

VADODARA CITY BUS SERVICE



8.0 Vadodara City Bus Service

8.1 Context

Vadodara lies on the Ahmedabad-Mumbai route which is known as the Golden Corridor. As per census 2001, the population in the Vadodara Mahanagar Seva Sadan (VMSS or the Vadodara Municipal Corporation) jurisdiction is 14.11 lakhs which in 2009 has grown to 15.8 lakhs as per projections.

8.2 Situation before Implementation of the Project

8.2.1 Existing System of Bus Service

The City Bus Service was primarily run by the Gujarat State Road Transport Corporation (GSRTC). The bus fleet operating within the city declined from 200 in 2003 to 85 in 2005. The frequency of buses also reduced to hourly during the daytime. Buses were inefficient and used diesel fuel. The operation had inadequate coverage and hence the consumers suffered. There was high non-revenue component due to wastage, pilferage, and ticket-less riders and thus suffered from unaccounted-for losses. There were no plans to increase the fleet or plans to hand over the city-bus operations to VMSS, as it was initiated in other cities of Gujarat.

On the other hand, the private vehicle ownership was increasing at a high rate of 8 to 9 % per year. The modal split of the populace shows a dependence on motorcycles (60%) followed by private four wheelers (25%) and auto rickshaws (15%). There was a high demand of efficient public transport system from local councilors, citizens, media and students of schools.

VMSS took up the initiative of organizing a city bus service on the basis of public private partnership. They felt that an efficient mass transportation system was needed for sustainability of not only the economy of the city but also for reducing pollution stress on the environment.

8.2.2 Problems and Needs Addressed by the Project

The City Bus Service was intended to overcome the following issues.

- Increasing vehicular pollution;
- Growing number of vehicle ownership;
- Increasing number of private vehicles (e.g. auto rickshaws, two wheelers and cars) on the roads;
- Lack of affordable and reliable city buses; and
- Lack of public transport system.

8.2.3 Reason for Adoption of City Bus Service

VMSS adapted public-private partnership initiative since it promised to generate revenues for the city without any investments or expenditure. Additionally, all the buses run on CNG (Compressed Natural Gas) which is an environment friendly fuel.

8.2.4 Preparation of Feasibility Study

VMSS studied the models of Surat, Bhavnagar, Rajkot and other City Bus Services of India and accordingly selected the best model for VMSS City Bus Service privatization. The private contractor also conducted a feasibility study based on the routes and bus stops provided by the VMSS, before floating the tender. A feasibility study of any public service agency should conduct cost benefit analysis. This is done to evaluate and match the additional / differential costs against not only revenues but social benefits, like benefits to of passengers and increase in the routes etc.

The study assessed the financial viability of the proposed bus system for first five years, and identified the fleet requirements, ticketing rates, maintenance etc.

8.3 Description of the Project

8.3.1 Project Description

As per the directives of the State Govt. Dated: 22/09/2006, Municipal Commissioner proposed the privatization of City Bus Service which was approved by the Standing Committee Resolution – 538 / dated: 24-03-2005 and General Board Resolution – 34 / dated : 16-05-2005 with the following highlights:

- It was decided that VMSS does not have to bear any economic load with the privatization of the City Bus Service;
- VMSS has to follow guidelines for City Bus Service as per Urban Development and Urban Housing Development Department;
- VMSS had to take NOC from Divisional Controller, GSRTC for stoppage of current transport services and starting of privatization;
- VMSS had to send commitment to RTA for private route; and
- Private operator selection and stage carriage, rent, etc. should be handled by RTA.

VMSS studied the model of Surat, Bhavnagar, Rajkot and other City Bus Services of India and accordingly selected the best model for VMSS City Bus Service privatization.



Figure 8.1: Vadodara City Bus and Pick up stand / Q-shelter

Pick up stands / Q- shade: It was quite necessary to have sufficient numbers of pick up stands to provide adequate access to citizens. Therefore VMSS decided to incorporate advertising based revenue generation model in the tenders for the Pick-up stands/queue-shades. VMSS invited tenders for designing and maintaining 124 pick-up stands without any financial load on the corporation. The contract was awarded to the contractor – M/s.

Proactive In & Out Advertise Pvt. Ltd., Bombay on a BOT basis. The maintenance would be under the scope of work of the contractor for a period of five years.

Initialization of the Service: The City Bus service was started from 18th May, 2008 by initially 25 CNG buses after completion of all standard requisite approvals. The rate was kept at ₹ 2/- per route initially for 3 months to attract the citizens to make use of newly introduced City Bus Service. Gradually the fleet increased and at present 120 CNG buses are plying; target is to reach 250 buses till March 2010. Passengers traveled by city CNG buses are 1, 50,000 per day which will increase by 3, 50,000 in March 2010.

VMSS has taken care of different classes who make use of City Bus Service in which students are given 50% concession and handicapped and Service class people get 20% on prevailing ticket rates. Ticket rate tariff is kept on the basis of GSRTC's Fare Notification No. GG / 2006 / 19STC / 1099 / 830(1) / GS, Dated: 14 / 07 / 2006. At present 10% of total population is making use of this service and ticket rates are kept the same since initialization even after increase in ticket rates by GSRTC. All Buses are CNG fuel based and GPS system will be implemented for vehicle tracking. There are no complaints due to good frequency of buses, cheap rates and punctuality.

Benefits To Environment And Users: The buses runs on CNG fuel which is proven environment friendly and causes no health hazards to the citizens unlike vehicles operated by diesel fuel. It also makes improvement in ambient air quality, reduced health costs due to reduction in air pollution & better utilization of natural gas resources.

8.3.2 Goals of the Project

- 1) PPP module was introduced as proven mechanism with a clear objective to ease the city government from handling operational and administrative issues to run public transport system, apart from income generation.
- 2) PPP is also helping to promote competition, improve efficiency and increase in adequacy of services. It is also assisting in reduction of administrative and overhead expenses of the public sector position. The private enterprises have lower operating cost and greater capacity and freedom to obtain and maintain necessary bus fleet.

8.3.3 Strategy Used to Achieve the Desired Goals

Use of an innovative PPP model has been thought of to achieve the desired results.

8.3.4 Activities Implemented to Achieve the Desired Goals

The feasibility study conducted included the following sub-activities:

- Visit to Anand and Bhavnagar to understand how the city bus service systems is being operated;
- Traffic and transportation survey of Vadodara;
- Preparing technical documents such as proposal to put forth before the Standing Committee and General Body of the Corporation, tenders to invite quotes for operating city bus service and BOT based pick up stands etc.;
- Installation of traffic signals on the road junctions;
- Planning routes and deciding pick-up stands;
- Designing of pick up stands;
- Running the city bus service in PPP basis; and
- Developing website <http://new.vtcos.com/> to help citizens to download timetable and bus routes, register the complaints, provide feedback about the service and contact operator etc.

8.3.5 Challenges / Constraints Encountered

The phenomenal growth in the number of rickshaws and poor traffic orientation of the citizens have created difficulties' in day to day traffic despite efforts towards high standards of traffic engineering in the city.

8.3.6 Expected Outcome of the Initiatives

The Outcomes of these exercises are the basis for a comprehensive integrated set of transport sector strategies to transform the city towards sustainability.

- Reducing dependency on personal vehicle; encouraging use of Non Motorized Vehicles and public transit;

- Long term sustainability, strategy development to lessen the burden on public budget resources through PPP;
- Accessibility to all user groups incorporating local economic activities within the design;
- Effective maintenance of traffic island for overall pleasing effect and desired traffic benefits;
- Maintenance and excellence in design of bus stops;
- Annual revenue income of ₹ 18, 55,000/- for the VMSS from the City Bus Service.
- Annual revenues of ₹ 82,58,400/- from the advertising at pickup stands / Q – shades as per BOT; and
- Revenue to the Corporation, for the next five years is estimated to be around ₹ 18,000 per bus per year as premium from operators. Revenue of ₹ 66,600 per bus stand per year from advertisement is estimated to be obtained from 214 bus stands in the next five years.

8.3.7 Role and Activities of the Partner

Public Partner: Vadodara Mahanagar Seva Sadan is the lead implementing agency of the project. VMSS has defined the bus routes, bus stops and fare structure. It has also defined the quality of service in terms of frequency and has determined that buses should be run on CNG fuel. Regional transport authority is responsible for sanction of stage carriage permits under Motor Vehicles Act for city bus service, providing statutory sanction to these terms. The bus stands are made by VMSS on BOT basis. In lieu of the rights given to the operators for collecting fare, VMSS gets a premium on yearly basis from the operators.

Regional Transport Authority: provided technical assistance to VMSS in preparing proposal and tenders etc.

GSRTC: GSRTC provided route maps where city buses of the GSRTC were plying before 2005. This route map helped VMSS to devise route plan for the present requirement.

Private Partner:

- M/S Vtcos Private Limited - procured, owned, operated and maintained the buses; took care of expenditure on rolling stock and operation and maintenance (including

cost of driver and conductor, supervision of operations, fuels, repairs and maintenance);

- Provided uniforms (with logos of VMSS and the VTCOS Pvt. Ltd.) to drivers and conductors; and
- M/S Proactive In & Out Advertise Private Limited, Bombay – Built and Operate 124 Pick- up stands / Q-shades to give support to the City Bus Service of Vadodara.

8.3.8 Important Stakeholders Involved and Communication / Networking Procedure for the Project

All buses are provided with vehicle tracking system for monitoring the frequency and timely operation from the control room, which is currently set up at the concessionaire's office and which will be set at the VMSS main office.

8.4 Factors of Success

The citizens have access to an improved transport facility through the introduction of city buses. Presently, approximately 101 buses are running on 41 routes. This city bus service provides cost effective and eco-friendly public transport options for the citizens; innovative features such as daily passes, students' passes and free travel for freedom fighters have been introduced.

There are a number of benefits to VMSS through Privatization, which are as follows:

- Income of VMSS increased with the offer premium of ₹ 18,55,000/- yearly from City Bus Service;
- Income of VMSS increased with the offer premium of ₹ 82,58,400/- for pickup stands / Q – shades as per BOT;
- Total income of VMSS increased by ₹ 1 crore / year with 70 nos. of bus services & 124 nos. of pickup stands / Q shades; and
- This amount would be utilized in the infrastructure development of the city.

The highlights of the success in the operation of the City Bus Service System include:

- Necessary approvals from Government of Gujarat within short time;
- Private investment by operators for buses, infrastructure and operation;

- Sharing of returns with operators against expenditure incurred;
- Decision with reference to tariff, routes and frequency of buses reserved to be done by the VMSS;
- Overall monitoring by VMSS;
- Transparent methodology for selecting the operator;
- Consultation with stakeholders for deciding the modalities (operators / traffic police / citizens / NGOs); and
- VMSS has allotted 2 plots measuring 4000 square meter to the concessionaire for setting up workshop / fuel stations / depots / daily cleaning system, etc at ₹ 1/- token rent / sq m.

A system of weekly review by the traffic department of the corporation has been put in place. The city bus service has been initiated and covers the entire spread of the city and an initial three month trial period was given for the citizens to give their feedback about the system and also to encourage them to use the service.

Citizen of Baroda city have given very good response and are very much pleased with the city bus services. In connection with this, VTCOS has taken initiative to start instant response facility i.e. SMS system for information and complains and suggestion from the citizen. Due to facilities and punctuality of city bus, National Award 2008 was awarded to VTCOS.

8.5 Budgetary Implications and Sustainability

8.5.1 Total Cost of the Project

Cost involved – bus procurement, regular maintenance of buses, staff, office infrastructure.

- M/S Proactive Advertising In and Out Ltd, Mumbai – Approx ₹ 2.8 Crore.
- M/S Vtcos Private Limited is not willing to share the cost of the project

8.5.2 Source of Finance for Sustainability of the Project

- 1) M/s. VTCOS Transportation Private Limited, Bhavnagar;
- 2) M/s. Proactive In & Out Advertise Private Limited, Mumbai; and
- 3) Vadodara Mahanagar Seva Sadan.

8.6 Impact of the Initiatives

In consideration of the unmatched efforts of VMSS of providing City Bus Service without disturbing ecosystem and by generating revenue without investing or spending, the Institute of Urban Transport, India of Urban Development Department, Government of India conferred an Award for Excellence in Urban Mobility, in the conference on Urban Mobility India-2008 at New Delhi. VMSS gained this award by competing with some 50 entries from various cities of India.

8.7 Summing Up

VMSS took up an initiative of organizing a sustainable city bus service on the basis of public private partnership since it promised to generate revenues for the city without any investments or expenditure. Moreover, all buses run on CNG, which reduce pollution stress on the environment.

The public partner is VMSS and the lead implementing agency to define the bus routes, bus stops and fare structure, quality of service in terms of frequency. The Regional Transport Authority is responsible for sanction of stage carriage permits under Motor Vehicles Act for city bus service, providing statutory sanction to these terms. The bus stands are made by VMSS on BOT basis. In lieu of the rights given to the operators for collecting fare, VMSS gets a premium on yearly basis from the operators.

The private partner is M/S Vtcos Private Ltd to procure, own, operate and maintains the buses; took care of expenditure on rolling stock and operation and maintenance (including cost of driver and conductor, supervision of operations, fuels, repairs and maintenance). M/S Proactive In & Out Advertise Private Limited has constructed 124 Pick- up stands / Q-shades on BOT basis.

The cost of the project is ₹ 2.8 crore, which involves bus procurement, regular maintenance of buses, staff, office infrastructure etc. Annual revenue income of ₹ 18, 55,000/- to VMSS is from the City Bus Service, while, annual revenue of ₹ 82, 58,400/- from the advertising is received at pickup stands / Q – shades as per BOT.

The city bus service of Vadodara is running successfully. Presently, approximately 101 buses are running on 41 routes providing cost effective and eco-friendly public transport with innovative features such as daily passes, students' passes and free travel for freedom fighters. On an average, 100,000 passengers travel by bus service. The total income of VMSS has increased by ₹ 1 crore per year with 70 nos. of bus services & 124 numbers of pickup stands / Q shades and this amount would be utilized in the infrastructure development of the city.

VITCOS has initiated SMS system for information, complaints and suggestions. In view of unmatched efforts of VMSS for providing City Bus Service without disturbing ecosystem and by generating revenue without investing or spending, the Government of India confer an Award for Excellence in Urban Mobility, 2008 on 5th December, 2008.

The major reasons for the success of the project are attributed to the necessary approvals from Government of Gujarat within short time; private investment for buses by operators, infrastructure and operation; sharing of returns with operators against expenditure incurred; Decision with reference to tariff, routes and frequency of buses reserved to be done by the VMSS.

VMSS has encountered challenges like the phenomenal growth in the number of rickshaws and poor traffic orientation of the citizens, which have created difficulties in day to day traffic despite efforts towards high standards of traffic engineering in the city.