

## **OPTIMISING URBAN PUBLIC TRANSPORT REGULATION IN PAKISTAN? THE FAISALABAD NGO MODEL**

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### **ABSTRACT**

The doctrine that government intervention may produce more welfare losses than the absence of any intervention has been the driving force behind regulatory reforms in public transport. These reforms vary in extent and nature with complete deregulation of urban public transport services in some countries. In Pakistan in the city of Faisalabad the government has channelled the regulation of urban public transport through the Faisalabad Urban Transport Society, a Non-Governmental Organization (NGO) formed for this purpose. The Society started stage carriage services, with the active participation of local private operators in 1994. It has assumed delegated responsibilities for the quantity, quality and fares regulation of services under its control. Three years later, it is possible to analyze the effectiveness of this new form of regulation. The operational characteristics, and various aspects of planning and regulation are evaluated, with their impact on the performance and quality of services offered by the Society. It is concluded that the Society's services are a measurable success, providing substantial improvements and commanding wide acceptance both by passengers and by the private operators participating in the scheme. The key factors involved in this success are realistic fares, freedom from the constraints of government bureaucracy, and strict enforcement of service standards; made possible with the NGO closing the gap between more conventional top-down and bottom-up approaches to regulation. The Faisalabad NGO regulatory model is worthy of application elsewhere in Pakistan and other LDCs. Further investigation is needed into the sustainability and replicability of this model.

### **1. INTRODUCTION**

Urban stage carriage bus services in Pakistan are subject to extensive regulation but the services provided are generally inefficient, unreliable and of poor quality. In common with the situation in many other Less Developed Countries (Armstrong-Wright and Thiriez, 1987; Roth and Diandas, 1995) the regulatory systems tend to be weak where they need to be strong (for example vehicle quality controls) and strong where they should be weak - for instance in quantity controlling the number of buses on a route. Inappropriate controls over fares and other ill-administred and ill-conceived regulations together with inadequate traffic management, and a lack of clear policies, are undermining the role of public transport (Russell and Anjum, 1997).

Attempts at improvement have often been short lived and ultimately ineffective, in Pakistan as in many other LDC cities, because they have failed to escape from the net of established but ineffectual, and often corrupt, regulatory bureaucracies. Darbera (1993) for example reports the failure of efforts to improve the quality of services in Ecuador and India.

In most LDCs, fares are controlled by governments. It is rare for fares to be regulated on the basis of reliable financial or economic analysis, with operators under pressure to keep fares low despite rising costs (Armstrong-Wright, 1993). Fares are held low as a policy in Pakistan on welfare grounds, but

the government does not compensate the operators for loss of revenue. Consequently services are inadequate, with ironically little or no services in poorer areas (Russell and Anjum, 1997). Fares are not reviewed regularly. In Karachi for instance, there were no increases in bus fares during 1983-1989 (Qasim, 1994). When fare increases have been authorised it has generally been as a result of operators strikes.

In 1994, government officials founded an NGO to operate and regulate stage carriage bus services in Faisalabad. The NGO has assumed delegated responsibility for public transport regulation. It provides an innovative regulatory model as an alternative to that of direct bureaucratic control by government agencies.

In the analysis below, most of the data was collected by Abbas Anjum through surveys and secondary sources, during July - September 1995 and November - December 1996. It has been supplemented through subsequent correspondence. Preliminary findings (to March 1996) are reported in Anjum and Russell, 1997.

## **2. THE FAISALABAD URBAN TRANSPORT SOCIETY**

### **2.1 Formation**

Faisalabad is one of the fastest growing cities of Pakistan. It is a large industrial centre with an estimated population of 1.63 million in 1994 (EPAP/World Bank/ADB, 1993). Publicly-owned buses were introduced in the early 1980s but they are non-existent today. There was an acute shortage of public transport until recently owing to the failure of the publicly-owned services and the regulatory controls imposed on private operators. Passengers were forced to rely upon small, unpopular suzuki (10-seats vehicle) services or to resort to alternative modes such as expensive autorickshaws, or cycling or walking (Master Plan, 1994).

When the former Prime Minister Benazir Bhutto visited Faisalabad in November 1993, there were public demands for her intervention to improve the city. One of the major improvements requested was the provision of better public transport. She directed the Divisional Commissioner Faisalabad [1] to prepare a comprehensive plan for the upgrading of the city, and the improvement of public transport became a top priority.

Seeking to overcome the limitations of both public and private sectors, the Commissioner initiated a public-private partnership for the provision of public transport. He convinced various government officials to create an NGO which could run the business of public transport in collaboration with the local operators. As a result, the Faisalabad Urban Transport Society (FUTS) was founded on January 19, 1994.

The Society has the legal status of an NGO and is registered with the Social Welfare Department of the Punjab Government, under the Voluntary Society Welfare Agencies (Registration and Control) Ordinance, 1961. The nature and functions of the society, including audit requirements, are those of an NGO, although it has been organised by government officials in Faisalabad. It is regulated by the laws of a social company, with a constitution approved by the Social Welfare Department. Anyone over 18 who agrees to the constitution, and pays the membership fee may, with the approval of the president or Governing Body, become member of the Society. In practice membership is dominated by private minibuss operators.

The society has a wide range of objects. These include improvements to urban transport, traffic management, road safety, the environment and adult education (FUTS, 1993). As an NGO the society is obliged to have broad social objectives, under its registered status. The provision of public transport services, nevertheless, is its top priority and real purpose.

## 2.2 Administration

The society is administered by a Governing Body (GB) mainly comprised of chief government officials. Out of a full complement of 24 members, 12 are senior government officials, drawn from the divisional and district administrations, police, local government and associated quangos. They are permanent members of the GB by virtue of their offices, through which most are concerned with the planning, regulation, and operational control of public transport in Faisalabad. Another six members can be appointed by the president of the FUTS from the general membership of the society. The president is empowered to nominate any member of the society, whether they are operator, professional, business man, or other representative of local interests in public transport. The remaining six members are to be appointed by election at the annual general meeting.

As of March 1997, the GB consisted of only the 12 permanent members because no nominees had been appointed or members elected. Nonetheless, although private operators have not been elected to the GB, they register their opinions, complaints etc., with the administrator, which are then considered in meetings of the GB. This mechanism has proved effective in resolving conflicts between the society and the operators. The 1996 survey results indicate that operators do not wish to elect members to the GB at present.

There are four office bearers of the management committee of the society, for which there are no elections. All are provincial government officials including the Divisional Commissioner who is the president of the Society.

## 2.3 Operation

FUTS operates stage carriage services, comprised entirely of (15-seats) minibuses, for the city of Faisalabad. After its formation, the management of FUTS sought the cooperation of the private sector operators and invited them to become members of the society. Operators were initially doubtful and started to join only after repeated requests. Once confidence was established however, membership grew rapidly. The total FUTS fleet as at March, 1997 consisted of over 600 vehicles compared to only 28 at the inception in March, 1994. Originally operators were restricted to the ownership of a single vehicle only, but this condition has now been relaxed.

The operators must enter into an agreement under which they make vehicles available to the society. The agreement is valid for a period of one year and is extendable for further terms. It is executed and linked to a specific vehicle, provided that the condition of the vehicle is approved by a committee appointed by the Society.

Vehicles under FUTS control remain the responsibility of the drivers/owners. Staff are provided by the operator who is responsible for their pay and other emoluments. The driver and conductor are required to wear a uniform approved by the society, to behave courteously to passengers, to charge not more than the fixed fares, and not to allow smoking or music playing in the vehicle. The owner also undertakes that the vehicle will not be overloaded, or parked at prohibited or un-scheduled

places, and that it will be kept clean and in good condition. If there is any violation of these terms and conditions, the agreement is either terminated or a fine is levied by the society.

The society employs support staff who are responsible for route allocation, supervising operations for the entire fleet, the enforcement of regulations and other administrative duties. The administrator who is head of the support staff is a retired Magistrate. He manages the society's affairs, assigns duties to staff, enters into agreements with operators on behalf of the society, and is empowered to fine operators for violations. Security guards are posted at terminals and other check posts to keep a record of arrivals and departures, issue duty slips, and otherwise assist officials of the society. Mobile supervisors, provided with motorcycles, check and supervise service operation on the various routes. The guards and mobile supervisors are retired from the army and, unlike the traffic police, the entire staff is generally efficient.

The society generates funds through monthly service charges and a welfare fund deposited by the operators, in addition to fines collected for violations. It has constructed six shops (selling spare parts, cigarette, and drinks, etc largely to drivers and operators) which have been rented out to shopkeepers, and it earns revenue from its own filling station. Its total monthly income was running at about 1.2 million rupee [2] against an expenditure of about Rs 0.25 million per month by the end of 1996. Thus the financial position of the society is very sound. Although it was conceived that in the initial stages the society would need to approach the government for financial assistance, no such need has arisen.

The operators deposit with the society a sum of Rs 5,000 as security, which is refundable on expiry of the agreement. In addition there are monthly payments of Rs 200 to the welfare fund and Rs 1,500 to the Society as a service charge, and a payment of Rs 1,050 per annum to the RTA for the grant of the official route permit.

### **3. REGULATORY REGIMES**

#### **3.1 Issuance of route permits**

The issuance of route permits for road based public transport operation in the city is formally the responsibility of the RTA Faisalabad, a Provincial Government agency. The only exception are tongas (six-seats horse drawn carts), which are controlled by the Faisalabad Municipal Corporation. In theory, the RTA is authorised to define the routes for private sector operation, indicate the type and size of vehicle, and determine the number of permits on specified routes.

In practice, FUTS has taken over the responsibility for the planning, operation and control of public transport services under the 'FUTS flag'. The society specifies the size and type of vehicles. Route permits are allocated in discussion with operators whereby intending operators consult with the society about potential routes, assess passenger demand, and then apply for a 'permit' to the FUTS. The society allows vehicle owners (who must be members of the FUTS) to operate on specified routes under the agreement described above. No maximum number of vehicles per route is specified and routes are allocated to operators on a 'first come first served' basis. Although there is no formal maximum number of permits per route, in practice new entrants have been steered to newer routes where there are less FUTS vehicles operating.

### 3.2 Fares structure

Under section 45 of the Motor Vehicles Ordinance 1965, fares for road based public transport are determined by the Provincial Government. In the case of FUTS, fares have been fixed by the Society, apparently contrary to the prevailing law. The maximum government set fare for stage carriage bus services in urban areas is Rs 6.25, whereas the full route fare determined for the services operating under FUTS control is set almost double at Rs 12. Moreover students have not been given a concessionary fare on FUTS services, unlike other stage carriage services [3]. The minimum fare fixed at Rs 2.5 is also double the minimum set for bus services elsewhere in the province. Legally, the NGO is treated as a private institution which can run bus services and set fares for its own purposes; thus creating a mechanism for circumventing the government fares controls.

### 3.3 Route network

FUTS has defined the entire route network, terminals, and bus stops for its own services. The RTA has been obliged to rubber stamp FUTS decisions. From an initial seven routes FUTS services are now operating on 11 routes, with four new routes started as a result of the popularity of the services. Routes form a network of radials running across the city centre. The RTA previously issued a list of stops for each route, but in practice there were no signs even to indicate the existence of bus stops. FUTS has specified the location of all bus stops and installed sign boards with the courtesy of various commercial firms. No shelters are provided as yet but recently the Society has commissioned the design of a bus stop shelter. It has also built a new central terminal, filling station and office building on land obtained on lease.

### 3.4 Safety regulations

All public transport vehicles are required to obtain a motor fitness certificate from the Motor Vehicle Examiner (MVE), which is subsidiary agency of the RTA, after every six months. Generally this appears to be a paper based formality rather than meaning actual examination. The vehicles operating under the control of FUTS, by contrast, are examined daily by the FUTS supervisors. Defects are identified and the need to do repairs (eg to indicators, lights, seats, windows etc) is pointed out, and is subject to enforcement.

## 4. ENFORCEMENT

The traffic police have an overall responsibility for all aspects of enforcement, including traffic regulation, motor vehicle inspection, and the checking of documents such as licences. Generally enforcement systems in Pakistan are weak and they seem to be a source of graft for the traffic police and other regulatory officials. Ineffective controls by the regulatory authorities over urban bus operations lead to numerous abuses by drivers. They include: route deviation, route shortening, irregular operation, delays and traffic accidents (GOP, 1995), and overloading. In theory no standees are allowed by regulation on stage carriage services, but in practice there is no effective enforcement and operators maximise their revenues by gross overloading.

By contrast, in Faisalabad, FUTS has established its own much more effective system, under which drivers are fined for committing regulatory violations, backed up by the ultimate and real sanction of exclusion from the society. FUTS staff supervise, police and manage the operation of services and

ensure that there is no violation of the terms and conditions specified in the FUTS agreement. The traffic police allow this delegation and 'cooperate' in the smooth functioning of enforcement by FUTS because of the authoritative composition of the governing body of the society. The traffic police only intervene when drivers are involved in gross violations.

When vehicle defects are identified by the FUTS supervisors, the operator is required to take the vehicle to any local workshop of his own choice and has to obtain a duty slip from the society. The operator must make the vehicle available for operation again on the date specified on the slip. He is to inform the society in the event of any delay caused in repairs, failing which the society has the right to confiscate the whole or part of the operator's security deposit.

The mobile supervisors also police and supervise service operation. They ensure that there is no overloading and that drivers stop their vehicles at specified stops etc. Drivers are booked for committing violations and are fined by the administrator of the society. In the initial stages of operation, the average violation rate was two bookings per vehicle per day. This has fallen to a rate of only 0.15 bookings per vehicle per day at present, and usually violations are by drivers who are not adequately supervised by the vehicle owners. The reduction in the rate of bookings is evidently the result of strict enforcement by the support staff of the society.

A common problem with public transport services in Pakistan is that private operators do not operate the full route during off-peak hours. FUTS has addressed this problem of route shortening by establishing three check points on each route. The drivers are required to register their arrival and departure for each trip with a security guard posted at each check point. Those failing to do this are liable to heavy fines. The security guards submit the 'arrival-departure diary' every day for verification of the record by other employees in the society office.

Important features of the FUTS enforcement regime include the following. Firstly, the supervisory staff/vehicle ratio is vastly superior, at 1:6 for FUTS compared with 1:100 for the RTA and 1:40 for the Traffic Police. Secondly, given adequate fares drivers are not tempted to be involved in many violations. Thirdly, the absence of 'union' activity is important in this context, given the corruption and political interference associated with such activity in other public transport organizations in Pakistan. Finally and most importantly, there is little reported evidence of corruption in the entire operation of the FUTS, and the instances which have arisen have been dealt with firmly by dismissing the staff concerned.

## 5. QUALITY OF SERVICE

The FUTS fleet has largely replaced the suzukis in the city. Until 1993, all the 22 defined routes for suzuki operation were operated. Now only 8 routes are operated, and these are in areas not adequately networked with FUTS services. This rapid transformation has occurred because of the FUTS quality of service provided which suzuki operators are unable to match (Anjum and Russell, 1997).

Quality expectations and acceptable levels of service vary from country to country. International comparisons are difficult to make and there are no universally applicable criteria against which to assess the quality of bus services in a city. More restricted comparisons can give useful insights nevertheless, and there are a number of attributes that can be measured in examining level of service. They include frequency/waiting time, walking distance to bus stops, bus occupancy, number of

transfers, journey time, fares, reliability, service information, and the capacity of a system. In Pakistani context, system capacity, waiting time, in-vehicle travelling time, access to bus services, fares, safety aspects and bus occupancy are selected for discussion below, as they apply to the FUTS services.

**System capacity:** The passenger seats per capita gives a general indication of the level of service provided in a city. In Faisalabad FUTS has only 650 minibuses for a city of population approaching 2 million. The current ratio of 0.40 buses per 1000 population (excluding the suzukis) is almost equal to the average of 0.39 observed by Jacob et al (1986) for a large number of cities in LDCs. The FUTS scheme provides about 9,750 passenger seats per day. Alongside are the suzuki services, providing 5,000, with auto-rickshaws providing 4,200 and tongas 9,000 seats.

**Service frequency/waiting time:** Service frequency is a major factor in the overall quality of a service, and for urban services this is indicated by the time passengers have to wait at bus stops. In Faisalabad, the frequency of service is very high on the busiest FUTS routes (5 out of the 11 routes, on which more than 70 minibuses operate) with average waiting times of only 8 and 5 minutes during the peak and off peak periods respectively. Waiting times for other FUTS routes could not be calculated because most passengers do not wait specifically for FUTS services. They generally board the first arriving vehicle including suzukis or tongas.

**Journey times:** The journey time depends on the overall average speed, taking into account running speeds, delays in traffic, and en-route stopping to enable passengers to board and alight. Minibuses in Faisalabad, as elsewhere in Pakistan, operate at high speeds when possible, but encounter poor quality road surfaces and are caught-up in congestion and mixed traffic where their speeds decrease to 10-12 km per hour in the peak hours. The average journey speed for the entire fleet controlled by FUTS has been recorded as 17 km per hour whereas the figure reported for minibuses in Delhi is 22.4 (Fouracre et al, 1981).

**Bus occupancy:** Bus occupancy is defined as the number of passengers per vehicle under operation for a given period of time and for a specific part of the route network. A remarkable feature of the FUTS operation is that no overloading is allowed. The vehicles are restricted to the seating capacity of 15 passengers throughout the day. Initially frequent cases of overloading were found, but fines (of Rs 50/extra passenger) were imposed and consequently violations have been largely eliminated. The 1996 survey found that 72 per cent of the passenger interviewed have never seen overloading on the FUTS services, with 12 and 13 per cent reporting that they have seen overloading during peak and off-peak periods respectively. 3 per cent of the passengers gave no response since it was their first trip on the services.

**Reliability:** There are no predetermined timetables by which the reliability of FUTS services can be judged. However, 73 per cent of the passengers who are regular users of the service indicated satisfaction because they know the headway of their specific route. Moreover, an important feature affecting reliability is that drivers do not wait for additional passengers for varying times at different bus stops, which is a common practice for suzuki drivers in Faisalabad and on public transport services operated in other cities of Pakistan. Also, route shortening or deviation has been largely eliminated.

**Hours of operation:** The period of operation of the service has serious consequences for the operating costs of the operator and for the service offered to the public. FUTS has determined hours of operation as 6.00 am to 10.00 pm. The same level of services operate throughout this period, and some operators continue their operation until mid night on the routes where passengers are available

to them. Unlike in other cities of Pakistan passengers are confident about the hours of operation of FUTS services and the 1996 survey affirms that passengers have no complaints about this aspect.

**Safety aspects:** Although the accident rate provides some indication of driving and maintenance performance, it is also influenced by the traffic conditions and the volume of pedestrians. Over the past 3 years, minibuses under FUTS control have been involved in only one fatal accident. However, it appears that many vehicles have been involved in minor accidents resulting in damage to the vehicle body. For this type of accident no record is readily available. Drivers reported that these minor accidents occurred in conflict with slow moving carts where only property was damaged, but minor injuries also often go unreported. 1996 survey results indicate that 62 per cent of the interviewed passengers were satisfied with safety aspects of FUTS services but 31 per cent passengers were dissatisfied, complaining that crews are always in hurry or drivers irresponsible, with a risk of accidents. The remaining 7 per cent passengers gave no opinion.

## 6. DISCUSSION

### 6.1 Improving the regulatory regimes

Attempts to improve public transport in Pakistan include the following. In Lahore and Faisalabad in the early 1980s, new Volvo buses were introduced in order to improve the service quality of public transport. Initially the new services were reported to perform much better than the previous services (Jenkins, 1982). After only a few years, however, the performance rapidly declined owing to surplus staff, the student concessionary fare, an aging and depreciated fleet with maintenance problems, and pilferage of revenue (PRTC, 1992).

In Islamabad in 1987, a pilot urban bus project was undertaken (by the National Transport Research Centre, NTRC), with the object of studying the effects of deregulated fares on patronage and on the quality of service offered by the private sector. Overall regulation of the planning and operation of the project remained in the hands of the government, but the maximum fare for the route was fixed at Rs 4.00, compared with the government prescribed fare of Rs 2.5. According to a preliminary evaluation, requirements of both users and operators were being adequately met, but the project was not sustained (NTRC, 1987). Reasons appear to include the fact that the NTRC discontinued its liaison role since its major function is to conduct research rather than have continuing involvement in the practical operation of services. In addition the private operator did not effectively lobby the regulatory agencies to be allowed to continue to operate services on the previous terms and conditions.

Similarly in Lahore, the Lahore Urban Transport Project (LUTP) has recently been started, with a little modification in the existing regulations. The RTA provided some temporary protection for LUTP services from undue harassment of the traffic police. The student concessionary fare has been increased, and the operation of full size buses permitted in previously restricted areas. Improvements have resulted in service provision but these are relatively minor. The following are the principal reasons given by operators and RTA officials. First and foremost the RTA has not felt able to raise fares for services under the LUTP, which resulted in marginal profitability. Temporary route permits were issued to some inter-city operators who found they earned less revenue while operating on LUTP urban routes than they were earning previously. As a result, they withdrew buses and restarted operation on their old inter-city routes. Secondly, full size buses could not compete with the cowboy-style of driving and greater manoeuvrability of minibuses, and could not attract sufficient

passengers on routes where minibuses were present in large numbers. Finally, the Commissioner who initiated this project was transferred from Lahore to another city, and the remaining RTA officials have not exerted efforts for its sustained success.

None of these initiatives have succeeded on a sustainable basis. All have operated essentially within the existing regulatory framework, with modifications.

A distinctive feature of the FUTS is that it is operating outside the clutches of the official regulatory system. In the FUTS context the chief officials wear two hats. Normally they would be required to apply the prescribed bureaucratic procedures, wearing their 'regulatory hats' as members of the government bureaucracy. In FUTS, wearing their second hats as members of the Governing Body of an NGO, they have greater freedom to directly influence the planning and management of public transport services, in a process which also directly involves operators in the decision making. This has enabled them to make improvements in services while by-passing procedures associated with inefficiency and corruption. Officials have been freed from entrapment in their own government systems.

## 6.2 Fares control

Fares control has been the most crucial factor influencing the level of service provision. FUTS has provided a mechanism to set fares at levels which have allowed operators to make profits and to increase service provision and service standards, bypassing the usual government controls. Decisions to change FUTS fares at present involve an informal process of mutual consultation between officials and operators.

Passengers views about fares obtained in a survey conducted in December, 1996, indicate remarkably little dissatisfaction. 54% of the passengers interviewed were satisfied with the fares, while only 11% were concerned that fares are too high and indicated that they use the FUTS service because an alternative mode was not available on their routes. About 31% passengers were of the opinion that fares are slightly high for longer distance trips.

Due to inflation and a relative increase in the price of petroleum products since 1994, the operators applied to the FUTS management for a generalised increase in fares IN December, 1996. The opinion of various operators were sought by the administrator about the extent of the increase. Fares for FUTS services were increased by 20 per cent in February, 1997 whereas the inflation rate was 17 per cent and price of petroleum was increased by 25 per cent during 1995-96. Thus a substantial increase was amicably agreed, by contrast with the situation in other cities where only after the disruption of 3-day operators strikes were fares increased, also by 20 per cent, in August, 1996.

The FUTS increase kept fares at approximately double the government controlled level but was, nonetheless, inadequate to cover inflation over the 3 years, and represents a substantial decrease in real terms from the 1994 level. With high inflation it is essential that fares are reviewed and raised annually, but FUTS has as yet no procedures in place for such regular reviews. This issue needs to be addressed promptly, if the benefits of FUTS in escaping from government fares controls are not to be rapidly eroded.

### 6.3 Improvements in service

FUTS has been successful in providing more efficient and reliable public transport services in Faisalabad. There is no doubt that the FUTS services are of better quality than those previously operated, which have rapidly been transformed. Vehicle quality and reliability in particular have radically improved. It is noteworthy that FUTS services ran as usual, and despite some harassment by other operators, during the 3-day strike last July.

The quantity of services is still not adequate to meet passenger demand in peak periods on some routes, despite the high frequency and ability to meet the off-peak demand very well. Since overloading is not allowed on FUTS minibuses, passengers either wait for longer time periods in the peak or travel by alternative modes. It can be argued that this capacity problem for peak periods arises in part because the Society does not operate larger capacity vehicles. The number of its minibuses is growing rapidly and it is likely that this trend will continue. FUTS is in the process of extending its network and intends to add more routes. If the peak period capacity problem is addressed with more small size minibuses, however, this will increase existing traffic congestion problems on sections of roads where the minibuses are already delayed.

Area coverage of the present FUTS network is good in the central area but some areas elsewhere in the city are inadequately served. There are several reasons for this. In some areas the road conditions are unsuitable for the operation of minibuses. In addition the Society lacks sufficient expertise to design an entire route network for the city on the basis of well defined criteria, and it would benefit from appropriate staff training.

### 6.4 Improvements in traffic management/flows

As in many other cities in Pakistan the operational environment on street for full size buses and minibuses is not favourable; owing to the mix of slow and fast moving traffic, physically poor road conditions, a lack of awareness of traffic rules, and a lack of traffic management. The flagrant violation of basic traffic rules by road users, and illegal, road-side parking worsen traffic congestion. As a consequence of these chaotic conditions and the resulting congestion, public transport travel times increase during peak periods in the central area and elsewhere on the route network. Safer and more efficient operation of the services could be achieved by implementing effective traffic management measures (Anjum and Russell, 1997).

FUTS has not directly initiated any programme for the improvement of traffic flow in the city albeit this is one of its stated objectives (FUTS, 1993). However, the Society has provided funds to the traffic police for the purchase of motorcycles and radio communication. As a result the traffic police are somewhat better equipped to regulate overall traffic in Faisalabad. Other improvements to traffic flow are a consequence of FUTS, in that poorly enforced on-street regulation of public transport is often a root-cause of traffic jams on and around road intersections and bus stops. The relatively well-organized and supervised operation of FUTS services has resulted in a better flow of traffic.

The very attractiveness of FUTS services has resulted in other indirect improvements. Autorickshaws and their drivers are considered to be major contributions to pollution and traffic chaos in urban areas of Pakistan. The use of rickshaws has declined because FUTS services have attracted rickshaw-riders. The 1996 surveys reported that 12 per cent of the surveyed FUTS passengers were using rickshaws prior to FUTS operation. They also revealed that there had been a decline in the income of rickshaw operators in the range of 20-30 per cent, and NTRC (1996)

reports a 25 per cent reduction in their incomes after the introduction of FUTS services. As a result, RTA data shows that about 1000 rickshaws have been withdrawn from the city. Similarly, the elimination of 735 suzukis is reported by the RTA officials. With this decline in the number of rickshaws and suzukis, alongside extensively supervised FUTS service operation, and better equipped traffic police, overall traffic conditions in the city have somewhat improved. Discussions with shopkeepers, pedestrians, drivers and traffic police all confirmed improvements.

## **6.5 Gradual development of regulatory measures**

Initially a maximum age limit was specified for vehicles under FUTS operation. It was set at 3 years, after which vehicles were to be excluded from the fleet of the Society. This limit proved an ambitious condition with operators. Most of the minibuses in use had been purchased by the operators under the Prime Minister's subsidised public transport scheme during 1992-93. By the end of 1996, many of these minibuses were about to reach the age limit and operators were unable to replace them as the market price for new minibuses was very high. As a result, a relaxation to allow 4-year old vehicles was agreed in January 1996. In addition, operators of brand new vehicles were granted exemption from a Rs 15,000 donation to charity then required from operators, as a financial incentive to encourage investment.

Under these circumstances it was still difficult for operators to invest in brand new vehicles. It would be more appropriate to consider other quality control conditions such as mileage operated and condition of vehicle rather than strict adherence to an age condition, and recently, in February 1997, the Society accepted this and amended its regulation stipulating the age of vehicles. Vehicles up to a maximum age of 10-years are to be allowed for operation subject to the approval of a 3-person committee appointed by the Society. This committee is authorised to examine thoroughly the condition of all vehicles at the time of entering and renewing agreements with operators.

To be seen to fulfil its broader social objects FUTS used to collect charitable contributions from its operators. Each minibus operator, except for a brand new vehicle, was obliged to donate a sum of Rs 15,000 per annum to specified charities (charitable schools in Faisalabad). At the request of operators, this requirement was withdrawn by the Society in February 1997.

These examples indicate that the regulatory framework is still evolving, with the forum promoting both flexibility in decision making, and a learning process.

## **6.6 Information system**

Unlike RTAs, the Society has been able to develop a well-maintained filing and computerized documentation system. Records and data about agreements, incomes, expenditures, bookings and their fines, and duty slips, provide a detailed information system on various operational and financial aspects of the Society. The documentation is very useful for the FUTS management itself for three purposes. First, it can be used to verify each vehicle's operational record (number of breakdowns/bookings etc) at the time of renewal of an agreement. Second, the data is useful for dissemination of information to various government and other agencies, and for research. Third, the information can also be used for the regular monitoring and improvement of services. Moreover, unlike within government departments, access to this information is easy, particularly for the operators. They also benefit from the properly maintained records; for example through knowing about infringements of rules and fines paid by their drivers.

## 6.7 Replicability

The Society has not widely publicized the success and popularity of this scheme because this was not a top priority. However, the need for wider dissemination has been communicated by Abbas Anjum in the course of this research while interviewing government officials and operators working in major cities of Pakistan. Moreover, the former Divisional Commissioner, who initiated the FUTS, shows continuing interest and concern about the replicability of this scheme in other cities. At his prompting the Deputy Commissioners of Lahore, Gujranwala, Multan, and Rawalpindi districts visited Faisalabad (August 1996) to study and understand the entire FUTS regulatory regime.

As a result awareness and interest elsewhere is growing. FUTS has also received a request from the Transport Department, Government of the NWFP, to send details about the establishment and functioning of the scheme for its guidance. The NWFP Government has indicated its intention to introduce this system in major urban areas of the province. Neither the Deputy Commissioners from Punjab province who studied this scheme nor the NWFP Government were in a position to initiate new schemes owing to the dismissal of the governments in November 1996 and the consequent reshuffling of official postings. However, continuing interest at the highest levels is indicated by a Punjab government ministerial visit in January 1997. The Federal Government also directed the NTRC to evaluate the performance of the services operating under FUTS control, and its preliminary report has been produced (NTRC, 1996).

Given the will, the FUTS - NGO model can readily be replicated in other cities faced with a comparable situation to that in Faisalabad. Greater difficulties are likely to occur in seeking to transfer and adapt this form of regulation to the larger cities such as Lahore and Karachi, where there are already established operators with politically influential associations. Nevertheless, the potential benefits in such cities are correspondingly greater, and the management hurdles could be overcome by adopting a phased approach on a selected package of routes in order to gain operators support and prove the worth of the new system.

In other LDCs, with similar regulatory problems and similarly deficient bureaucracies, it should also be possible to emulate the FUTS success. Success is likely to depend on key officials as in Faisalabad, and the impetus for reform must be present, and be maintained and politically supported.

## 6.8 Sustainability

The success of the FUTS itself is now so well established that it seems unlikely that the gains made can be reversed through any clawing back into the control of the government bureaucracy. Pressures still remain however from the ambivalent position of the RTA and its Secretary, and there are grey areas as to the legal status of the NGO's operations where clarification would help to ensure sustainability. The sustainability of FUTS success, however, depends not just on retaining its independent ability to set fare levels, but on its use of this ability to ensure that fares are maintained at realistic levels through a regular review process. Only then will further investment and quality improvements be possible.

## 7. CONCLUSIONS

The new form of regulation in Faisalabad, utilizing NGO status, has proved far more effective and promoted major improvements in services. Government agencies have failed to achieve regulatory

objectives owing to the inefficiency and corruption of the government's own bureaucratic procedures. Yet the same chief government officials have been able to improve the quality of public transport by regulation through the NGO.

Real improvements in the quality of services have been achieved in conditions which are financially attractive to operators. The number of FUTS vehicles has grown rapidly, and the society is offering greater capacity and a better quality service to passengers, at realistic fares. Every passenger is assured a seat, stoppages are at designated stops, and there is strict adherence to specified routes, although services still lack the support of effective traffic management measures. FUTS has clearly demonstrated that there is a demand for higher quality services at higher fares in Pakistan.

The FUTS experience demonstrates that private operators in Pakistan are willing to operate in an effectively regulated environment. This is one in which they are an integral part of the process and are consulted at each stage of planning and decision making, within a fair system with no discrimination between operators, and one which allows them to generate a reasonable return on their investments.

A key to the success of FUTS is that it provides a forum for open decision making in discussion with operators and other interested parties, with top officials freed from the constraints of their own government systems. The main specific factors responsible for this success are reasonable fares and the strict enforcement of rules by the support staff of the FUTS. The forum has promoted more flexible decision making and a learning process, for both officials and operators.

The FUTS provides a successful regulatory model for authorities elsewhere in Pakistan to follow. The NGO has provided an effective mechanism through which to circumvent institutional deficiencies of government bureaucracies. This in turn could eventually help to prompt wider reforms in regulatory procedures within the bureaucracies themselves.

## NOTES

[1]. The Divisional Commissioner is generally a senior officer of the Provincial or Federal Civil Service. He is appointed by the Provincial Government. The Commissioner is the administrative head of a Revenue Division, usually consisted of more than one district, and has wide ranging responsibilities including civil administration, law and order and vested judicial powers. In addition, he is ex-officio Chairman of the RTA and exercises considerable influence in all aspects of transport.

[2]. The present (April, 1997) exchange rate is 1£ = 63.6 Pak Rs.

[3]. A concessionary fare is allowed to students on stage carriage services, which had a particularly adverse effect on the publicly-owned services in Lahore and Faisalabad. Students are charged only a token fare (Rs 0.25) up-to a distance of 30 km. This concession is not available for FUTS services.

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