PART - II

CHAPTER V

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CHAPTER V

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Importance

Transportation, perhaps more than any other structural element in the economy, needs to be well integrated in the general developmental framework. It needs carefully to be planned at each stage in advance of the actual requirements of industry and trade. It has to provide a very important element of the infrastructure on which the industrial edifice can be raised. For transport, efficient and inexpensive, will be needed at every stage of the country's build-up whether it is for the haulage of machinery to the factory site, the transport of men and building materials to the plant after it is installed or for delivering the manufactured product to the consumer.'

Transport service is 'a contributory factor, which by increasing the place-value of the produce raised facilitates — and thereby gives an impetus to — the increase of production, both quantitatively and qualitatively.... A good, efficient Transport Service promotes the division of labour in space as between regions or countries'.

Road transport in India is centuries old. Building of roads has always been considered a necessity not only for keeping in constant touch with other geographical locations but also for public convenience. Again, construction of roads has always been considered a primary duty of Government, which the more ambitious, popular and successful ruler has never failed to discharge.

Roads and road transport enjoy great economic significance. They lead to industrial and agricultural development. They enable the people or a community to establish their relationship with the outside world and thereby enjoy the fruits of civilization. They contribute to the industrial development, help the cause of employment, both in road building and road transport industry as also in moving the people from one place to the other.

During the early days, only two modes of transport

were known: (a) roads, and (b) rivers. Merchant traders and craftsmen frequently journeyed from place to place and used roads for the purpose. 'According to the evidence of Chinese, Arabian and European travellers from times immemorial, the roads had shading trees at short distances and numerous rest houses with arrangements for food and water for man and beast, provision of necessaries and protection for the safety of the passengers and their goods.'\(^3\) But conditions changed and the roads did not continue to receive the same patronage and care over the times. Consequently, their condition deteriorated to such an extent as to make Ruskin say that all social progress resolves itself in the making of good roads. The deterioration was marked both in quality as well as quantity. Thus, for such a vast country like ours we had 'on 31st March 1939, some 2,84,000 miles of roads of all kinds...'\(^4\) Out of these roads, only 25\% accounted for surfaced roads. Though the position since then has improved, it can be held that the programme of road development has throughout received a miserly deal. 'It would, perhaps, not be wrong to say that two Five Year Plans devoted more attention to the expansion of roads in terms of more mileage

4. Ibid., p.27.
than to the quality of the surface and strength of the road system. 5

Obstacles to the growth of Road Transport:

(a) Poor and inadequate roads: The condition of roads in this country is poor. They received a favourable treatment at one time and unfavourable at the other; on the whole, a step-motherly attitude could always be seen. The inadequacy of our roads in terms of quality and quantity as compared to that of the other countries is reflected in Table V.1.

The total road length in India in 1969-70 was 9.6 lakh kms. out of which only 2.85 lakh kms. were surfaced roads. This is very poor picture for such a vast country as ours. We have hardly 30 kms. length of roads per 100 sq. kms. and 181 kms. per lakh of population. We are poorer in terms of surfaced roads.

An analysis of the foregoing table shows that we rank 13th in terms of road length in kilometers per 100 sq. km. of area, 18th on the basis of the surfaced roads; and 24th if viewed in the context of both 'All roads' and 'Surfaced roads' per 1,00,000 of population !

This state of affairs has considerably retarded the

growth of a good network of the road transport system for a quick, easy, cheap and dependable movement of men, materials, machineries, etc. to and from the farm and the factories. It has also restricted the integration of the rural and urban economies.

(b) Licensing Policy: The Motor Vehicles Act of 1939 was the first step in regulating motor transport. But the provisions contained in the Act were so heavily restrictive that it created an impression that its object was more to restrict than to regulate, much less to develop, motor transport. Though the M.V.Act has since then been amended from time to time the general background of the old Act still continues. Delay in issuing permits and refusal to issue the permits in certain cases are the main constraints in the development of road transport. These led to a great deal of corruption in and outside the department. 'It was noticed by the Committee that in most of the States permits for stage carriages change hands at a premium, while the same is true of the goods carrier permits on inter-State routes and in certain cases within States also.'

This issue does not seem to have been solved even after the appointment of Inter-State Transport Commission, as the 10th Report of the Estimates Committee has observed. Steps

should be taken by the Government to strengthen suitably the Commission and arm it with all the requisite powers required to exercise a real and effective control on inter-State road transport.

(c) **Heavy Taxation**: The role of taxation in inhibiting growth and development of road transport in India is unparalleled in the whole world. In 1960, C.S. Nair had said: 'The average motor vehicle in India pays in taxes or duties on the vehicle and its fuel an amount of roughly Rs. 2600 per annum which is four times the rate in America and more than twice the rate in European countries.' This seems to be a very big under-estimation as the Road Transport Taxation Enquiry Committee (1965) has observed that the amount of tax which a motor vehicle pays in this country comes to a handsome figure of Rs. 15,700 per annum. The annual burden of taxation on commercial vehicles varies from State to State and ranges anything from Rs. 10,500 to Rs. 15,000 on each commercial vehicle, and from Rs. 11,000 to Rs. 26,000 on each passenger bus. 8

The Government of India has, since 1950, appointed as many as 11 Committees to enquire into the problems of the taxation on motor vehicles and the road transport. All the

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Committees have, without an exception, recommended the reduction in and the rationalisation of the taxes and the structure of taxation. But, strangely, the reports of all these Committees were either shelved, or used to increase the revenues by accepting and implementing parts of the recommendations as was done in case of the Motor Vehicles Taxation Enquiry Committee (1950). 'The taxation statistics reveal that road transport taxation has been increasing at a rate faster than all other taxes. In 1950-51 taxes on motor vehicles were of the order of 6.15% of the total tax revenue of the country. This percentage went up from 8.55 in 1959-60 to 13.33% in 1965-66, and is about 16 at present. The Government looks to Road Transport Industry as a milch-cow.'

(d) Poor Expenditure on Roads: While the Government has been bold in collecting all types of taxes, the same boldness is not reflected in expenditures in the construction of new roads and the maintenance of the old ones. The allocations of funds for the roads by the Government of India as well as the State Governments have been both inadequate and uncertain. This has proved to be the main bottleneck in the development of roads both qualitatively and quantitatively. Though the allocation of funds for

development of roads from Plan to Plan has been increasing in absolute figures, beginning from Rs. 134 crores in the First Plan, to Rs. 245 crores in the Second Plan, to Rs. 445 crores in the Third Plan, to Rs. 866 crores in the Fourth Plan, there is a marked decline if viewed in the context of the total investment in the public sector. The total expenditure on road development has declined from 8.6% in the First Plan to 6.7%, 6.5% and 5.5% in the Second, Third and Fourth Plans respectively. As compared to net national output also, the share of roads in our country is the lowest in the world — 0.59% at the end of the Third Plan. This is a disturbing feature especially when the revenue from the road transport has progressively increased from Rs. 220.48 crores in the First Plan to about Rs. 3,500 crores in the Fourth Plan. Such step-motherly treatment by the Government is one of the strongest arguments for a separate road budget.

(e) Paucity of Vehicles: The first motor vehicle was imported in India in 1898. The motor transport industry developed in this country after the first decade of this century. Till that time vehicles were imported from foreign countries. The difficulty in procuring the vehicles, and in procuring spare-parts, garage tools and truck tyres for heavy vehicles proved to be a serious limiting factor for the development of road transport in this country. Even
to-day we have not been able to improve our position satisfactorily in regard to the production of automobile vehicles. The facts that cars, scooters and trucks are available only after a period of five to ten years after the registration and that acute shortages of spare parts and the resultant high prices provide only a partial evidence. These have also given birth to the practice of paying 'on' moneys for the purchase of certain vehicles and to the prevalence of a black market in the spares.

(f) Small Operators: One of the common complaints about the road transport in this country, till recently, was that there was a large number of small operators, who owned one or two vehicles. The cause giving rise to this situation was the shortage of finance -- a feature which also ails the present road transport system. It was as early as in 1943 that the Technical Sub-Committee of the Post-War Policy Committee on Road Transport and Road/Rail Relations recommended the combination of individual bus operators into bigger units so as to be able to provide regular, convenient and safe service to the public. Again in January, 1945, the Transport Advisory Council and the Post-War Policy Committee on Transport and various Provincial Governments press Notes had asked the small operators to amalgamate into substantial companies. Madras Government was too religious about this policy of amalgamation and went
up to the extent of threatening, in May 1945, that unless bus operators amalgamated themselves into concerns of such a size that they could afford to maintain proper facilities for maintenance and repair of their vehicles, the permits would not be renewed from 1946 onwards.

The Planning Commission also had, in its report on the First Five Year Plan, observed: "Only large organizations with adequate financial resources can provide the workshops and other facilities which are essential for rendering efficient services and realising the economies resulting from large-scale operation. It is desirable for the existing private operators' units to amalgamate wherever possible into big viable units to enable them to achieve better returns and maintain better standards of operation." This was reiterated by the Planning Commission in the report on the Second Five Year Plan in which it was observed that inadequate development of road transport during recent years could be attributed, amongst other reasons, to the fact that "the majority of private operators are small individual owners without resources who cannot extend their operation on sound and business-like lines." The Masani Committee, however, felt that there should be no ban on the owner of a single truck in case of goods transport.

though "in so far as passenger transport is concerned, the additional element of public safety and convenience as also that of regularity is involved and the Committee does not think that an operator with a single bus can be expected to guarantee efficient or regular service on any scheduled route". ¹²

(g) Imperial Preference to Railways: Railways in this country have always enjoyed a privileged position in regard to (a) allotment of funds, and (b) its protection against the competition from the other modes of transport. Though the world trends show the road transport enjoying a dominating position in the total transport picture of a country and compelling railways in several areas not only to curtail their operations but also to pull out their tracks and plant, leaving the transport field open to alternative agencies which are more capable of meeting the requirements of the economy, the position in this country is altogether different. The world trend shows that (a) there has been a decrease in the share of railways in the inland traffic, and (b) railway haulage now tends increasingly to get confined to the bulk commodities such as coal and mineral ores. The railways in India, on the contrary, predominate the scene. For instance, they carried as much

as 75% of the total goods traffic in 1968-69\textsuperscript{13} and carried all types of goods. This situation has probably led Dr. Antia to conclude: "There is little doubt therefore that in India we are doing our best to go contrary to world trends in the development of transport."\textsuperscript{14} Compare the conditions in England, where a group of English people had, at the end of October 1960, pleaded before the Stafford Committee -- the Government-appointed body studying the future of British Railways -- to scrap the British Railways and turn the tracts into a network of motorable roads\textsuperscript{15}.

All possible steps were taken to throttle the development of the road transport in this country by appointing various Committees, but the vested interests of the railways were always safeguarded by a member who represented the Railway Board on every Committee.

\textbf{(h) Attitude of the Government:} The attitude of the Governments -- British as well as that of native States -- was not positive towards the development of road transport as they had their vested interests in the railways. It was left entirely to the mercies of the private operators. To quote R. Bose, "Though the need for development of road

\textsuperscript{13} Incidentally, it may be mentioned that the per centage share in 1950-51 was 88 per cent. According to IV Plan Estimates (1973-74), the same has been estimated at 65 per cent.


\textsuperscript{15} Nair C.S.: Commerce(W) Annual Number, 1960: p.125.
transport was emphasised for political and economic reasons as early as 1924-25 by the Taxation Enquiry Committee appointed by the Central Government, and the private enterprises had started to establish motor transport industry as early as 1920 or thereabout, the Government came to take direct interest in the industry much later. Instead of giving encouragement during its infancy, the then governments took steps to retard its growth. Motorbus and motorcoach services were subjected to a drastic system of regulation by the Road Traffic Act, 1930. The road haulage industry was brought under State regulation in 1933. The object of the legislation in each case was to restrict road competition in the interests of the railways. Government, however, did not come forward to guide the planned development of the industry. It did not think of protecting the industry from the small entrepreneurs jumping into it because of the lucrative profits in the initial period but who failed subsequently, giving bad jerks to the industry.

**Passenger Road Transport:**

"The key role of passenger transport in the development of the national economy need not be overemphasised in

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a country like India. For fostering the growth and development of internal economy, it is essential to provide cheap, comfortable and rapid means of passenger transport. The one reason why India's economy was stagnant during the last hundred years or more was the fact that a large majority of villages was isolated from each other for lack of convenient transport."17

It was only after the World War I that passenger road transport assumed importance. There were only a few thousand vehicles consisting largely of motor cars and taxis before the commencement of the War. At the end of the War, a large number of vehicles remaining surplus with the army found their way to the market. "In 1918 the Maharaja Madhavrao Scindia of Gwalior happened to win in a raffle a number of Thorneycraft buses which formed the nucleus of India's first organised road transport. The system served the State's capital and its suburbs for some years and proved so popular that soon it expanded to cover much of the State territory."18 The experiment was so very successful that Gwalior's bus services were called upon to repeat

the performance in India's capital. The Gwalior Motor Service as it was known soon captured public imagination and there was a public demand for similar bus services elsewhere.

All types of entrepreneurs -- big and small, with or without any experience -- entered into the business because of the lucrative profits it could earn as it was both new and popular. This resulted in a large scale expansion in the passenger road transport services, so much so that the railways started facing serious competition from it. The onset of the great economic depression in 1929-30 intensified it and inflicted heavy financial losses on the Indian railways.

A need was consequently felt for coordination between the two forms of transport. A need for constituting a department in the Government of India to control all means of transport, and for directing the development of roads and railways by means of a single policy, was voiced in the report of the Indian Road Development Committee (1927). Various Committees were appointed to go into the question of rail-road competition and suggest measures for their coordination.

(1) Mitchell-Kirkness Committee:

This Committee, composed of two members, Mr. K.G.
Mitchell, Road Engineer with the G.O.I. and Mr. L.H. Kirkness, a railway officer, was appointed in 1932, to enquire into the extent of competition and the possibility of future coordination and development. The Committee observed, "that the competition between rail and road transport was mainly in the field of passenger traffic and that also within the zone of 1 to 50 miles."

It added: 'it is a very difficult thing to get the figures for the traffic carried by roads, as most of the motor services are unorganised and they do not keep or at least do not publish the statistics of the traffic carried, whether goods or passengers. It is estimated that the railways suffered losses to the extent of Rs. 187 lakhs due to motor competition.'

Shri N.M. Chinoy, however, did not agree to the conclusion drawn by the Committee. According to him: "A Railway's losses may be due to various factors not excluding its own inefficiency or lack of facilities. To ascribe any losses to "motor competition" might not only be inaccurate but positively mischievous as tending to give


rise to an impression that motor transport is an unhealthy element in the national system of communications."^21

The Committee suggested that the solution of road-rail competition in many cases lay in the railways themselves operating road transport on routes running parallel to them although there would be objections to railways embarking on road transport. The Committee further suggested restricting the number of buses on any route, issue of time-tables, publication of schedules, of fares and compulsory insurance.

An impartial study of the suggestions of the Committee reveals that they were meant to restrict the competition from road transport and did not make concrete proposals for coordination and development of road transport.

(2) Wedgwood Committee^22:

Another Committee under the Chairmanship of Mr. Wedgwood was appointed in 1937 to look into the question of rail-road competition and its effect on the railway revenues. That Committee, too, laid great emphasis on the regulation of motor transport. It expressed itself against the overcrowding of buses due to which passengers were put to a

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22. Also known as Indian Railway Enquiry Committee.
lot of inconvenience, but was conveniently silent on the same issue pertaining to the railways. It also brought out the conflict between the central and the provincial governments in regard to the transport policy — the former being directly interested in the development of the railways, the roads being a provincial subject. The Committee observed: "The policy hitherto followed by the provincial governments encourages an unorganised and inefficient type of road transport whose competition will cripple the railways without providing a trustworthy service on the roads whilst on the other hand the control exercised by the Central Government can only be made effective by delaying or restricting the provision of an adequate road system which is a public need of the first order, quite irrespective of the railways. In this way a continuance of the present policy seems certain to give India the worst of both worlds — unprosperous railways and inadequate roads." 23

The Committee suggested uniform tax rates in all provinces. It also recommended two types of licences — route licensing for passenger buses and regional licenses for goods vehicles. While it laid emphasis on the regulation of motor services, it also asked the railways to

improve their operational efficiency.

This Committee also seems to have fallen in line, a little liberally, with its predecessor in blaming the road transport.

(3) Technical Sub-Committee:

The Second World War threw into the background the problem of rail-road coordination, as the entire transport system of the country was subjected to a heavy strain. Government, however, was aware of the possible conflict, and wanted to find out a permanent solution to the problem. A Technical Sub-Committee, therefore, was appointed in 1943 to consider the future of the road transport and rail-road relations in the country.

The Committee made certain far-reaching recommendations, the most important being (a) the transfer of the goods transport control to the Centre which was so far a state subject, (b) the transfer of the short haul goods traffic of railways to road transport, (c) the adoption of the principle of maximum amalgamation of passenger service operators to form substantial concerns on main routes, (d) the establishment of minimum fares both for rail and road by agreement, (e) the mutual exchange of interest both in railways and road transport to the provincial and central governments, (f) the setting up of an Indian Road Board
which should be made responsible for development, and (g) the development of closer cooperation by the railways with the road passenger transport and the ultimate acquisition of a commanding interest.

The Transport Advisory Council, while not accepting the recommendation regarding the setting up of a Road Board, favoured the idea of the railways acquiring financial interest in the road transport companies.

A few observations may be made here. The development of one form of transport raises inevitably the issue of the development of the others. It is, however, necessary that the new form is allowed to flourish and, wherever and whenever circumstances warrant, is protected. It is queer that, in India, the Government not only did not protect the road transport in its infancy but also became a party to restrict its free development. Though the railways started complaining about the competition from road transport, it was not that serious. The Mitchell-Kirkness Committee itself had observed (a) that it was restricted within the zone of 1 to 50 miles, and (b) that the carriage of merchandise by road transport in competition with railways had not developed to any great extent. Again, the newly born road transport could certainly not have escaped the ill-effects of the world-wide economic depression
of 1930s; but no Committee was ever appointed to study the incidence of mortality of private proprietary units.

The Government did not think of regulating the road transport until 1939 when an integrated Motor Vehicles Act was passed. Under the Act, a Regional Transport Authority was created to grant permits after taking into account the adequacy of the existing road transport services on the route or in the region concerned. The Act contained provisions empowering the State Governments to put restrictions on distances of validity of permits or on types of traffic carried, or to regulate fares and freights having regard, among other considerations, to the desirability of coordinating road and rail transport.

Even during the Second World War, when the road transport experienced difficulties regarding imports of vehicles, spare parts and tyres, the Government introduced rationing of petrol. Notwithstanding these difficulties, the GOI in order, inter alia, to protect the interests of the railways issued to State Governments in 1945 'A Code of Principles and Practice' for the regulation of road transport. This Code sought to restrict the free carriage of all goods other than those of a perishable or fragile nature to a distance of only 75 miles and urged that, beyond that distance, permits should only be issued if it was established
to the satisfaction of the licensing authorities that the railways could not handle the traffic. This was clearly indicative of a discriminatory treatment in favour of the railways.

It follows, therefore, that there was no genuine desire for coordination on the part of the Government and the railways. Had there been any such intention, the Government should have allocated a part of the revenues of the railways to the betterment of the roads as from 1929. Instead, the Government had burdened the newly-born road transport industry by an increase in the petrol duty from 4 annas per gallon to 6 annas per gallon, as recommended by the Indian Road Development Committee in 1928.

That the imperial officials tried to protect the interests of the British shareholders in the Indian railway companies could be only a partial — if at all — explanation; for, the road transport industry in England, too, had received a similar discriminatory treatment from the same officials who were responsible for the retarded growth of the industry in this country. Robson has very well echoed this subtle misdeal on the part of the Government and railways in these words: "The restriction of competition offered to railways by road vehicles, or the deprivation of the latter of their advantages to the user, is generally
described as 'co-ordination'. This euphemism has always seemed less likely to offend the susceptibilities of business men or arouse the suspicions of the travelling community than a cruder expression such as 'the elimination of competition' or 'the handicapping of road transport'. But this is in fact what it has meant. The 'co-ordination', moreover, has so far always been one-sided. Railway services have never been restricted, or fares raised, in order to assist road operators."

Road Transport Corporation Act 1950:

One of the objects of the Technical Sub-Committee of the Post-War Policy Committee on Road Transport and Rail-Road Relation in recommending the formation of tripartite companies was to develop passenger services by road. The other object was to facilitate coordination between road and rail through the participation of the latter and a voice in the affairs of the former. Unfortunately this did not find general support.

As the events took place later, it was proved that the government was not prepared to allow the private operators to continue in the field at least of passenger road transport so that the problem of competition between the

rail and road might not arise and coordination might be easy and effective.

It was with this view that, around 1947-48, several State Governments with the consent of the Central Government adopted amendments to the Motor Vehicles Act, 1939, which enabled them to cancel existing stage carriage permits and/or to refuse renewals or issue of temporary permits. The Road Transport Corporations Act was passed in 1948 to enable the State Governments to take over the passenger road transport services for running them as State enterprises. However, some of the provisions of the Act of 1948 were declared ultra vires. The Central Government, therefore, passed a new RTC Act in 1950 as an improvement over the old one. The Act is an enabling one, providing for the incorporation and regulation of Road Transport Corporations by the State Governments.

**Objective:**

Chapter II, Sec. 3 of the RTC Act 1950, lays down the objective in the following words:-

"The State Government having regard to--

(a) the advantages offered to the public, trade and industry by the development of road transport;

(b) the desirability of co-ordinating any form of road transport with any other form of transport;

(c) the desirability of extending and improving
the facilities for road transport in any area and of providing an efficient and economical system of road transport service therein;
may, by notification in the Official Gazette, establish a Road Transport Corporation for the whole or any part of the State under such name as may be specified in the notification”.

The Corporations, therefore, are supposed to develop, extend and improve the road transport facilities for the benefit of the public, trade and industry. It is also envisaged under the Act that there should be no competition with the other modes of transport. The Corporations should always think of the desirability of coordination.

These objectives may be very well appreciated in view of the then existing conditions in passenger road transport service. Most of the operators were small and they could not afford to provide sufficient transport services, much less other facilities. Passengers were huddled together in the buses like goods dumped in the wagons as their profits directly depended upon the number of passengers carried — not accommodated!

In the rural areas the passengers travelled -- better, were transported -- even on the roofs of the buses at their cost and risk! The entire system was flexible in the sense that neither the timings of the buses nor their stops were certain. Mostly the buses were run keeping in view the
train timings — thus, by the way, they acted as feeders to the railways. In many rural areas there was only one trip during the day. Many villages were not covered because the plying of a bus route was considered unprofitable for want of passengers. Some times the bus would not come if it was out of order or had been engaged elsewhere — no pre-intimation was found necessary! The people in some areas had to wait for a number of days to get the bus. Modern amenities provided by some of the Corporation could be well described as 'luxuries' during those days. There was no improvement or extension of the services provided. The treatment accorded to the passengers was indeed 'hopeless'; and, usually they were helpless.

There was, therefore, a great sigh of relief by the passengers when S.T. came in to replace the private operators, as a result of the passing of the RTC Act, 1950.

The direct implication of the Act was a complete elimination of the private operators wherever the State Governments took the passenger services in their hands. The capital contributions required for the Corporations are made by both the respective State Governments and the Central Government in the proportion of 2:1. The Corporation is authorised to take over the routes from the private operators.
Progress made until 1973 in India:

The response from the different States, however, was not very warm, particularly, in regard to the establishment of Corporations to run the passenger road transport services. Many States preferred the Departmental form for the simple reason that they were then not bothered about the taxes. This attitude on the part of the State Governments has hindered the growth of nationalised passenger road transport services. The Bombay State Road Transport Corporation was the first to be established in the whole of India in 1949 followed by the Andhra Pradesh, with a time-lag of nine years -- the State Road Transport Corporation there having been set up in 1958. The former Pepsu State and the Himachal Pradesh ranked third and fourth in establishing SRT Corporation during the year 1958-59. In 1960, the BSRTC was bifurcated in the Maharashtra SRTC and the Gujarat SRTC. North Bengal State Road Transport Corporation, Cooch-Behar also came into being in the same year. Mysore, Madhya Pradesh, Rajasthan and Kerala followed suit in establishing R.T.C.s in 1961, 1962, 1964 and 1965 respectively.

Thus, at the end of the year 1973 there were 13 SRTC in the whole of India. The rest of the States have been

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25. Orissa, for example, having tried with the Corporation form, returned to the Departmental form as it had to pay high taxation. Reference made by Shri R.G.Saraiya, Chairman, MSRTC at the 3rd Conference of Chairmen of S.T. Undertakings on 21 to 22 Dec. 1967 at Ahmedabad.
managing their road transport services through departments. Again, barring a few States the process of nationalisation has not attracted the attention of the State Governments.

Table V.2 presents the statistics regarding the nationalised buses in the States as on 31-3-1971.

The lack of interest on the part of the majority of States to nationalise passenger road transport service gave a set-back to the whole movement. The all-India figure of nationalisation has reached the figure of only 40%, leaving still a major part of the services in the hands of the private operators. It is dissatisfying to note that even in some States where the R.T.C.s have been set up for quite a long time, thus, have not made any substantial progress in nationalising the services.

Be that as it may, this has also put the people in certain areas in an awkward position. Now, the private operators do not come forward to start new routes for the fear that those may be nationalised; and the Road Transport Corporations and Departments of the Governments also do not show active interest in developing new routes and extending the services. The public has, therefore, lost the better of both the worlds.

Thus, in a way, the purpose of passing the RTC Act, 1950 has not been fully served. The observation made by the Road Transport Reorganisation Committee — "Quantitatively,
<table>
<thead>
<tr>
<th>State/Union Territory</th>
<th>Total No. of buses on road</th>
<th>No. in nationalised Undertakings</th>
<th>%age in the public Sector</th>
</tr>
</thead>
<tbody>
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<td>Andhra Pradesh</td>
<td>7,065</td>
<td>2,464</td>
<td>34.9</td>
</tr>
<tr>
<td>Assam</td>
<td>2,659</td>
<td>425</td>
<td>16.0</td>
</tr>
<tr>
<td>Bihar</td>
<td>4,522</td>
<td>1,571</td>
<td>30.3</td>
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<td>Gujarat</td>
<td>5,563</td>
<td>4,582</td>
<td>82.2</td>
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<td>Kerala</td>
<td>6,563</td>
<td>1,561</td>
<td>23.8</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>5,225@</td>
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<td>Maharashtra</td>
<td>10,739</td>
<td>7,782</td>
<td>72.5</td>
</tr>
<tr>
<td>Mysore</td>
<td>6,660</td>
<td>3,170</td>
<td>47.6</td>
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<tr>
<td>Orrisa</td>
<td>1,615@</td>
<td>623</td>
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<td>Punjab</td>
<td>2,500£</td>
<td>1,538</td>
<td>61.5</td>
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<td>Rajasthan</td>
<td>7,173£</td>
<td>574</td>
<td>8.0</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>7,534</td>
<td>2,087</td>
<td>27.7</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>8,139£</td>
<td>3,855</td>
<td>47.3</td>
</tr>
<tr>
<td>West Bengal</td>
<td>9,427@</td>
<td>1,459</td>
<td>15.5</td>
</tr>
<tr>
<td>Chandigarh</td>
<td>176</td>
<td>53</td>
<td>80.1</td>
</tr>
<tr>
<td>Delhi</td>
<td>3,048</td>
<td>1,303</td>
<td>42.7</td>
</tr>
<tr>
<td>Goa, Daman &amp; Diu</td>
<td>1,394</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Manipur</td>
<td>230</td>
<td>66</td>
<td>28.7</td>
</tr>
<tr>
<td>Pondicherry</td>
<td>99@</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>A &amp; N Inlands</td>
<td>30</td>
<td>25</td>
<td>83.4</td>
</tr>
<tr>
<td>Tripura</td>
<td>269</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* As at the end of the year 1970-71.
@ As on 31-3-70
£ As on 31-3-69
nationalised services represent only a small portion of the total volume of road transport. Almost all of goods transport and nearly three-fourth of passenger transport is run by private enterprise\(^\text{26}\) holds good even to-day.

**Peculiar Problems of Nationalised Passenger Road Transport:**

Passenger road transport carries with it certain peculiar problems. There are opposite interests and issues which may come in the way of providing an efficient service capable of satisfying the needs and expectations of the travelling public. A nationalised passenger road transport service poses these problems a little more seriously as in that case expectations become too inflated and it also becomes easy for all -- the press; the public, the politicians and the parliamentarians -- to criticise it.

(1) **Taking over the routes:** It is not as simple as it apparently looks. Before taking over any route a complete survey has to be made to find out the conditions under which it will be operated like the availability and the condition of the roads, the villages coming in between and the potential traffic. Even when a private operator is plying on a route which is to be taken over, though the problem may be a little easier, a survey will have to be undertaken.

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because a number of obligations will have to be met by it. It cannot simply suspend operation under the pretext of bad road conditions or breakdown of the bus. It will have to provide bus stations, bus stands, pick-up stands, etc. The nationalised passenger road transport body shall have to take all these into account.

The taking over of the routes already operated by the private operators involves other issues. A lot of procedural formalities will have to be gone through before a route can be nationalised. The Regional Transport Authorities will have to be approached for the grant of permits. If the permits are not granted by them, appeals will have to be filed with the State Transport Authorities. If the permits are granted by them, the private operators have the option to go to the High Courts with writ petitions. This, apart from dragging the Corporations into litigation, results in delaying the process of nationalisation.

Again, the taking over of the routes from private operators raises three important issues: (a) Fixation of the amount of compensation to be paid to them. (b) Take over of the assets. (c) Absorption of their employees.

These are the problems involving financial implications and are very difficult to solve as the expectations on the part of private operators are always very high as they know
that they are dealing with a body which is sufficiently big to afford to pay bigger amount and whose members do not have any personal financial stake.

(2) **Fleet Standardisation**: The passenger road transport, in order to be efficient, must possess most modern fleet. Again, it is desirable that, as far as possible, all the vehicles are of the same make. This would enable the workshop men to get expertise in their repairs and maintenance. Also, the problem of shortage of spares would be reduced to the minimum. Above all, the greatest advantage it will accord to the transport body will be that of a relatively smaller investment in the inventories.

(3) **Seasonal Variations in Traffic**: There may be seasonal changes in the traffic demands. A careful study will have to be made in order to provide convenient and satisfactory services at the same time keeping in view the fundamentals of economic operations. City service may pose different problems. Even when regular services are provided, peak hour demands also will have to be carefully looked after. This will necessitate a large number of vehicles which may lie idle during the slack period. Rural services, though, may not pose identical problems but would require the transport body to keep in mind the regional fairs, festivals, marriage seasons, holidays, etc. and provide ready
services.

And, while providing the services as per demands, the corporation should not lose sight of efficiency in keeping down the cost of operation, maximum vehicle utilisation, etc. These are diametrically opposite issues which will have to be successfully solved and a balance will have to be struck between them.

(4) **Ever Efficient Operation:** Wherever a public enterprise is involved as an agency in providing a service, too much is expected from it in the sense that everything should be ideal. Government is expected not only to be an ideal master but an ideal servant also. Once a route is started it is very difficult to discontinue it even when it may not continue to be economically viable. The sitting accommodation and the travelling amenities must be ideal. There should be a sufficient number of pick-up stands, shades, drinking water facilities, punctuality of buses etc.

At the same time the organisation must not incur losses, otherwise it would be subjected to drastic criticism from all quarters.

**History of Nationalised Passenger Road Transport in Gujarat:**

Bombay was a pioneer State in the field of passenger road transport, BSRTC having been established in 1949.
Gujarat, then forming a part of the Bombay State, was served by the BSRTC. At the end of 1950-51, Ahmedabad and Nadiad were the two divisions in Gujarat region operating 101 routes with a coverage of 2,102 miles. During the First Plan period, three more divisions were opened at Baroda, Surat and Palanpur. At the end of the Plan, i.e. in 1955-56, Gujarat region served by BSRTC covered a total of 14,344 miles with 794 routes.

Saurashtra State Road Transport Corporation:

Saurashtra area -- now part of Gujarat State -- was, for many years after Independence, a separate State. There the road transport services were provided by the Saurashtra Road Transport Department which was created as a result of the coordination between the transport services provided by some of the old Indian Princely States. The Department, at the end of the First Plan period, operated 48 routes covering 1,842 miles. It continued to function till 1st April, 1956, when the Saurashtra State Road Transport Corporation was formed. It was later during the same year that the Greater Bilingual Bombay State was formed and Saurashtra was merged with it. The merger, however, did not alter the position of the S.S.R.T.C.; it was allowed to operate as an independent unit.

During the first two years, the Corporation could not
make much headway in the field of nationalisation due to the fact that the State had a well set-up network of passenger road transport services from earlier times. There were (i) long-established cooperative transport societies providing excellent services throughout the State and (ii) established private operators with vested interests. The latter were gradually going out of business due to severe competition offered by the former. Also, the Corporation during the four years of its existence could bring within its fold only 50% of the routes operated in the State. The routes had gone up to 232 with 7,225 miles coverage on the eve of its merger with the GSRTC, on 1st May, 1960.

Kutch State Road Transport Corporation:

Kutch also constituted a separate State until 1956, when it was merged with the Bilingual Bombay State. There also, the road transport services were looked after by the State Transport Department until December, 1954, when the Kutch State Road Transport Corporation was established under the provisions of the RTC Act, 1950. The Corporation had, at the end of 1955-56, been plying its buses on 54 routes covering 2,060 miles. It, too, was allowed to continue operating independently even when the State formed a part of the bigger Bombay State.

Unlike Saurashtra, the region was not very well served with the road transport services; and, to that extent, the
the job of the Corporation was simpler particularly, in regard to the nationalisation of the existing routes. At the time of the formation of Gujarat State and the merger of the K.S.R.T.C. with the G.S.R.T.C., the Corporation was operating 62 routes with a total mileage of 2,463, with all except a couple of routes nationalised.

Gujarat State Road Transport Corporation:

The erstwhile Gujarat had never enjoyed the status of a separate State until 1-5-1960; it had always formed a part of Bombay State. Even when most of the States in India were reorganised, in 1956, linguistically, and inspite of the fact that the people of Gujarat had given a strong fight to the Government through the MahaGujarat Movement, it was continued to be tagged to Bombay State. It was only in 1960 that a decision was taken to bifurcate the bilingual Bombay State and create two new States — Maharashtra and Gujarat. With the formation of the new State, all the public enterprises which were then functioning in the Bombay State also got bifurcated.

Consequently, the new separate State of Gujarat came into being on 1st May, 1960. The Gujarat State Road Transport Corporation was established on 1st May, 1960, under Secs. 47(a) and 48 of the R.T.C. Act 1950 and Notification No. S.O. 1070 dated 29th April, 1960, by the Ministry of Transport
and Communications, G.O.I., to look after the passenger road transport services in Gujarat State.

The formation of the GSRTC altered the independent position of the other two Corporations in the State: S.S.R.T.C. and K.S.R.T.C. They were also merged with the newly formed G.S.R.T.C. The position of the G.S.R.T.C. as to the number of routes operated and the total route mileage as on 1st May, 1960, is depicted in Table V.3.

<table>
<thead>
<tr>
<th>Inherited from</th>
<th>No. of Routes</th>
<th>Total Route Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.S.R.T.C.</td>
<td>1,394</td>
<td>27,518</td>
</tr>
<tr>
<td>S.S.R.T.C.</td>
<td>232</td>
<td>7,225</td>
</tr>
<tr>
<td>K.S.R.T.C.</td>
<td>62</td>
<td>2,463</td>
</tr>
<tr>
<td>Total</td>
<td>1,688</td>
<td>37,206</td>
</tr>
</tbody>
</table>

As many as 90% of the routes were nationalised at the time of the inception of the Corporation. But the Corporation had to face various teething troubles, the chief among which pertained to the fleet.

The position of the fleet inherited and owned by the Corporation is presented in the Table V.4.

Moreover, a good number of buses had to be kept off the road for want of large number of spare parts which could not be easily imported because of the foreign exchange
Table: V.4

<table>
<thead>
<tr>
<th>Name of the Corporation</th>
<th>No. of Buses</th>
<th>No. of Non-usable Buses</th>
<th>No. of Usable Buses</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.S.R.T.C.</td>
<td>1,430</td>
<td>63</td>
<td>1,367</td>
</tr>
<tr>
<td>S.S.R.T.C.</td>
<td>253</td>
<td>24</td>
<td>229</td>
</tr>
<tr>
<td>K.S.R.T.C.</td>
<td>84</td>
<td>26</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,767</strong></td>
<td><strong>113</strong></td>
<td><strong>1,654</strong></td>
</tr>
</tbody>
</table>

restrictions.

On the other hand, the State was very backward in the matter of road development. In March 1961, it had only 21 miles of roads per 100 sq. miles as against the all-India average of 35 miles. It was nearly 44% behind the targets of road development laid down under the Chief Engineer's Plan when the country as a whole was only 8% short of the targets. Again, the conditions of the roads were also far from satisfactory. A large number of roads were kutcha and unsurfaced. This inflicted heavy depreciation on the vehicles and also compelled the Corporation to suspend the operation for the entire monsoon period (a) bringing down the average vehicle utilisation to about 60% and (b) adding to the hardships of the travelling public. This created public antipathy towards the Corporation for no fault of its.

Actually, this has proved to be a perennial riddle for the Corporation.

The Corporation also suffered initially from the shortage of staff in general and technical staff in particular.

In addition, the Corporation had to face a budgeted deficiency of Rs. 82 lakhs and had to experience many difficulties and stringencies on the financial side.

These handicaps and hindrances, however, were not permitted to impede the growth of the Corporation. It has steadily expanded its activities.

Starting with only 76 depots in 1960-61, it reached the figure of 92 at the end of 1972-73. During the same period; the number of routes, the route kms. and the number of schedules also registered a rise from 1,774 to 6,367; 41,513 to 2,97,694 and 1,334 to 3,512 respectively; the number of passengers carried went up by nearly 400%; the total traffic earnings rose from Rs. 643.30 lakhs to Rs. 4602.46 lakhs -- a rise of nearly 7 times.

These should not be interpreted simply as quantitative progress. The quality of the service has also improved since its establishment. Regularity improved from 84.91% to 93.14% 'departures' and 'arrivals' witnessed improvements from 85.13% to 92.92% respectively; breakdowns and accidents
registered a fall from 1.38 to 0.67 per 10,000 kms. and
0.98 to 0.42 per lakh kms. respectively; amenities to
passengers rose markedly; the number of Bus Stations
increased from 76 to 167, of Cloak Rooms from 8 to 54, of
Refreshment Rooms from 113 to 259, of Pick-up Stands from
274 to 1,095 and of Books and other Stalls from 36 to 396.

Again, labour was not deprived of the fruits of
improvement in the condition of the Corporation. So far, 
five settlements, including one finalised on 22nd March,
1974, have taken place between the Labour and the Corpora-
tion and every succeeding settlement has improved not only
their working conditions but also their financial conditions.