Bengaluru Commuter Rail Service can be profitable in ONE YEAR

Any public service entity attracts a microscopic view of its financial viability. Given the poor performance of many state run transport services and even Delhi Metro, it is not unexpected for somebody to question the financial viability of proposed Bengaluru Commuter Rail Service (CRS), aka Namma Railu.

After doing some in-depth reading of Hyderabad MMTS RTI information available on web (scribd and slideshare) and extrapolating the same to Bengaluru CRS, it can safely be said that Bengaluru CRS would be financially viable and marginally profitable within year of operations. It goes without saying the need for excellent execution of SPV and operational skills.

Based on the computed numbers, Bengaluru CRS would earn about 30 lakhs to 37 lakhs daily, depending upon avg ticket price against the daily operational cost of about Rs.26 lakhs to 29 lakhs. Isn't it a great proposition? In addition, more revenue can be earned via advertising, parking, sponsors, more ridership etc.

One may ask how could this be? Hopefully the below computations would answer that question.

Bengaluru CRS

Total # of Proposed services per day = 160
Total # of Rakes (6-Car) required to cover 6 routes = 24

Then, each rake would do = 160/24 = 6.66 services per day.

The average distance per route per each service is = 376/6 = 63 Kms ~= 65 Kms.
Therefore each rake per day would cover a distance of = 65 x 6.66 = 433 Kms.

Operational Expenses

Based on Hyderabad MMTS RTI Information, the average cost of fuel per KM per rake is = Rs. 44.

Based on Rs. 44 per km rate,
Fuel Cost for one rake per day = 44 x 433 = 19052.

MMTS reports the per rake total per day operational cost excluding the Fuel cost is = Rs.88,553
Assuming this to be the same for Bengaluru CRS,

Total cost of operation per rake per day including Fuel cost = 88553 + 19052 = Rs. 1,07,607

For 24 rakes, total operational cost would be = 24 X 107607 = Rs. 25,82,568 ~= 26 Lakhs

If an additional 15% is added to the Non-Fuel operation cost = 15% x 88553 + 88553 = 13282 + 88553 = Rs. 1,01,836
Adding the fuel cost of Rs. 19052 to the above cost = 101836 + 19052 = Rs. 1,20,888.

For 24 rakes, total operational cost would be = 24 X 120888 = Rs.29,01,312 ~= Rs. 29 Lakhs

Revenue Generation
In the Namma Railu call to action report, a figure of 1.5 lakh ridership is mentioned.

Per MMTS RTI reply, for 6-Car Rake, maximum capacity given is = 1972

Looking at the 1.5 Lakh ridership with 160 services, the ridership per rake come sto 50% = 937.5

At 50% ridership,

@ Rs.20/- as average ticket price, daily earnings would be = 150000 x 20 = Rs 30,00,000 = Rs. 30 Lakhs
@ Rs 25/- as the average ticket price, daily earnings would be = 150000 x 25 = Rs.37,50,000 ~= Rs. 37.5 lakhs

Revenue From other sources:
MMTS reported the daily earnings from Advertisement = Rs. 55,000
MMTS reported daily earnings from Parking = Rs.65,000

Note: Have not computed the comparable earnings for Bengaluru CRS.

Conclusion

The above computations are based on 50% occupancy and MMTS costs. This goes without saying that if the SPV for Bengaluru CRS is executed and operationalized right with good integration with other Public Transports services and last mile connectivity, higher ridership revenue can be achieved. Along with aggressive marketing approach non-ridership revenue can be exploited.

The word 'Profit' here doesn't mean to be exorbitantly high which could put a burden on ridership cost. Here profit is meant to be very modest that would take care of any additional expenditure like higher fuel cost, service improvements and technological improvements. Basically meant for service to be financially independent.

On top of it, CRS would bring in the immense socio-economic benefits and that could only be a WIN-WIN proposition for GOK, Public and the City.

http://praja.in/en/projects/3110/announcement/socio-econmic-benefits-bangalore-commuter-rail-service