

# Long Distance Semi –Luxury Bus Service, operate in Sri Lanka



Report No: PER/SLB/2017/01



**National Audit Office**  
**Performance Audit Division**



## Contents

	<b>Page No.</b>
<b>01. Executive Summary</b>	01
<b>02. Introduction</b>	
2.1 Background	03
2.2 Authority for Audit	04
2.3 Selection of topic for audit	04
2.4 Audit Approach	05
2.5 Audit Objective	05
2.6 Scope of Audit	05
<b>03 Detailed audit findings, recommendations and comments of the Entity</b>	
3.1 Issue of permits to semi-luxury Buses	06
3.2 Inspections carried out by the mobile flying squad	06
3.3 Private busses operated without passenger services permits	07
3.4 Public complaints	08
3.5 Keep general public away from public transport	09
3.6 Charging administrative charges when the conditions stated in the passenger services permit are evaded	10
3.7 Mitigation of laws and rules	11
3.8 Use of GPS Technology for the control of buses	13
3.9 Physical verification of Busses	14
3.10 Preparation of unified Time tables	15
<b>04. Recommendations</b>	16
<b>05. Conclusion</b>	17

## **01. Executive Summary**

As the Public transportation is a most important sector in reaching economic development targets in a country, it should be operated qualitatively, efficiently and securely. Execution of an efficient bus service in Sri Lanka is a function of the National Transport Commission and the Sri Lanka Transport Board. The objective of the Semi luxury bus service which is a service operated therefor includes the transport of only the seated passengers by charging one and a half time (1.5) of the normal bus fare, enabling the passengers to travel comfortably and stopping only in the approved bus stands and by following the above conditions to provide opportunity for a comfortable destination to the passengers who travel long distance.

The objective of the audit carried out was to evaluate whether an efficient and effective service was provided to the passengers from the semi-luxury bus service operated under the National Transport Commission. The National Transport Commission has been established by the National Transport Commission Act No.37 of 1991 and the private bus service is monitored by that Commission. Issue of passenger services permits for the inter province Semi-luxury private buses is carried out by the National Transport Commission and when the conditions in the permit are eluded, the permit can be cancelled. Even though, administrative charges are levied depending on the violation, it was observed that provisions relating thereto are not in the above Act. In the examination of public complaints revealed that the anticipated qualities are not sufficiently provided by the Semi-luxury bus service. Moreover, it was further observed that stopping buses in addition to approved bus stands, instances where passengers were taken in excess of the seating capacity, delays existed in taking action against those deviations and were being operated without a valid permit. Out of the public complaints received to the National Transport Commission during the first 4 months of the year 2017, 47 per cent had been in respect of Semi-luxury buses. In random checking of 142 passengers in 8 Semi-luxury buses carried out in audit observed that 51 of them had got into the bus without being identified whether it was a Semi-luxury bus.

Even though, a Global Positioning System (GPS) had been introduced for the inter province buses, it was introduced to only for 8 buses out of 448 Semi-Luxury buses. Even though, private motor vehicles had increased by 67 per cent during the period 2009 to 2015, the increase of buses used for public transport had been 16 per cent.

It is recommended that necessary amendments be made to the Act being included provision with regard to recover fines from the private bus owners who engage in Semi-Luxury bus service for the prevention of breaching conditions stated in the passenger services permit and to take hasty legal action against Semi-Luxury bus owners run without a valid passenger transport permit. It is further recommended that to ensure whether the conditions to be fulfilled in running a Semi-Luxury bus are followed in order to render efficient and qualitative Semi-Luxury bus service and this process should be subjected to appropriate supervision, to make aware the bus owners, drivers and conductors who violated those conditions, about the importance of these conditions and following them, taking hastily legal action against those who breach these conditions, strengthening mobile flying squad service and to run buses in accordance with a unified time table.

## **2. Introduction**

## 2.1 Background

The National Transport Commission has been established under the National Transport Commission Act No.37 of 1991 in order to manage private bus service which provides higher contribution out of several transport medias. This Commission executes various projects by formulating statutory requirements for the common passenger transport bus service and with the objective of providing transport needs of all Sri Lanka bus commuters. The commencement of the Semi-Luxury bus service is one of those projects. According to the Letter No.ජාගකොස/ධා/පොදු/35 dated 16 May 2017 of the Chairman of the National Transport Commission, it was explained that one and a half rate of normal bus fare (1.5) is charged and the following exclusive changes in this bus service apart from the other passenger bus service had been introduced.

- Stopping buses only in limited stops
- Use of curtains to shutters.
- Loading passengers only for the number of seats.
- Provision of blue colour destination name boards so that the people can easily identify this bus service.

Inter-province private passenger transport bus service is monitored by the National Transport Commission whereas the public sector passenger transport bus service is monitored by the Sri Lanka Transport Board. Particulars of qualities to be existed in the Semi-Luxury bus service had been introduced by the operations Circular No.2016/1 of 12 January 2016 by the Sri Lanka Transport Board. In support of these 2 entities, agencies such as the Department of Commissioner of Motor Traffic National Transport Medical Institute and the Ceylon German Technical Training Institute had also contributed thereto. According to the data of the National Transport statistics report in the year 2016, issued by the National Transport Commission in 2016, the total road network in Sri Lanka is about 31,280 km and it consisted of national highways (A and B class roads) Provincial roads C, D & E class roads and unclassified road belonging to the Local Authorities. Similarly, according to that data, the total number of buses belonged to the Sri Lanka Transport Board by the year 2015 amounted to 8046 of which Semi-luxury buses had been put for running only on 4 roads. The total number of inter-province private buses monitored by the National

Transport Commission in the year 2015 amounted to 3,118 out of which number of Semi-luxury buses amounted to 448.

By the year 2017, 450 private buses between 108 cities had been operated as Semi-luxury buses and the Sri Lanka Transport Board had operated Semi-luxury buses in 4 routes Viz, Colombo – Hatton, Colombo – Badulla, Colombo – Vavuniya and Colombo – Jaffna.

During the period of 8 years, the manner in which the operation of inter-province private buses under the National Transport Commission appear below.

**The manner Inter – province buses were operated**

Type of buses	Year							
	2008	2009	2010	2011	2012	2013	2014	2015
Super Luxury	4	5	6	23	46	51	40	96
Luxury	793	690	667	667	643	624	593	525
Semi-Luxury	324	299	321	438	479	484	463	448
Normal buses service	2115	1989	1972	2048	2059	2071	2052	2049

Source: National Transport Commission – National Transport statistical report – 2016

**2.2 Authority for Audit**

The audit was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

**2.3 Selection of the topic for audit**

As a result of being reported by the various media from time to time that the service was not provided as required by the general public, this topic was selected to evaluate whether the Semi-Luxury bus service provides services as required by the passengers.

## **2.4 Audit Approach**

The 'GPS' division established for the supervision of buses and the public complaints Division had been examined and attention had been paid to management decision of the National Council Mobile Inspection reports for 3 years were subjected to examine and instances of carrying passengers in excess of the seating capacity in the first quarters of these years had been further examined.

Likewise, the Colombo- Puttalam road and the Colombo – Badulla road in which bus services of Jaffna, Kilinochchi and Anuradhapura were operated had been selected in order to collect comments of the passengers who travelled by Semi – Luxury buses and this information was collected through a pre-prepared questionnaire.

## **2.5 Audit Objective**

To reevaluate whether an efficient and effective service was rendered by the Semi – Luxury buses, under the control of the National Transport Commission.

## **2.6 Scope of Audit**

My audit was carried out in accordance with the International Standards of Supreme Audit Institution (ISSAI – 3000 – 3200)

Scope of Audit; Information available in the National Transport Commission in respect of the provision of service to commuters from Semi- Luxury buses registered and operated under the National Transport Commission had been used for the audit.

As the Sri Lanka Transport Board operated Semi-Luxury bus service only in 4 roots, our scope did not cover the service provided by that entity.

### **3. Detailed audit findings, recommendations and comments of the entity**

#### **3.1 Issue of permits to Semi-Luxury buses**

The National Transport Commission has been established by the Act No.37 of 1991. However, the issue of passenger transport service permits had been commenced by employing the staff of the Sri Lanka Transport Board from 1991 to 1994 by the National Transport Commission. Before, the year 1991, passenger transport service permits for Semi-Luxury buses had been issued by the Sri Lanka Transport Board but a written approval in respect of the change of Semi-Luxury bus service from the other bus services was not made available to audit by the National Transport Commission.

#### **3.2 Inspections carried out by the Flying Squad Unit**

In terms of National Transport Commission Act No.37 of 1991 and the powers vested in the National Transport Commission, permits are issued for the inter- provincial passenger transport private buses and a series of conditions have been imposed in respect of those buses in order to provide a quality bus service to the commuters. Adherence to those regulations are examined by the Flying Squad Unit and its function is to take action after being investigated buses run in the inter – Provincial routes by violating the conditions stated in the permit. Observations in respect of steps taken by the National Transport Commission, on drivers and conductors who breached the conditions based on the reports given by that unit appear below.

**3.2.1** Even though an administration charge was recovered from the owners of buses by the National Transport Commission in respect of discouraging in carrying passengers in excess of seating capacity, 28 instances where the same mistake had been committed again by 8 buses were observed in the year 2015.

**3.2.2** In terms of the management decision No.2015/8/20 iii issued by the National Transport Commission, when the above mistake had been committed at the 3<sup>rd</sup> time, the permit should be cancelled and the bus should be converted into a normal bus service. As the commission had not complied with this decision, 3 buses committed the same mistake again and again at the 4<sup>th</sup> and 5<sup>th</sup> times had been detected by mobile inspections.



**3.2.3** The date on which drivers and conductors should participate in the inquiries conducted in respect of mistakes revealed at the inspections carried out by the mobile flying squad inspection unit is determined by the mobile inspectors. Instances where they did not come and delays in taking final decisions on mistakes were observed. Accordingly, 48 such delays from 2 to 11 months in January, February and March in the years 2015, 2016 and 2017 were observed.

### **3.3 Private buses operated without passenger services permits**

In the audit test carried out based on the sample considered in the months of January, February and March of the years from 2015 to 2017 in respect of the recovery of administrative charges from bus owners for the violation of conditions stated in the Semi-luxury buses passenger service permit observed the following matters.

#### **3.3.1 Engaged in passenger transport service, despite it was recommended to cancel the passenger service permit**

The passenger service permit of the bus bearing permit No.NTC13931 had been recommended to cancel on 30 January 2017 and that permit had not been presented for updating. Nevertheless, 39 occasions in which faults were effected including, running the bus without a valid passenger service permit in 12 days during the period from 30 January 2017, the date on which the cancellation of permit was recommended to 20 March 2018 were reported in the mobile inspection reports. Therefore, it was observed that this bus was engaged in passenger transport service irrespective of the conditions of the Commission.

#### **3.3.2 Judicial process taken against the buses run without passenger transport permits**

It was stated that taking judicial action was referred to in respect of running 8 buses, including the bus mentioned in paragraph 3.3.1 above which were included in the sample obtained by audit, without passenger transport permit.

### 3.3.3 Buses by which appeals were rendered to the Ministry

An appeal had been made to the Secretary to the Ministry of Transport and Civil Aviation stating that the administrative charge of Rs.1,711,750, imposed for the breach of conditions during the period 2013 to 2016 in respect of 2 buses owned by only one owner could not be paid. The approval of the Ministry had been granted on 25 January 2018 to update 2 passenger services permits, subject to settle the above administrative charge by instalments. However, requests had not been made to get the passenger services permits for those buses. Particulars appear below.

<b>Permit Number</b>	<b>Administrative Charges due</b>
	Rs.
NTC12665	705,000
NTC12743	1,006,750
	-----
Total	1,711,750
	=====

Examination of files observed that the bus bearing permit No.NTC-12743 had operated without a passenger services permit even after being recommended to recover the administrative charges.

### 3.4 Public Complaints

A complaint unit with 24 hour hot line facilities had been established in the Commission so as to make complaints when the required service would not be performed to commuters use the public transport and to inform inconveniences caused to them and its telephone number was 1955. Furthermore, a direct telephone bearing No. 011-2895555 had been installed to accept public complaints. In addition, commuters could be able to make complaints by E-mail and letters.

Number of complaints received in the 2 years of 2015 and 2016 and during the period from 01 January to 31 March 2017 in respect of loading passengers to super luxury buses, luxury buses and semi luxury buses more than the seating capacity amounted to 418, 393 and 75 respectively. Out of 75 complaints received up to 31 March 2017, 35 or 47 per cent represented in respect of Semi-Luxury buses and it was observed that

those complaints had been made on the violation of permit condition which states “passenger should be loaded equal to the number of seats”. Action had been taken only in respect of 7 complaints and it was observed that only the warning had been issued in respect of other complaints. As two buses had committed the same fault again after being warned, it was observed that only the warning would not be sufficient.

### **Comments of the Commission**

It was informed that 90 per cent of complaints do not participate in the relevant inquiry in several occasions, the bus ticket essential for the inquiry is not presented to the public complaints unit, an administrative charge is recovered only in the case of being participated the complainants at the investigation or to direct staff group for training again and to refer them for disciplinary procedure, suspension of their proficiency card and complaints are finalized only being warned the bus owner, in other cases.

### **3.5 Keep general public away from Public Transport**

Even though, the main objective of the National Transport Commission is to provide an efficient transport service to the commuters, according to the investigation reports of the complaints received, the majority of bus owners, drivers and conductors had neglected the qualities and standards to be available in the bus service and as such, it was observed that the sufficient service is not provided to commuters. This situation had caused to prefer the general public common transport to private transport. The comparable increase in the registration of private motor vehicles is depicted in the following table.

Vehicle Type	2010	2011	2012	2013	2014	2015	Increase percentage of motor vehicles in the year 2015 as compared with the year 2010
-----	-----	-----	-----	-----	-----	-----	-----
Motor vehicles used for private transport,							
- Motor cars	410,282	468,168	499,714	528,094	566,874	672,502	64
- Three Wheelers	529,543	667,969	766,784	850,457	929,495	1,059,042	100
- Motor Cycles	2,100,832	2,354,163	2,546,447	2,715,727	2,988,612	3,359,501	60
- Dual purpose vehicles	209,228	242,746	280,143	304,746	325,545	365,001	74
Buses used for public common transport	84,280	88,528	91,623	93,428	97,279	101,419	20
<b>Total</b>	<b>3,334,165</b>	<b>3,821,574</b>	<b>4,184,711</b>	<b>4,492,452</b>	<b>4,907,805</b>	<b>5,557,465</b>	<b>67</b>

(Source: Statistical Report of the National Transport Commission – 2016)

According to the above data, the number of vehicles used for transport had increased by 67 per cent from the year 2010 to 2015, but the number of buses used for public transport had increased only by 20 per cent. Similarly, the total number of buses during this period had ranged from 2 to 3 per cent of the total number of motor vehicles.

### **3.6 Charging administrative charge when the conditions stated in the passenger services permit are evaded**

In terms of sub-section 1(d) of Section 31 of the National Transport Commission Act No.37 of 1991, if the Commission satisfied that the holder of the passenger service permit has evaded to follow any conditions stated in the permit, that passenger service permit can be cancelled. According to the management decision taken from time to time as mentioned below, when the permit holder had evaded the conditions stated in the permit, cancellation of that passenger service permit or suspension or charging an administrative cost or warning are effected, based on the nature of fault and the number of incidents.

<b>Management Decision No.</b>	<b>Effective Date</b>
NTC/DG/02/(2002)	01.05.2002
ජාගකොස/විච්චි/2007/01	15.02.2007
-	10.08.2009
53/2013	04.06.2013
2015/08/20 iii	20.08.2015
	01.08.2016

According to the Letter No.ඊ/223/05 of 13 September 2005 of the Attorney General, it was observed that the Commission has no juridical authority to impose or to recover penalties in the event of contravening the Act according to the provisions of the National Transport Commission Act No.37 of 1991.

### **3.7 Mitigation of Laws and Rules**

According to the Letter No.ජාගකොස/ධා/පොදු/35 sent on 16 May 2017 of the Chairman of the National Transport Commission, one foremost condition in issuing permits for Semi-Luxury bus service to be followed is the seated passengers should be carried. In order to cover the loss to be incurred by the bus owner by carrying only seated passengers, permission had been granted to charge the bus fare 1.5 times of the normal bus fare per seated passenger.

The violation of the permission given to carry only seated passengers as mentioned above is a prime allegation in terms of the management decision No.2015/08/20 iii issued by the National Transport Commission and the administration charges recovered by the National Transport Commission thereon in the years 2015 and 2016 and only 2 months of January and February in the year 2017 amounted to Rs.4,241,375, Rs.2,463,750 and Rs.59,100 respectively. Curtailment of administrative charges from year to year on the requests of the bus owners, conversion of the permit issued to run semi-luxury buses into normal bus permit, decision to implement at the 4<sup>th</sup> instant in the year 2016 through it would have been implemented at the 3<sup>rd</sup> instant at which the fault was committed in the year 2015, are given below.

**Instant at which fault is committed**

**Administrative charges to be recovered and punishments in the event of loading passengers more than the seating capacity in terms of management decision – No.2015/08/20(iii)**

-----

-----

**(Since 20 August 2015)**

**(Since 01 August 2016)**

-----

-----

The first instant

i At Rs.2000 per standing passenger

i Cancellation of permit for the number of days equal to number of standing passengers

ii Warning to conductor and Driver

ii Recovery of an administrative charge at Rs.100 per standing passenger.

The second instant

i At Rs.4,000 per standing passenger

i Recovery of administrative charge at Rs.250 equal to number of excess passengers.

ii Giving training to both driver and conductor (20 days)

ii Cancellation of the permit for the number of days equal to 2 times of number of standing passengers.

The third instant

i Permit issued to run semi-luxury bus by NTC is converted into a bus charging

i Cancellation of the permit for the number of days equal to 2 times of number of standing passenger.

	normal bus fare and cancellation of identity cards issued to conductor and driver by NTC.	ii	Recovery of administrative charge at Rs.500 per standing passenger.
The fourth instant	-	i	Black listing of staff permit.
		ii	Conversion of semi-luxury bus permit into a normal bus permit.

### 3.8 Use of GPS Technology for the control of buses

On the information available to improve the quality public bus service in order to establish a qualitative as well as secured public transport service based on resolving challenging issues, this project had been introduced for monitoring inter-provincial buses by linking GPS Technology with other Technological Systems. By this method, warning signal is alarmed inside the bus by controlling the speed of the bus. In addition, when complaints are received, by giving telephone calls at the same time this system can control any wrong things happened and give solutions, if this bus is linked with this system. According to the information obtained from the Commission, 440 buses had been linked with this system as at 19 May 2017. Only 8 semi-luxury buses of them had been installed this equipment and connected to the control of the Commission. The utilization of this technology only to 8 buses out of 448 semi-luxury buses operated at present is insufficient and it was revealed that this system does not facilitate to supervise the loading of passengers more than the seating capacity which is a foremost fault committed by bus runners.

### 3.9 Physical verification of buses

(a) Observations in respect of 142 passengers in 8 buses made at the random check carried out on 02 and 03 of May 2017 appear below.

Type of passengers -----	Number of passenger -----
- get into the bus knowing the over-charge of bus fare	88
- get into the bus not knowing the over charge of bus fare	51
- get into the bus due to non-availability of buses on the road which charge normal bus fare.	45
- reluctant to pay over charge	52
- Loading passengers in a manner being stopped as a normal bus	57

(b) According to the above data, out of 142 passengers subjected to survey, the number of passengers got into the bus not knowing about this service, represented 36 of the total number of passengers. Even though, the semi-luxury bus service had been commenced by improving facilities available in buses with the aim of providing certain relief to the commuters at the primary period of passenger bus service, subsequently, the facilities available in the normal bus service and the semi-luxury bus service had become equalized.

(c) According to the manner in which seats are fixed in a bus which charges normal bus fare, loading passengers more than the number of seats does not encumber the seated passengers but 5 seats at a row (2 + 3 seats) are fixed in a semi-luxury bus. Accordingly, room available in the bus for passengers is extremely less and as such it was observed that passengers getting to the bus as well as the seated passengers are worried when loaded passengers in excess of the seating capacity.



- (d) Even though, it was clearly stated where to stop semi-luxury buses, violating that rule loading and unloading passengers on the way were observed. In order to manage the additional time spent for loading passengers in bus stops in addition to limited bus stops, runners would do high speed and it would cause road accidents, as well.

### **3.10 Preparation of unified time tables**

As the unified time tables for certain roads in respect of running the buses had been prepared by the National Transport Commission and the Sri Lanka Transport Board but not practically implemented, stringent competition between the SLTB buses and the private buses exists and it would cause to reduce the income of both parties and to increase accidents.

#### **4. Recommendations**

- (i) Legalization of the recovery of charges by the Commission from the persons contravene the conditions stated in the passenger service permit, by an amendment to the National Transport Act No.37 of 1991.
- (ii) Taking quick legal action by identifying the buses run without valid passenger service permits.
- (iii) Direction the bus owners, drivers and conductors who do not participate in the relevant investigations on a specific date, for awareness programme about the conditions in the passenger service permit and the importance of being followed them and impose a surcharge for number of days delayed in the payment of administrative charges.
- (iv) Determination of the charge recovered by the Commission from persons breached the conditions in a manner to discourage the breach of conditions in the permit.
- (v) Proper monitoring whether semi-luxury buses operate in compliance with the unified time tables.
- (vi) Preparation of the annual plan of the Mobile Flying Squared Unit by paying attention to buses, involve more risk of breaching conditions, being inquired public complaint from time to time and being identified their rout numbers and periods.
- (vii) Execution of the power vested in the Commission to cancel the passenger service permits of the buses, committed the same mistake several times and to convert those permits into a bus, charging normal bus fare.
- (viii) All semi-luxury buses should be linked to the GPS Technology and the identification of loading passengers at bus stops in addition to approved bus stops, non-operation of buses in accordance with the unified time table and high speed buses.
- (ix) Indication of the text “Semi-Luxury” in the destination board, so that the general public can easily identify this bus service.

## 5. Conclusion

It is concluded that:

- (i) as no provision exists in the National Transport Commission Act No.37 of 1991 to recover the administrative charges from the permit holder on the basis of the nature and the number of events when evaded the conditions of the permit, it is essential to amend the Act for the recovery of fines expeditiously.
- (ii) as private buses had been operated in the semi-luxury bus service without a valid passenger service permit, quick legal action should be taken, being identified those buses.
- (iii) as mobile inspections identified many occasions in defaulting the conditions in the semi-luxury bus passenger service permit and committing same mistake again and again and even though the relevant parties were called for inquiries, irrespective of that, they used to come only for the renewal of permit and as such their attention on the conditions of the permit is very minimum.
- (iv) qualities to be existed in the semi-luxury bus service was not at an expected level, effectiveness of supervisory functions carried out by the National Transport Commission in that regard was insufficient and lesser awareness of permit holders, conductors and drivers on rules and regulations and qualities to be existed in the service.
- (v) commuters would be inconvenience as the people could not easily identify the bus whether it is a semi-luxury bus by the destination board used in the buses and as buses are not operated in accordance with a unified time table.