



FINAL REPORT: Evaluating the Economic Impact and Infection Control Measures of COVID-19 in the Public Transport Sector in Nepal

COVID-19 Response & Recovery Transport Research Fund

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EXECUTIVE SUMMARY

In response to surging Covid-19 infections, Nepal went into a complete lockdown from 24th March to 20th July 2020. Public transportation resumed service from 23rd July 2020, with limited guidelines issued by the Department of Transport Management (DoTM). But the service was halted for a second time from 20th August to 9th September 2020. From 10th September, only half the vehicles could operate as the government issued an odd-even rule, which allowed odd number plates to ply on odd dates and even number plates to ply on even dates. Due to the two lockdowns and the odd-even rule that followed, the sector has suffered huge financial losses. Companies and owner-operators are pressured by revenue losses, loan repayments, and underutilised assets; drivers and operators have lost jobs; and the entire sector continues to suffer from a prolonged drop in commuter demand.

There are significant concerns from an epidemiological angle as well. Bus, mini-bus, micro-bus, tempo (three-wheelers), taxi, and motorcycle taxis are the dominant vehicle types in Nepal. Each vehicle has different boarding and unboarding systems, seat arrangements, ventilation and air-circulation systems, and length of routes. All of these factors make each vehicle represent different levels of epidemiological risks, but neither the government nor the public is aware of relative risk exposure in choosing different types of vehicles available in the mix. This study fills that crucial gap.

Data and Methodology

A set of primary data was collected through a survey, supplemented by key informant interviews (KIIs) with sectoral experts, epidemiologists, government agencies, public vehicle associations, and private sector vehicle operators. The survey of vehicle-owners and operators' generated data on the financial health of public transportation companies, impact on the livelihoods of the workers, types of assistance programs desired by the operators, the scale of the economic assistance required, financial coping strategies of the operators during the lockdown and other relevant information on the impact of the lockdowns. The survey of passengers generated data on passenger's choice of transport mode and frequency of travel before and after COVID-19, journey time, safety measures in the vehicle, and passenger behaviour in relation to the recommended precautionary measures.

Secondary data was drawn from the Central Bureau of Statistics (CBS), financial institutions, and regulatory agencies including Ministry of Physical Infrastructures and Transport (MOPIT) and Department of Transport Management (DoTM) to determine the types and numbers of vehicles operating in the sector, economic output of the sector, total employment generated by the sector, total population served by the sector and other macro-level data to describe broad sectoral dynamics of public transportation system in Nepal.

Major Findings

Fleet size before and after lockdown

It is our current estimate that the effective fleet size of the public transport sector in Kathmandu is at around 55 percent of the pre-lockdown number. This indicates that the sector continues to suffer from underutilisation of assets even as it struggles to cope with the revenue losses of the lockdown period.

Estimating revenue losses in the sector

Our survey shows that only 37.5% of commuters currently prefer using public transport. The reduced commuter demand and fleet size has resulted in reduced revenue for the public transport operators. When calculated on a daily basis (counting only those vehicles that are plying) revenue loss amounts to little under 30% for buses, around 42% for taxis and micro-buses, and just over 36 percent for tempos. The only vehicle type that shows a trendline in the other direction is the motorbike taxi (MBT). MBTs are not regulated in Nepal but have gained in popularity rather rapidly.

Job losses in the public transport sector

The National Planning Commission in 2020 has estimated a total number of job losses of 1.56 million due to Covid-19 pandemic. In the transportation sector 315,000 people may have lost their job. Similarly, there has been a significant drop in vehicle registration which is likely to reduce the job in this sector. Our study suggest that the sector may have shrunk in value by approximately 30 percent at this point of time. The financial