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**RECOMMENDATIONS OF THE
SENATE STANDING COMMITTEE ON
COMMUNICATIONS (COMMUNICATIONS & RAILWAYS)
ON
'THE EXISTING PUBLIC TRANSPORT SYSTEM'**

2-33

MRL 260



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II. Safety Compensation

(ii)

D will be prepared to deal with the subject of 3rd Party Insurance.

1. INTRODUCTION

As a result of decision on Motion under Rule 194 titled "The Existing Transport System in the Country" introduced by Senator Raza Muhammad Raza in the House on 21st September, 2004, a meeting of the Senate Standing Committee on Communications (Communications and Railways) was held under the chairmanship of Senator Kamil Ali Agha on 21st December, 2004 in the Committee Room No. 4, Parliament House, Islamabad. The Senate Standing Committee Members and representatives of various concerned federal and provincial government departments attended the meeting.

It was decided to set up a Technical Committee comprising representatives from all the Provinces ^{with Chief, National Transport Research Centre (NTRC), Ministry of Communications} and other concerned departments as its Coordinator for preparing the draft Report on the subject. The draft Report was prepared by NTRC and circulated among all the concerned members in January, 2005.

A detailed Presentation was made to the Senate Standing Committee on Communications (Communications and Railways) in its meeting held under the chairmanship of Senator Kamil Ali Agha on 15th March, 2005 by the Chief, National Transport Research Centre (NTRC), which was also attended by the representatives from the provinces and Small and Medium Enterprise Development Authority (SMEDA). In the light of the observations of the Senate Standing Committee, the draft recommendations were prepared in May, 2005 and subsequently presented to the Senate Standing Committee on Communications on 12th July, 2005. As a result of detailed deliberations, the Senate Standing Committee on Communications adopted several recommendations of the Technical Committee, which have been incorporated in this Report.

In the presentation to the Senate Standing Committee on 29th November, 2005, it was decided to approve the Report. However, a Supplementary Report

2. VISION STATEMENT

The Vision Statement is to establish a public transport system that provides an efficient, safe, reliable, affordable and environment friendly access and mobility for people and goods thereby supporting the government's goal of increasing public welfare through economic growth and poverty reduction.

3. RECOMMENDATIONS

Following recommendations have been formulated to achieve the objectives of the Vision Statement.

3.1. Institutional Arrangement

The subject of 'Mechanically Propelled Vehicles' is included in the Concurrent Legislative List in the Constitution of the Islamic Republic of Pakistan, 1973. The Motor Vehicle Ordinance (MVO) 1965, the Motor Vehicle Rules (MVR) 1969 and the National Highway Safety Ordinance (NHSO) 2000 provide the legal framework.

Almost the entire operational control specially with regard to regulation, operation and management of public service vehicles vests with the Provincial Governments. The public transport system is characterized by multiple agencies that fall under the purview of various departments with some implementing agencies responsible for infrastructure and others for operations and management. This diversity is one important reason to have a very effective coordinating mechanism to achieve consistency in the application, construction, operation and maintenance of urban transport and allied infrastructure as a system rather than individual modes/ components of transport. The magnitude of the urban transport problem is such that it needs to be tackled on a fast track in a coordinated, wholesome and systematic manner for which well-trained manpower in adequate numbers is a pre-requisite.

Keeping the above in view, the recommendations are as under :-

- (1) The government has gradually minimized its role as a primary provider of transport services with greater emphasis on its regulatory role, which may be continued.
- (2) For effective coordination, the Provincial Transport Departments need to play the lead role and evolve a strong coordinating mechanism with all the concerned departments (notably Police, Excise & Taxation Departments, City/District Governments, etc.). A detailed Standard Operating Procedure (SOP) should be developed accordingly and Review Meetings be held regularly. Similar arrangement needs to be replicated at the District levels.
- (3) Considering that the role of a regulator like the Regional Transport Authorities (RTAs) / Executive District Officers (EDOs), etc becomes all the more important in the privatized form of transport, these need to be strengthened and manned by professionals to ensure proper planning, operations, monitoring, route compliance and effective implementation specially with regard to service quality and safety.

- (4) At the federal level, the Ministry of Communications looks after the subject of road and road transport and it would be necessary that the Ministry of Communications coordinates with the Provincial Governments on transport matters on a regular basis. For this, the office of the Director (Roads & Road Transport) in the Ministry of Communications need to be upgraded and strengthened by providing a post of Director General (Roads and Road Transport) in BPS-20. In addition to the existing post of Director (Roads & Road Transport), which should be re-designated as Director (Roads), one post each of Director (Road Transport) and Director (Legal) in BPS-19 and 3 Deputy Directors (one each for Roads, Road Transport and legal/International Transport matters) in BPS-18 alongwith other supporting staff need to be provided on an immediate basis. The incumbents of these posts should be degree holders in their relevant fields like B.Sc in Civil Engineering for Roads, M.A. (Economics / Transport Economics) for Road Transport and LLB for legal matters, etc with prescribed experience as per government rules for these posts.

3.2. **Modus Operandi**

In the context of urban transport, congestion is mainly caused by personal modes of transport notably the car (Table-1). The annual compound growth rate of production of cars is presently of the order of 7.3 per cent (Table-2) as compared to 1.7 per cent in the production of buses (Table-3). The present practice of car financing scheme by the banks is resulting in a disproportionate increase in number of cars in the urban context (alongwith associated externalities in the form of environmental pollution, congestion, etc.) and need to be properly evaluated. Besides, Road System capacity gets adversely affected by encroachments and mis-use of bus / wagon stops as bus/wagon terminals, which is a typical enforcement problem.

It is recommended that :

- (1) An integrated 'Package Approach' should be adopted wherein the various elements of urban transport, the different modes of urban transport and allied infrastructure, etc be dealt as a system rather than individual modes/components of transport. Priority should be given to public transport modes over the personal modes of transport.
- (2) Regulatory/restraint measures are un-avoidable for dealing with traffic problems (as briefly mentioned in Annex - I), even if a conscious decision to increase the urban infrastructure is taken to 'cope for car demand', during the construction phase.
- (3) City / District Governments should prepare Transport Master Plans with due emphasis on land-use and transport requirements.

3.3. Bus Requirements

Buses are the most basic form of urban mass transit making an efficient use of the existing road infrastructure. Other forms of para-transit modes have a definite role to play specially on the secondary/ tertiary routes.

It is recommended that :

- (1) All cities with a population of more than 500,000 should have proper urban transport system. The requirements of equivalent number of buses in 14 cities of Pakistan have been estimated at about 21,200 (Table-4). With the share of large size buses at 40 per cent in the mix, the corresponding number works out to be 8,500 buses. *well defined* (X)
- (2) Considering that the present local production of buses is to the tune of 1400 and the demand will increase, the possibility of importing new/re-conditioned buses may be considered to augment the supply of urban buses at minimum investment with the proviso that the first right of refusal may be given to the local bus industry.
- (3) Measures should be taken to introduce healthy competition among the various operators to eliminate any situation of monopolistic controls. (X)

3.4. CNG Buses

It is extremely necessary to find suitable alternative fuels and a substitute specially for Diesel (HSD) in view of huge expenditure on its import in foreign exchange. CNG does provide an affordable alternative. Introduction of CNG buses may, however, be done in a phased manner. Accordingly, it is recommended that :

- (1) First priority should be given to introducing CNG buses mainly in urban areas on environmental considerations.
- (2) The performance of CNG buses should be evaluated on a regular basis and a proper techno-economic and a financial feasibility study (including refilling and other infrastructure facilities, performance of air-conditioned buses, etc) be carried out by the Hydro Carbon Development Institute of Pakistan (HDIP), which is the focal national agency, so that implications could be fully understood for evolving a sound policy package. The use of LPG in transport vehicles should also be considered.

Competition
of
LPG
& CNG
4

- (3) The initiative taken by the Punjab Government for introducing CNG in 4-stroke rickshaws should be encouraged and adopted by other Provinces also.

3.5. Mass Transit

The recommendations are as under :

- (1) Dedicated mass transit systems have become un-avoidable specially on those travel corridors in large metropolitan cities where the level of traffic in one direction exceeds 20 thousand persons per hour. The implications in terms of capital cost, operating costs, affordable fare structure and operating subsidy, however, need to be fully understood at the outset and duly provided for at the planning stage (Table-5).
- (2) The existing railway system should also be used to serve urban and sub -urban traffic in major cities like Karachi, Lahore, Peshawar and Rawalpindi/ Islamabad.
- (3) For ensuring sustainability and ease, it is important to ensure that inter-modal changes should be as smooth as possible with minimal time penalty and out-of-pocket expenses for the users.

3.6. Financial Aspects

The urban mass transit systems are extremely capital intensive and invariably need to be subsidized. Subsidy can assume many forms and whether direct or indirect, should be well directed and can be in 'one-off', 'periodic' or 'regular mode', but it needs to be fully ensured that the benefits are passed on to the user and does not result in inefficient operations.

The recommendations are as under :

- (1) Profitability of large size urban buses need to be evaluated on 'life cycle costs basis' for evolving a sound policy package for urban cities.
- (2) Financial participation of the Federal/ Provincial and District/City Governments need to be clearly defined. The federal government may share the 'one-off costs' or provide 'one-off/periodic concessions' and the provincial, district / city governments should, in addition to their share in capital costs, look after the costs of a 'periodic' and 'regular' nature.

income tax exemption (holidays)

(import duty, sales tax, land for terminal facilities, basic infrastructure including tracks etc.)

- (3) To encourage urban bus / mass transit, adequate finances should be made available specially to the corporate sector. Creation of a special credit line at low rate of interest may be considered by the Banks in preference to the present car financing schemes. The Government should, however, not extend any guarantees for obtaining loan by the private urban bus / mass transit investor / operator.
- (4) The BOT mode of financing and its various variations should be encouraged to attract private financing in the transport sector as far as possible.

3.7. Terminal / Parking Facilities

Urban land is very expensive. The present system of auctioning the terminal facility adds about 10 – 20 per cent in the inter-city bus fares. Besides, the Operators impose certain restrictions on bus make, etc for using the terminal facility. This may act as an inhibiting factor for new investment.

The recommendations are as under :-

- (1) Adequate land for Terminal / Parking facilities for public transport vehicles at convenient places on a nominal rental basis should be the responsibility of the District/City government with the proviso that land-use will not be changed. For infrastructure development, the BOT mode of financing may be considered.
- (2) Bus bays and bus stops should be used for as minimum a time as possible to ensure safe embarking and disembarking of passengers. This is important for maintenance of laid down bus schedules and needs effective enforcement.
- (3) Embarking and disembarking facilities for intercity passengers by the intercity passenger transport at convenient locations in the city should be provided by the City / District Governments and integrated with the local urban transport system to minimize inconvenience, time penalty and out-of-pocket expenditure to the inter-city passengers.
- (4) Car parking facilities need to be regulated by providing additional spaces wherever feasible (both off-street and on-street) and adequately charged to act as a dis-incentive for use of personal modes specially during the peak periods.

3.8. Roadway Facilities

Proper geometry of roads, signs, signals, road markings, footpaths, efficient road drainage are essential components of any road network and need to be given full attention. Bicycling and walking are the most important modes of transport. In fact, there is no trip, which does not involve 'walking' as a composite mode of transport. Continuous/ walking paths for bicyclists and pedestrians, therefore, need to be essentially provided ^{specially} for in the urban context.

By-passes should be appropriately fenced to protect the right of way (ROW), eliminate chances of encroachment, and also serve as safety measure.
It is, therefore, recommended that Traffic Engineering Units should be established with trained manpower in all large cities to ensure that adequate roadway facilities are available for various types of users with particular emphasis on bicyclists and pedestrians.

3.9. Safety

For smooth and safe movement of traffic on level (at grade) crossings, duly prioritized and phased programme of fault-repaired intersections, duly implemented.
Safety is one of the prime objectives in any transport system. In addition to various safety measures, which need to be enforced, it is proposed that carriers provided on roof-tops of Buses, Wagons, etc specially in urban areas should be removed to avoid any chances of travelling on roof-tops. Adequate pedestrian crossing facilities (zebra, pelican, overhead, underground, etc.) should be provided and strictly enforced. In the context of safety; both preventive and curative measures are absolutely necessary to minimize the absolute number of casualties in road accidents.

3.10. Vehicle Registration, Motor Vehicle Examination, Driver Training and Driving Licences

The recommendations are as under :-

- (1) For vehicle registration, it is extremely necessary to have computerized record of all the registration books at the district and provincial levels in the form of a Common Data Bank. For inter-district / intra - provincial transfers, the records should be meticulously checked before affecting any transfer. The VITS (Vehicle Identification and Tracking System) being introduced by NADRA needs to be fully supported.
- (2) The system of motor vehicle examination needs to be effectively revamped (Tables-7 & 8). The prescribed fees need to be revised upwards (Table-9). Rather than visual observations, standardized checklists and Testing Equipment be made available in designated workshops to ensure that fitness certificates are granted to roadworthy vehicles only. There is a need to enforce the prescribed age limit for various types of commercial vehicles.

- (3) The Motor Vehicle Examiner (MVE) should be a Mechanical/Auto Engineer at least in BPS-17 and above depending on qualifications and experience.
- (4) The ENERCON under the Ministry of Environment have recently established an Energy Conservation Fund of 3 Million US \$ which can be availed by interested firms for setting up of good quality workshops.
- (5) There is a need to establish Driver Instructor Training and Driver Training Schools to educate the drivers and to conduct their refresher courses. While Driver Instructor Training Schools may be set-up in the public sector by the Provincial Governments under their Polytechnic Institutes, etc, Driver Training Schools should be established in the private sector, which should use the duly certified Driver Instructors for training the drivers. It is important that Driver Instructors should know driving and possess the relevant Driving License of the appropriate category for which he/she has to impart the training.
- (6) The present licensing system is decentralized and therefore multiple licenses from different districts can be obtained at a time even if a license is cancelled by one authority. There is no system of point scoring on the licenses with the result that license of an erring driver cannot be suspended / cancelled. No practical tests are taken to ascertain the proficiency of driving knowledge and skills of drivers and little emphasis is given to their medical fitness.

In addition to enforcing the laid down procedures and that the Point Scoring System is implemented, common Data Banks be established at the Provincial Levels, which should be accessible to the other Provinces for reference purpose only so as to ensure that the practice of multiple licenses is eliminated.

3.11. **Insurance**

A comprehensive Working Paper on 'Insurance of Vehicles against 3rd Party Risks (Act Only)' was prepared in consultation with the National Insurance Company Limited and was circulated to Secretaries, Provincial Transport Departments, National Insurance Company Limited (NICL), Small & Medium Enterprise Development Authority (SMEDA), Ministry of Commerce and Securities & Exchange Commission of Pakistan (SECP) for their perusal and comments by 20th September, 2005 at the latest after which concurrence shall be presumed (Annex - II). It was also sent to the Directorate General of Oil Movement, Ministry of Petroleum & Natural Resources for comments by 24th September, 2005. The NICL (Annex - II. a) and SECP (Annex - II. b) have specially conveyed their agreement in writing for the second option pertaining to levy @ 10 paisas per liter / KG on

Gasoline, Diesel, etc for providing 3rd party insurance on no-fault basis to all the road users for replacing the existing in-effective system.

The rationale of the proposal is as under:

- The coverage will be provided on all Pakistan-basis irrespective of area / zone and vehicle type.
- Premium will be on risk exposure. Higher consumption of fuel will attract higher premium.
- As the collection of premium will be direct from Oil/Gas Companies, administrative problems will be fewer.
- This method is self-financing. Every vehicle in Pakistan will automatically find itself covered under this scheme irrespective of individual choice and motives.

The National Insurance Company Ltd (NICL), which is 100 per cent owned by the Government, can provide adequate cover for public risks. The NICL may provide third party compensation on No Fault basis i.e. the claimant not being required to prove driver fault at the rate of Rs 100,000 per death. At a subsequent stage, compensation at the rate of Rs 50,000 per permanent disability and Rs 25,000 per injury may also be considered for inclusion in the scheme.

For ensuring speedy compensation to the affected person (s), it is proposed that:

- *Carrying of National Identity Card (NIC)* specially by all the travelling public should be made obligatory.
- *Claim Processing Procedure* : NICL will pay the compensation on the FIR Report of Police and Medical Report of the Doctor.
- *Determination of legal heirs to whom compensation will be paid* : This will be done on the basis of Succession Certificate or a Certificate indicating the Legal Heirs and duly signed and stamped by the public representatives (Senators, MNAs, MPAs), District / City / Union /Tehsil Nazim / Naib Nazim, etc. or a Govt. Officer (BPS-17 and above). The person issuing an incorrect Certificate shall be liable to punishment under the relevant rules.

X

Private Insurance Companies can continue to underwrite Third Party and Comprehensive Motor Car Insurance Business. Once the system becomes fully operational, possibility of opening it to the private sector can also be considered.

The proposed scheme shall provide universal coverage and is considered to be equitable, self-enforcing, has a reasonable insurance premium which would be charged in an 'imperceptible manner', lower the insurance premiums for comprehensive insurance and would require minimum administrative interventions. It has the potential to effectively replace the existing in-effective system and eradicate fake companies. It is, therefore, recommended that NICL should be allowed to implement the scheme as detailed above.

3.12. **Fares**

The oil prices are generally fixed on a fortnightly basis by the Oil Companies' Advisory Committee (OCAC). In order to provide timely relief to various transport operators, it is proposed that fixation of fares may be indexed and should be automatic as per the prices fixed by OCAC.

3.13. **Enforcement**

There is a need to have an effective enforcement apparatus. For this purpose, creation of professionalism in the traffic police and equipping them with proper tools to ensure speedy enforcement is very necessary. Separating the cadre of traffic police in each province to ensure development of required level of professionalism is recommended.

3.14. **Adoption of NHSO, 2000**

The National Highways Safety Ordinance (NHSO) 2000 contains many updated versions for licensing, control of traffic, axle loads, etc and need to be appropriately adopted by the Provinces.

It is, therefore, recommended that the Ministry of Communications should set up a Committee with representatives from the concerned Federal and Provincial Government departments for seeking concurrence of the Provincial Governments for adoption of NHSO 2000 and also for formulating the rules to ensure smooth implementation of NHSO 2000.

3.15. **Inter-Provincial Coordination**

The subject of road transport is highly fragmented, multi-disciplinary with almost all the operational controls with the provincial governments. In order to maintain an effective liaison and to learn from one another's experience, it is necessary to maintain coordination with all the Provinces. For this, it is recommended that the Ministry of Communications should ensure coordination with the Provinces for which it needs to strengthen its existing set-up as detailed in para-3.1, sub-para (4) on 'Institutional Arrangement'.

TABLE - 1 PERSONS TRAVELLING AND ROAD CAPACITY

Vehicle Type	Persons Travelling (%)	Road Capacity Usage (in %)
Motor/Bi-cycles	20.1	16.1
Rickshaw	4.4	14
Car	10.5	42.4
Taxi	1.2	5.4
Mini-Bus	17.5	6.2
Bus	45.5	11.1
Others	0.8	4.8
Total	100	100

Please Note:-

- * Road Usage with Present Fleet Mix 100%
- * If no Buses 220%
- * If all Buses 25%

TABLE - 2 LOCAL PRODUCTION OF CARS

YEAR	CARS
1991-92	28,911
1992-93	26,945
1993-94	19,544
1994-95	20,955
1995-96	31,079
1996-97	33,462
1997-98	33,683
1998-99	38,682
1999-00	32,461
2000-01	39,573
2001-02	40,601
2002-03	62,893
ACGR (1991-03)	7.3 %

TABLE - 3 LOCAL PRODUCTION OF BUSES

YEAR	BUSES
1991-92	1,114
1992-93	1,177
1993-94	427
1994-95	312
1995-96	438
1996-97	862
1997-98	425
1998-99	1,220
1999-00	1,508
2001-02	1,337
2002-03	1,346
ACGR (1991-03)	1.7 %

TABLE- 4 Requirement of Equivalent No. of Urban Buses

CITY	1981 Population	1998 Population	1981-98 Avg. Annual Growth Rate	2005 Population	Equivalent Buses Required 2005	2010 Population	Equivalent Buses Required 2010
ISLAMABAD	204,364	529,180	5.76	783,165	522	1,036,241	691
Sub-Total	204,364	529,180	5.76	783,165	522	1,036,241	691
Punjab							
LAHORE	2,952,689	5,143,495	3.32	6,464,711	4,310	7,611,515	5,074
FAISALABAD M.C	1,104,209	2,008,861	3.58	2,569,693	1,713	3,063,803	2,043
RAWALPINDI	794,834	1,409,768	3.43	1,785,144	1,190	2,113,031	1,409
MULTAN	732,070	1,197,384	2.93	1,465,640	977	1,693,313	1,129
GUJRANWALA M.C	600,993	1,132,509	3.79	1,469,367	980	1,769,733	1,180
SARGODHA	291,362	458,440	2.7	552,428	368	631,143	421
SIALKOT	301,609	421,502	1.99	483,841	323	533,938	356
BAHAWALPUR	180,263	408,395	4.93	571,976	381	727,573	485
Sub-Total	6,958,029	12,180,354	3.33	15,362,800	10,242	18,144,048	12,096
Sindh							
KARACHI	5,208,132	9,339,023	3.49	11,873,812	7,916	14,095,552	9,397
HYDERABAD	751,529	1,166,894	2.62	1,398,477	932	1,591,533	1,061
SUKKUR M.C	190,551	335,551	3.38	423,462	282	500,031	333
Sub-Total	6,150,212	10,841,468	3.16	13,695,751	9,131	16,187,116	10,791
NWFP							
PESHAWAR	566,248	982,816	3.29	1,232,765	822	1,449,344	966
Sub-Total	566,248	982,816	3.29	1,232,765	822	1,449,344	966
Balouchistan							
QUETTA	285,719	565,137	4.09	748,198	499	914,243	609
Sub-Total	285,719	565,137	4.09	748,198	499	914,243	609
Total	14,164,572	25,098,955	3.42	31,822,680	21,215	37,730,992	25,154

TABLE - 5 MASS TRANSIT SYSTEM CHARACTERISTICS

CHARACTERISTICS	BUSES AND TROLLY BUSES			LRT (SURFACE EXCLUSIVE)	RAPID RAIL		
	MIXED TRAFFIC	BUS ONLY LANE	SEGRE- GATED BUSWAYS		SURFACE	ELEVATED	UNDER- GROUND
Vehicle capacity	80 to 120	80 to 120	120	200 to 300	300 to 375	300 to 375	300 to 375
Lane/Track Capacity (Passengers/ hr.)	10,000 to 15,000	15,000 to 20,000	30,000	20,000 to 36,000	50,000	70,000	70,000
Journey Speed (Km per hr.)	10 to 12	15 to 18	15 to 30	15 to 25	30 to 35	30 to 35	30 to 35
Capital Cost (US \$ million/km)	-	-	2 to 7	6 to 10	20 to 25	45 to 55	85 to 105

TABLE - 6 : DISTRIBUTION BY TRANSPORT MODE

Transport Mode	% age Trips
Motorcycle	12.0
Car	11.0
Pick-up	2.8
Bus / Mini Bus	10.7
Taxi / Rickshaw	2.6
Walk	52.6
Bicycle, etc.	8.3
Total	100

TABLE - 7 COMPARATIVE DATA ON VEHICLE INSPECTION AND FEES

Province / Area	Av. No. of Vehicles inspected per year	Av. Fee Collected per year (Rs)	Amount of Fee per Vehicle Inspected (Rs)
Punjab	180,209	44,184,646	245.19
Sindh	117,377	NA	NA
NWFP	53,221	3,740,431	70.28
Balochistan	18,032	236,623	13.12

Present vehicle inspection system covers about 65 – 75 % of the commercial vehicles.

TABLE - 8 VEHICLE INSPECTIONS

Area/Province	Existing No. of MVEs	Average No. of Vehicles Inspected	
		Per Year (Five-year avg.)	Per MVE per day (26 days a month)
PUNJAB	35	180,209	16 - 17
SINDH	12	117,377	31 - 32
NWFP	18	53,221	9 - 10
BALUCHISTAN	3	18,032	19 - 20
Total	68	368,839	17 - 18

TABLE - 9 COMPARISON OF FEE STRUCTURE AMONG THE PROVINCES
(Rs)

Fee Structure	Punjab	Sindh	NWFP	Balochistan
-Certificate of Fitness				20
- Heavy	400+	100 – 250++	100	
- Other	200	20 – 57+++	50	
-Renewal				10
- Heavy	200	50 – 125	50	
- Other	150	10 – 35	25	
Penalty				20
- Heavy	100/month	10-20/month	100+10 p.m	
- Other	100 month	2 – 8/month	50 + 5 p.m	

+ All except delivery vans

++ Bus – Articulated lorries

+++ Rickshaw – Mini Bus / Wagon / Coach

DEALING WITH URBAN TRAFFIC PROBLEMS
- SOME QUICK SOLUTIONS

In the context of dealing effectively with the urban traffic problems, the foremost requirement is to have an effective, well-equipped, highly trained and motivated traffic police. While such a traffic police can ensure proper discipline, there is a definite need to reduce the 'traffic pressure' specially during the interim period, which may be required for necessary infrastructure development, by implementing the following measures: -

- 1) **Time Staggering**: - Through time staggering, it would be possible to spread the morning and evening peak periods effectively. This would mean that the School timings, Govt. office timings and private business timings should be so staggered that there is a difference of at least one hour in their opening times e.g. school opening time may be kept at 7:30 AM, office timing at 8:30 AM and the business timings from 9:30 AM onwards. Strict compliance of these timings would be essential and for that the school/office administration and the traffic police can play an important role. This can be seen from the improvement in road traffic conditions on 'Saturday' vis-a-vis other working days when some of the private schools are closed.
- 2) **Grant of loan**: - Traffic congestion is caused by cars. If the policy for the grant of bank loans at low mark-up rates has to be continued, it should then be consistent with providing more and more wider roads and other associated urban infrastructure like parking spaces, etc to cope with the resultant increase in cars. But even the most advanced countries in the world are not in a position to cope with such an unbridled growth in car ownership, obviously because of huge capital investments and large in-take of scarce urban land. The present scheme for the grant of loan at low mark-up rates for cars should be discontinued in favour of large size buses for use in schools/colleges and as public service vehicles (PSVs).
- 3) **Parking Fee** :- Parking fees may be introduced at all parking lots including offices, business places, etc. To begin with, all cars whether belonging to shop-keepers/business community, etc. should be charged the parking fee. This may be gradually increased to Rs 50 per day, Rs 15 per hour and Rs 30 per peak hour and should be regularly reviewed.. The timings may be clearly specified to avoid any ambiguity. It should serve as a good source of earnings. The City Government Development Authority should prepare a comprehensive plan to deal with this problem on a regular footing and also provide for on-street and off-street parking facilities. As far as traffic police is concerned, it can at the best introduce discipline, but it cannot reduce number of vehicles on its own.
- 4) **Public transport facility**: - Good quality public transport should be provided, as far as possible, on the entire road network. The bus bays and bus stops should be used for as minimum a time as possible, necessary to ensure safe embarking and dis-embarking of passengers only.
- 5) **Shifting of schools, motels, etc from residential streets/areas** : All commercial activity in residential areas should be shifted to its allocated places. It should be made incumbent on all schools and colleges with combined teaching/school staff and enrollment of 100 and above to have their own buses for picking and dropping the staff/children. The pick and drop facility by the schools/colleges in their buses may be gradually increased to achieve suitable target of at least 50 per cent. This would also help in eliminating the mis-use of Govt. vehicles for picking and dropping of children/staff, etc.

- 6) **Emulation of Diplomatic Enclave Transport Model at Islamabad** : This model can be emulated for well-defined zones, whereby the motorist parks his car in the parking lot and then uses the public transport facility to go to and come back from the Diplomatic Enclave. For this, a Shuttle Bus Service and adequate parking facility needs to be provided at the desired entry points in well-defined zone.
- 7) **Pedestrian facilities and Pedestrianization** : Safe pedestrian moving facilities (zebra, pelican, overhead, underground, etc.) need to be provided and strictly enforced. Besides, pedestrianization should be introduced in busy shopping / market at sub-para 6 above can be easily adopted.
- 8) **Freight Movement** : All truck movements inside the city should be restricted between 10 PM to 6 AM. Delivery vans like the Suzuki Pick-ups may be allowed and treated at par with the policy for car usage.
- 9) **Odd & Even Numbered Car Registration** : The above measures should produce visible improvements. However, if further reduction in "traffic pressure " is un-avoidable, then the extreme possibility of allowing odd/even numbered registered cars specially during particular hours (like well-defined peak hours in properly delineated zones) on a spatial/temporal basis may be considered. The Taxis may, however, be exempted.

Besides the above mentioned measures, which need to be regularly monitored for improvements, the concerned City Government/Development Authority should play its due role in providing adequate urban infrastructure facilities to overcome the traffic problem and maintain a strong liaison with the Traffic Police for implementing the Traffic Management schemes (including traffic channelization at roundabouts, improvement of intersection geometry, road markings, signs, signal timings and green-wave setting, safe pedestrian crossing facilities, etc) effectively.

INSURANCE OF VEHICLES AGAINST 3RD PARTY RISKS (ACT ONLY)

(Working Paper)

August, 2005

X

INSURANCE OF VEHICLES AGAINST 3RD PARTY RISKS (ACT ONLY)

The transport system in Pakistan has grown over the years and there have been developments in automotive industry as well. As a result, the number of vehicles used for transport like cars, vans, inter-city buses, trucks, etc have increased manifold. Accidents are inevitable and the passengers/road users need to be protected against accidents. There is a need to introduce an effective country wide transport insurance scheme that covers human lives and provides for timely and adequate compensation to the affectees.

2. Generally two types of insurance covers are required: -

- (1) Insurance to cover OWN DAMAGES suffered by the owners of the vehicles, which may be provided through comprehensive insurance policies.
- (2) Insurance of PUBLIC RISKS to cover liability of damages suffered by third parties including passengers. This is the subject of policies covering Act Liability only, third party public risks and No Fault Accident Compensation.

3. The comprehensive insurance is the widest possible cover. Every thing is covered unless specifically excluded including insured's own medical expense. In Act Only Coverage, the insurer will indemnify the insured in respect of all sums including claimant's cost and expenses that he is legally liable to pay in respect of death and bodily injury only to third parties. In the Third Party Liability, the insurer will indemnify the insured in respect of all sums including claimant's cost and expenses that he is legally liable to pay in respect of death and bodily injury to third parties as well as third party property damage. The unlimited coverage is normally provided.

4. At present, the insurance of vehicles against third party risks has been provided for under the Motor Vehicles Act, 1938. The policy of insurance covers a liability of upto twenty thousand rupees for vehicles in which passengers are carried. However, in most cases even this meager compensation is not being provided under the present system. Normally, the third party insurance system is being mis-used and is considered to be an in-effective tool.

5. In addition, as per Section 67 of the Motor Vehicles Ordinance, 1965, in the case of death of or injury to a passenger in a stage carriage or a contract carriage, which carries more than six passengers, the permit holder has been made liable to pay compensation to the legal heirs in case of death and to the injured person directly (Appendix – I). There is however, a need to revise the scale of compensation and its timely payment.

6. The NHSO 2000 has provided “No Fault Accident Compensation” by a registered insurance company. However, no specific rules have been framed to operationalize the NHSO 2000.

7. The National Insurance Company Limited (NICL), a 100% Govt.-owned Company, can play an important role to cover public risks stated in para 2 (b) above. The premium rates suggested as per latest tariff notification of the Insurance Association of Pakistan (IAP), a representative body of insurance companies of Pakistan, may be seen in Appendix – II.

8. The issue of third party compensation has always remained a soar issue in cases of accidents by un-insured vehicles, operating on commercial insurance basis only. Once a compensation scheme has been introduced, it would be difficult as a public policy, not to provide compensation to victims of accidents caused by exempt vehicles such as those owned by military, federal and provincial governments, NLC, disabled persons, etc.

9. The following two options have been considered for premium collection and to meet the operating expenses, etc.

1ST OPTION

10. Collecting the premium at the time of vehicle registration and its periodic renewal. This will, however, require that all the motor vehicles should be included and there will be no exemptions. The amount of premium to be paid on an annual basis shall be as per the Tariff proposed by the Insurance Association of Pakistan and will vary from Rs 1200 – 3500 for Act Only Liability as detailed in Annex-I. Tariffs for private vehicles like motor cycles, private

cars, etc may have to be determined. There is also a need to accurately structure the tariff as per the vehicle type with due regard to its passenger / load carrying capacity.

11. This system is difficult to administer due to the following reasons :-

- Including the exempt vehicles will create administrative problems and may be difficult to implement.
- Collection of fees for renewal is a provincial subject and collection chain from the point of collection to the NICL could be protracted which would be very difficult and costly to manage.
- Vehicle tax is based on type and usage of vehicle, which means that tariff structure will be different for different types of vehicles. This diversification of tax on vehicles will add further to complication and inefficiency in the collection chain.
- Reliance on local traffic police will be necessary to check whether a particular person has renewed his vehicle's registration or not. This method will definitely harm the essence of the scheme.
- Lump-sum payment of premium may not be readily acceptable to the public and may also encourage fake companies.
- The vehicle tax collection authorities have, at present, no proper computerized system, which would definitely hinder the execution of check and balance system in order to ensure rational collection and remittance of premium.

2ND OPTION

12. There are some serious limitations in Option one as described above. These pertain to limited coverage of vehicles, dependency on a number of agencies, cumbersome procedures, and inhibition to pay lump-sum amounts, etc. In order to overcome these problems, it may require introduction of a scheme not entirely on considerations of commercial insurance only. For their funding, such compensation schemes have universally relied on the taxing power of the government, which may be exercised in the form of compulsory levies to finance the scheme. The degree and method of funding for compensation schemes may vary and will depend on the scale of government support. The rate of levy may be reviewed periodically on the basis of actual experience over the years.

13. A number of effective mechanisms exist in the world to provide compensation to the victims of traffic accidents. Considering the number of registered vehicles and number of

casualties reported in traffic accidents, it is possible to introduce a much-improved level of compensation under Act Only insurance to the victims of traffic accidents. Following the Australian example of only one insurance company to deal with compulsory third party insurance in the country, the National Insurance Company Ltd (NICL) can provide adequate cover for public risks. To begin with, the NICL may provide third party compensation on No Fault basis i.e. the claimant not being required to prove driver fault at the rate of Rs 100,000 per death. At a subsequent stage, compensation at the rate of Rs 50,000 per permanent disability and Rs 25,000 per injury may also be considered for inclusion in the scheme.

14. The basic philosophy of this scheme is to avoid dependency on other departments like Excise & Taxation Departments, Post Offices, Traffic Police, etc. Besides, full advantage will be taken from the fuel and gas distribution companies like PSO, SNGPL, etc, which have proper computerized accounting system in place and would help to ensure proper remittance of premium to NICL.

15. Accordingly, it is proposed to directly levy on gasoline and CNG @ 10 paisas per liter / KG. Elements of operating costs and annual premium may be seen in Appendix - III. The rationale of the proposal is as under:

- The coverage will be provided on all Pakistan-basis irrespective of area / zone and vehicle type.
- Premium will be on risk exposure. High consumption of fuel will attract high premium as it is more exposed to risk.
- It simply implies that there is direct correlation between exposure and contribution.
- As the collection of premium will be direct from Oil/Gas Companies, administrative problems will be fewer.
- This unique method is self-financing. Every vehicle in Pakistan will automatically find itself covered under this scheme irrespective of individual choice and motives.

16. To begin with, NICL would cover all vehicles in Pakistan for Act Only Coverage in two phases :

- Only death for the first two years caused by any motorized transport including motorcycles.
 - Permanent Disability and Injury after streamlining of the system
17. For ensuring speedy compensation to the affected person (s), it is proposed that:
- Carrying of National Identity Card (NIC) specially by all the travelling public should be made obligatory.
 - Claim Processing Procedure : NICL will pay the compensation on the FIR Report of Police.
 - Determination of legal heirs to whom compensation will be paid : This will be done on the basis of Succession Certificate or a Certificate indicating the Legal Heirs and duly signed and stamped by a Local / City Government Nazim or a Govt. Officer (BPS-17 and above). The person issuing an incorrect Certificate shall be liable to punishment under the rules.
18. Private Insurance Companies can continue to underwrite Third Party and Comprehensive Motor Car Insurance Business. Once the system becomes fully operational, possibility of opening it to the private sector can also be considered.

SUBMISSION

19. The scheme under the second option shall provide universal coverage and is considered to be equitable, self-enforcing, has a reasonable insurance premium which would be charged in an 'imperceptible manner', lower the insurance premiums for comprehensive insurance and would require minimum administrative interventions. It is, therefore, recommended that NICL should be allowed to collect the premiums as stated above in the 2nd Option.
20. Before NICL takes over Act only Liability Insurance, the following legal aspects may be considered:

- Definition of authorized insurer appearing in Section 93 (a) of Motor Vehicles Act 1938 may be amended so that NICL is allowed to become the sole insurer for act only liability.
- The Ministry of Commerce / Securities & Exchange Commission of Pakistan (SECP) should issue rules under Insurance Ordinance 2000 whereby insurance companies are required to amend comprehensive insurance policies so that Act Only Liability Cover is no more a part of such comprehensive insurance policies.

RATING SCHEDULE FOR COMMERCIAL VEHICLES

(Tariff of INSURANCE ASSOCIATION of PAKISTAN - IAP)

Carrying capacity/seating capacity	Comprehensive Insurance Rs	Act only Liability Rs	Public risks third party Liability Rs
Not exceeding 2 M Tonnes	660 + 5.5% IEV	1200	1500
Exceeding 2 M Tonnes	810 + 5.5 % IEV	1400	1600
Up to 3 M Tonnes	3075+5.5% IEV	1500	1800
Over 3 M Tonnes	3075+5.5% IEV	1800	2000
SINGLE DECK			
Up to 14 passengers	1410+5.5 IEV	2500	3000
15 to 30 passengers	1530+5.5% IEV	2500	3000+100/seat
31 to 52 passengers	1800+5.5 IEV	3000	3000+100/seat
Exceeding 52 passengers	2070+5.5% IEV	3500	6000+100/seat

IEV - Insured Estimated Value.

MOTOR VEHICLES ORDINANCE, 1965

THE THIRTEEN SCHEDULE

SCALE OF COMPENSATION PAYABLE ON
INJURY TO A PASSENGER IN ASTAGE CARRIAGE
OR CONTRACT CARRIAGE*

<u>Death or injury</u>	<u>Amount of Compensation</u> (Rupees)
1. Death	16,000
2. Loss of right arm above or at the elbow	5,000
3. Loss of left arm above or at the elbow	4,000
4. Loss right arm below the elbow	4,000
5. Loss leg at or above the knee	5,000
6. Loss of left arm below the elbow	3,600
7. Loss of leg below the knee	5,000
8. Loss of both legs	10,000
9. Permanent loss of hearing	5,000
10. Loss of one eye	6,000
11. Loss of both eyes	10,000
12. Loss of thumb	3,200
13. Loss of all toes of one foot	4,000
14. Loss of index finger	3,200
15. Loss of great toe	3,000
16. Loss of any finger other than index finger	3,000
17. Permanent disfiguration of the face or head	4,000
18. Fracture or dislocation of bone	3,000
19. Emasculation	4,000
20. Loss of one or more teeth	1,000
21. Any injury which endangers life or which causes the sufferer to be during the space of twenty days, severe bodily pains or to renders him unable to follow his ordinary pursuits	2,000
22. Medical expenses for an injury not specified in this schedule actual expenses, certified by Medical Officer	
N.B. Maximum compensation payable for more than One injury shall be limited to	10,000

Signature

*Payable by the permit holder/owner directly to the legal representative / affectee in addition to any insurance compensation.

ESTIMATED ANNUAL PREMIUM AND ANNUAL EXPENDITURE(2ND OPTION)**Annual Fuel Consumption on Transport**

➤ Petrol	1622.30 Million Litres
➤ Diesel	8100.00 Million Litres
➤ CNG	361.25 Million Kg

Proposed Levy on Sale of Gasoline/Diesel/CNG on Behalf of NICL

- For Act only Liability and Passenger Liability
 - 10 paisa per litre/kg
- Premium Collection
 - Direct from Oil Companies / SNGPL / SSGC

Estimated Annual Premium

	<u>Amount</u> (Million Rs)
Petrol	
10 paisa/litre	162
Diesel	
10 paisa/litre	810
CNG	
10 paisa/Kg	36

	1,008

Estimated Annual Expenditure

	<u>No.</u>	<u>Amount</u> (Million Rs)
Death	5,400	540
Permanent Disability	5,000	250
Injuries	7,900	197

	18,300	987



NATIONAL INSURANCE COMPANY LIMITED

(OWNED BY THE GOVERNMENT OF PAKISTAN)

Deptt: Fire & Engg U/W

Ref. No. NICL/ID/GEN/05

Dated: September 12, 2005

Mr. Kazim Idris
Chief
National Transport Research Committee
Islamabad

Subject: **Insurance Scheme for Public Transport Scheme**

Dear Sir,

This refers to your letter no. NTRC-15(16)/2004 dated 2nd September 2005.

We are happy to extend the coverage to the motorcyclist as stressed by your working paper (para-16). Further, as for claims settlement (para-17) besides requiring the FIR authenticated medical certificates would also be required by NICL for payment of claims.

Further, in addition to other two options submitted earlier, here are two other options for collection of premium with relevant pros and cons.

Option – A

Collection of insurance premium at the time of renewal of driving license from the post office.

Advantages

- Existing setup for renewal of driving license for collection may be used which may result in minimum start up cost.

Disadvantages

- Renewal of license again is a provincial subject and collection chain from the point of collection to NICL could be very protracted which would be very difficult and costly to manage;
- In this method we have to rely on checking agencies like police to make sure that whether a particular person has renewed his license or not;
- In this method lump sum payment is involved and will be treated as burden by payers;
- There is also temptation to not renew the license by the public.

Option – B

Premium may be levied alongwith Toll Tax / Road Tax. Insurance token could be issued as it is practice in some countries.

NIC Building, 63-Jinnah Avenue, Blue Area, P.O. Box: 2323, Islamabad.

Telephone No. 9216420 to 9216431 Fax: 9216424

UAN #: 111-642-642

Advantages

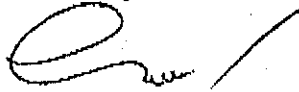
- Lump sum amount is involved which may be attractive for NICL. Funds so generated could be invested to maximize the operating surplus or minimize operating loss.

Disadvantages

- There are some exemptions available in toll tax and road tax which will, in consequence, make this system difficult to administer;
- Toll tax is only applicable on national highways and hardly applicable within cities;
- Again, lump sum payment is involved and will be treated as a burden by payers;
- As far as insurance tax token is concerned start up cost would be too high.

Now, with these above stated options, there are four options which so far have been communicated. Having studied the negative and positive aspects of collection options available, we are still of the view that imposing a levy on gasoline / CNG is the most practicable idea in which contribution can be collected with minimum hurdles not only for NICL but also for payers.

Kind regards,



Rubina S Rizvi
General Manager

NIC Building, 63-Jinnah Avenue, Blue Area, P.O. Box: 2323, Islamabad.
Telephone No. 9216420 to 9216431, Fax: 9216424

UAN #: 111-642-642

MFAYYU/PAYYU/UN/MSR & MSR Dept/Correspondence/Phis/Transport Scheme/Veter to NTRC dated 12-09-05.nm



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Insurance Department

Annex - II. b

Ins/Senate-1/2005

September 19, 2005

Mr Muhammad Kazim Idris,
Chief,
Ministry of Communications,
National Transport Research Centre (NTRC),
Sector H-8/2, Government of Pakistan,
Islamabad.

**Recommendations of the Senate Standing Committee on the Existing Public Transport System and
Insurance of Vehicles against 3rd Party Risks (Act only)**

Dear Sir,

Thank you for your letter # NTRC-15(16)/2004 dated 2nd September, 2005 along with the subject report and working paper on insurance of vehicles.

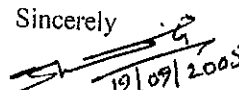
We have studied the working paper on Insurance of Vehicles against Third Party Risks and would like to comment as follows:

- We agree with the recommendation of the Senate Standing Committee to the second option presented in the working paper. We also agree that the first option may have administrative complications.
- For management of the scheme, proposed in option 2, we would like to suggest that State Life Insurance Corporation of Pakistan (SLIC) may also be considered as SLIC already has the experience of managing a similar scheme for three years (National Accidental Death Insurance Scheme 1986-89). After going through the proposals of the two corporations, the management of the scheme may be awarded to the one with better proposal. For efficient claim payment, the breadth of the network of the two corporations should also be kept in view.
- Motor Vehicle Act, 1939 needs to be reviewed in light of the proposed scheme. Consideration may be given to the removal of third party insurance requirement to discourage fake insurance and gradually upgrading the proposed scheme to the level of existing third party insurance. We agree to restrict the scheme to death coverage only for initial 1-2 years.
- Since the definition of the third party insurance in the Insurance Ordinance has been made by reference to the Motor Vehicle Act, 1939, the change in the act would automatically change the definition and there seems to be no need of making any change in the insurance ordinance/rules.

We would be pleased to provide any further assistance required from us to successfully implement the proposed scheme.

With Best Regards,

Sincerely


19/09/2005
Shoaib Soofi FSA, FPSA
Director

4th Floor, NIC Building, 63-Jinnah Avenue, Islamabad
Ph # 051-9205721, Fax # 051-9208955, Email: shoaib.soofi@secp.gov.pk

