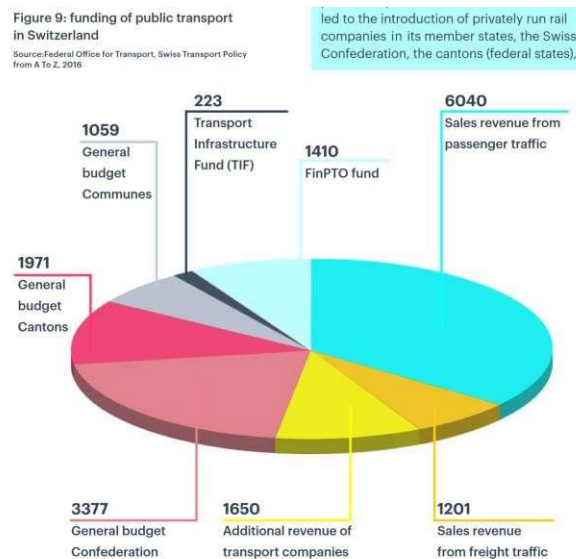
GENERAL BENEFIT INSTRUMENTS	DIRECT BENEFIT INSTRUMENTS	INDIRECT BENEFIT INSTRUMENTS
Beneficiary: general public	Beneficiary: direct beneficiaries (users, drivers, passengers)	Beneficiary: indirect beneficiaries (firms, land and property owners, developers)
Public transport subsidies	Parking charges	Advertising
Property taxes	Road pricing	Employer contributions
National and international grants and loans	Congestion charges	Added value capture mechanisms
Climate-related financial instruments	Fuel taxes and surcharges	Land-value taxes/betterment levies
Global Environment Facility (GEF)	Vehicle taxation	Tax increment financing
Clean Technology Fund	Farebox revenue	Special assessment
Clean Development Mechanism (CDM)	PPPs for urban roads	Transportation utility fees
Public-Private-Partnerships (PPPs) for public transport		Land asset management
		Developer extractions
		Development impact fees
		Negotiated exactions
		Joint developments
		Air rights

- Climate Finance – Funding from institutions such as Global Environment Facility, Clean Technology Fund, Global Climate Change Alliance, ADB Clean Energy Fund. Example: 10 percent of the funding for the BRT in Bogota, Colombia was funded through the Clean Development Mechanism (CDM).

## Different countries are adopting specific policies for funding the public transport:

### 1. Switzerland – direct democracy participating budgeting

- Proportion of the income gained from a federal gas tax and roadway tolling --> earmarked for public transport.
- Combination of taxes – heavy goods vehicle charge, revenue from mineral oil tax and VAT



### 2. Columbia, BRT – operated by private companies

- Stage 1: Financed through a fuel tax (46%), local revenue (28%), World Bank credit (6%), National Government grants (20%)
- Stage 2-4: Also, received funds from Climate finance through the Clean Development Mechanism & sale of Certified Emission Reductions (CERs).

### 3. Munich, Germany – Public transport, 100 percent owned and operated by the municipality.

- Funded by federal, state, and local governments, as well as through Passenger fare.
- Subsidized public transport by using the surplus made in electricity sector.

### 4. Tallinn, Estonia – Residents to register and pay an administrative Charge of (USD2.30) and receive a 'green card' – access 5 tramlines, 8 trolley bus lines and 57 bus lines in the city.

- Funds from administrative charge, income tax from the residents.
  - Land Tax – local tax implemented to capture the increase in property value
- 5. Mexico** – Central government created the Public Transportation Federal Support Program (PROTRAM) in 2009.
- Grants up to 50% of the infrastructure costs of public transportation projects.
  - Climate finance grant – GEF, IBRD, CTF
- 6. Hong Kong MTR Corporation** – Rail plus property mod

**Fare Box Collection:** In India all most all the State Governments and the managements of the STUs advocating that the revenue through ticket fares is very low and the expenditure is high, which is leading to financial crisis. This is against the spirit of the Public Transport. The aim and object of Public Transport is to provide efficient, well-coordinated and economic transport to the public. That means the cost of the operation should not be linked to the revenue generated through ticket fares. Transport should be considered as part and parcel of infrastructure building which is the responsibility of the Governments. Even then according to the records of the Central Government, the ticket fare collections in the operational cost is 81% in the year 2016-17. This is the highest in the world. You can find the details of ticket fare collection in the operational cost in different countries in the world in the following table.

**Fare Box collection (Traffic Revenue) percentage in the total Operation cost in different countries.**

Area	Rail Network	Bus Network	Farebox Revenue
HongKong MassTransitRailway (MTR)Corporation			185% 2
BeijingCapitalRegion,China	519	19,54	22% <sup>3</sup>
GreaterChicagoRegion,USA	970	915	38%
GreaterLondonarea,London	125	700	47% <sup>4</sup>
Madrid,Spain	707	691	44%
Oslo,Norway	397		54%
Ile-de-FranceRegion,Paris	176	2466	40%
GreaterPortland,USA	119	134	25%
SeoulMetropolitanArea,SouthKorea	327	1309	97%
Shenzhen,BeijingCapitalRegion. China	178	1853 0	
GreaterTokyoArea,Tokyo,Japan	242	1537	30%
Toronto			62% <sup>5</sup>
Vancouver			52%

Fare Free Public Transport (FFPT) :- Now a days, several countries in the world are switching over to Free Transport to the public. This is aimed at the need to reduce traffic congestion, and improve air quality are significant factors behind the introduction of many FFPT schemes in metropolitan areas. As well as the economic benefits to be gained from shorter journey times due to reduced traffic, residents' long term health is improved by better air quality.

Universal FFPT is a key part of Luxembourg's sustainable mobility strategic plan, which takes a multimodal approach to encourage permanent behavioral change. Alongside an overarching objective to increase public transport by 50% by 2025. Free public transport, often called as fare free public transport or zero fare public transport refers to public transport funded in full by means other than by collecting fares from passengers.



On 29, February, 2020 Luxembourg became the first country in the world to make all public transport (buses, trams and trains) in the country free to use to check the pollution. Tallinn, capital city of Estonia (former Soviet Union republic) has converted their public transit to zero-fare. The city of Hasselt, in Belgium fares were abolished in 1997.

Cascais, a Portugal city also became zero fare public transportation in 2020. Students in Netherlands have free public transport facility during week days.

In New Delhi, free transport facility was provided to women in Metro and city bus services by Delhi state government in 2020. The Government of Tamil Nādu has introduced free Transport for women in all the ordinary services of the STUs throughout the state.

Benefits with the STUs to the society: STUs recorded the lowest accident rate in the country. Fuel consumption will be the lowest compared to cars and two wheelers. The road space occupied by the buses is also the lowest. By encouraging the Public Transport, traffic jams can be minimized and the travel time will be reduced drastically. Pollution will be the lowest. Several studies have established that a large number of people are dying due to pollution related deceases and a huge amount of money is spent for the medicines. Large number of SC, ST, BC communities and women are employed in the STUs due to rule of reservation.

It is evident that extending financial support to the STUs is neither a gift to the workers nor a grace to the STUs. It is for the overall development of the nation and for the wellbeing of the people at large.

Benefits of the Public Transport:

- Relives Traffic Jams/Congestion and travel time.
- Lowest pollution and keeps environment better.
- Precious fuel consumption is less and reduces import bill
- Improves safety of passengers and saves lives of the passengers.
- Creates and sustain employment
- Connects to workers and jobs.
- Social justice is maintained by following the rule of reservation.
- Enhances business.
- Boosts real estate business.
- Largest contribution to the economy.
- Connects remotest villages.

**Situation India:** The illegal operation by the private operators has increased many folds and looting the legitimate revenues of the STUs. The M.V.Act amendment 2019 further diminish the STUs. The diesel prices, excise and sales tax on various items, M.V.Tax etc have burdened the STUs. Capital contribution was stopped both by the Central and State Governments since long time. As a culmination of all these, the STUs in the country were thrown in to deep financial crisis. As a result of which, the STUs are neither in a position to expand its operations to meet the demand nor even to replace the old age buses.

The financial crisis of the STUs has been shifted on to the workers. In some STUs, the payment of salaries is delayed for months together. The retired workers are not paid the terminal benefits. Man power is reduced and the workloads are increased. Harassment on the workers, outsourcing of several activities, hiring of private buses on KM basis has become the order of the day.

**Need to Strengthen STUs:** In our country of 135 crore population, only 20% own motor vehicles, and the remaining 80% depend upon public transport. Further, nearly 30 %of our people are poor and about 40 % are middle class, and many of them are captive customers to public transport. We do not have reliable “customer segmentation” which is driving policy makers to privatization of this sector.

In fact, there are many who “walk” or “cycle” to work places, since they cannot afford public transport. There are many who can afford private transport, but prefer public transport because of its advantages. The problems of “Safety” & “Pollution” can be solved only when majority of people shift to public transport modes.

Even rich countries are opting for public transport, to improve the quality of life. For tomorrow, more and better public transport is indispensable as it offers advantages to individuals, communities and the nation as a whole. STUs should be mandated to serve “Captive Customers”

There are many vulnerable sections of society like old age people, (Sr citizens), physically challenged people, unemployed youth, etc who cannot afford bus fares. All those sections of society, have to be served by Government, as part of its welfare policy. The STUs should be agents of Government to ensure mobility to all, for example all students should be given bus passes, all employees should be given bs passes as part of employment contract.

To carry out these obligations STUs should be strengthened, by liberal grant of capital, exemption from taxes, etc as they form Government welfare policy...While private sector can take care of operations in commercial market, probably Government should take care of transport services where development, welfare, and non-profit operations are needed by society, by utilizing services of STUs. Hence STUs need strengthening.

**Transport is essential:** Transport is the essential service. The expenditure on Transport in the family budget is one important component. Economic slowdown is prevailing at Global level and in our country since 2008. The Covid Pandemic has further worsened the situation. At this juncture, if the family budget on Transport is enhanced, the people will have to starve because this cannot be avoided like food or anything.

In this background, it is the need of the hour to strengthen and expanded the STUs to meet the increasing travel demand of the Public. To achieve this goal, the following demands are put forth.

- 1) Strengthen & expand STUs by allocating Budgetary support.
- 2) Capital Contribution to the STUs both by the Central and State Governments at the ratio of 1:2 is to be restored. Suitable methods can be adopted to mobilise funds for this purpose as is being done in different countries.
- 3) The accumulated debts of all the STUs in the country are to be converted in to Equity by the Governments as one-time settlements.
- 4) One lakh buses are to be procured by the Central Government and distributed to all the STUs on proportionate basis for replacement and augmentation (to be operated and maintained by STUs only) as one time settlement.
- 5) Exempt STUs from Excise Duty, Sales Tax on Diesel, Chassis, Spares, Fabrication, etc.
- 6) Electric Buses under FAME I & II shall be procured and operated by STUs only.
  1. **STUs should not be measured on the scale of "Profit & Loss".**
- 7) M.V.Act Amendment 2019 should be withdrawn forthwith and suitable amendments are to be made to strengthen the STUs.
- 8) Illegal operation by the private operators should be arrested forthwith. Necessary amendments to the M.V.Act shall be brought.

- 9) STU employees shall be provided suitable conditions of service including fair wages, establishment of Provident Fund, living accommodation, Places for rest, recreation and other amenities as stipulated in Section 19(1)(c) of RTC Act 1950.
- 10) All STUs workers should be made eligible for Pension scheme on par with Government Employees (old pension scheme prior to 2004).
- 11) Withdraw anti-Working-Class Labour Codes.
- 12) STUs Workers also shall be considered as COVID-19 Warriors. 50 lakh Insurance and other benefits shall be extended.
- 13) Scraping of the Buses should not be made mandatory for STUs as they have established best maintenance practices and adopting scraping policies of their own.
- 14) All the STUs should be permitted to take up Goods Transport to generate additional revenue as is being done in AP, Telangana etc.
- 15) Petrol, Diesel out let dealer ship shall be granted to the STUs to generate additional revenue.

*Transport is not a technical problem- It is a political decision*

*Advance city is where rich uses Public Transport. ....Enrique Penalosa,*

*Former Mayor, Bogota.      ☆ ☆ ☆☆☆*