

【Asia】

Business Models and Policy Objectives:

The Current State of Road Public Transport in Bangkok

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1. Introduction

Bangkok's public bus system has undergone significant evolution, transitioning from a monopolized structure to a more competitive framework. Historically, inefficiencies, lack of competition, and poor service quality plagued the system, limiting its effectiveness in meeting the city's growing mobility demands. The introduction of deregulation and reforms aimed to address these challenges, fostering a more dynamic market structure while enhancing service standards. This article explores the regulatory frameworks and policy objectives that have shaped Bangkok's public bus services, focusing on the opportunities and challenges presented by recent reforms.

By aligning policy goals with user needs and environmental sustainability, Bangkok can work toward a more equitable and efficient public bus system.

2. Public Bus Regulation by Land Transport Act B.E. 2522 (C.E. 1979)

Public bus services in Thailand are regulated under the Land Transport Act B.E. 2522, which establishes the Central Land Transport Control Committee (CLTCC) as the governing body for public bus operations. The committee is chaired

by the Permanent Secretary of the Ministry of Transport, with the Director-General of the Department of Land Transport (DLT) serving as its secretariat. The CLTCC's responsibilities encompass key aspects of public bus management, including network planning (e.g., determining bus routes), service planning (e.g., setting the number of operators, fleet size, fares, and bus stops), and regulating bus licensing guidelines.

3. Reforming Bangkok's Public Bus System Monopoly Market and Cabinet Resolution of B.E. 2526 (C.E. 1983)

The monopoly in Bangkok's public bus market was established by the Cabinet Resolution of January 11, B.E. 2526 (1983), which granted all



Figure 1 The Victory Monument Bus terminal

bus route licenses exclusively to the Bangkok Mass Transit Authority (BMTA).

This resolution effectively granted BMTA a monopoly over public bus services. However, due to limited resources to operate all routes for which it had been granted operating licenses, BMTA subcontracted some of these routes to private operators. This arrangement effectively gave BMTA dual roles: one as an operator and another as a regulator of the subcontracted private operators. While the monopoly, in principle, allows for cross-subsidization among routes with varying levels of profitability, the practice of subcontracting assigned only the profitable routes to private operators, leaving BMTA to handle the loss-making routes. Moreover, this dual role led to significant challenges, including the creation of a monopolized market and inherent conflicts of interest that stifled competition. The lack of competitive pressure and inadequate service quality control further amplified inefficiencies, resulting in poor management and persistent financial losses for BMTA.

Deregulation B.E. 2559 (C.E. 2016)

On September 27, 2016, the Cabinet resolved to repeal the Cabinet Resolution of B.E. 2526, ending BMTA's monopoly on Bangkok's public bus services and promoting greater competition in the market. The regulatory role, previously carried out by the de facto regulator BMTA, has now been transferred back to the DLT, the de jure regulator, as stipulated by the Land Transport Act. This required all operators, including BMTA and private bus operators, to obtain operating licenses directly from DLT. This deregulation reshaped the competitive landscape, creating opportunities for private bus operators to enter the market. It also encouraged private investment, leading to

improved service standards and innovations such as the introduction of electric buses.

Even though the deregulation promotes more competition in the market, each route is still limited to a single operator, raising concerns about affordability and accessibility. Fares for routes operated by private companies are higher than those of BMTA's services as the vehicles are in different standard.¹ With no alternative providers on a given route, passengers are left without lower-cost options, potentially increasing living expenses for some users and limiting access to affordable transportation.

4. Current Market Structure of Public Bus Services

In B.E. 2564, Bangkok's public bus network underwent significant reforms, expanding from 202 to 269 routes. While the route and network plan has been revised, full implementation is still pending. Of the total routes, 107 were allocated to the Bangkok Mass Transit Authority (BMTA), which commenced operations of its redesigned routes on July 25, B.E. 2567. Prior to the reform, the BMTA reported an average daily ridership of over 600,000 person-trips between October 2023 and March 2024. However, updated ridership data to assess the impact of these reforms is not yet available.



Figure 2 Many Buses from different companies use the same bus stops and terminals

The remaining routes were assigned to private operators, with 25 companies currently providing services. Among them, Thai Smile Bus operates 72 routes, and Smart Bus manages 31 routes. Despite this expansion, 32 routes remain inactive due to a lack of applicants for operating licenses, leaving certain areas underserved.

The reforms have introduced new players like Thai Smile Bus and Smart Bus, reshaping the competitive landscape. These private operators have raised service standards incorporating electric vehicles, e-ticketing, and offering higher-quality services.

Consequently, passengers now expect BMTA to align with these improved standards, putting pressure on the public operator to enhance its offerings to remain competitive. In response, BMTA has initiated efforts to procure electric buses to modernize its fleet. However, as a state-owned enterprise, it faces considerable challenges in getting budget approved and navigating the procurement process, hindering its ability to meet these elevated expectations.

5. Challenges in Bangkok's Public Bus System

Operating License vs. Concession: Misunderstandings

There has been widespread confusion between operating licenses and concessions in Bangkok's public bus system, particularly before the deregulation. A common misconception was that an operating license was equivalent to a concession, which effectively prevented other operators from serving even partially overlapping routes. This misunderstanding was further reinforced by the CLTCC's criterion for granting licenses, which was based on the proportion of overlapping routes. As a result, introducing new routes that overlap with existing routes operated by private license

holders became highly challenging, as such routes were perceived as direct competition with the so-called concessionaire. This confusion has significantly hindered efforts to expand and optimize the bus network.

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Subsidization Issues

The government's longstanding mindset that public transportation services must be self-sustaining has resulted in the absence of a



Figure 3 BMTA and many private operators have carefully maintained their bus fleet over a long period of time, even decades.

standardized subsidy mechanism for bus operations. Despite recognizing the recurring financial losses of the BMTA, the government has opted to provide loans to maintain BMTA's financial liquidity rather than developing a formal subsidy framework. Financial support from the government has been limited to BMTA's vehicle procurement, typically provided on a case-by-case basis through government bonds. In contrast, private operators receive no financial support or subsidies, discouraging them from serving low-demand areas where profitability is uncertain. This lack of a consistent subsidy mechanism has hindered the development of a more equitable and efficient public bus system.

Trade-offs Between Low Fares and Service Quality

Although the government views public transportation as a service that should be financially self-sustaining, it also emphasizes the need for bus services to remain accessible to the public. To achieve this, the CLTCC heavily regulates fares, keeping them low. However, in the absence of operational subsidies, operators are compelled to cut costs to stay afloat. This has led to significant consequences, including the use of old, poorly maintained buses, elevated emissions, and unsafe operations—issues that are particularly pronounced among private operators. These challenges highlight the need for a balanced approach that ensures both affordability and service quality.

Deregulation and Private Sector Involvement

While deregulation has opened the market to private operators, allowing for upgrades such as electric buses to create more sustainable and efficient bus services, leveraging these benefits remains challenging. Private operators tend to focus on profitable routes, leaving low-demand areas underserved.

Insufficient government support and a lack of integration between public and private operators further limit the overall effectiveness of these reforms. Coordinated policies and targeted investments are essential to fully realize the potential of deregulation.

6. Conclusion

The reforms and deregulation of Bangkok's public bus system have marked a significant shift in its market structure, transitioning from a monopolized system to a more competitive framework. These changes have created opportunities for private investment and innovation, such as the introduction of electric buses. However, challenges persist, including the absence of standardized subsidies, fare disparities, and service gaps in underserved areas.

To maximize the benefits of these reforms, it is essential to address these challenges through coordinated policy measures. Standardizing subsidies, ensuring fair competition, and fostering collaboration between public and private operators are critical steps. Moreover, continued investment in sustainable technologies and improved service standards will be vital in creating a public transport system that is equitable, efficient, and aligned with the needs of Bangkok's residents. With these efforts, Bangkok can achieve a more sustainable and accessible public bus network, meeting the demands of its growing population and urban landscape.

<References>

- 1) Bus fares are determined on a distance-based system, with fare ranges varying based on vehicle standards, as outlined in the Resolution of the Central Land Transport Control Committee, Meeting No. 10/B.E. 2561, dated December 14, B.E. 2561.