



Are Buses Socialist? A case of Delhi Public Transit in Post -Independence Period

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ABSTRACT

Public transport subsidies have historically occupied a pivotal position in urban policy debates, particularly in societies that have viewed mobility as a social right rather than a market commodity. In post-independence India, and especially in Delhi, subsidies came to be embedded within a broader socialist policy framework that prioritised welfare, redistribution, and state responsibility for essential services. Subsidies, understood as direct fiscal support or deliberate fare concessions, were designed to keep public transport affordable for the urban poor and lower-middle classes, even when such policies generated chronic operational deficits for state-run transport undertakings. But historical enquiry indicates half-hearted socialism and loans instead of subsidies as financial support that adversely affected century old public transport system in Delhi.

Keywords: public transport, subsidy, urban mobility, privatization.

INTRODUCTION

The ideological inclination of Indian leadership had huge impact over the policies of the state after independence of country. Republic of India was supposed to be governed with principles of welfare state in order to improve lives of millions of people. As socialist doctrine demanded public ownership of all means of production, public transport in Delhi was nationalized in 1948.¹ The urban mobility was shaped by welfare state model that prioritized necessities of the masses over business principles and insured that public transport remain accessible and affordable for common people. But how this agenda of government was implemented raises questions about its commitment towards socialist objectives. The impact of such policies

¹ Bhagwati, Jagdish N., and Padma B. Desai. "Socialism and Indian Economic Policy." (1975): 213-221.



further suggests historical investigation to understand how socialist agendas resulted into massive privatization of public road transport in the city.

this paper evaluate the socialist character of public transport and role of government intentions through historical scrutiny in second half of 20th century. The paper underlines important policy measures to demonstrate socialist elements in Delhi's public bus service and its impact over state operator, private players and people of this region. I have argued that though state was interested in maintaining public bus system on socialist lines, but it did not provide sufficient support to achieve the same. The welfare programs were imposed upon the state road transport but adequate financial assistance could not be provide. As result of which public transport suffered massive failures and finally destroyed and replaced by privatization of public transit system.

In the decades following Independence, Delhi experienced unprecedented urban growth driven by Partition-related migration, administrative centralisation, and later industrial and service-sector expansion. The pressure this growth exerted on urban mobility was immense. Public bus transport became the backbone of everyday commuting for working-class populations, lower-middle-income groups, students, and government employees. Unlike rail-based systems, buses offered flexibility and comparatively lower capital costs, making them the preferred mode for rapid expansion.

Before independence, the entire public transport system remained under the private companies including its streetcars, trolleybuses and motorbuses. In fact, the urban transit services suffered typical colonial arrangements that granted exclusive rights to companies resulting in monopolistic control over routes and mode of transport. The colonial government always refused to take charge of such crucial utility of urban mobility. Soon after partition, the government of India took charge of the transport facility of the capital as previous contracts with European firms terminated and the government planned to nationalize earlier transit operations. The history of transport in Delhi during the second half of the twentieth century is inseparable from the broader trajectory of the city's demographic expansion, administrative reorganisation, and postcolonial developmental priorities. From the Delhi Transport Authority (DTA) in 1947 to the Delhi Transport Service (DTS) in 1948, and later to the Delhi Transport Undertaking (DTU) in 1958 and finally the Delhi Transport Corporation (DTC) in 1971 were repeatedly undertaken with the stated objective of placing public transport on "sound business principles." Yet, till late 1980s, socialist objectives and welfare policies determined functioning



of state road transport. Since all of these agencies were controlled by central government under the ministry of shipping and transport and they succeed one after another without significantly changes, they can be collectively called as state road transport.

FAIR FARES: THE POLICY FOR POPULACE

The most initial impact of socialist ideas can be observed in the fares of public buses over the decades. The fare regulation was the first and the most important instrument to insure that motorbuses were for all, every citizen can enjoy this modern mode of mobility, and the state is committed to uphold idea of equality and opportunity. From the 1950s onward, bus transport in Delhi acquired the character of an essential public utility rather than a commercial service. The limited availability of private transport, the absence of a mass rapid transit system, and the spatial expansion of the city made buses the primary mode of daily mobility for the vast majority of its population. Workers commuting from resettlement colonies, clerks employed in government offices, students, and informal-sector labourers depended overwhelmingly on public buses. The travel by buses was necessity not luxury for thousand and thousand of people in the city. the government was concerned that Rationalized fares would deprive large part of population from benefit of modern transport facility which may led to huge losses.

In this context, fare levels became politically charged. Any increase in bus fares was perceived not merely as a technical adjustment but as a direct intervention in the everyday cost of living of urban residents. The hike in the fares could destroy the socialist image of the government who cares for poor and who does not resemble profit mentality of colonial rulers. The government always rejected idea of increasing bus fares even though it became absolutely necessary from financial point of view.

The refusal to allow fare rationalisation must be understood within the peculiar political status of Delhi. As the national capital, the city was under close scrutiny, and governments were particularly sensitive to public discontent. Bus services, visible and ubiquitous, were among the most immediate points of contact between the state and ordinary citizens. A fare hike risked provoking public protest, union mobilisation, and adverse media attention, all of which carried electoral costs. In a city where public transport functioned as a lifeline rather than a supplementary service, fare politics became inseparable from the calculus of governance.

Even such lower fares were not sufficient, as there were other set of people require more support of the state of their mobility needs. Persons with disabilities, elderly and students all



required concessional bus passes for daily commute. It was social obligation over governments to look after the vulnerable section of the society and provide assistance to those who required it most. Compelled by its commitment to the welfare of marginalized, weak and helpless, government offered variety of concessional passes to such people for the bus travel. This polished the socialist image of the government and also helped huge number of people over the decades.²

The welfare policy must necessarily engage with the politics of fares, for it was fare regulation—more than any single administrative weakness—that structurally undermined the financial autonomy of the state road transport. In contrast to metropolitan transport systems in Madras and Bombay, where fare revisions were both more frequent and more closely aligned with rising operational costs, Delhi's bus transport remained socialist within a popular government policy of welfare state.³

THE IDEAL UNDERTAKING

The welfare policy of state were not limited to the passengers, the government was equally benevolent towards workers of public transport operator. The organisational growth of Delhi's public transport system generated a rapidly expanding labour base. As a state-run undertaking, first under the DTU and later the DTC, transport employees were recruited under conditions of central government service. Drivers, conductors, workshop staff, and managerial personnel were entitled to secure employment, regular wage revisions and pensions. This undertaking provided housing facilities for workers, it was insured that transport staff live closer to depots and workshops in comfortable colonies exclusively built for these workers. The proximity between workplace and residence was necessary so workers do not have problem in commute. They were provided entertainment, education and other services in these housing colonies. The state wanted workers to be happy and the labour had special place with in socialist policies. Sports were frequently organized for workers at bigger level and ministers felicitated workers. Drivers, conductors and other were always given medical benefits, education, various types of

² Chief Commissioner, "Report on the activities of Delhi Transport Service & its Policy & Programme for next year, 1953," file no. 21-48, DSA, 33.

³ Parliament, Committee on Public Undertakings, Twenty-Second Report on Delhi Transport Corporation (Including Comparative Analysis of Transport in Metropolitan Cities), 10th Lok Sabha, 1992–93, 56.



social trainings and other forms of social welfare. These provisions reflected the postcolonial state's commitment to labour protection and social security.⁴

There is no doubt that many benefits were result of collective action of the workers as bus transport workers in Delhi developed a long and politically influential tradition of unionisation. Unions played a central role in securing improved service conditions, resisting workforce rationalisation, and negotiating wage revisions. Periodic strikes and collective action became an established feature of the sector. Though it was difficult for the management to deny labour demands, particularly given the political sensitivity of transport services and the disruption that strikes caused to urban life but, socialist character of governments agreed to labour demands and accept some issues, workers were generally obliged by the state.

It is important to understand that implementation of these socialist policies required massive perpetual financial support to continue the operations and meet future travel requirements of rapidly growing city population and expending landscape. The socialist utility services are always expensive to maintain as at very first level, they reject notion of profitability. So it was obvious that Delhi's public transport cannot survive without financial assistance. Since state road transport was never given autonomy and it was always controlled by the central government through its respective ministry, it is irrelevant to focus upon DTU or DTC for any policy measure or state of affairs of public transport. Well, at this juncture it is worth to examine the socialist commitment of the government as popular policies can confuse and historical investigation can reveal real face of welfare scheme.

SUBSIDY: MYTH OR REALITY

The positive role of subsidy for urban transport has been underlined by the scholars worldwide after examining urban transit services across the regions. From 1970s and 80s, most of the public transport systems of various countries have relied upon the state subsidies.⁵ A historical investigation of the finances of public bus operator is necessary to check the true face of socialist commitments of government through examining subsidy availability to Delhi's urban transport. It is difficult to understand that why public transport operator reached up to such a catastrophic level of indebtedness despite the fact it was continuously provided required subsidies to operate. Actually, SRT were never given any subsidy till 1987, and the entire

⁴ Chief Commissioner, "Labour Situation in D.T.U., 1965," File no. 25-18, DSA, 10.

⁵ Kerin, Paul D. "Why subsidise state transport authorities?." *Australian Quarterly* 59, no. 1 (1987): 60-72.



capital expenditure of the state road transport was met by the central government by granting interest bearing loans. Waze and means assistance was also provided by the central government to the corporation to enable it to meet Its working losses. As of 31 March 1978, the DTC's outstanding loan liability stood at ₹67,51,60,992.⁶ This figure reflected not merely routine borrowing for fleet expansion or infrastructure development, but a long history of loans taken to cover recurring operational deficits. The inability of the corporation to generate sufficient revenue—owing to low fares and high fixed costs meant that loans were increasingly used as substitutes for direct budgetary support. Over time, this practice transformed short-term financial assistance into a structural debt crisis.

By the mid-1970s, the mounting indebtedness of corporation had become a matter of serious concern for the central government. Persistent operational losses, rising wage bills, politically regulated fares, and dependence on borrowed capital had pushed DTC into deep financial distress. It was in this broader context of fiscal strain that the planning commission, in 1978, advanced a proposal aimed at resolving the growing loan burden of the DTC, whose accumulated losses had reached unsustainable levels by the end of the decade. The central government's proposal sought to address this crisis through a partial write-off and restructuring of liabilities. A sum of ₹7,841.7 lakhs, representing the accumulated loss of the corporation as on 31 March 1978, was proposed to be written off. This amount comprised two distinct components: ₹4,663.51 lakhs of principal and ₹3,178.19 lakhs in interest accrued on the outstanding loans. The inclusion of the entire interest component in the proposed write-off was particularly significant, as it acknowledged that interest accumulation—rather than productive investment—had become a major driver of the corporation's financial deterioration. The remaining principal amount of ₹2,088.10 lakhs was proposed to be converted into equity.⁷

⁶ Planning Commission, "Re-Structuring the Capital of Delhi Transport Corporation, 1978," file no. F.49(4)(1)/78, National Archives of India, 7.

⁷ IBID. 8.



Statement showing the details of the loans given to Delhi transport Corporation.

	Capital loan	Ways & Means	Total	Amount repaid	Balance outstanding	Accumulated outstanding (Rs. in Lakhs)
	1.	2.	3.	4.	5.	6.
D.R.T.A. Period						
1.4.50 to 6.4.58	270.00	—	270.00	63.50	206.50	206.50
D.T.U. Period						
7.4.58 to 2.11.71	1126.00	337.00	1463.00	214.60	1248.40	1454.90
D.T.C. Period						
3.11.71 to 31.3.72	197.00	78.00	275.00	—	275.00	1729.90
1972 -73	257.50	231.00	448.50	—	488.50	2218.40
1973-74	585.21	291.00	876.21	—	876.21	3094.61
1974-75	792.00	685.00	1477.00	—	1477.00	4571.61
1975-76	730.00	590.00	1320.00	—	1320.00	5891.61
1976-77	180.00	80.00	260.00	—	260.00	6151.61
1977-78	200.00	400.00	600.00	—	600.00	6751.61

A closer look of capital position reveals that the subsidy was never given to SRT before 1987. Year after year, it was supported with loans by the central government and these loans were



never interest free. The corporation hardly managed to pay interests and the principle piled up beyond its financial capabilities. When inquired about the subsidies by parliamentary panel 1992, CMD of DTC replied that subsidy only started from 1987. He quoted, "In 1986-87, I was given Rs. 49.33 crores; In 1987-88, Rs. 64 crores, in 1988-89, Rs. 69 31 crores; in 1989-90 Rs. 70.50 crores; and in 1990-91 Rs. 163 crores."⁸ So on the one hand, government forced SRT to run its socialist programmes, and on the other, loans were imposed instead of due subsidies. As demonstrated below, this devastated public transport in city by end of the 20th century.

THE IMPACT OF PSEUDO-SOCIALISM

From its inception, state bus transport in Delhi suffered from half-hearted socialist programmes as appropriate financial arrangements were not put in place by the government. A persistent absence of adequate subsidy, led to the superficial changes, and one after another, SRT in Delhi were declared unviable. The Delhi Transport Authority (DTA), among the earliest bodies entrusted with managing urban bus services, functioned within a framework that prioritised social welfare over fiscal balance. Low fares were maintained to ensure access for industrial labour, lower-income groups, and migrants residing in peripheral settlements. While this approach was consistent with post-independence commitments to equity, it was not supported by a compensatory financial mechanism. Revenues remained insufficient to meet operating costs, capital investment was deferred, and deficits became embedded in the organisation's routine functioning.

The replacement of the DTA by the Delhi Transport Service (DTS) was intended to address these shortcomings through administrative restructuring. However, the transition occurred without a systematic settlement of past liabilities. The DTS inherited an ageing fleet, deteriorating depots, and accumulated financial obligations, all of which constrained its capacity to reform operations. Maintenance backlogs increased, fleet renewal was postponed due to capital shortages, and staff levels—determined under earlier conditions—remained misaligned with operational efficiency. Rather than resolving structural weaknesses, the reorganisation effectively transferred them intact to the new entity.

The creation of the Delhi Transport Undertaking (DTU) in 1958 followed a similar pattern. By this time, Delhi's rapid demographic growth and spatial expansion had significantly altered

⁸ "Committee on Public Undertakings, 1992-93," 8.



commuting needs. Newly developed peripheral colonies and resettlement areas extended route lengths and increased operational costs. The DTU was presented as a more professional and financially disciplined body, yet its mandate remained internally contradictory. Political constraints continued to restrict fare increases, even as the undertaking was expected to function on commercial principles. Without assured state funding to bridge this gap, the DTU accumulated further losses while struggling to expand and modernise services.

The establishment of the Delhi Transport Corporation (DTC) in 1971 represented the most ambitious attempt to place public transport on a business-oriented footing. Nevertheless, the corporation began its operations burdened by the cumulative legacy of earlier arrangements. Deficits, debts, obsolete infrastructure, and an ageing workforce were carried forward into the new institutional framework. Substantial capital investment was required merely to stabilise operations, leaving little scope for genuine financial recovery.⁹

This clearly shows recurring cycle of reform that substituted organisational change for proper subsidy. Each transition passed unresolved financial burdens to the successor body, ensuring continuity of deficits and deterioration of assets. The choice of arrangement of loans over the subsidies, systematically destroyed public transport system in the Delhi. the welfare policies were politically motivated and government had very poor commitment towards providing affordable transport for public.

As more and more popular welfare facilities were extended to the passengers and workers, the revenue of the SRT squeezed. The limited income resulted into accumulated losses year after year. Financial stress increasingly translated into operational decline. Insufficient funds curtailed fleet expansion at precisely the moment when demand was rising most sharply. Maintenance suffered as workshops lacked spare parts, technical upgrades were deferred, and breakdowns became frequent. Older buses remained in service far beyond their optimal lifespan, contributing to inefficiency, passenger discomfort, and safety concerns. Public dissatisfaction grew as overcrowding, long waiting times, and unreliable services became everyday experiences. In such circumstances, it was obvious that government will reimburse the amount to the SRT for all the facilities of concessional passes, lower fares etc. But, government intervened and restructured SRT with new objectives of efficiency and rational operation. These measures rarely addressed the underlying structural contradictions of state-

⁹ Bhatia, Tripti, and Mugdha Jain. "Bus Transport in Delhi." *International Economic Review* 11, no. 3 (2009): 399-411.



run urban transport in a rapidly expanding capital city. Instead, each reorganisation transferred inherited liabilities—financial deficits, ageing fleets, overextended staff, and deteriorating infrastructure to the succeeding institution.

Successive governments were acutely aware of this sensitivity. Although DTU officials and later DTC management repeatedly argued that fares were unrealistically low and bore little relation to escalating costs of fuel, spare parts, and wages, government was reluctant to approve revisions. Even when minor increases were sanctioned, they were insufficient to offset inflationary pressures. As a result, fare revenues consistently lagged behind operational expenditure, converting what might have been manageable deficits into chronic structural losses. Government neither provided subsidy nor allowed SRT to rationalize its fares.

This approach stood in marked contrast to the experience of state road transport undertakings in Madras and Bombay. In both cities, although public transport was equally central to urban life, fare levels were comparatively higher, and periodic revisions were institutionalised as part of transport policy. State transport corporations in these regions were granted greater autonomy to adjust fares in response to rising costs. While fare increases were not free from political controversy, they were framed as necessary for maintaining service quality, fleet renewal, and financial stability. The acceptance of fare revisions in Palavan Transport Corporation(PTC) and Bombay Electric Supply and Transport(BEST) reflected a political environment in which public transport users were accustomed to incremental increases and where the linkage between fares and service sustainability was more explicitly articulated.

In Delhi, by contrast, fare policy remained reactive and politicised. Government interference prevented DTU and DTC from restructuring fare slabs, rationalising concessions, or introducing differential pricing that might have cross-subsidised vulnerable users. Concessions for students, government employees, and other categories expanded over time without adequate compensation from the state exchequer. What appeared as social welfare measures in isolation cumulatively eroded the revenue base of the transport system. The burden of these decisions was absorbed by the SRT itself, further deepening their financial dependence on government grants.

The consequences of artificially low fares were far-reaching. Inadequate revenue constrained the capacity of SRT to invest in fleet expansion at a time when Delhi's population and commuting distances were increasing rapidly. Maintenance budgets were squeezed, leading to declining vehicle reliability and rising breakdown rates. Service frequency suffered,



overcrowding intensified, and passenger dissatisfaction grew—ironically undermining the very political legitimacy that fare control sought to protect. Low fares did not translate into high-quality service; instead, they produced a system caught between social obligation and financial insolvency. The table below shows the impact of these subsidies over SRT of the city.

Year	Net loss during the year (Rs. in lakhs)	Accumulated losses (Rs. in lakhs)
Pre-corporation		1,522.45
Period (upto 2-11-1971)		
1971-72	163.16	1,685.61
1972-73	533.32	2,220.93
1973-74	623.10	2,844.03
1974-75	1,007.39	3,941.42
1975-76	1,242.99	5,184.41
1976-77	1,040.04	6,224.45
1977-78	1,617.24	7,841.69
1978-79	1,748.97	9,590.66
1979-80	1,770.61	11,361.27
1980-81	4,463.78	15,827.05
1981-82	4,892.29	20,719.34
1982-83	7,348.20	28,068.17
1983-84	10,111.60	38,179.77
1984-85	14,079.08	52,258.85
1985-86	17,692.02	69,950.87
1986-87	16,399.53	86,350.42
1987-88	7,888.49	22,918.87*
1988-89	9,899.32	32,818.19
1989-90	11,984.36	44,802.75
1990-91	19,748.35	64,551.10



This socialist model became increasingly unsustainable by the late 1980s. The subsidized transport was considered of no good to urban society and economy.¹⁰ India's broader fiscal crisis and the onset of economic liberalisation altered the political and economic environment in which public transport operated. Pressure to reduce public expenditure, combined with growing dissatisfaction over service quality and labour rigidity, reshaped policy priorities. The long-standing tension between transport unions and management intensified, as demands for continued welfare guarantees clashed with shrinking fiscal space. The state's willingness to indefinitely subsidise a loss-making public monopoly began to erode. It was within this altered context that the large-scale privatisation of Delhi's bus transport took place. In 1991, the licensing of more than 3,000 privately operated buses on city routes marked a decisive break with four decades of predominantly state-run bus services. Private operators were expected to function with greater cost discipline, flexible labour arrangements, and reduced dependence on public subsidies. This shift effectively ended the era in which public bus transport in Delhi was conceived primarily as a state-operated welfare service.

CONCLUSION

In 1947, the impact of partition on city was such that we really required welfare policies not only for rehabilitation but to collectively take lakhs of devastated lives on the path of prosperity. In this context, affordable urban mobility was crucial through accessible public transportation. Since independence, government played important role in providing affordable navigation opportunities by regulating fares, provision of passes and controlling the private operators. State tolerated transport labour protest and also offered important welfare schemes to the workers. But all these socialist programmes continued on the cost of the public transport itself. From the mid-twentieth century onward, the financial fragility of Delhi's transport organisations was shaped by two interlinked forces: persistent political interference in fare determination, which distorted revenue generation, and the steady expansion of a state-protected labour force whose costs absorbed the bulk of organisational expenditure. Together, these dynamics produced a structural imbalance that could not be resolved through managerial reform alone and ultimately made government subsidy the only means of sustaining operations.

¹⁰ Sen, Akshaya K., Geetam Tiwari, and V. Upadhyay. "Should bus commuting be subsidized for providing quality transport services?—A case for Delhi." *Sadhana* 32, no. 4 (2007): 329-345.



But as government chose loans over subsidies, the public transport systematically destroyed and private players were promoted.

As autonomy of state operator was taken away by the central government, neither subsidies were provided nor reimbursements were made to the public operator against the popular schemes and fare control. Instead of subsidy, government granted loans which resulted into massive debts that could not be paid and eventually written-off after decades, leaving the state operator in irrecoverable state. This history shows that government did not consider public transport as a channel of subsidy but coerced the operator to take unviable socialist decisions. Public expectations and electoral politics further pressurized SRT towards socialist measures. This led the privatization of public transportation. So if state subsidies can be offered through health sector, education or industries, why public transport cannot be considered vehicle of subsidy. The present scheme of “Pink Passes” in Delhi proves that subsidy can be useful instrument to improve urban conditions as it can help in reducing dependence over private transport, solve urban problem of congestion and air pollution.¹¹

The history of public bus transport in Delhi during the second half of the twentieth century demonstrates that repeated organisational restructuring failed to address the fundamental mismatch between the social function of public transport and the expectation that it operate on strict business principles. The financial fragility of successive transport bodies directly contributed to poor service quality, public discontent, and the inability to expand and modernise fleets in line with population growth.

¹¹ ^a¹¹ “Pink Power on the Move: Delhi’s Free Bus Passes for Women Take Off.” *The Economic Times*.

URL: <https://economictimes.indiatimes.com/news/india/pink-power-on-the-move-delhis-free-bus-passes-for-women-take-off/articleshow/114211228.cms>



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