



# EMERGING PERSPECTIVES OF PRIVATIZATION OF TRANSPORT SERVICES: AN EFFECTIVE REGULATORY AGENCIES

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## Abstract

*Privatization of strategic public services including transport, education and military services do have efficient perspectives to change not only the society but also governing structure of the respective state. Researcher, through this article emphasized upon the establishment of powerful and an effective regulatory agency to manage the affairs of privatization and ensure the welfare malice of citizens at large. The present study highlighted that citizens are not found satisfied with the private transport services. Despite this fact, government trying to move towards privatization of strategic services which is against the citizen's will. The positive aspects of privatization could be realized only when regulatory agencies are empowered enough to enforced the rules and policies made for private agents with the philosophy of welfarism. Researcher adopted diagnostic research method based on both primary and secondary data sources and personal observation.*

**Keywords:** Privatization, strategic services, regulatory agency, welfarism, inclusive development, etc.

## 1. Introduction

The requirement of huge investment and technological up-gradation compelled the government to initiate the process of privatization in all sphere of public services not only of transport services but also other strategic public services including Banking, Education and Military services. It does have efficient perspectives to change not only the society but governing system have also been adequately affected. Under these perspectives, the important questions have been comprehended about the welfare mechanism of inclusive governance and weather rules and policies made by the competent authority are adequately implemented by the private agencies. Although, efficient and sound public service delivery from transport services comprehended the matter of concerned to attract people's participation in administrative system to realize inclusive development and sustained high growth rate.

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## 2. Trends Towards Privatization

On July 23, 1991, India launched a historic reform in response to a first Gulf War (1991), Fiscal Deficit and Balance of Payment Crisis, which changed the very face and the nature of economy in coming years. The process of reforms in India is completed by Liberalization, Privatization and Globalization (LPG). Liberalization shows the direction of reform, Privatization shows the path of reform and Globalization shows the ultimate goal of the reforms. Liberalization further refers to the process of decreasing traits of a state economy and increasing traits of a market economy while privatization at that time was used as a process under which the state assets were transferred to the private sector.<sup>2</sup> The globalizations reflect increase in economic integration among nations or abridging the national boundaries, though having political and cultural dimensions, it is always used in economic terms.<sup>3</sup> The recent economic downturn reinforced the need for enhancing infrastructure investment for greater productivity and growth. Public Private Partnership having the advantages of leveraging public capital to attract private capital and undertake a large numbers of infrastructure projects, introducing private sector expertise and cost-reducing technologies as well as bringing in efficiencies in operation and maintenance. Yet, attracting private capital through public private partnership mode is neither easy nor automatic; it requires suitable policy, legal and regulatory framework that ensure a fair return for investors, protects the interests of users and ensures quality supply at reasonable cost. With the view to supporting Urban Local Bodies (ULBs) in the development of public private partnership projects, Urban Transport Toolkit was started in January 2010. The toolkits act as a ready reference guide to all urban local bodies in the country.<sup>4</sup> Slowly and gradually privatization enters into all walks of administration. The field of transportation is no exception. Construction of road on public private partnership (PPP) model has been started. Recently new policies of ‘Agniveer’ and ‘Shikshaveer’ proved that government of the day moving towards privatization of strategic services at faster rate.

Harvard scholar of road privatization, Jose’ Go’mez-Iba’ n-ez notes, privatization has often been repackaged under different names. He explains “Government have experimented with many variants of privatization, often coining special terms – such as a ‘Peoplisation’ (Sri Lanka), ‘Capitalization’ (Bolivia), or ‘Equitization’ (Vietnam), - to distinguish them from the standard fare. And many consultants now prefer to use the term ‘Public-Private-Partnership’ to emphasize that a wide variety of forms of public private collaboration is possible. Such changes in terminology may be useful, but they do not eliminate the basic problem of persuading the public that the terms of the partnership are just and fair.<sup>5</sup>

In the face of escalating costs, declining productivity, and constraints on funding for public transit, many governments have turned to transit privatization in an effort to improve cost efficiency.<sup>6</sup> Privatization of bus services occurs in a range of forms and regulatory environments. Privatization proponents argue that publicly owned and subsidized transit operations are inefficient due to higher labour costs, restrictive work rules and large bureaucracies.

Public transport is a merit good which refers the guarantee of basic service to deprived customer on subsidized rate, though it is economically irrational. Public Vs Private transport debate refers to optimal level of subsidy. Private transport could be more likely to be profit oriented. The researcher across the country need to analyze the aspect of citizen's satisfaction from privatization of transport services on the basis of price, service quality, service enrichment and viability, resource allocation as well as issues of safety. Though resource constraints could be traced the main reason for encouraging private participation in the development of transport sector. Improving the efficiency of transport operations was also equally one of the important factors behind privatization. Core benefits from privatization of transport services have been analyzed such that it leads to expansion of transport infrastructure and up gradation of technology which in turn enhanced the quality of infrastructure and lower the cost and price.

The move towards privatization of public enterprises was initiated globally by the United Kingdom in early 1980s.<sup>7</sup> Local government formally encouraged and implemented the concept of privatization strategy in the bus service industry since the evolution of the concept of New Public Management (NPM). It is for up scaling the growth and development. Hereby in transport sector primarily two types of theory evolved i.e. the Public Interest Theory and the Contract Theory. In the case of bus service, the important goal is to suppl the basic transport services for all the people including poor and marginalized one. So, it is necessary to create a regulatory agency which required balancing the public and private interests at the ground level.<sup>8</sup>

### **3. State Road Transport Corporation (SRTC)**

All cases requiring executive policy decision on general management, administration, operations of state road transport corporations' services including STA Permit of private transport services etc. within the corporation are brought to the desk of Managing Director by his concerned sub-ordinate officers for appropriate decisions. Corporation are authorized to issue an appropriate guideline for private transport services.<sup>9</sup> Rules and policies made by the concerned authority, for example, old age traveling concession, students pass, etc. which primarily targeted for a section of population for the upliftment of their socio-economic conditions, incorporating inclusive development with the motto of welfare schemes are equally implemented on private agencies.

### **4. Objectives of the Study**

The present study is concerned primarily to examine the emerging perspectives of privatization of transport services in terms of citizen's satisfaction from privatization and effectiveness of regulatory authority of private agencies.

### **5. Hypothesis of the Study**

H<sub>1</sub>: Citizen's satisfactions from the privatization of transport services is very poor.

H<sub>2</sub>: Regulatory authority of private agencies is playing ineffective role to dent by the rules and policies made by the competent authority.

## 6. Research Methodology

The state of Haryana is considered as the universe of the study and Rohtak bus depot have been taken as a case study. With the help of Cochran's Sample Size Formula for indefinite respondents, 384 respondents from different bus depot of Haryana Roadways have been taken for the study randomly which is classified into three categories i.e. General Passengers (128), Students (128) and Senior Citizens (128) for drawing out appropriate conclusion. Officials of Haryana Road Transport Corporations (HRTC) have also been dent by the help of a set of questionnaires specially designed to keep in mind of the objectives of the study.

## 7. Respondents Satisfaction from Private Bus Timing

'Time is more valuable than money' this statement has been proved on the basis of conditionality. Service in time has been the prime concern behind the respondents' satisfactions from transport services. That's why researcher tried to evaluate time-table of private buses. Both public and private buses are regulated by Rohtak bus depot. According to Traffic Manager of Rohtak depot 5-8 minutes time is allotted to each private bus on particular bus platform normally and in special circumstances it cannot be extended beyond 15 minutes. Timing and route of buses is displayed on the television screen adjoined near the bus platform. In this concern researcher took the feedback from the respondents and probed whether private bus services extend their services in time. Their responses are given in Table 1.

Table-1  
Respondents' satisfaction from private bus timing

N-384

Categories	Do you think private bus service is in time?	
	Yes	No
General Passengers	46 (35.93%)	82 (64.06%)
Students	46 (35.93%)	82 (64.06%)
Senior Citizens	28 (21.87%)	100 (78.12%)
Total	120 (31.25%)	264 (68.75%)

Source: Primary Data

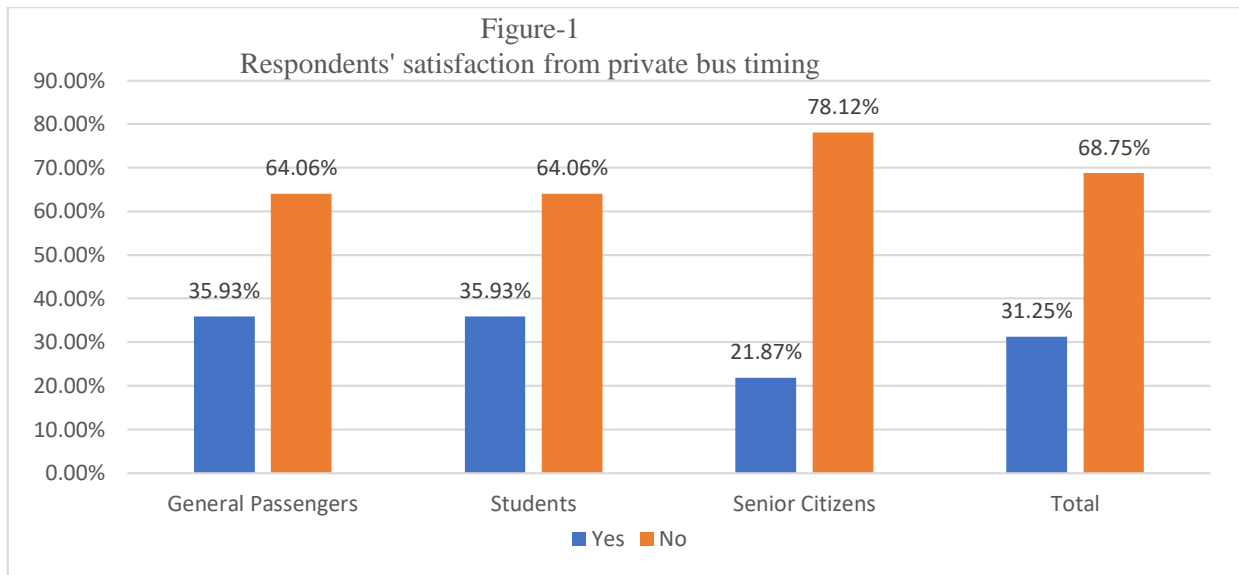


Table and bar graph 1 reveal that more than two-third (68.75 percent) of the total respondents answered in negative and found dissatisfied with the timing of the private buses and just around one-third (31.25 percent) respondents replied affirmatively. More than three-fourth (78.12 percent) of senior citizens, more than three-fifth (64.06 percent) of the general passengers and equal percentage of students are not found satisfied with the timings of the private buses.

### 8. Evaluation of Promises Made by Private Bus Operators to the Public

Almost all passengers are in hurried situation at bus stoppage. Everyone wanted to reach their destination as soon as possible. In this situation opting a private bus is the matter of short time decision. Private players are profit oriented. Private bus operators are compelled by bus owners to fetch maximum profits. That’s why they make false promises like to make them the availability of seats when the bus is full of passengers. Sometimes even they make false promises about the destination and at the end they dropped them before their target and ask them to change the bus, as an outcome later on passengers get into the trouble. So, researcher tried to probe the respondents whether private bus operators make false promises to attract passengers. Those who answered in affirmative were again enquired with regard to the false promises made by them. The responses so gathered have been given in Table 2.

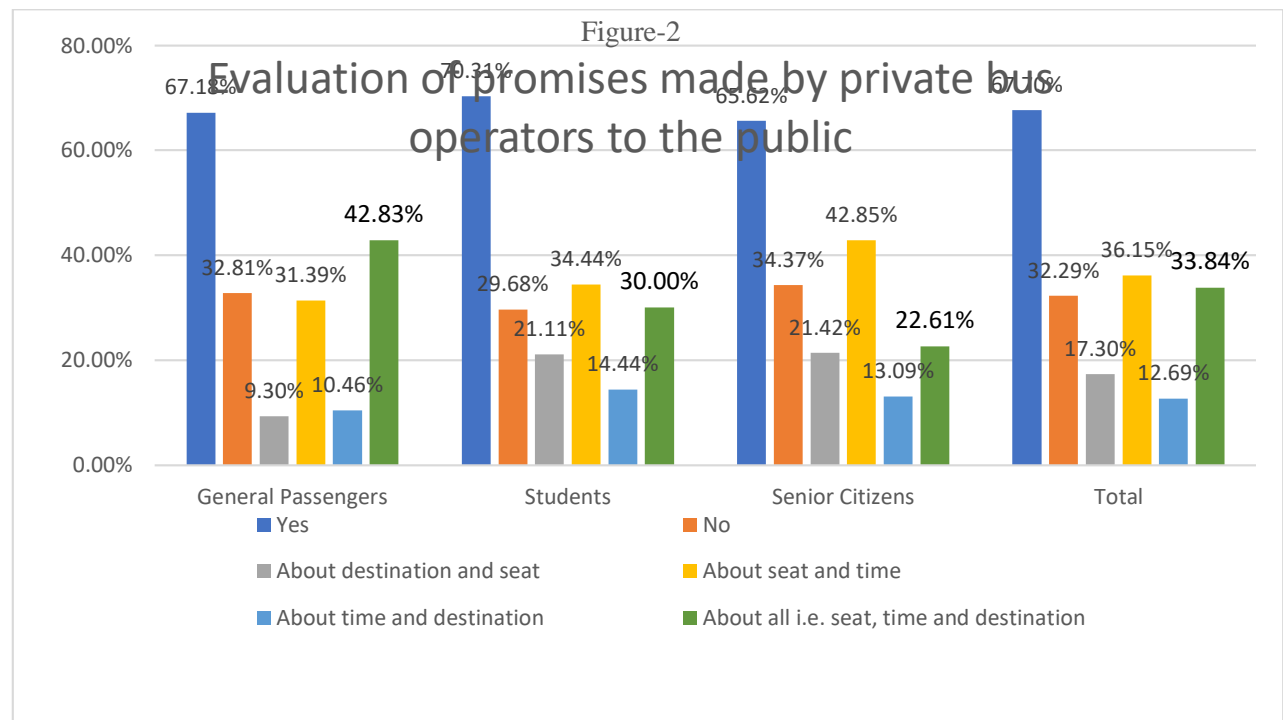
Table-2  
Evaluation of promises made by private bus operators to the public

Categories	Do you think private bus operators make false promises to attract more passengers?		If yes, which kinds of false promises are made by private bus operators?			
	Yes	No	About destination and seat	About seat and time	About time and destination	About all i.e. seat, time and destination

N-384

General Passengers	86 (67.18%)	42 (32.81%)	8 (09.30%)	27 (31.39%)	9 (10.46%)	42 (48.83%)
Students	90 (70.31%)	38 (29.68%)	19 (21.11%)	31 (34.44%)	13 (14.44%)	27 (30.00%)
Senior Citizens	84 (65.62%)	44 (34.37%)	18 (21.42%)	36 (42.85%)	11 (13.09%)	19 (22.61%)
Total	260 (67.70%)	124 (32.29%)	45 (17.30%)	94 (36.15%)	33 (12.69%)	88 (33.84%)

Source: Primary Data



It is obvious from table and bar graph 2 that out of total respondents more than two-third (67.70 percent) stated that private bus operators make false promises on one or more ground while around one-third (32.29 percent) of the total respondents denied this contention. Those who answered in affirmative, more than one-third (33.84 percent) respondents claimed that they make false promises about all i.e. seat, time and destination in which more than two-fifth (42.85 percent) belong to the general passengers. While more than one-third (36.15 percent) respondents claimed that they make false promises about seat and time, around one-sixth (17.30 percent) claimed that they make false promises about destination and seat and one-seventh (12.69 percent) claimed that they make false promise with regard to time and destination.

## 9. Evaluation of Respondent's Problems while Travelling by Private Buses

Respondents' satisfaction could be judged only when they get comfortable, enriched, secured and dignified travelling options by private bus operators. Road safety has been the critical issue of public transport policy. Any kind of small issue could take the form of catastrophic situation. Herewith some of the parameters to prevent road accidents are also included on which best transport policy needs to be made as per the feedback of the respondents.

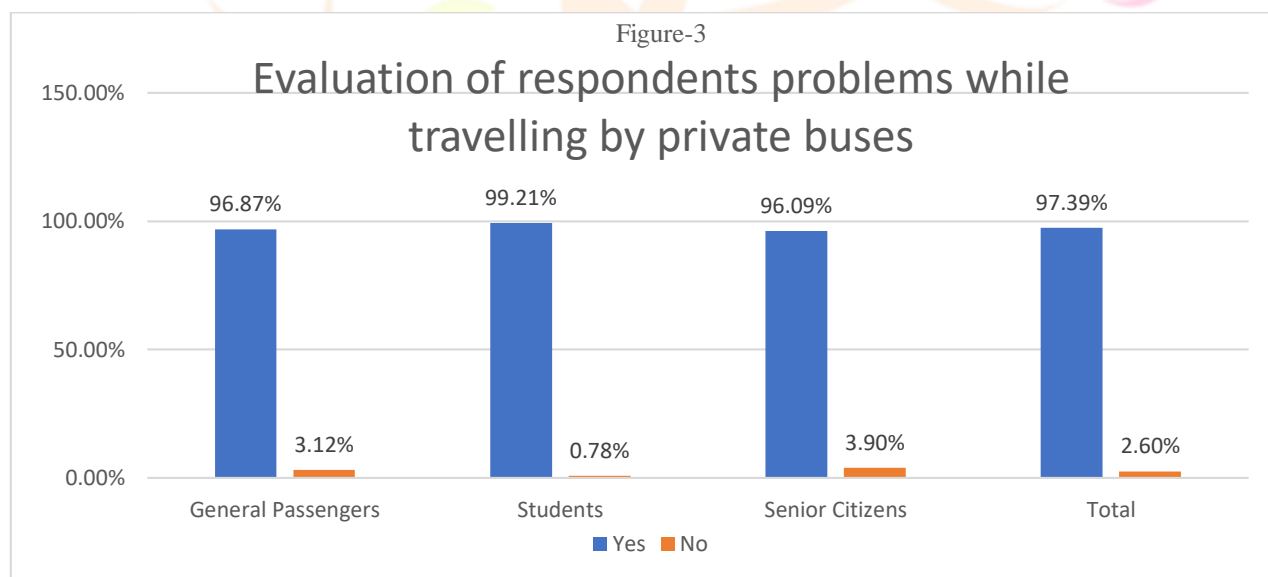
Researcher made a list of possible problems and asked precious comments by the respondents. The respondents have been probed whether they face any problem while travelling through private buses. Those who answered in affirmative were again enquired with regard to the problems of different nature that they have faced in private buses. The responses so gathered have been recorded in Table 3 and 3A respectively given below:

**Table-3**  
Evaluation of respondent's problems while travelling by private buses

N-384

Categories	Do you face any problems while travelling through private buses?	
	Yes	No
General Passengers	124 (96.87%)	4 (03.12%)
Students	127 (99.21%)	1 (00.78%)
Senior Citizens	123 (96.09%)	5 (03.90%)
Total	374 (97.39%)	10 (02.60%)

Source: Primary Data



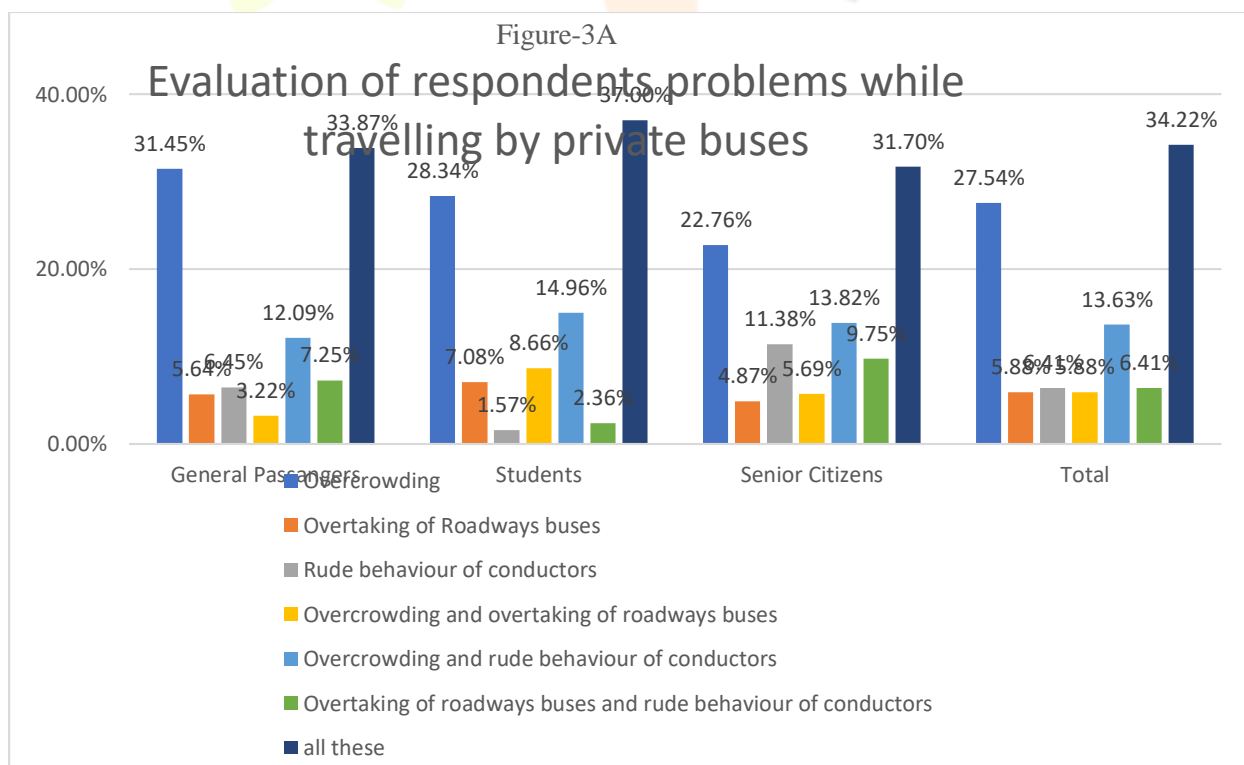
As per the above-mentioned table and bar graph 3 it is obvious that an overwhelming majority (97.39 percent) of the total respondents faced one or more problems while travelling by private buses whereas only a few who constitutes (2.60 percent) of the total respondents denied this contention.

**Table-3A**  
Evaluation of respondent’s problems while travelling by private buses

N-374

Categories	If yes which types of problems have you faced in private buses?						
	Overcrowding	Overtaking of Roadways buses	Rude Behaviour of Conductors	Overcrowding and overtaking of roadways buses	Overcrowding and rude behaviour of conductors	Overtaking of roadways buses and rude behaviour of conductors	All these
General Passengers (124)	39 (31.45%)	7 (05.64%)	8 (06.45%)	4 (03.22%)	15 (12.09%)	9 (07.25%)	42 (33.87%)
Students (127)	36 (28.34%)	9 (07.08%)	2 (01.57%)	11 (08.66%)	19 (14.96%)	3 (02.36%)	47 (37.00%)
Senior Citizens (123)	28 (22.76%)	6 (04.87%)	14 (11.38%)	7 (05.69%)	17 (13.82%)	12 (09.75%)	39 (31.70%)
<b>Total (374)</b>	<b>103 (27.54%)</b>	<b>22 (05.88%)</b>	<b>24 (06.41%)</b>	<b>22 (05.88%)</b>	<b>51 (13.63%)</b>	<b>24 (06.41%)</b>	<b>128 (34.22%)</b>

Source: Primary Data



From table and bar graph 3A, it is visible that more than one-third (34.22 percent) respondents who answered in affirmative have claimed about all these problems i.e. overcrowding, overtaking of roadways buses and rude

behaviour of conductors which includes 37.00 percent of students (37.00 percent), more than one-third (33.87 percent) general passengers and around equal percentage of senior citizens (31.70 percent). Out of total respondents who answered in affirmative around one-fourth (27.54 percent) claimed for overcrowding which include about one-third (31.45 percent) general passengers, one-fourth (28.34 percent) students and one-fifth (22.76 percent) senior citizens.

## 10. Awareness about Grievance Redressal Mechanism

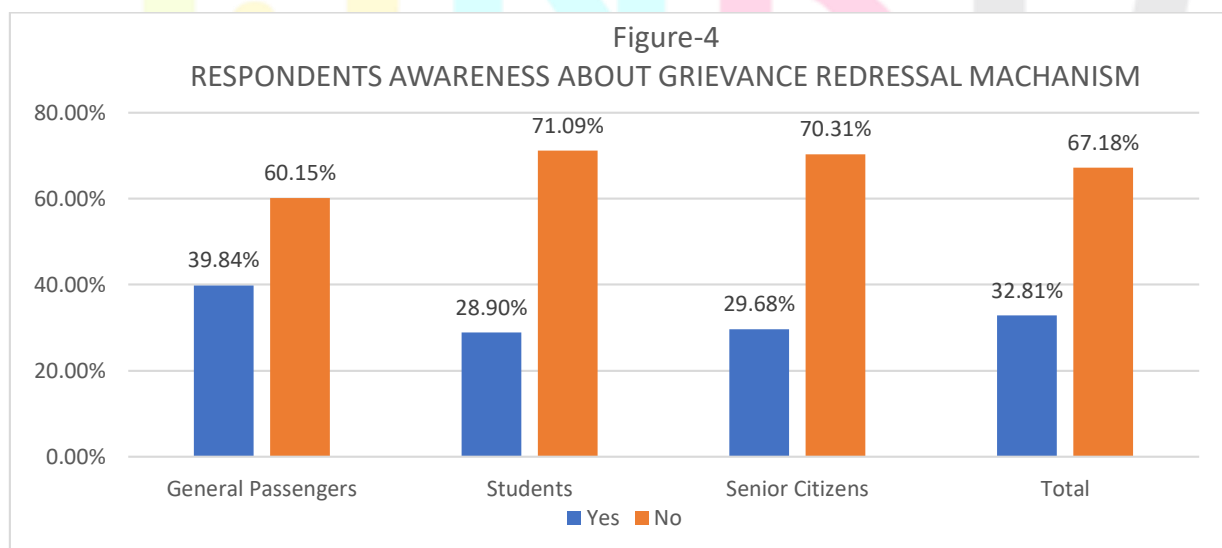
Grievance redressal forum is the platform on which respondents' complaints could be tackled on any issue raised by them to avail services more effectively. Now they are allowed to file their complaints not only through the written letters but also through online mode. Filing a complaint against against the defaulter is the fundamental right of respondents. So, researcher tried to analyze about the respondents' awareness about grievance redressal forum available to them to hear complaints against the private bus operators. Their responses so gathered are given in Table 3.13.

Table-4  
Awareness about grievance redressal mechanism

N-384

Categories	Do you know about the grievance redressal forum of private bus services?	
	Yes	No
General Passengers	51 (39.84%)	77 (60.15%)
Students	37 (28.90%)	91 (71.09%)
Senior Citizens	38 (29.68%)	90 (70.31%)
Total	126 (32.81%)	258 (67.18%)

Source: Primary Data



From the above-mentioned table and bar graph 4, it is obvious that out of total respondents only around one-third (32.81 percent) are found aware about the grievance redressal mechanism and around two-third (67.18 percent) respondents are found ignorant about the same. Maximum awareness in this regard are found among general passengers. About 70 percent of the senior citizens almost the same percentage of students are found ignorant about this aspect.

### 11. Handling of Respondent's Complaints

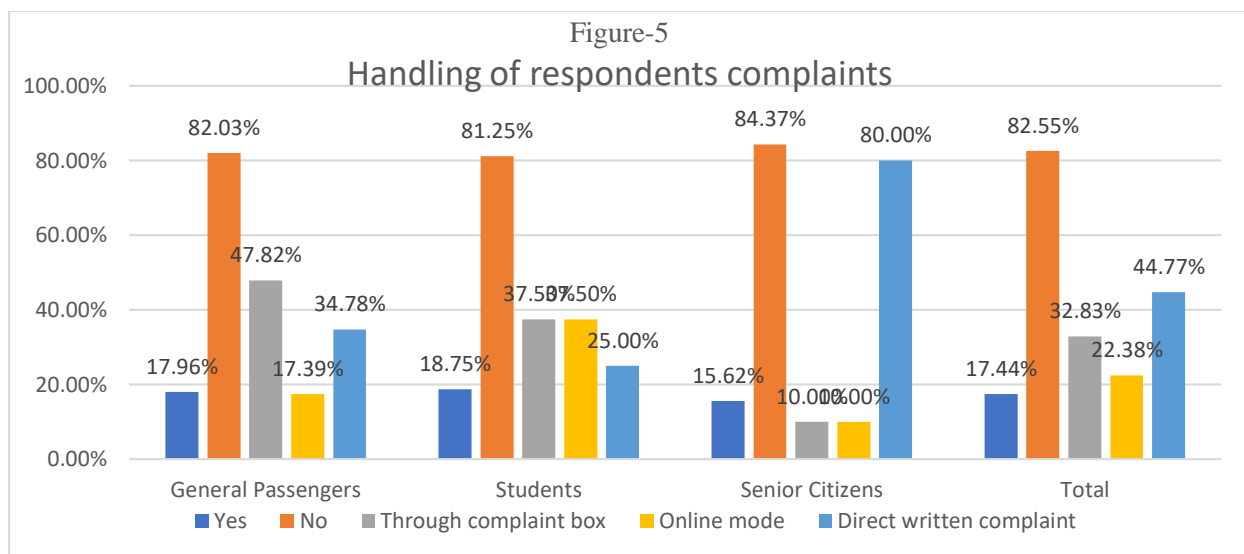
Respondents' complaints need to be handled tactfully. Quality, quantity, comfort ability and cost of transportation are the main parameters of their satisfaction. Issues arising by all these parameters need to be resolved properly. It is also noted that registering a complaint against any problem is one of the fundamental rights of citizens. Satisfaction of citizens reflect a true test of good governance, but in case of failure of redressal mechanism of their complaints aggrieved citizens take a poor view of government. Quick and speedy redressal of citizens grievances is the need of the hour. Department of transport is no exception and it also provides a smooth functioning of grievance redressal forum. So, researcher tried to examine that if respondents are not delivered services properly or have to face any problem in receiving private bus services whether they have complained to the concerned authority against the irregularities done by the private bus operators. Those who answered in affirmative are further enquired with regard to the mode through which they have filed their complaint and the action taken by the grievance redressal authority. The responses so gathered are recorded in Table 5 and 5 A given below.

Table-5  
Handling of respondent's complaints

N-384

Categories	Have you filed complained against irregularities of private bus services?		If yes, through which mode you have filed your complained?		
	Yes	No	Through complaint box	Online mode	Direct written complaint
General Passengers	23 (17.96%)	105 (82.03%)	11 (47.82%)	4 (17.39%)	8 (34.78%)
Students	24 (18.75%)	104 (81.25%)	9 (37.50%)	9 (37.50%)	6 (25.00%)
Senior Citizens	20 (15.62%)	108 (84.37%)	2 (10.00%)	2 (10.00%)	16 (80.00%)
Total	67 (17.44%)	317 (82.55%)	22 (32.83%)	15 (22.38%)	30 (44.77%)

Source: Primary Data



From the above-mentioned table and bar graph 5, it has been observed that out of total respondents one-sixth (17.44 percent) respondents have filed a complaint against the irregularities done by private bus operator in which maximum (44.77 percent) complaints filed by direct written mode. Majority of respondents (82.55 percent) did not file any complaint against irregularities of private bus operators.

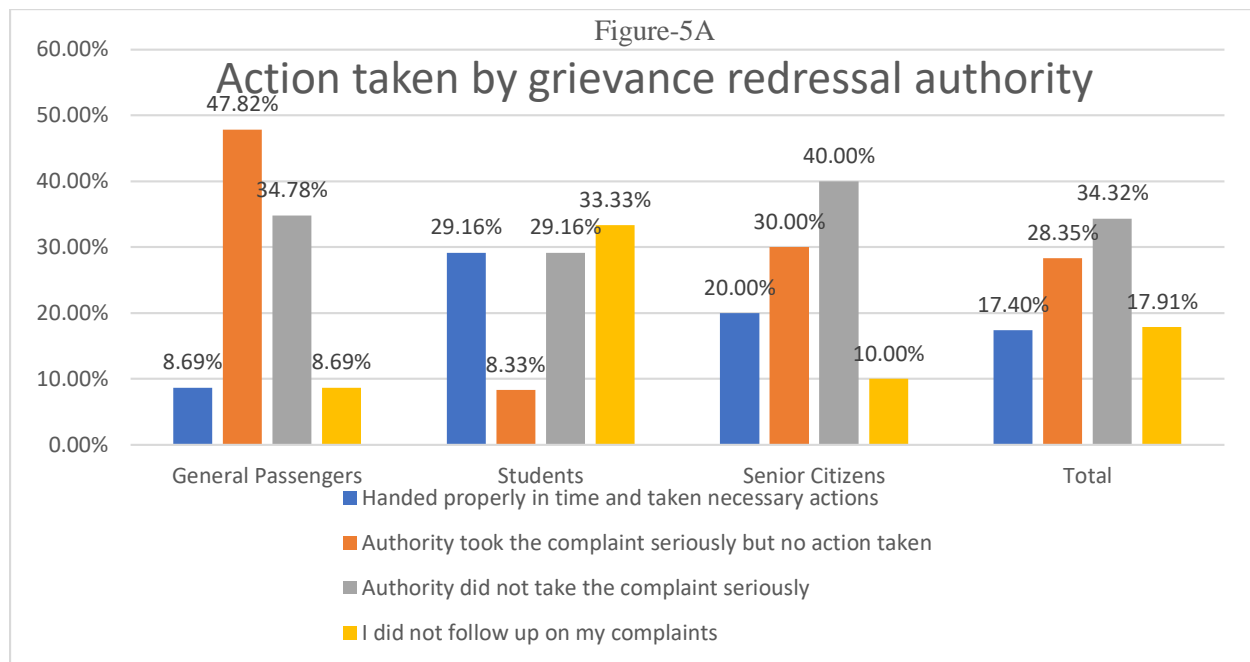
Table 5A  
Action taken by grievance redressal authority

N-67

Categories	What happened of your complaint?			
	Handed properly in time and took necessary actions.	Authority took the complaint seriously but no action was taken	Authority did not take the complaint seriously	Did not follow up the complaints
General Passengers	2 (8.69%)	11 (47.82%)	8 (34.78%)	2 (8.69%)
Students	7 (29.16%)	2 (8.33%)	7 (29.16%)	8 (33.33%)
Senior Citizens	4 (20.00%)	6 (30.00%)	8 (40.00%)	2 (10.00%)
Total	13 (17.40%)	19 (28.35%)	23 (34.32%)	12 (17.91%)

Source: Primary Data

Research Through Innovation



As per above mentioned table and bar graph 5 A, out of those who register their complaints against the private bus operators only around one-sixth (17.40 percent) cases were handled properly in time and necessary action was taken against irregularities of private bus operators. In maximum cases (34.32 percent) authority did not take complaint seriously. In around one-fourth (28.32 percent) cases authority took the complaint seriously but no action was taken against the private bus operators and in around one-sixth (17.91 percent) cases respondents did not follow up their complaint.

## 12. Hypothesis Testing

- ❖ More than two-third (68.75 percent) of the total respondents were found in favour that private bus services are not available in time (T-1). Closer examination reveals that private bus operators are not abiding by the time-table made by the traffic manager of Rohtak depot.
- ❖ An overwhelming majority (97.39 percent) of the total respondents faced one or more problems during travelling by private transport services (T-3). More than one-third of the total respondents (34.22 percent) usually faced problems of overcrowding, overtaking of roadways buses as well as rude behavior of conductors (T-3A).
- ❖ Out of total complaint filed on irregularities of private bus services just around one-sixth (17.40 percent) complaints are handed properly in time and necessary action has been taken (T-5A) which reflects a weak grievance redressal system.

From the above results, people are not getting timely and hassle-free private transport services whereas they adopt private fleets at time of compulsions. So, it can be concluded that peoples are not satisfied with private transport services. Therefore, first hypothesis of the present study “citizen’s satisfaction from the privatization of transport services is very poor” stand proved.

- ❖ More than two-third (67.18 percent) respondents are unaware and unknown to the grievance redressal forum devised for exercising control over private transport services (T-4).
- ❖ Out of total complaints (67) filed with this forum by the respondents, just around one-sixth (17.40 percent) cases are handled properly and a timely action is taken (T-5).
- ❖ Among one-third (34.32 percent) cases authority did not take the complaints seriously, among one-fourth (28.35 percent) cases authority took the complaint seriously but no action was taken, while in one-sixth (17.91 percent) cases respondents did not follow up on their complaints (T-5A).

Above findings made it clear that second hypothesis of the study “regulatory authority of private agencies is playing ineffective role to dent by the rules and policies made by the competent authority” stand proved.

### 13. Conclusion

The present study reveals that citizens are not satisfied with the increasing tendencies of privatization of transport services. Private players are hardly following the welfarism policies because they are mostly abided by profit motives. Despite this fact, government trying to move towards the privatization of transport services which is against the citizens will and could be proved to be imposed administration. Herewith, government’s prime intention is to reduce the burden of roadways employees and transfer it to the private hands. They say that a huge amount of investment is required to facilitate smooth, efficient and updated transport services lashed with modern technology, therefore, private players need to come forward. For this purpose, they need to first come out with well defined transport policies and create a platform to curve the satisfaction of citizens from privatization policies. Regulatory authority needs to be empowered enough to imposed the rules and regulations made by the competent authority at the ground level by the private players to keep in mind of upliftment of all section of populations.

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