ANALYSIS OF THE ECONOMIC AND SOCIAL PARAMETERS OF THE THREE-WHEELER TAXI SERVICE IN SRI LANKA

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Amal S. Kumarage, 
Professor of Civil Engineering, University of Moratuwa
kumarage@sltnet.lk

Mahinda Bandara, 
Lecturer, University of Moratuwa, Sri Lanka
mahindab@uom.lk

Darshini Munasinghe, 
Lecturer, University of Moratuwa, Sri Lanka
darshini.render@gmail.com
Background

• Sri Lanka has an extensive three wheeler taxi service as an Intermediate Passenger Transport (IPT) which presently comprises of over 300,000 vehicles.

• These vehicles which first made an entry to Sri Lanka’s roads in the early 1980s, accounts for around 15% of the active motor vehicle fleet at present.

• However Three Wheelers Taxis accounts only for around 6% of the passenger kilometres.

• These vehicles are mostly individually operated with some owned by the operator and others hired on monthly or daily basis.
• The paper is based on a survey of 200 operators and 100 passengers from a Divisional Secretariat area in Colombo District.

• The survey covered a number of details pertaining to the ownership, management, fare structures as well as opinions on the service attributes by users.

• The survey also covered perceptions of operators to determine the social, economic and transport implications of the services provided.

• Details were also obtained on the profiles of the operators and their expectations.
The role of IPTs

- Many scholars have presented several factors that contribute to the emergence of IPTs.

  - Firstly, IPT modes have emerged spontaneously to fill gaps in the conventional transport of urban areas (Hilling, 1996).

  - Secondly, the increase of per capita incomes has greatly influenced the rapid increase of demand for mobility and transport within the urban areas.

  - Thirdly, overcrowding, insufficient maintenance, poor management and inadequate investment in existing transport infrastructures have lead to the conversion of the higher income groups in public transport into IPTs (Shimazaki and Rahman 1996).
Classification of Three Wheelers as IPTs

- They fall within the Motorized Individual IPTs.

- They fit in to the modal share as follows:
  - Bus Transport 68%
  - Railways 5%
  - Three Wheelers 6%
  - Other IPTs 2%
  - Private vehicles 19%

- The annual registration of new TWs has averaged at 20% during the last two decades. In 2006 this reached a high of 31%, and has consequently dropped partly due to the high price of fuel, the economic recession and in some instances, the oversupply in the market.
Features of the Industry

• TWs are mostly individually operated with most owned by the operator and others hired on a monthly or daily basis.

• The industry, including fares, is mostly unregulated with vehicle registration, driving license and vehicle insurance being the only instruments of government regulation.

• However, most operators belong to unions which are loose collections of operators found in a given locality.

• There are informal barriers and external elements that control parking places of TWs for hire in a given locality, unless permission from these unions is obtained.
Three Wheeler Sub-Culture

- Three-Wheelers are decorated, have mirrors, inscriptions and very loud.

- The TW drivers have their own set of dialects, popular music, radio shows and clothing and accessory styles.

- Vehicles are often personalised to as an extension of their personality with quotations, personality designed interior décor, posters of popular artists, pictures of babies, and sometimes decorated with artificial flowers.

- Drivers of TWs are mostly dressed in shorts, denims, sarongs, and sleeveless shirts, t-shirts or shirts. Young TW drivers tend to have long hair, pierced ears and body tattoos.
Public Perception of TWs

• Even though TWs have become popular over past 3 decades, Sri Lankan society by and large consider it as a nuisance.

• Its contribution to traffic congestion, noise and air pollution, frequent association with illegal activities and price irregularities are the primary negative public perceptions.

• On the other hand they are becoming a popular mode of para-transport due to their availability, provision of door to door service, ease in contacting and perception of being “affordable”.

• But the stereotypical TW driver is perceived as a thug or gangster who plays loud music, smuggles drugs, and even dresses like a thug.
**Regulations for Three Wheelers**

- TWs are required to be registered and drivers require a driving license.
- They are also required to obtain an annual revenue license.
- No special permission is required for deploying a TW for hire.
- Presently local governments regulate parking but not any other controls.
- The Provincial Governments are empowered to promulgated regulations, but have refrained in the face of the political sensitivities since they constitute income for around 5% of all households in Sri Lanka.
- The Central Government has proposed government intervention with respect to standards for vehicles, drivers, managers, operators etc.
• TWs are mostly unregulated, and this has led to the entry of large numbers of individual operators to the market.

• It was found that in order to meet local concerns, 74% of the operators of a given locality have formed into loose associations or in some instances, into organized associations which have a constitution, representation of district membership and office bearers. Others park their vehicles at different locations.

• However, since there is no formal barrier for entry there is constant increase of TWs creating an oversupply and the consequent reduction of revenues which results in overall inefficiencies and subsequent increases in fares to maintain minimum revenues as operators once established are not willing to exit the industry.
Entry Barriers

• Up to 64% of operators state that barriers exist to enter a particular unionized parking place. Operators revealed such barriers to be made up as follows:
  – having to pay the union a compulsory fee
  – having to obtain membership in the union
  – influences imposed by other operators
  – having to make a payment to a third person who is not a member of the union, but one who exerts legal, forceful or political control of the park.

• When a new TW driver, who is not a native of the given locality, attempts to enter the TW market, he faces threats, arguments, and sometimes political influences to move the TW to a new locality.
Fares and Pricing

- Since TWs are not regulated, prices are a matter between the customer and the operator to decide.

- However, 29% of operators report a significant influence from the local unions in the parking areas with around 25% reporting they bargain with passengers.

- It was found that 20% of passengers are not satisfied with TW fares, while 39% said that they are somewhat satisfied. 41% are satisfied.

- Of the unsatisfied, 34% said fares are high and unreasonable, 24% said there is no standard price and 42% said that TWs increases their fares arbitrarily.
• The fare of Rs 42.71 for the first km (around US$ 0.40) is approximately 7 times that of the bus fare for the same distance and around 2 times the financial cost of running a passenger car for a distance of 1 km. The marginal average fare of Rs 29 per additional km (US$ 0.27) is also high.

• The higher fares is partly due to return hauls from TW stands being not allowed as they are reserved for TWs in that locality.

• There is a lower variation in fares for short distances which explains that short distance passengers who are regular users are fully aware of the fare charged by the operators. Therefore over charging is unlikely. The higher variation in proves that occasional users, out of town users etc are more likely to pay twice or three times the fare charged for regular passengers.
• Around 74% of the TW operators responded that they regularly provide night time services.

• However 33% of the operators and 42% of passengers indicated that there is fare discrimination at night time.

• The most likely reason for this is due to night time services of regulated public transport operations being usually under provided.

• Another reason given is that night time operations have higher perceived risks due to muggings and stealing of vehicles.

• Other instances of higher fares were where times when it is raining (10%), when there were no other TWs available (5%), and when the passenger requests mid journey stops.
Personal Profiles of Drivers

- It was found that 67% of the drivers had started their career when they were between 18-21 years old with most entering the trade 2-3 years after schooling and when other job prospects do not materialise.

- Of TW drivers, 34% said that they joined as it was difficult to find any other job. A further 35% said they considered this as an easy job, and 14% stated that they took up driving because the incomes are good.

- It was also observed that 72% of TWs were owned by the driver and the other 28% owned by another party. The hiring charge of a TW per day averages around Rs 300.

- 84% of drivers only are engaged on full time basis, while 69% state they are satisfied with their job.
Income

- The study found that the mean daily income of a TW operator was reported as Rs. 750 (around USD 7) while the expenditure was given as Rs. 613.50 leaving a profit of around Rs. 136.50 (around USD1.25).

- By comparison this is lower than most daily paid unskilled jobs. But unlike daily paid labourers this is a guaranteed income where one could work even every day of the month.

- This corresponds to the 35% of drivers who stated that opting to drive a TW as ‘Easy Work’.

- Another reason for accepting lower incomes is that driving a TW gives more status and also the freedom it provides of a self employed person.

- But 1% of respondents who stated that there are some days that they take risks and engage in transport of drugs and prostitutes for which they make over Rs.1000 per trip.
Passenger Profile

• A note worthy result is that, 48% of users had access to a private vehicle. This would imply that the passenger clientele of TWs belong to the middle or higher income groups.

• The fact that 26% of trips are made by housewives and a further 11% by students may represent passengers from households that own vehicle which would have been unavailable at that time.

• With 53% of users being female indicates a higher usage among women given that generally mobility of men is almost as high as twice that of women.
Hiring a TW

• Most preferable method (28%) of hiring a TW appears to be by going to a TW stand.

• The popularity of mobile phones use seems to be a newer form of communicating with known drivers (21%). This method of hire arrangements is also encouraged by the TW drivers as they can get hires out of turn when waiting in the park. Thus the use of mobile phones enable TW drivers to detach themselves from unions and to reduce the power of unions over them.

• Empty TWs returning to the stand after a hire can be hailed on the street. This has also become a popular practice, with 19% of hires obtained this way.

• Moreover, from the commuters’ perspective, many prefer to ride with a known TW driver.
• The study revealed that 76% of consumers are concerned with the appearance of the driver and 46% are concerned about the appearance of the vehicle.

• The survey disclosed that 67% of the commuters are happy with the overall service of the TWs.

• However 23% said that they are unhappy with the TWs due to reasons such as reckless driving, disobeying traffic rules & regulations, unfair hire charges, lack of standard price mechanisms, and the vehicle itself being unsafe.

• The rest of the commuters have a broader opinion about TWs in general and believe that TWs play a vital role in the transport sector. It is clear that when commuters are unable to meet their day to day socio-economic needs using public transport, TWs comes into play. It could be concluded that at least 40% of users would not use TWs if there was better public transport.
• Around 67% of passengers interviewed spend less than Rs 1000/= per month for TW services indicating that most of them are regular passengers.

• Only around 7% of the users appear to use TWs on a daily basis unlike in the case of scheduled services such as trains and buses.
Conclusion

• TWs, a form of IPT in Sri Lanka are completely unregulated
• There are over 300,000 (around 15% of the motorised fleet) which have grown over last 3 decades.
• However entry is somewhat limited by local unions to which around 74% of drivers belong.
• There is fare is determined by the unions. There is little variation for short distance travel.
• Irregular users who may be from among the lower income groups and regular users who use TWs for longer trips appear to pay considerably higher fares when unfamiliar with the trip.
• Since there is no official regulation of supply there is an oversupply of TWs.
• The major attraction for entering the TW market is inability of school leavers to find a job, the attraction of a self employed job, status of driving a vehicle and relatively easy work. Incomes are however lower compared to other jobs such people could have found.

• The industry is characteristically oriented towards self employment, with 82% of drivers owning vehicles and 84% being full time engaged in the job.

• Many TW drivers are part of a sub culture among young drivers who decorate their vehicles and demonstrate a particular life style.

• Around 69% of TW operators are satisfied with the job. Many end up as owners hiring vehicles to younger drivers.
• For the passengers, fares are over priced compared to other modes. This is due to unionised price fixing, less utilisation from over supply and high empty ‘return hauls’.

• The unregulated industry has resulted in rapid growth, in spite of fares being comparatively higher.

• However, around 67% of passengers are satisfied with TW services.

• TW are used only by higher economic groups as a 2nd vehicle.

• Users of TW services are generally happy even though society by and large has a negative opinion of the industry.

• The role of TWs in Sri Lanka has had mixed results.