

# Public transport policy revisited

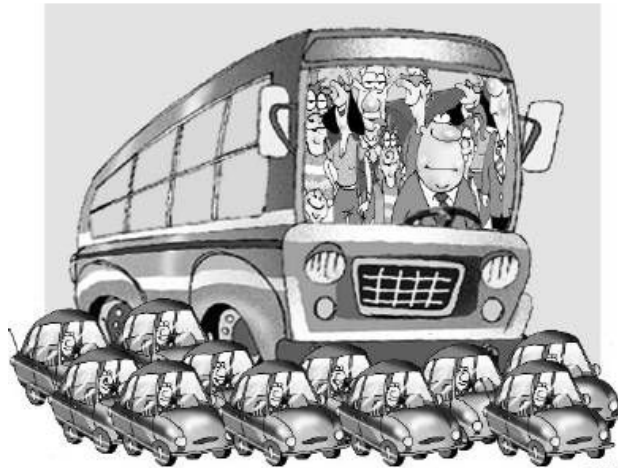
A stiff revenue neutral vehicle area levy combined with deregulation of commercial passenger vehicle sector will greatly increase transport for the public, says **Vivek Moorthy**

ON JANUARY 10, the day Ratan Tata launched his much-awaited cheapest car in the world, one of the TV channels aired a panel discussion, mostly featuring auto industry experts. With the exception of Sunita Narain, head of the Centre for Science and the Environment, nobody even remotely acknowledged the enormity of the daily travel crisis. If Nano sales take off in a big way, the roads may even get completely clogged. The Nano is a cost and engineering marvel, and a well meaning entrepreneurial endeavour. But the promise of individual mobility will end in collective gridlock.

The pro-Nano panelists uttered the usual platitudes about the crying need for more infrastructure. Undoubtedly, a lot more roads are needed. But building more roads by itself will never solve the problem. Cars will expand to fill up the available space, the automobile version of Parkinson's Law. In Los Angeles, despite frequently building ten-lane highways, officials predict that travel times will double by 2020. Besides, the legal and other costs to building roads in cities in India are huge — displacing people, demolishing heritage buildings and chopping down trees.

The anti-Nano brigade and the greens in turn mouth different platitudes — provide good public transport, and ban cars or make them very expensive. But good public transport in India does not get provided easily and typically can only serve high density areas such as the central business district, not the entire population. The bulk of people in urban areas live in slums, out of the reach of metros.

Some car owners who acknowledge the congestion problem claim that with good public transport they will abandon their cars. Not so. Conditions in London, New York and other cities show that, even with good public transport, colossal congestion charging for cars is needed. In isolation, that is not a desirable solution — curbing congestion merely by killing demand and travel is in some ways a case of



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In my opinion, there is an alternative road-based, decentralised market solution to ensure low cost, convenient and easily available, commercially provided, transport for the public. We need to realise that transport for the public need not be public transport. The private car versus public transport debate, like that of private versus public sector, is irrelevant. Instead of thinking about public versus private transport, we should think about road space or area per passenger, no matter who the service provider is. The entire debate over large versus small car, and to a lesser extent over fuel efficiency, fuel type and carbon emissions per vehicle is off the mark. Policy should focus on optimising on these variables per passenger-kilometre, not per vehicle.

A stiff revenue neutral vehicle area annual levy (VAAL) combined with deregulation of commercial passenger vehicle sector will greatly increase transport for the public. Revenue neutral means that nothing goes to the government. VAAL

should offset all prevailing vehicle and road and petrol taxes (any surplus can be earmarked to build roads). Such a levy not only curbs demand for road area per passenger-km travelled, but, more crucially, also increases supply. It will lead to space saving travel using shared commercial passenger vehicles (CPVs). Over time, vehicle design will adapt to save road area per passenger, by rearranging seating, putting the engine below, even double deckers. The government should provide incentives for the auto industry to save space.

VAAL need not be a killjoy. Innovative time-sharing arrangements will evolve, by which vehicles that function as a taxi or shared taxi by day will be sublet or rented for the weekend or off peak time (say 8 pm-8 am) for personal and family use. Time sharing is currently practised for vacation resort homes. With a stiff VAAL, it can happen for cars as well. The joys of driving need not be confined to the very rich.

For such arrangements to develop, we need first to dismantle the commercial passenger vehicle licence raj. A major barrier to the evolution of commercial passenger vehicle (CPV) arrangements is governmental restriction. Most people are not remotely aware of how such regulation restricts privately provided transport for the public. Owner-driven vehicles are most often parked, adding to congestion. Unfortunately, such vehicles pay lower duties and taxes than CPVs, which are more often on the move carrying passengers. Further, allowing only some vehicles to function as CPVs greatly reduce available transport supply.

In *The Other Path* (1986), the visionary Hernando de Soto described how private van operators carried the bulk of passengers in Lima, Peru's capital. He documented how they upgraded fleets after getting legal status in 1965.

Encouraging, legalising and regulating (for safety) CPVs is the best contribution the government can make to increase transport for the public. Strict safety regulation for commercial drivers is a must, with licences revoked for traffic violations. Far less restriction, with far more safety regulation is needed.

It would be informative to investigate, de Soto style, how many clearances are needed, and how many days it takes to get them, to start and operate a fleet of, say, minivans, economy and luxury class, to ferry the local (not just tourists) public around cities in India. What prevents the two-wheeler taxi, as in much of East Asia and Goa, from being in operation all over India?

We need to rethink, from scratch, our current travel arrangements. A growing economy needs more travel, defined as passenger-kms, not length of road laid, nor number of vehicles made. This can happen by economising on road area with VAAL, which simultaneously reduces destruction of local habitat, carbon emissions, and fuel consumption. In short, say no to Nano, unless there is a yes to VAAL.

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