

IMPACT OF COVID-19 ON INDIAN BUS OPERATORS

MAY | 2020

INTRODUCTION

Since March 25, the Government of India has imposed a lockdown to contain the spread of Covid-19. Public transport services have been limited to essential services only. The ban on operations during lockdown, combined with fixed costs such as salaries, has caused significant financial losses to operators. It is predicted that even when services resume, demand will not resume to pre-lockdown levels particularly due to the physical distancing norms and passengers' perceived risk of travelling in public transport.

UITP and the World Bank have surveyed bus operators across India to understand the specific financial and operational impacts of the Covid-19 outbreak on Indian public transport agencies, and the support needed as they prepare to resume their services. This Statistics Brief provides an overview of the specific challenges faced by the sector and the support needed to address these challenges.

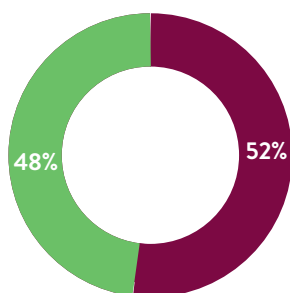
PROVIDING INSIGHTS FOR A RESPONSE STRATEGY

The objective of the survey was to derive insights that can inform decision makers and fellow public transport agencies in developing a post-Covid response strategy that best addresses their needs. This was done by understanding the operators' condition before the lockdown during normal operations, conditions during the lockdown and the measures to be taken up during service resumption post lockdown. Responses from 27 bus operators covering government, private, urban and intercity operations were collected. This document presents the aggregated findings from the survey across all agencies.



OPERATOR CHARACTERISTICS

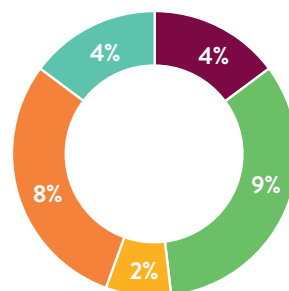
The operators covered in the survey included 14 State Transport Undertakings (STUs), two government-supported urban bus contracting authorities and 11 private bus operators. 70% of these operators are involved in urban buses, 56% in intercity bus service provision and 52% in rural buses. Clearly, some of the operators offer more than one type of service.



Public Private

Operator type

The average pre-Covid daily ridership of these operators is 1.5 million. The fleet size varies widely between operators, with the majority between 2,000-10,000 buses.



<100 100-500 500-2,000 2,000-10,000 >10,000

Fleet size

OPERATIONAL IMPACT OF LOCKDOWN

Following the lockdown, all public transport services except for essential services were suspended. According to the respondents:

- Only 1-2% of normal services are operational overall
- 67% of operators are only operating special services for medical and essential personnel in response to government requests
- 81% of the operators reported no ridership at all, while the rest witnessed a 90% reduction in ridership
- In cases where private operators were contracted by the government to provide public transport services, 60% of them have experienced a delay in payment



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FINANCIAL IMPACT OF LOCKDOWN

Bus operators have a two pronged loss due to lockdown. They continue to pay fixed costs to staff such as salaries and pensions, asset management, and payments towards loans. The following table gives the detailed breakup of such costs for public and private operators. The absolute costs incurred are similar for public and private bus operators. However, the percentage fixed cost incurred dur-

ing lockdown is 60% of normal operational cost for public operators, which is higher than the 49% of normal costs incurred by private operators. Public operators typically have higher staff costs compared to private operators which could have led to higher fixed costs. Majority of the private operators are also in the intercity bus operations, which required fewer staff per bus, leading to lower fixed costs. Overall, the net cost of lockdown for private operators is 47% higher than public bus operators.

Type of Operator	Cost per bus per day Normal (INR)	Cost per bus per day Covid-19 (INR)	Revenue lost per bus per day (INR)	Net cost of lockdown (cost per day+ revenue lost) (INR)	Percentage of cost incurred during lockdown
Private operator (urban, rural and intercity)	14,529 (€175.89)	7,827 (€94.75)	19,910 (€241.03)	27,737 (€335.78)	49%
STU/Government (urban, rural and intercity)	14,292 (€173.02)	7,910 (€95.76)	10,868 (€131.57)	18,778 (€227.32)	60%
Total	14,420 (€174.57)	7,869 (€95.26)	15,389 (€186.30)	23,258 (€281.56)	54%

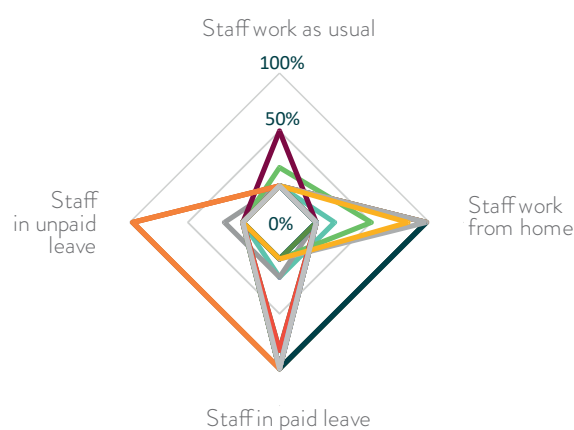
► Financial costs to private and public bus operators¹



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IMPACT ON STAFFING PATTERNS

The impact on staffing is different across operators. Broadly speaking, most of the operators asked the staff to work from home, or gave them paid leave and avoided laying off staff. Only 15% indicated layoffs. Only 15% indicated layoffs. Out of these, one operator indicated that 80% of staff were on unpaid leave while the rest of the operators have less than 20% staff on unpaid leave. The unpaid leave also explains the lower fixed cost percentage for private operators.

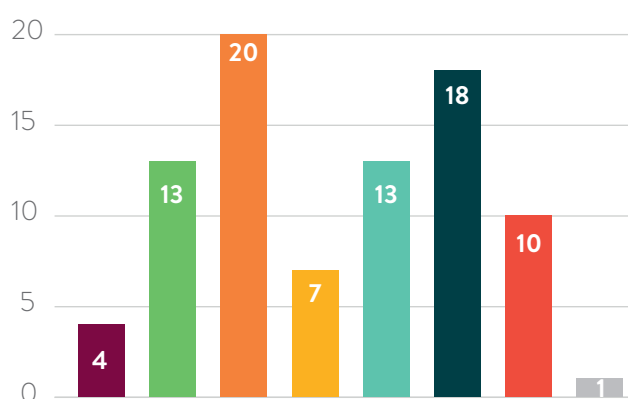


► Staffing impacts

¹ Original calculations in Indian rupees. Estimation in Euros calculated at the time of publishing.

ADDITIONAL SECURITY MEASURES FOR OPERATION DURING LOCKDOWN

Operators had to initiate many new measures in response to Covid-19 induced threats and demand reduction. The chart provides a list of such key measures taken up by various operators. New cleaning protocols, additional vehicle cleaning and mandatory personal protective gear such as masks for all drivers were the most popular measures. This was followed by limiting passenger occupancy to less than 50% of capacity and reduction of routes due to limited demand.

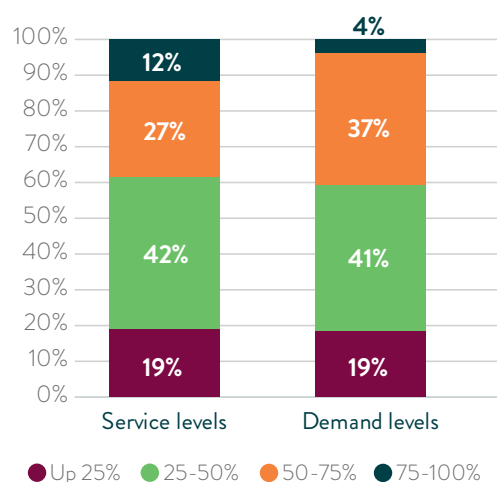


- Measure customer temperature before using service
- Monitor and limit passenger numbers (no more than 50%)
- New cleaning protocols, additional vehicle cleaning
- Redirect bus routes to other services
- Reduce routes
- Require personal protective gear (masks) for all drivers
- Stagger start times to avoid employee crowding
- Waive fees to alleviate crowding at entry

► Additional security measures during lockdown

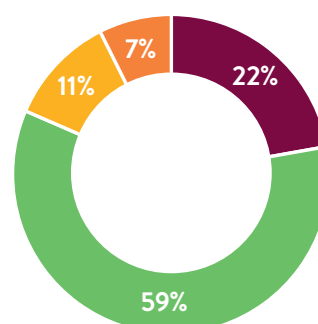
ANTICIPATED SERVICE AND DEMAND LEVELS POST LOCKDOWN

The predicted trends for demand and service levels in the month following post-lockdown show rather similar trends. More than 60% operators believe that both demand and service levels will not be more than 50% of the pre-Covid situation. While 12% of the operators believe that the service levels will resume to 75-100%, only 4% believe that the demand will return to what it was before.



► Anticipated service and demand levels one month post lockdown

All the operators predict that pre-Covid demand levels will not return in the first three months. 78% believe that it will take more six months from the end of lockdown for the demand levels for buses to reach pre-COVID levels. Out of this, the majority of operators believe that the recovery time will be between six to eight months.



● 3-5 months ● 6-8 months ● 9-11 months ● >12 months

► Expected demand recovery time

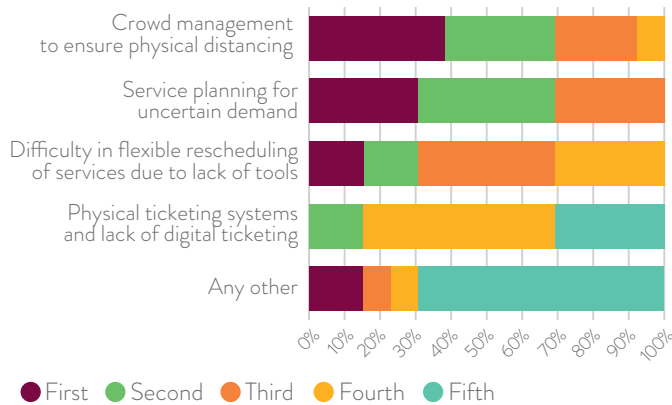
KEY CHALLENGES FACING RESUMPTION OF SERVICES

The survey captured the key challenges which operators are likely to face during the resumption of services. These challenges were segregated into four key areas:

- Operational and service delivery
- Financial management
- Crew management related
- Fleet management related

OPERATIONAL AND SERVICE DELIVERY CHALLENGES

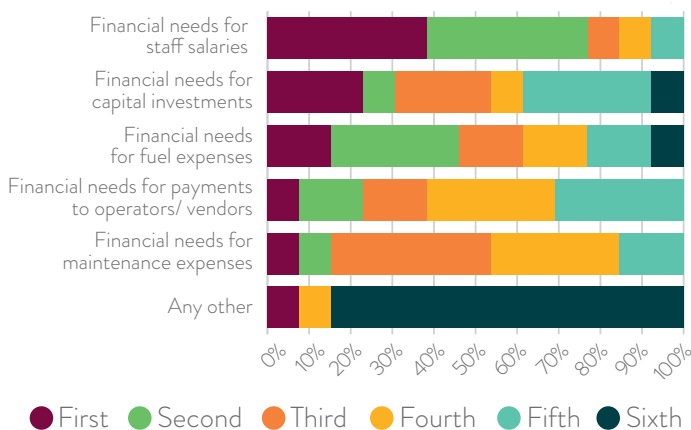
Where first represents the biggest challenge and fifth represents the least challenging, operators ranked “crowd management to ensure physical distancing” as their main concern. This was followed by challenges in “service planning for uncertain demand” caused by the new work from home rules and passengers’ likely travel behaviour changes to avoid non-essential travel.



► Operational and service delivery challenges

FINANCIAL MANAGEMENT CHALLENGES

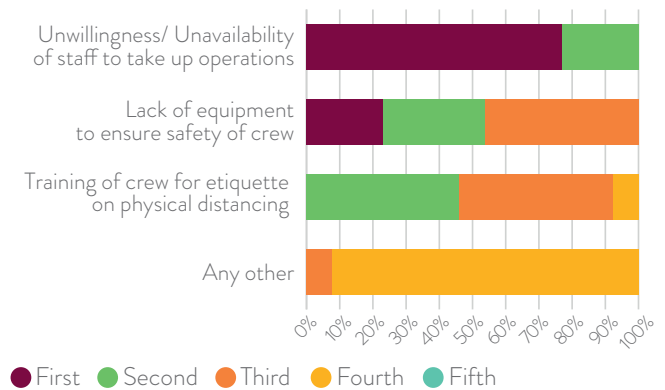
Financial needs to meet the expenses of staff is the top concern for operators in the post-lockdown service resumption phase. Staff expenses make up about 50% of the overall cost of operations of Indian bus operators. Ensuring these expenses can be paid is crucial, yet operators face reductions in revenues caused by reduced capacity, physical distancing and lower demand for public transport. Financial needs for fuel expenses, capital investments, fleet maintenance and payments to operators and vendors were identified as the other key financial challenges.



► Support needs of public operators

CREW MANAGEMENT RELATED CHALLENGES

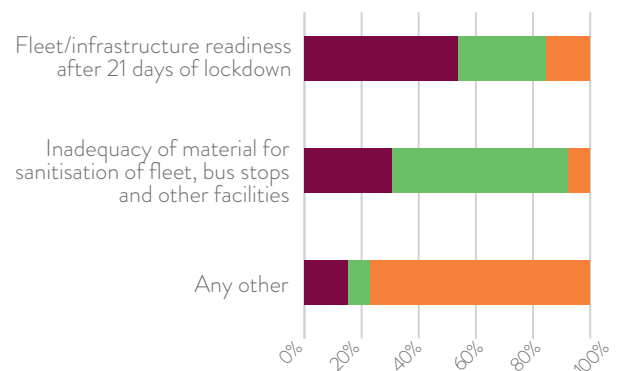
Crew management during service resumption is a key area of concern identified by operators. As many as 77% of the operators identified “unwillingness or unavailability of staff to operate due to risk of contracting the virus during operations” as their top challenge in resuming operations. The “lack of adequate safety equipment for crew” followed by the need to train the crew to manage physical distancing on board buses and at bus st



► Crew management challenges

FLEET MANAGEMENT RELATED CHALLENGES

The “readiness of fleet and infrastructure to resume operations after prolonged non-operation during the lockdown” was identified as the top ranked challenge related to fleet management by more than 50% of the operators. This was followed by the inadequacy of material for sanitisation of fleet, bus stops and other facilities identified by 30% of the operators. However, various state governments have taken proactive steps during the past few weeks to address the issue of limited sanitisation equipment.



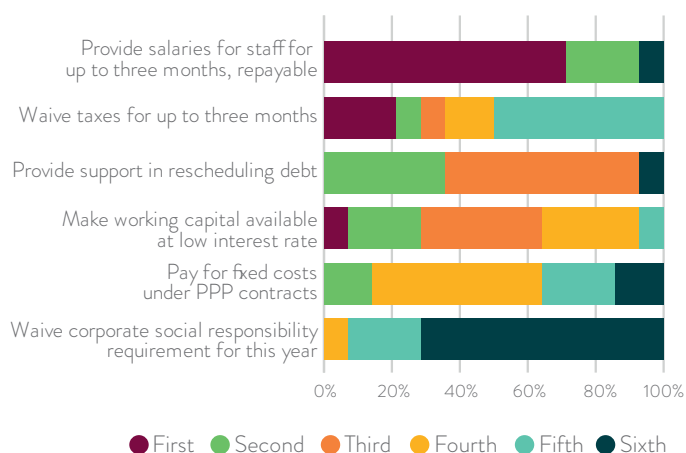
► Fleet management challenges

SUPPORT NEEDED POST LOCKDOWN

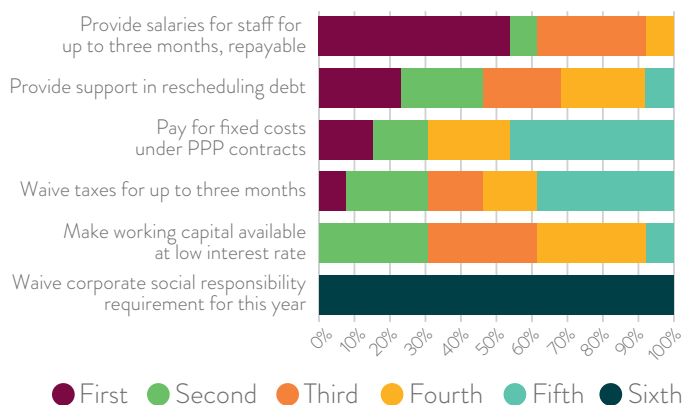
In response to the challenges faced by the public transport sector, the operators have identified specific areas where they will need support from the municipal, state and national governments. The support requests have been analysed separately for public and private operators. In both cases, the request for government support to pay staff salaries for up to three months was identified as the top areas of support needed. Operators are requesting this support not just as a grant but as an amount repayable at a later date when operations stabilise. The next two criteria for public operators were the requests to waive taxes on public transport for up to three months and to provide low-interest loans for working capital needed for operational expenses like fuel, maintenance and fleet sanitisation equipment. However, in the case of private operators, rescheduling of debt from various financial institutions is next in priority after staff salaries, followed by the request to support for other fixed costs of operation.

In addition, operators have identified the following areas of support needed to sustain bus services:

- Financial support to procure additional fleet to meet physical distancing norms
- Financial support to cover 50% of the revenue losses due to lockdown
- Extending insurance cover for vehicles to the extent of number of lock down days without additional cost
- Extending the government's moratorium on principal amount of loans to cover the interests as well
- To promote contactless fare collection technology that minimises physical cash based ticketing transactions
- Knowledge transfer and capacity building support for disinfecting fleet and premises, implementation of the national policy on hygiene and physical distancing on public transport
- Waiving toll and road taxes on public transport for six months, income tax for one year and relaxing the Goods and Services Tax (GST) on public transport procurements



Support needs of public operators



Support needs of private operators



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CONCLUSION

Buses offer affordable access to livelihoods and services such as health care for the vast number of low and middle income families across India. At the same time, buses also offer the most efficient means of mobility with regard to space, energy and emissions in highly dense Indian cities. However, Covid-19 induced lockdown and additional measures such as physical distancing and frequent cleaning has put an additional financial burden on the bus operators which risks the long-term sustainability of the sector. It is crucial to ensure the continuity of bus services as the lockdown comes to a end and the economic activities gradually resume.

Governmental support for both public and private bus operators will help sustain operations in the short-term and improvements in service levels in the long-term. We urge the concerned agencies to prioritise public transport in their Covid-19 response strategies to resume economic and social activities.



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