



Highlights - Urbanlogue - S02 E04 - 10th June, 2020 at 3pm IST

Investments for a green recovery in the transport sector

Summary ([Link to full Video](#))

Ms. Shreya Gadepalli, Institute for Transportation and Development Policy (ITDP) South Asia Programme Lead, led the session by welcoming the speakers, panellists, and participants.

The two presentations were by: Mr. Mohammed Mezghani on 'Covid-19: Financial issues and Public transport recovery'; and Ms. Shreya Gadepalli on 'Green or Grey'. The presentations were followed by a panel discussion and Q&A session, moderated by Ms. Shreya Gadepalli and co-moderated by Mr. Gerald Ollivier, Lead Transport Specialist, World Bank with Ms. V Manjula IAS, Commissioner & Additional Chief Secretary, Directorate of Urban Land Transport, Karnataka, Mr. Rahul Kapoor, Director, Smart Cities Mission, Ministry of Housing and Urban Affairs, and Mr. Laghu Parashar, Senior Technical Advisor, GIZ SMART-SUT Programme as panellists.

The fourth episode had over 1000 registrants from over 160 Indian cities and 35 International cities. The participants from various universities, organizations, media houses, and city corporations raised over 200 questions. This webinar is the fourth one in the series organised by the Smart Cities Mission in collaboration with the ITDP India Programme aimed to help Indian city officials develop robust transport solutions in response to the pandemic. The Transport & ICT Group of the World Bank and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) are knowledge partners of the webinar series.

Covid-19: Financial issues and Public transport recovery - Mr. Mohammed Mezghani, Secretary General, UITP (International Association of Public Transport) ([Link to Video](#))

- **Revenues** - Passenger revenues have dropped by 60-90 percent as ticket inspection has stopped. Commercial rent has been affected due to the drop in advertising and retail activities. Congestion charges and parking fees have been lifted in many cities. Allocated taxes such as payroll tax and property tax are not being collected and this affects PT funds.
- **Costs** - Cleaning and disinfection of PT is expensive. Physical distancing means PT can only operate at 20% capacity, leading to an increase in transport supply. Operational costs such as the cost of staff has taken a hit, resulting in layoffs. Interests and debt services still need to be paid by

companies. Some projects have been suspended due to physical distancing and investments have taken a hit.

- **Recovery -**

1. Financial support and stimulus packages from the government are necessary.
2. Service contracts should be reviewed by the PT authorities to soften certain requirements during this transitional period. In Dublin, the organising authority has turned the operators contract into a cost plus three contract where the operating expenses would be covered in addition to a flat rate remuneration.
3. Tax exemptions support for liquidity, loans without interest, moratoriums for debt reimbursements.
4. Promoting the use of cars is a short-sighted view. It will damage the image of PT and lead to increased pollution. Congestion charge at this time will help manage traffic and to collect funds for sustainable mobility.

Green or Grey - Ms. Shreya Gadepalli, ITDP South Asia Programme Lead ([Link to Video](#))

- In India, most trips happen by walk, cycle, and PT - these overall numbers mostly represent the male urban mode share. Analysis of female trips show that women are highly dependent on walking and PT.
- A survey done by ITDP on mode choices for job and education trips pre and post COVID-19 show that PT might only drop by around 23%. Despite walking and cycling infrastructure being poor in India, there might be a 48% increase in cycling.
- The mode choice for other trips show that cycling and walking might increase by 65% and 11% respectively.
- To understand investment priorities, we can see that Rs. 1000Cr. can be used to for -
 1. 2km of an elevated road
 2. 2km of metro rail corridor which has only done well in some individual lines in the city.
 3. 1000 buses which can serve 300,000 - 500,000 trips daily
 4. 200km of Complete Streets which can serve half a million people daily
- The latter two are most important. There is a deficit of buses in India. The country needs 150,000 buses but has only 35,000 public city buses.
- Over the next one year, estimated revenue losses for STUs and private operators are 40,000 Cr. and 125,000 Cr. respectively.
- **Strategies to increase revenue for the state government** - Additional taxes and fuel surcharges, rebalancing expenditure by reallocation within state budgets or between sectors, and reallocation within city budgets by securing resources to ensure Non-Motorized Transport (NMT) and PT.
- **Current state of funding in India** - Inconsistent funding at the national level, poor bankability of STUs, ULBs have limited revenue sources, a significant share of the budget is used for road infrastructure.
- **Funding opportunities** - Through reforms-based national bus funding programmes, similar to the NURM programme 10 years ago, by diverting the budget of state/ULBs towards PT and NMT, by identifying new revenue sources such as congestion pricing and parking management.

Key points discussed in the Panel Discussion and the Q&A session ([Link to Panel Discussion Video](#))

Ms. Shreya Gadepalli, ITDP South Asia Programme Lead, (Moderator)

- Indian cities need green mobility in the long-term, rather than grey mobility or grey investments. We always assume the funding is the problem but it is more likely misplaced priorities followed by lack of coordination and inability to implement projects.
- While there have been few transformations like Complete Streets in Chennai and Pune, and TenderSURE streets in Bangalore, we need 30,000 to 40,000km of complete streets in India, to fight the competition from motor vehicles and the demand for steel flyovers.
- The government of London has announced a 2 billion dollar programme for NMT of which 250 million will be released immediately. This is not a bailout and comes with a precondition that Transport for London increases the congestion price, showing that they are heading in the right direction.

Mr. Gerald Ollivier, Lead Transport Specialist, World Bank (Co-moderator)

- Private bus operators who used to operate 300 million trips pre-COVID are highly affected. There is a big under supply of buses in India as compared to the population.
- We need to think about the quality of bus services and walkability pathways that we want to provide in the next few years. In the case of Singapore's buses, it is not just for those who cannot afford any other mode, but for everyone to use.
- We estimate 15-20% efficiency gains can be achieved in the operation of systems and this will help to make the money effective going forward.
- Reform, nudge, and push - Rethink budget allocation within the sector and raise additional resources to capture the cost raised by some options and transfer it back to the most stable options.
- Apart from SOPs for safe buses, we could consider augmenting public bus services with private buses during peak hours as well as rapid large-scale investment in non-motorized transport.

Mr. Rahul Kapoor, Director, Smart Cities Mission, Ministry of Housing and Urban Affairs

- The government can support in 4 different ways -
 - **Being technology agnostic** - In the last 10 years, there has been a shift from an asset-based model to ridership based model. The investment trends have similarly shifted to electric vehicles and shared mobility. Investments have moved into two key areas - physical and digital infrastructure, with technology and shared data being at the forefront of user experiences.
 - **Fostering research and innovation in mobility** - This can be done when the government invests in certain areas and makes quick policy decisions. An example is when the SCM invested in integrated command and control centres, and smart traffic management systems, giving a signal to venture capitalists and angel investors.
 - **Building infrastructure to support new technology** - These come with high costs and cannot be absorbed by the industry entirely. The government can think of innovative models for financing

these projects.

Innovating procurement - Through assured uptakes, IoT models, and by giving assurance to private partners for the number of vehicles to be purchased.

- Behavioural change will happen through awareness building. Many cities under the SCM are looking at a mobility plan, unlike the past. The lighthouse effect of the successes in these cities will inspire the 4400 ULBs and can lead to transformation.
- Building incentives into the system by focusing on public infrastructure is one way to gradually shift over from the automobile industry and pushing green mobility solutions.

Ms. V Manjula, IAS, Commissioner & Additional Chief Secretary, Directorate of Urban Land Transport, Urban Development Department, Government of Karnataka

- **Need for short- and long-term solutions** - In the short term, Karnataka is providing short term financial support to public bus operators and working with the community to look at opportunities to promote cycling. In the long term, we must put policies in place and not react in a knee-jerk manner.
- **Funding as an instrument for reform** - JNNURM was used as an instrument to foster reforms such as the formation of a State Urban Transport Fund (SUTF). Karnataka has leveraged this fund to create city bus services in 18 new cities, build terminal and depot infrastructure, and a portion of the BRTS in Hubli-Dharwad. There should be a continuous and consistent source of funds that can be used to make the operators and agencies involved to think of reform.
- **Need for capacity building** - When we are talking about financing, we should not look only at financing infrastructure, but also at financing capacity building at the individual and institutional levels, and communication and awareness. The vision has to be a shared vision, which requires a capacity building for everyone - from the political class, who are decision makers to the people, who execute the decisions.
- **Need for good examples** - Change of priorities is a process and takes time. Initially, we may face resistance, but soon it becomes an example, and that is why we need successful examples that can be replicated.
- TenderSURE is an example in Bengaluru, where roadspace has been reduced and footpaths have been widened. This initially faced questions, and today it has become a demonstration project with politicians from other cities also insisting that such streets are implemented in their cities. It has value not only in improving the state of NMT, but also political visibility from delivering a state-of-the-art project.
- DULT conceptualised a 'Cycle Day' with the community, an open street event that has been happening for the last 6 years. Neighbourhood associations come forward and block the roads for active modes and use as public space. Initially the police did not want to block the roads, and now they are much more cooperative and receptive to the idea of blocking roads.
- **Building political support** - From the experience of running the SUTF, Karnataka created the Karnataka Non-Motorised Transport Agency, a dedicated society of all stakeholders focused on NMT. At the state level, we should nudge the cities by offering funding, design support, and hand-holding. We will be able to nudge city authorities to plan and implement good quality pedestrian infrastructure. And when the response is there, we will be able to get political support.
- The state needs to have a consistent vision for urban transport. We cannot have one department

supporting PT and another supporting cars. States can make it more expensive to buy cars, and start with higher parking charges to disincentive buying cars.

Mr. Laghu Parashar, Senior Technical Advisor, GIZ SMART-SUT Programme

- Historically, we've had a loss of almost 20,000 crore rupees across all STUs even with a deficit of 150,000 buses. To bridge this gap, we need funds to upgrade technology, and facilitate infrastructure for active modes like cycling and pedestrianisation.
- The future of our cities will be determined by the future of our urban transport systems.
- At the national level, we need to have a long term scheme that can provide more choices to cities to select transport technology.
- At the state level, they need to find new sources of funds to bridge this gap and invest continuously in technology upgradation.
- Similar to the Karnataka SUTF, two other examples are Rajasthan and Punjab. Rajasthan created the Rajasthan Urban Transport Infrastructure Development Fund as part of reforms in 2010 through a simple executive order. The fund had two sources - cess on motor vehicle registration and the cess on stamp duty for properties which goes directly to the consolidated state fund. In 2017-18, they collected over 400 crore rupees, and in 19-20 they collected over 500 crore rupees. In 2019, Punjab created the fund under the Punjab Urban Transport Act. The sources are a charge of 10 paisa per litre on fuel, and 10 percent of cost of vanity number plates across the state. These are two good examples we can replicate.

Mr. Mohammed Mezghani, Secretary General, UITP (International Association of Public Transport)

- **Funding as a way to push reform** - We can link funding not just to the introduction of pedestrian infrastructure and cycle lanes, but as some cities have done, to the creation of a well designed sustainable urban mobility plan that sets clear priorities.
- In order to receive funding, cities should have institutional reform leading to the creation of a public transport authority. One of the problems in India is the lack of coordination between agencies. If different modes are managed separately, the citizen's mobility suffers.
- We need to look at mobility from the users perspective, not just the institution's perspective.
- Transport is not just an engineering and technical issue, it is a political issue.
- We should have a hierarchy of modes. Walking should be the priority followed by cycling, PT, and then cars.
- The main difference between countries with a mature PT system and others, is the regulatory framework and the way they look at PT. The more importance we give to PT, the better equipped the institutions. PT should not be only for those who have no other choice, but for everyone.