

Possible Improvements to Existing Bus Fare Structure to Achieve Better Service

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Bus fare is one of the most important factors regarding profit maximization in the industry as well as providing a quality service to the passengers. In the economic point of view the price of the commodity decided by the market mechanism of demand and supply basis. But in the case of service sector the price deciding approach is different than the market mechanism. Most of the cases service provider is deciding the price according to his cost. But in the case of bus operation the service provider in terms of bus operator don't have an opportunity to decide the fare for his bus service as the fare is decided by the regulatory authority.

There was no scientific method for bus fare revisions till 2002. Due to the unavailability of scientific method bus fare was revised under the tight pressure of bus owners and this created anomalies in the structure. Therefore the bus industry almost every time needed a policy for bus fare and guidelines which use now for fare revisions comes to affect as policy in 2002. Anyhow there is a question arises that the rate which decided to revise the bus fare earlier and after introducing the policy, is comparatively reasonable with other economic indicators. It is also important to examine that the rate which decided to revise the fare is equally applied to the individual fare stages which consist different segment of distance.

One of the main objectives of the study is to get the historical view of the fare structure. Before nationalization bus fare was revised few times and available data of that are insufficient to analyze. The existing fare structure came to effect in 1958 with nationalization of the bus transport in the same year. The bus fare was revised in 25 times since 1958 under the different institutional structure. One objective of this study is to identify the equity of the fare structure. Parameters such as fare revising rate, fare/km, and cost/revenue can be used to this purpose. To observe the passenger attitudes is another objective where the survey data of the passenger behavior used to identify the passenger attitudes on bus transport under present fare level. It is seen that the short distance fare was overpriced and long distance services were under priced. This situation badly affected to the industry where the quality of the services are not improved comparatively with the increase of bus fare. Therefore it highly needed a proposal to develop the existing fare structure as another objective of the study.

The unsystematic fare structure causes to lower the quality of the services especially in the long distance services. Due to the low fare in the long distance services they try to scouting the short distance passenger where it is profitable and easy to recover the cost level. This condition must create

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an overloading situation in the long distance services as well increase travel time of the journey due to scouting of the short distance passenger all over the journey.

To avoid this situation it is important to introduce a new boarding fare for long distance services to discourage short distance passengers to get in long distance busses, in the same way it needs to increase the fare/km in the long distance services to recover the operating cost.