CHAPTER 2

DEVELOPMENT OF ROAD PASSENGER TRANSPORT IN INDIA AND IN GUJARAT

A HISTORICAL VIEW

1. Preview
2. Passenger Transport in early twenties
3. Passenger Transport in Pre-Independence Period
4. Passenger Transport in Post-Independence Period
5. Nationalisation of Road Passenger Transport
6. Nationalisation in Saurashtra & Kutchh areas
7. Nationalisation and Five Year Plan in Gujarat
8. Formation of GSRT Corporation
DEVELOPMENT OF ROAD PASSENGER TRANSPORT IN INDIA AND IN GUJARAT

CHAPTER 2

A Historical view

2.1 Preview

Road transport is a basic and fundamental necessity of mankind. Although it is a primitive mode of transport, it continues to play a significant role even today. One has not to go to the civilisation as it existed in the hoary past when man used to carry goods on his own head, in the absence of means of convenient transport. Even today it remains a principal mode of transport in some of the remotest tribal areas where good roads still do not exist.

India is basically a country of villages. The villages have remained for long without improved means of communications. The mechanised transport has a comparatively short history in India. But there is considerable improvement in transport with the help of science and technology.

2.2 Passenger Transport in The Early Twenties

The first motor vehicle came to India in 1898 when no good roads existed. The role of animal-driven carts and tracks were predominant. Till 1903, it was not necessary to make any provision for registration of motor vehicles. Between
1903 and 1911 some provinces adopted legislation for registration. There was no All India law covering regulations and control of the motor vehicles. In 1914 the M.V.Act having only 18 sections was enacted. It had provision for registration of vehicles licencing of drivers, punishment for reckless driving and conferring the powers to local Governments to regulate operation of motor vehicles. Soon after the Act, the World War I broke out. After the World War I, hundreds of army vehicles which were rendered surplus were diverted for civilian use and there was a heavy influx of such motor vehicles for road transport. This necessitated legislation so as to regulate road transport. Acts and Regulations enacted by the provinces were not found adequate to handle the big influx creating unhealthy conditions of operations of road transport.

Passenger Road Transport in pre-independence period

2.3

a) Mitchell-Kirkness Committee

After the World War I was over, the worldwide depression developed around 1929-30, resulting in shrinkage of road and rail traffic. During depression period M.Vs posed a serious challenge to the Railways due to their greater flexibility rate-cutting policy, rapid services, and unregulated nature, further the influx of motorised transport created various problems such as lack of safety of passengers, unhealthy competition.

amongst the operators, over-crowding, under-utilisation of vehicles, and wide variations in fares etc. Looking to these chaotic conditions, the Government of India in 1932 appointed a committee of Mr. K.G. Mitchell, Road Engineer, Government of India, and Mr. L.H. Kirkness, an Officer on special duty with Railway Board to report on the state of rail and road competition and possibility of their future co-ordination, development and cognate matters in Governor's Province.

The Mitchell & Kirkness Committee observed that if the road transport operation is to be made more popular and systematic, it has to be regulated in various ways. The committee studied various aspects covering operations of road transport and suggested measures for safety of passengers and also for inter-model and intra-model co-ordination to prevent unhealthy competition, restricting hours of work of crew, prevention of over-crowding, strict test for drivers and inspection of vehicles, fares, compulsory insurance of motor vehicles, Obligation was imposed for issue of tickets and publication of time tables. This was mainly concerned with the road transport.

2.3(b) Motor Vehicle Act, 1939

The recommendations and suggestions made in the Mitchell & Kirkness Committee report were covered in the draft Motor Vehicle Bill in 1935. The enactment was somehow delayed and due to popular route planning, railways experienced acute competition and threat to its revenue. The Government of India therefore
appointed another committee called Wedgewood Committee in 1937 to suggest ways and means to prevent threat to railway revenue and other problems presented by the growth of road passenger transport.

The Wedgewood Committee (1936) made suggestions for rail-road co-ordination. It submitted report in 1938.

The recommendations of Mitchell & Kirkness, Committee and Wedgewood Committee were embodied in the legislation entitled Motor Vehicles Act, 1939 which provided machinery for the administration of road transport and for averting rail-road competition. The purpose of this legislation was to ensure the role of road transport on the basis of healthy competition in the industry and with the railways. This Act is an endorsement of the potential of motor transport in carrying people and goods for hire or reward. This legislation which is in force even today with many amendments added from time to time provided for creation of Regional and State Transport Authority, with full powers to grant permits for stage carriage, public carriers and private carriers. It also laid down conditions pertaining to routes, timings, specification of vehicles, standards of maintenance etc. These conditions were to be attached to the permits for observation by the permit holders.

The observations of both the committees were extremely far sighted.
Some of them hold true even in the present days. Though most of the States in the country had adopted the policy of nationalisation obtaining routes under Chapter IV A of the M.V. Act, 1939, the question of small operators and unhealthy competition did not arise. Popularity of road transport proved to be a competitor to railways. The commuters have found the road transport more convenient than railways because of convenient timings, greater frequency, convenient routes, flexibility, ability to penetrate into hitherto inaccessible areas, the offer of personalised services and above all its ubiquity which made the bus transport an essential ingredient of rural life.

In 1943 the Post War reconstruction report of technical sub-committee to the sub-committee to Transport, Government of India, drew the attention of the Government to have adequate civilised facilities to travel. This could only be possible by replacing old army vehicles and small operators by large companies who can afford replacement and adopt systematic planning. This was again discussed by the Transport Advisory Council and also by the Post War Policy Committee on Transport in the year 1945.

On the basis of these recommendations some of the provincial Governments thought of recognising only bigger units. The scheme known as "Tripartite Scheme" was for the bigger units in the form of joint stock companies which were to be organised with
representatives of State Governments, Indian Railways and Motor bus operators with agreed share capital to be the members. In the beginning this scheme worked well, but after some experience, the bus operators felt that they were being exploited and had no independent existence and hence ultimately the scheme was put off.

Immediate pre-Independence period provided valuable experience in road transport operations. It revealed that the transport operation has various problems at macro and micro levels. Thus operation of buses for passengers on a large scale has now been recognised as a transport industry. Since the operation of buses was controlled under M.V. Act. 1939, there were few chances of selfish and unhealthy competition. The bigger units had greater room to co-ordinate the services. Having discouraging response at a later stage to Tripartite Scheme, one more attempt was made for bigger units in the form of co-operative societies. This attempt also did not yield better results due to conflicting interests of member operators. Looking to the meagre resources of small operators (table No. 2.1) they were not able to co-ordinate with various other media of transport which in fact were supplementary to one another. Further, if there was organisation which would control and co-ordinate various transport services operating in the State,

2. Ibid Page 375
it would have uniformity in policy, administration and high standard of efficiency. This element influenced the Provincial Government of Bombay to step into the business of road transport and make it a public owned business.

2.4 Passenger Transport in Post-Independence Period.

A great hope for getting a swing in transport industry was expected immediately after Independence. The nation was jubilant on achieving Independence. The tall promises by political leaders caused high hopes for all round development. The basic necessity to run transport industry is good roads. Though the work of road development was taken on hand keeping in view the Nagpur Plan, the road transport did not find berth in priority list. Not only that, it did not also find its place in the Industrial Policy Resolution of 1956 contained a reference to Road Transport sector, but it was mentioned at No... of the twelve items in Schedule 'B', which listed industries to be "progressively State owned and in which State will generally take the initiative in establishing new Undertakings, but in which private enterprise will also be expected to supplement the efforts of the State."

Along-with other private bus operators some of the princely States in Saurashtra, Hyderabad and Gwalior States were operating the service and they were also owning the Railways. This was done mainly to avoid the heavy loss of revenue on account of huge investment already made. These States were running bus transport
2.5 Nationalisation of Road Passenger Transport

The first attempt at nationalisation was made by passing the Road Transport Corporations Act in 1948 under which erstwhile Bombay State Road Transport Corporation came into existence.

The first State Transport Department was established on 1.4.1948 to implement the scheme of reorganisation, until public statutory body took over the administration of transport Department.

A High Power Committee was set up in order to run the Department smoothly and to overcome day to day problems. However, the Government felt that some statutory public body with adequate powers vested in it, under the R.T.C. Act should take over the administration and run the same. To achieve this objective, Government of Bombay in exercise of the powers conferred upon it under R.T.C. Act, issued a Notification on 16.11.1949 on creating a separate Corporation named Bombay State Road Transport Corporation with effect from 17th November 1949. The Corporation came into existence on 8th December 1949.

The R.T.C. Act 1948 and Notification issued thereunder by the Government of Bombay and the constitution of B.S.R.T. Corporation were challenged in Bombay High Court by one operator in Nasik,
whose stage carriage permit was not renewed by concerned Regional Transport Authority and the same was allotted to B.S.R.T. Corporation. The Bombay High Court held that the R.T.C. Act 1948 ultravires on various technical grounds. As such Notification issued by the Government of Bombay under R.T.C. Act was bad and no Corporation came into existence. This verdict reverted the corporation back to Government Department till a new statute was enacted and Corporation constituted thereunder. In 1950 revised R.T.C. Act was passed and Section 47 was specially inserted therein making special provision relating to Bombay State. Later a Notification No. 1780/5 dated 14.4.1952 was issued formally constituting under Section 3 of the R.T.C Act, 1950 a Corporation, i.e. B.S.R.T. Corporation.

Transferred Road Transport Undertakings Department (TRTUD)

In the year 1956, reorganisation of States on linguistic basis had taken place and the B.S.R.T. Corporation had to surrender some of its operating areas to Mysore and Rajasthan State Road Transport Corporation and took over the operation of Saurastra State Road Transport Corporation and Kutch State Road Transport Corporation, P.T.S., Nagpur, S.T. Marathwada. To have proper co-ordination and control over all these various operating undertakings, they were placed under the control of Motor Transport
Controller, Bombay State w.e.f. 13.12.1956 and the M.T.C. to be the head of the Controlling Department which was termed as the "Transferred Road Transport Undertakings Department" (T.R.T.U.D.). All these Undertakings remained under the control of T.R.T.U.D. for about four years. During this period an attempt was made to bring the uniformity in fares, administration, procedures, bus design, method of operation etc. etc.

Again on 1.5.1960, there was bifurcation of bilingual Bombay State forming the Maharashtra State and the Gujarat State and thereby creating the corresponding State Road Transport Corporations, i.e. M.S.R.T.C and G.S.R.T.C.

The GSRT Corporation consisted of erstwhile S.S.R.T.C., K.S.R.T.C. and some divisions of erstwhile Bombay State which were under the control of T.R.T.U.D.

2.6 Nationalisation in Saurashtra and Kutch States

(a) S.S.R.T. Corporation

The Saurashtra and Kutch area of present Gujarat State comprised of various small princely States. In Saurashtra alone 202 small princely States existed before Independence. The merger of these 202 princely States formed the United States of Saurashtra
in April 1948 with Head Quarters at Rajkot under the stewardship of the then Rajpramukh, H.H. Maharaja of Navanagar (Jamnagar).

At that time some princely States were running bus services within their jurisdictions. Government of Saurashtra took over such routes and operated through State Transport Department—a separate wing in the Transport & Communication Department.

Gradually, routes operated by private operators and co-operative societies were taken over adopting the procedure as contained in the M.V. Act, Chapter IV A. By 1953-54 nationalisation caught momentum and 80% of the routes in Saurashtra area were nationalised. The routes were planned in such a way that there was interlinking of each district H.Q. with each other.

With a view to achieving the goal at a faster rate, the Saurashtra State Road Transport Department was converted into a statutory body under the R.T.C. Act, 1950 as S.S.R.T. Corporation in the month of March 1956. In the year 1956 the Planning Commission gave directives to the State Governments either to form R.T.C. or to convert the Government owned Transport Department into R.T.C. This gave momentum to the process of nationalisation and simultaneously the process of nationalisation of routes in
Saurashtra area was also stepped up; with the result that by 1.5.1960 when S.S.R.T. Corporation merged with G.S.R.T. Corporation, almost 90% nationalisation of routes had taken place. Only few pockets in Gariadhar, Bagasara, Savarkundla etc. were left out, which were nationalised soon after the formation of G.S.R.T. Corporation.

b) K.S.R.T. Corporation

The condition of Road Transport in Kutch area was extremely poor. Before 1921 means of transport in Kutch were Bullock carts, camel carts, chariots etc. Kutch was the biggest District of Gujarat State in terms of area, having 24% of the total area of Gujarat State, but smallest in terms of population. Its boundaries touch neighbouring country and long coastal line has given it importance from other points of view.

In Kutch, there was practically no railway barring in Kundla-Bhuj area, hence the importance of road transport. The road transport has played vital role in Kutch area in the economic, social and cultural development of the people of the area. The condition of roads in Kutch improved after the first aggression by Pakistan on Chhad bet and Kanjar-kot. Thereafter, the activities of road
development accelerated. Coastal high-ways and National highways — roads leading to the boundaries were developed.

The first bus service was started by one Mr. J. Budhabhatti in 1921 between Anjar and Khari-Rohar. The bus was not one of the present type. It was a half-tonner having plank benches to sit on and no roof overhead. It was covered with tarpaulin type cloth to have protection from heat, wind and rains. This was mainly started for facilitating the passengers coming from abroad by sea. From 1921 to 1938 there was no development in road transport. It was only in 1938 that a few other routes were covered.

Princely Kutch State Administration formed Kutch State Motor Service in 1942. After independence the Kutch State was given the position of 'C' grade State directly under the control of Central Administration. There was no significant development till a separate Corporation under the R.T.C. Act was established in 1954.

At the time of nationalisation, Kutch State Motor Service had 53 routes and 58 vehicles only covering 91 villages and average passenger travelling per day was 736.
As on 30.4.60, the details of constitutional area of Gujarat State, comprised of GSRTC, SSRTC and KSRTC are shown in table No. 2.3.

Consequent to the bifurcation of bilingual State of Bombay the BSRTC ceased its operations in Gujarat w.e.f. 1.5.60 and at the same time the SSRTC and KSRTC operating in Saurashtra and Kutrh areas respectively were dissolved and new Corporation, viz. GSRTC was established on 1.5.60 under Notification No. S.O. 1077 dated 29.4.1960, issued by the Government of India in the Ministry of Transport & Communications in exercise of the powers under Sec. 47-A read with Sec. 48 of the RTC Act. 1950 (LXIV of 1950).

2.7 Formation of G.S.R.T. Corporation

In Gujarat area, the BSRTC expanded its services further and nationalisation was almost complete in Gujarat area by 1958-59. As on 30.4.60, BSRTC was operating 1394 routes covering 27518 route miles in Gujarat area.

In case of Saurashtra, a large number of routes were taken over from private operators in the year 1956-57 and the total
number of routes in operation by SSRTC as on 30.4.60 was 232 covering 7225 route miles. Still this represented nationalisation of road transport in Saurashtra area to the extent of about 50% only. In the case of Kutch, the KSRTC took over few more routes during second five year plan period and the total number of routes in operation as on 30.4.60 was 62 covering 2463 route miles. Except for an odd route or two, nationalisation was complete in Kutch (table No. 2.3).

Thus on 1.5.1960, when GSRTC was established, the total number of routes in operation in the entire State was 1688 covering 37206 route miles. This represented nationalisation of road transport services in Gujarat State to the extent of almost 90% (Table No. 2.4).

2.8 Nationalisation of Passenger Transport and Five Year Plan in Gujarat.

Looking to the slow progress of nationalisation of transport services and pattern of ownership of passenger vehicles (table No. 2.2) the Motor Vehicles Act was amended in 1956 and a separate chapter IV-A was introduced for preparation and publication of nationalisation scheme for approval of the
Government. The Interim Commission also had directed the State Governments either to form STU or convert Government owned Transport Undertakings to RTC. The process of nationalisation had not made much headway even up to 1960 which can be seen from table No.2.2.

The nationalisation of road transport services in Gujarat are of the old Bombay State had actually started in 1949 in Ahmedabad and Nadiad Divisions and in Saurashtra in 1948, while in Kutch, right from 1942 when princely States came into transport business. By the end of 1950-51, there were 101 routes in Gujarat area, 73 routes in Saurashtra area and 49 routes in Kutch area. By the end of 1st Five Year Plan, there were 794 routes with 14344 routes kms. in Gujarat area, 48 routes with 1842 kms. in Saurashtra area and 54 routes with 2060 kms. in Kutch area.

It is understood that in VII Five Year Plan, no allocation of fund has been made by Planning Commission saying that STUs should concentrate on their present position and make it an element of healthy competition so as to make the STUs services more efficient. For limited expansion purpose, the STUs should generate their own resources.

This does not appear to be right approach. The main cause to bring the RTC Act into existence is well known as private
operators could not give cheaper, comfortable, reliable and
efficient services, and therefore, chapter IV-A in the M.V.
Act 1939 was specially introduced to speed up the nationalisation
process.

It could be the probable cause that most of the STUs are incurring
losses and unable to generate internal resources, which
has caused some of the STUs to have the private buses (UPSRTC
1024, DTU-731, Orissa STU-55, RSRTC-182 and APSRTC-27
private buses).

It is understood that in VII Five Year Plan, the Planning
Commission has significantly reduced funds for nationalised
transport sector. The probable reason for this may be that
during last 10 years, most of the STUs have been incurring
losses and they are unable to generate enough internal resources.
With a view to optimising existing resources, it might be more
advisable to consolidate the gains of nationalisation already
achieved than to proliferate further during VII Five Year Plan.
This however flies against the spirit of RTC Act, 1950, i.e.
to provide adequate, economical and properly co-ordinated
system of transport. The reduction in funds during VII Five
Year Plan will cause the private operators to creep in and
once again the commuters will be at the mercy of the private
operators.
TABLE SHOWING THE NUMBER OF OPERATORS OWNING NUMBER OF VEHICLES IN THE YEAR 1976-77

<table>
<thead>
<tr>
<th>No. of Vehicles owned by each operator</th>
<th>No. of operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>36,000</td>
</tr>
<tr>
<td>2 to 5</td>
<td>14,046</td>
</tr>
<tr>
<td>6 to 10</td>
<td>2,188</td>
</tr>
<tr>
<td>11 to 20</td>
<td>721</td>
</tr>
<tr>
<td>21 to 50</td>
<td>238</td>
</tr>
<tr>
<td>50 to 100</td>
<td>32</td>
</tr>
<tr>
<td>Above 100</td>
<td>37</td>
</tr>
</tbody>
</table>

Source: Report of the Study group on Road Transport Financing 1978 Page 7
TABLE No. 2.2

TABLE SHOWING OWNERSHIP PATTERN BY PRIVATE AND PUBLIC SECTOR SERVICE SINCE 1960-61 TO 1977 AND IN 1982-83

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No. of Buses</th>
<th>Ownership</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Public Sector</td>
<td>Private Sector</td>
</tr>
<tr>
<td>1960-61</td>
<td>56792</td>
<td>17946</td>
<td>38846</td>
</tr>
<tr>
<td>1965-66</td>
<td>73175</td>
<td>26489</td>
<td>46686</td>
</tr>
<tr>
<td>1970-71</td>
<td>93907</td>
<td>37093</td>
<td>56814</td>
</tr>
<tr>
<td>1975-76</td>
<td>106349</td>
<td>52111</td>
<td>54238</td>
</tr>
<tr>
<td>1976-77</td>
<td>116939</td>
<td>56013</td>
<td>60923</td>
</tr>
<tr>
<td>1977-78</td>
<td>117449</td>
<td>58137</td>
<td>59312</td>
</tr>
<tr>
<td>1982-83</td>
<td>180257</td>
<td>75708</td>
<td>104549</td>
</tr>
</tbody>
</table>

Source: Computed from N.T.P.C. Report - 1980 published by Govt. of India Page - 186

TABLE No. 2.3

TABLE SHOWING THE OPERATING POSITION OF SAURASHTRA, KUTCH AND OTHER AREAS AS ON 1-5-1960.

<table>
<thead>
<tr>
<th>Area</th>
<th>No. of Div.</th>
<th>Schedules</th>
<th>Employees</th>
<th>Routes</th>
<th>R.L.</th>
<th>Vehicles</th>
<th>Capital (Rs. in lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saurashtra</td>
<td>1</td>
<td>214</td>
<td>1433</td>
<td>232</td>
<td>7225</td>
<td>235</td>
<td>105.10</td>
</tr>
<tr>
<td>Kutch</td>
<td>1</td>
<td>56</td>
<td>469</td>
<td>62</td>
<td>2463</td>
<td>84</td>
<td>34.65</td>
</tr>
<tr>
<td>Other areas</td>
<td>6</td>
<td>1051</td>
<td>7028</td>
<td>1394</td>
<td>27514</td>
<td>1430</td>
<td>711.09</td>
</tr>
</tbody>
</table>

TABLE No 2A

TABLE SHOWING DETAILS OF FORMATION OF GSRTC AS ON 1.5.1960

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Routes</td>
<td>1688</td>
</tr>
<tr>
<td>2</td>
<td>Vehicles</td>
<td>1767</td>
</tr>
<tr>
<td>3</td>
<td>Route Kms.</td>
<td>37206</td>
</tr>
<tr>
<td>4</td>
<td>Employees</td>
<td>10,860 (9,827 + 1033)</td>
</tr>
<tr>
<td>5</td>
<td>Capital</td>
<td>850.84 lacs</td>
</tr>
<tr>
<td>6</td>
<td>Percentage of Nationalisation of routes</td>
<td>90%</td>
</tr>
<tr>
<td>7</td>
<td>No. of schedules</td>
<td>1285</td>
</tr>
</tbody>
</table>