

Sunday, 31 October 2010

Economy demands new modes of transport

By Gamini WARUSHAMANA

Public transport services in the country are yet in a pathetic state despite of all sensational views, predictions and promises of the authorities responsible. If the country is to achieve economic goals set at macro level, addressing these issues is vital.

In addition to conventional public transport services, there are other critical modes of transport that should be

developed to cater to the needs of a fast growing economy.



Taxi services is one such neglected area where a few individuals and companies are struggling to provide a service without any support from the government, municipal councils or other relevant authorities. According to the operators, the authorities are obstructing this service or

discouraging them, instead of supporting them.

According to statistics our percapita GDP has doubled within the last five years from \$1000 to \$2000 and the government says it will be increased to \$4000 in the next five years.

A rapidly increasing percapita income means the middle class of the country is growing fast and therefore it is reasonable to expect a domestic market for taxi services.

Because the consumption pattern of this new middle class is improving and they are ready to shift from three-wheelers to luxury taxis.

Simultaneously, the government is expecting a boom in tourism in the new chapter of the country's economic development.

The stake holders have paid attention on construction of hotels and other aspects, but still transportation has not got their attention. The views of the service providers are important to get an idea on the present situation

of the taxi services.

The Chairman of Radiant AC Cabs Co. Pvt. Ltd. Vipula Perera said that his company is ready to support the government's development initiative by providing the service that the tourism industry demands.

"We are mainly providing services to corporate clients. All leading banks and private companies are our clients.

According to Perera, the demand from local clients is increasing due to many reasons. Mainly most of the companies now do not maintain their own fleets of vehicles.

They outsource transportation and concentrate on core business activities. This is cost effective and convenient for them.

Dense city traffic and lack of parking facilities in the Colombo city is another factor that increases demand", Perera said.

Poor quality in all aspects of three-wheelers is another reason for people to seek other options. We offer competitive rates with all facilities.

Quality

Quality of the service is the most important especially to attract corporate clients. Radiant deploys around 100 vehicles per day in the Colombo city and clients can access the services through 2 556 556.

Radiant taxis do not pick clients from streets and their service is offered only through the call centre at the main office.

According to Perera, this restriction is a security measure to maintain the quality of the service.

Perera said that taxi services should be regulated and a separate unit should be set up in the Transport Ministry for this purpose.

The taxi charges, meters, discipline and qualification of the drivers, the quality of the service has to be monitored and there should be standards.

Taxi drivers should be able to communicate with foreigners.

They should be polite and helpful to tourists because the taxi driver may be the first local person they deal with after they disembark and their impressions on the hospitality of the country will begin with this deal, he said.

Access restrictions to the airport and leading colombo hotels, non availability of parking facilities in Colombo, multiple parking charges by CMC are issues that hinder the growth of the service.

Colombo hotels maintain a monopoly and they restrict other taxis entering into their premises. They charge

high prices from tourists and this should be stopped. We should study the taxi services in Singapore and other countries and develop a suitable system for us, Perera said.

The taxi companies offer a good service as well and the rates have become competitive with three-wheelers. For instance Ratient charges Rs. 60 per Km and it has a fleet of cars with AC and other facilities. Charges are based on a running km on meter which does not count time taken in traffic.

The company still practices security measures they introduced during the war and maintains records of clients travelling in their taxis.

Oldest taxi company

The oldest taxi company still operating in the country is 011 2 588 588 Kangaroo Taxi Service.

The Director Operations of the company Thushara Fonseka explained his experiences "We started the business in 1988 with 20 of our own vehicles purchased on lease.

The business crashed due to high interest rates and high repair and maintenance charges because revenue was not sufficient to cover cost.

We realised that the drivers do not take care of the vehicles and it leads to high repair and maintenance costs.

Then we decided to get vehicles from private owners who bear fuel and other costs. We provide business, maintain company rules and regulation and charge commission from the revenue of the taxi.

This model was successful and today we have a range of vehicles Kangaroo cabs, vans, buses and budget cabs.

Fonseka also said that the sector should be regulated. Kangaroo Cabs has access to Colombo hotels because it has an agreement with hotels. Kangaroo picks clients from streets and these customers account for 75 percent of the business.

Twenty five percent are corporate customers. His opinion on security issues is different. He said the risk is not considerably high to lose 75 percent of his business.

Fonseka said that the demand for taxi services is increasing and today even average people are using them because it is available at an affordable rate.

This is also similar to super markets. Earlier only rich people purchased goods from super markets and now poor or lower middle class people too go to them, he said.

Kangaroo has an expansion plan to cater to the future demand and expects a lot of business opportunities in the coming years. The Government reduced the import duty on vehicles and this will help us to increase our fleet. Leasing interest rates too have come down and now we are rethinking of maintaining our own fleet.

Kangaroo too has its own system to maintain the quality of the service.

"Our drivers can speak English and they know all roads in Colombo city.

We train newcomers on the Colombo traffic system. We can reduce Colombo city traffic if the Government encourages this service because this is cost effective and convenient than driving one's own vehicle," Fonseka said.

The whole business depends on the taxi drivers and quality service cannot be expected if they are not satisfied.

Ajith Kumara a taxi driver said that he is happy about the job even though they do not enjoy labour rights, EPF or ETF. I earn Rs.25,000-30,000 per month and in addition some clients offer tips. We have 24 hours of duty and I am working every other day, he said. Taxi services are mushrooming in every part of the country.

The common method is of pooling vehicles belonging to several individuals and offering the service through the telephone. The service provider charges a commission from the revenue.

Taxi vs three wheelers

Most of the taxi users we interviewed said they use taxis because they do not like to travel by three-wheelers. Careless driving, impoliteness, charging unfair rates are the common complaints against three-wheelers.

To improve the service we have to study the system in other countries. For instance in Singapore there are over 10 leading taxi service companies with a fleet ranging from 500 cars to over 15,000 cars. They have online booking facilities as well.

Budget Taxi

Taxi is an initiative from three-wheeler drivers to improve the quality of their service. General Secretary, All Island Three-Wheeler Drivers' Union, Jayasumana said that the union was formed to find solutions to problems faced by them such as lack of parking space in towns, conflicts with traffic issues faced during the war period.

"We later realised that we do not have anything to win from the Government by protesting and that we must discipline ourselves and improve the service."

Taxi was incorporated with the three-wheeler drivers who agreed to join us and follow our rules and regulations we imposed on ourselves in order to provide quality service.

In every taxi three-wheeler we install a digital meter that counts the running distance and we charge accordingly.

All drivers have been trained to maintain the standard of the service.

"Drivers must wear a uniform, strictly follow traffic rules and should be polite to customers", Jayasumana said.

Jayasumana said that after the launch the business flourished and now the company cannot cater the demand.

Taxi has corporate clients. It also picks clients from the streets.

The majority of its business comes through its fully computerised modern call centre in Boralessgamuwa via hot line 0117299299.

The budget taxi charges Rs. 50 for the first Km and thereafter Rs. 3 per each 100m.

The company charges Rs. 100 commission per day from a three wheeler driver. Jayasumana said that a three wheeler driver earns over Rs. 2000 profit a day.

The service has expanded to Moratuwa, Galle, Kandy and Kurunegala towns as well.

The business has expanded into new areas catering to the needs of the three-wheeler service. Their 'budget gas' initiative to converts two stroke three-wheelers to the use of the Gas.

Ministry of Environment has decided to remove over 250,000 two stroke three-wheelers from roads.

The budget gas initiative has given relief to hundreds of thousands of persons dependant on three-wheelers.

'Budget Spare Parts' is another move to provide three-wheeler spare parts at lower prices. Jayasumana said that they import gas circuits and spare parts from India and distribute them islandwide.

