

# Public Transportation System in the Grip of Monopoly Capital

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Public/People's transportation system is one of the key factors in the determination of economic development, self-reliance, national security, people's lives and their survival. The economic development models that have accepted the framework of Capitalist system too did not mention about the private investment in infrastructure. In fact, safe and cheap transportation services to the people are possible only through public transportation system. It is a known fact that people's welfare is the main goal in any sector that is under government's monopoly. Contrarily, there is no question of people's welfare in the private sector as their main goal is to earn more and more profits. As our economy is characterised by growing unemployment and poverty, the government owned roads, buses, rails and railway stations provide not only cheap and guaranteed transport but also provide livelihoods to many. Moreover, many homeless people live on the railway platforms. Buses and trains will not be cancelled even on non-profit routes. The last bus to the remote area surely goes even with one passenger. Public transportation system is reliable, safe and secure to the oppressed people. However, it is tragic to notice that even after 75 years of 'Independence' and so called 'Amrit Kaal', as many as 40 percent of our villages do not have access to all-weather roads. In rainy season, the sufferings of patients and pregnant women belonging to these places will be horrible. In these conditions, the main goal of democratic governments must be to ensure the accessibility of public transportation system to all.

On the contrary, over the last three decades, there has been significant propaganda to assert that inefficiency is the characteristic feature of public transportation systems. Further, strong arguments are being promoted to assert that modernisation and technical development are possible only with private investments in this sector and that quality transportation services will be available to the people only with private investments. This requires liberalisation and privatisation of this sector by the government. The model of Public-Private Partnership (PPP) is rigorously popularised by the international finance organisations, especially by the World Bank and Asian Development Bank, to attract private investment in the transport sector.

The process of privatisation of transport sector started in our country in the 1990's but it is aggressively increased since 2014. PPP, Built-Operate-Lease-Transfer [BOLT], Special Purpose Vehicle [SPV] models are developed for this purpose.

From the beginning, PPP model is severely criticised on the ideological basis. Recently, serious criticism is levelled against PPP model on the basis of its performance in the transportation sector of developing countries. The study of International Transportation Forum, which is formed with the membership of 60 nations, states that no evidence is found indicating the improvement of efficiency due to private investments in the PPP model. Moreover, it states that technology transfer is impossible owing to its centralisation in dominant countries. Michael Klein who is a strong supporter and proponent of PPP model in the 1990's and 2000's, revealed that no evidence is found that shows the superiority of PPP model, in his working paper wrote for the World Bank. The report of European Investments Bank, 2006, which examined 227 road projects in 15 European countries states that the project cost is 24% higher in PPP projects when compared to traditional public procurement. UN's department of Economic and Social Affairs which reviewed PPP model in 2016, strengthens the conclusion of high expenses. It is a serious contradiction to find the cash flow issues in PPP projects despite various tax concessions and incentives. Another study which examined 1200 projects in 71 developing countries revealed that no evidence was found with regard to rise in investments with PPP. The World Bank data in 2016 shows the same evidence. Further, due to PPP, majority people have to forgo the accessibility of cheap transport. Buses and trains will be available only on profit-routes. The government shares investment in PPP projects and the private gets loans from public banks with the guarantee of government. So, with the entry of private players, there are no additional investments, no efficiency, higher expenses on construction and operation and no modern technology. The Private will impose only heavy burden on the people. Further, the workers have to work on contract basis with low wages and longer working hours. The private management will increase the number of trips for drivers within a given time. Consequently, so many proofs will be seen in regard to the increase in accidents.

In this context, it is a serious cruelty to encourage private investments in transport sector in our country. The domination of monopoly capital is established on our manufacturing sector in the name of 'Make in India'. The goal of monopoly capital is not to confine to the production sector but to extend its domination up to the distribution system. It has started appropriating retail trade and at present godowns, cold storage centres are in the control of monopoly capital. With the appropriation of transportation sector, 'One Nation-One Market' will be realised. How much produce they store and how much they release decides the prices of output. Thus, the fiscal policy as well as monetary policies will become futile tools in controlling the prices.

### **Incentive Measures to Private Investments:**

The transfer of public transportation system to the monopoly capital which works not for the people but for the profit clearly shows the support of ruling class towards monopoly capital. Is it not a serious contradiction for the government to ensure guaranteed profits to the so called 'efficient' monopoly capital? Moreover, the government itself establishing trusts to enable private firms to raise funds to enter into transport sector is another contradiction. In this context, Infrastructure Investment Trusts [InvIT] in 2014 and Real Estate

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Investment Trusts [REIT] in 2019 came into existence. The Capital gains tax is abolished to attract investors into these trusts. Moreover, the trusts have been brought under the purview of Insolvency and Bankruptcy code to protect them and also to provide them tax benefits under section 54EC of the Income Tax Act, 1961. As per SEBI data, the trusts could mobilise as high as Rs. 66,958 crores by 2022-23 FY. This clearly indicates that the government itself provided finances to the private sector through trusts. Despite all these favours, the government still feels that it is very difficult for the private to construct infrastructure projects. Therefore, government, with its tax revenue and debts, will construct greenfield projects. After construction, they will become brown field projects to lease out to private sector. They are constructed with people's money but will be handed over to monopoly capital to earn profits. This is a cruel contradiction. The present analysis, however, will be confined to the examination of Road Transport.

### **Road Transportation:**

National Highways will be built and operated by central government. Roads within the state and roads connecting districts will be built by respective state governments. In addition, in every state, the Road Transport Corporations will be there to run buses.

Ours is the second largest road transport system in the world. As per 2017 estimates, the length of roads in India is to the tune of 56,03,293 km. Out of this, the share of National Highways is 2.88 percent but its share in the road transport is as high as 40 percent. In 2015, 8,225 million people utilized road transport and 7,980 million tons of freight is transported. It is to be noted that by 2012, the share of buses in the road transport is only 20 percent while it is 80 percent for personalised vehicles. Therefore, to facilitate the movement of personalised vehicles, in terms of construction and operation of wide roads and flyovers became the prime issue.

Thus, the road transport sector became attractive to monopoly capital. Moreover, the Union government has declared various concessions and incentives to the private sector. The government will bear the costs for project feasibility studies as well as shifting of utilities/services. It is the responsibility of the government to obtain environmental clearances and cutting of trees etc. as well as way side amenities. The land required for way side amenities will be treated as land required for the project. Moreover, the NHAI is authorised to provide capital grant to the tune of 40 percent of the project cost. The toll rates are indexed to wholesale price index to comfort private sector. The firm will get corporate tax holiday for the first 10 years after the commencement of the project. The private sector is permitted to mobilise funds through external commercial borrowings to the extent of 35 percent. Further, the import duties on modern and high-capacity road construction equipment are removed. 100 percent FDI is allowed in road transport sector. Thus, the monopoly capital gets profit at the cost of public/government. In this process labour exploitation will be intensified and common people will be denied public transportation.

The National Highways Act, 1956 has been amended in 1995 to transfer highways which are under government control to private sector. The National Transportation Policy

Development Committee [NTPDC] is established in 2010 to examine the necessity of private investments in transport sector. The Motor Vehicle Amendment Act, 2015 is meant only to privatise the State Road Transport Corporations. During 2012-2017, measures are initiated to increase the share of private sector in road transport up to 75 percent. The National Infrastructure Report, 2018 became the basis to commercialise the transport sector.

The National Highways Development Project could involve the private sector as early as in 2003 in the construction of 5,846 km Golden Quadrilateral Project to connect all the metropolitan Cities in the country as well as in the construction of North-South, East-West corridors involving Rs. 540 billion.

After the commencement of operations of NHAI in 1995, the private sector is allotted 21 projects to construct 1,109 km National Highways worth Rs. 68,670 million. Further, the PPP is the model to construct Highways in Phase 3 and 4 of NHDP.

In 2013, the NHAI invited Global Tenders to widen two lane roads of 1,157 km with Rs. 4011.45 crores on BOT basis. The bid winners are given guarantees for 18 percent profits. The Birla GTM consortium earned its 120-crore investment in just 5 years due to the government incentives and tax concessions. The government started giving Brownfield highways to private sector on lease for 30-40 years under the 'Asset-Monetisation' programme declared in 2021. The State governments are also following the same path. In August 2023, the Telangana government gave 158 km ORR road for Rs 7,380 crores to IRB Golkonda Express Pvt. Ltd. with a lease period of 30 years. This project is an Expressway with 8 lanes. It is surprising to note that SBI will provide loan to the tune of Rs. 5500 crore. In the remaining Rs. 2,862 crore, Singapore Organisation provides Rs.1,402 crore. Thus, with just Rs. 1,460 crore, the IRB could receive the project for 30 years lease. Its parent organisation, Integrated Roads Highway Infrastructure Developers got 24 projects from 11 States on the basis of BOT, TOT and HAM. This clearly indicates the level of transformation of public highways into Toll roads.

It is widely popularised that privatisation ends corruption and malpractices. But on the contrary it is on the rise as per CAG report. The level of corruption can be clearly seen in the rise in the expenditure to build one km roadway in Dwaraka Express way from Rs. 18 crores to Rs. 256 crore. It is alleged that the entire Bharatmala Scheme is filled with corruption. The opposition parties say that the programme involved at least Rs. 7.5 lakh crores of corruption. The five Toll plazas examined by CAG shows that there are illegal collections to the tune of Rs.132 crores. If one examines all the toll plazas in the country, it will definitely unearth corruption worth lakhs of crores of rupees. All these illegal collections are drawn from people only. This clearly shows that the transfer of roadways to monopoly capital results in the intensification of exploitation.

### **State Road Transport Corporations - Buses :**

RTC Buses are powerful instruments to connect even remote places. Moreover, they provide cheap transport. However, in 1990's, private buses started to run in intra-city transportation.

The emergence of Delhi's Blue-line Bus system is part of it. The privatisation of buses resulted in the excessive rise in charges. Moreover, they run buses only in the rush hours and violate all rules and regulations. Rash driving is another issue that resulted in the increased number of accidents. Since 2008, measures are taken to phase out the private.

Contrarily, in the same year, 2008, as many as 465 routes are permitted for private in Uttar Pradesh. This is on PPP model. The employees of Road Transport led serious agitations against the decision taken by State cabinet. In Haryana also employees led agitations against privatisation in 2018. The All India Motor Transport Organisation had called for a National level agitation in 2018 demanding the withdrawal of Motor Vehicle Amendment Bill.

In West Bengal, public buses declined and contract workers increased in RTC. By 2022, out of 3,250 public buses, only 2,167 are running on the roads, while as many as one lakh private buses are running. Further, sale of Bus Depot's lands to private has also increased.

In Andhra Pradesh, in 2018, the opposition party criticized the ruling TDP against measures taken to raise the private share in buses from 25 percent to 35 percent and enforcing VRS on 30,000 RTC employees out of 55,000 as well as the transfer of RTC land parcels and key divisions to private capital. Contrarily, when the YSRCP came to power in the state, it followed the same policies to dismantle State RTC by the merger of its employees. Recently, 239 vacant lands of RTC are identified and 100 sites in 4 zones are allotted to private for 15 years for Rs.15 crores. Further, large tracts are leased out to oil companies for 20 years and plots with high commercial potential for 33 years on BOT model basis.

In Telangana, 50,000 SRTC employees went on indefinite strike for 52 days starting from Oct 11, 2019. As many as 10 million passengers use SRTC buses daily. It connects 9,300 villages and 840 hamlets. But there is no job security to its employees, no pension, no regular payment of salaries and no recruitment. Moreover, the agitation is suppressed by the government brutally. In August 2023, the Telangana State Cabinet approved, TSRTC [Absorption of Employees into Govt. Services] Bill, 2023 to make SRTC employees as government employees. With this, the state government will appropriate Rs.1.5 lakh crores worth prime land parcels and other assets of TSRTC which it can either sell or lease out to private.

The bus division of Brihan Mumbai Electric Supply and Transport [BEST] diverts surplus in electricity operations to provide cheap transport facilities through the city bus system. In 2016, Supreme Court passed a judgement stating that cross-utility financing model should be ended. This has resulted in mounting losses in the bus transport which ultimately led to its privatisation.

### **Conclusion:**

Public transport System should be the basis for roadways and public buses. They should meet the basic transport needs of the people. In view of the issues of growing unemployment and poverty, public transport system must be strengthened. Contrarily, the Union government as well as state governments have intensified measures to transfer

entire road transport system to monopoly capital. For this, brutal suppression of SRTC employees became a normal phenomenon. Denial of basic transport needs make the lives of oppressed more vulnerable and miserable. It is strongly needed to change the comprador bourgeois system which extends its total support to imperialist exploitation to enter into our transport system in various forms. This will alone transform our transport sector into public transport system which will ensure accessibility of transport services to all. For this, consolidated strong movement of people is the only way.