

# In the fare-play business, Namma Metro has misplaced its priorities

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- After a recent fare hike by Bengaluru metro there has been widespread concern among commuters, civic activists and mobility experts.
- Experts point out that while pursuing business or financial sustainability, the public transport corporation is misplacing its priority of providing affordable mobility.
- Since the fare hike, there has been a constant decline in the metro ridership.

Shashank Manae, an engineer, travels by Bengaluru metro from Vijay Nagar to Swami Vivekananda Road, a distance of about 18 kilometres, for work. Manae used to pay Rs. 35 per trip until earlier this month and now pays Rs. 60 after the metro fares were increased. For him, the fare hike is not burning a hole in his pocket as of now. However, if it keeps increasing at this rate, he says, he will have to consider starting to use his scooter for his daily commute.

The Bangalore Metro Rail Corporation Limited (BMRCL), responsible for running the metro in Bengaluru, hiked its fares earlier this month, now making it the costliest metro service in India. Effective February 9, 2025, the maximum fare is increased from Rs. 60 to Rs. 90, marking an increase by 50% of the fare. However, for Manae and many others the hike has led to their ticket prices increasing by more than 70 percent. Before this, the BRCL had revised the fare in 2017. The move has ignited widespread concern among commuters, civic activists and mobility experts alike. Apart from the hike, the BMRCL has also increased the limit for the minimum required balance on the smart card from Rs. 50 to Rs. 90.



The first stretch of purple line of the Bengaluru metro opened in 2011. Since the start of its operations in 2011, the metro stretches over 77 kilometres with two lines. A third line, the yellow line, which was supposed to be completed by December 2022, is yet to become operational. Image by Abhilash Krishna.

## Misplaced priorities?

One of the main reasons behind the fare hike is considered to be the increasing costs and loan repayments for the BMRCL which started its operations in 2011. However, experts point out that in order to find business sustainability so early in the service, the public transport corporation is misplacing its priority of providing affordable and seamless mobility to the public.

The new move doesn't seem to be in the direction of helping in decongesting the city roads or providing people with an affordable public transport. Manae and many others feel that any fare hike from this point will force them to use two-wheelers for their regular commute which will be affordable and also solve the issue of last mile connectivity. "My office is 18 kilometres from my home for which I am paying Rs. 60 per trip in the metro. I am using a feeder service to my office from the metro station right now, but usually in an auto that also costs Rs. 30 per trip. So, my one-day expense is about Rs. 180. If I use a two-wheeler, the same money will last for three days, and in the case of an electric scooter it will be even cheaper," Manae told Mongabay India.

Ashish Verma, Professor and Convenor of IISc Sustainable Transportation Lab (IST Lab) talks about demand elasticity and explains how increasing the fare at this rate is not a good business decision, especially when the services are not at the optimum capacity. "For maximum people to use the public transport across the income groups (lower and higher), you need to keep the fare affordable. You think by increasing the fare your revenue will increase but you don't realise that the demand will also come down. So, your net revenue may not be higher than earlier. Even if it is higher than earlier, there will be a loss in the ridership, we are then compromising on the important aspect of public transport," Verma explains.

BMRCL has posted operational profit for the last two financial years (2022-23 and 2023-24) and was able to source its interest cost from operating surpluses. During the financial year 2023-24, the BMRCL earned a fare box revenue (from ticket sales and other direct payments from passengers for rides) of Rs. 573.91 crore and non-fare box revenue (from sources other than passenger fares such as advertising, retail etc.) of Rs. 416.11 crore. The company posted an operational profit of Rs. 376.95 crore and profit after finance cost of Rs. 14.21 crore. In the financial year 2022-23, the fare box revenue stood at Rs. 422.61 crore and non-fare box revenue at Rs. 361.94 crore. BMRCL posted an operational profit of Rs. 297.94 crore and profit after finance cost of Rs. 4.15 crore.

The Bengaluru metro, with a coverage of 77 kilometres, has the second longest metro network in India after the Delhi metro which enjoys a coverage of over 300 kilometres. The Delhi metro which has been in the business since 2002 is still not profitable. "Nowhere in the world are they (public transport corporations) expected to be profitable," Verma adds.



Empty shops at near a main metro station. The agency responsible for the metro operations has been often criticised for not using its real estate effectively to increase its revenue. Image by Abhilash Krishna.

## A move to increase traffic

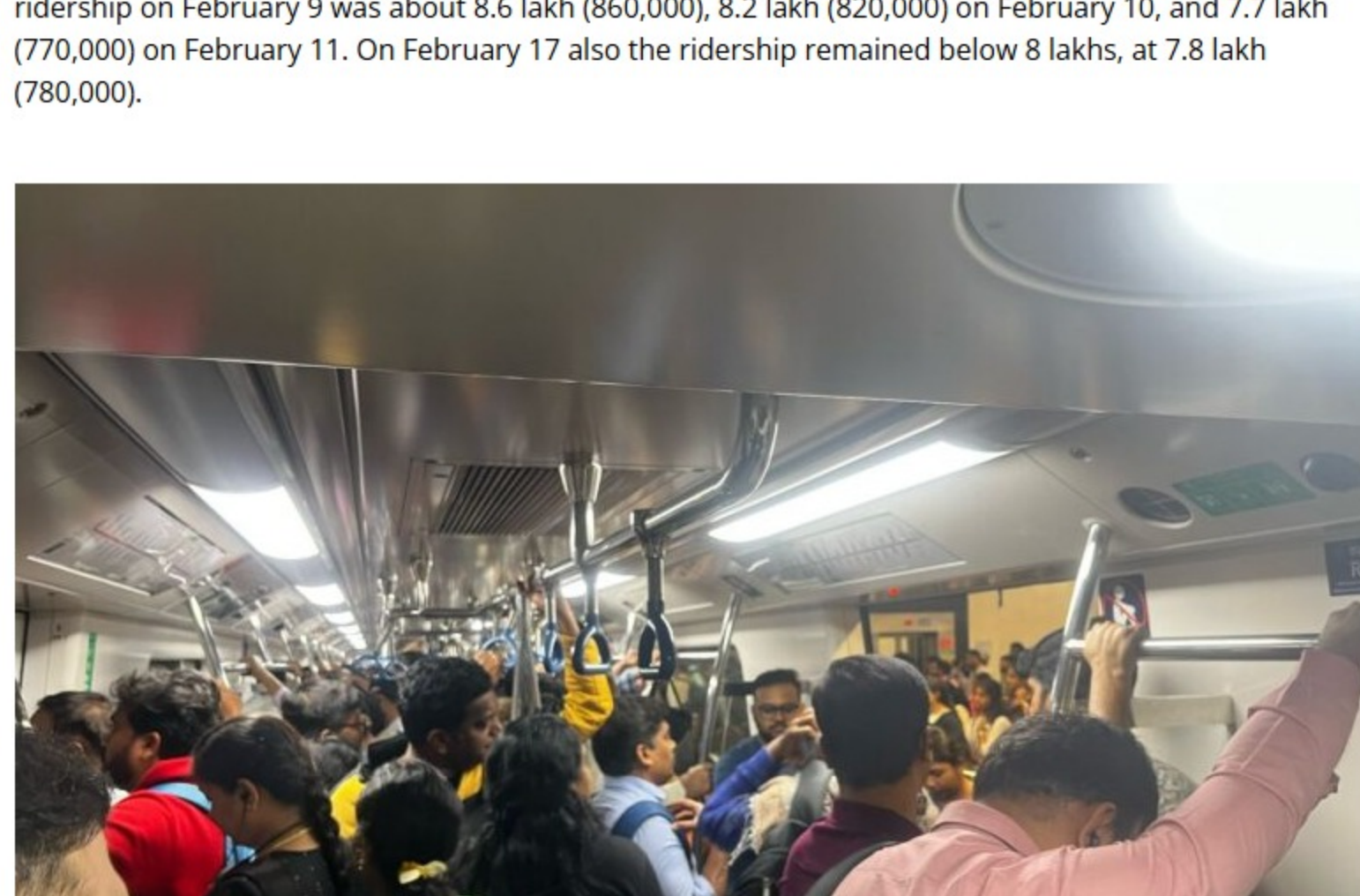
The city of Bengaluru is infamous for its traffic snarls. The city is also regarded as the second most congested city in India after Kolkata and the third most congested city in the world by TomTom traffic index 2024.

As of January 2025, there were 1,08,41,675 non-transport vehicles registered in Bengaluru out of which 25,15,488 were private cars and 82,09,932 two-wheelers.

"If you look at the Bengaluru metro itself, first of all, it has been catering to the middle class and above. It was also not allowing the street vendors and hawkers and others to carry all their wares. So that had anyway kept a certain section out of the reach of the metro. I think it is targeted to catch a certain section of the population in Bengaluru and not really focussed on removing vehicles from the road," says Bhargavi S. Rao, trustee of Environment Support Group (ESG), a Bengaluru-based trust working on environmental and social justice initiatives. "The last mile connectivity of Bengaluru is a nightmare. So now with the increase in the fare, obviously people will prefer to move back to their personalised modes of transport," she added.

"Travel cost is an important parameter of the utility that every mode offers to a commuter who wishes to choose a specific mode to travel. When you increase the fare of public transport you decrease the utility in the eyes of the commuter as a consumer. Obviously with these higher fares, there will be reduction in the mode share of the metro and this may either go to bus, car or two-wheeler or any other modes available," Verma explains.

Before the fare hike, Bengaluru metro used to record a daily ridership of over 8 lakh passengers, however since February 9, there is a constant decline in the ridership. According to BMRCL data, ridership on February 9 was about 8.6 lakh (860,000), 8.2 lakh (820,000) on February 10, and 7.7 lakh (770,000) on February 11. On February 17 also the ridership remained below 8 lakhs, at 7.8 lakh (780,000).



With increased metro fares and poor last mile connectivity, there are concerns that commuters may go back to using their personal vehicles to commute, diluting the purpose of the metro. Bengaluru, in fact its traffic snarls, is the second most congested city in India according to TomTom traffic index 2024. Image by Abhilash Krishna.

## Lack of transparency

According to BMRCL, the fare was revised as per the recommendation of the fare fixation committee (FFC). The committee was formed in the year 2024, according to the provisions of the Metro (Operation and Maintenance) Act, 2002.

According to the act, the FFC should be headed by a sitting or retired high court judge and have two representatives from central and state governments. Experts have pointed out the lack of transparency in the fare revision process and have also called for a more scientific than bureaucratic process.

"The entire fare hike is unscientific. It's like you (BMRCL) are responsible for running the finances of a company but you are not responsible for its revenue management. At the end of the day, BMRCL is comprised of both central government and state government, so why can't the board (BMRCL board of directors) itself take a decision like they did in 2017? Why should it depend on some fare fixation committee wherein it is completely unaccountable?" Satya Arikutharam, an urban mobility expert, says.

In the absence of FFC in 2017, BMRCL board of directors decided on a 10 percent fare increase.

"Basically, it is the amount of discretion provided to this fare fixation committee that is the problem. They do not specify how they have to go about changing the fares. So, depending on whom you choose (in the committee) and their own proclivities and inclination they come up with whatever random number they think that's right. That's exactly what's happened in Bengaluru," he added.

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## Delays creating dead assets

The pace of the metro construction in Bengaluru has been slow. Since the start of its operations in 2011, it has covered 77 kilometres network, with the purple line covering 43.5 kilometres and the green line spanning 33.5 kilometres. A third line, the yellow line, which was supposed to be completed by December 2022, is yet to start.

Frequent delays in starting the yellow line have become a cause of criticism for the BMRCL, and also turned the new project into a 'dead asset' to an extent as it is incurring loan interest payments and not contributing to revenue. The BMRCL is also planning to use the revenue from the revised fare to fund the expenses of the yellow line.

"I think nobody, no fair committee in its right sense would agree for the public to fund the future expansion of the metro. If I were to do that, I would become a shareholder, isn't it?" asks Arikutharam.

Verma, on the other hand, feels that though BMRCL needs funds for the yellow line and future expansion, its burden shouldn't be put on the commuters. "While these are genuine concerns of BMRCL, the burden of this shouldn't be put on the fare box," he said. "This is an example of misplaced priority. On one hand the government of Karnataka is so going-ho about these road infrastructure projects, they are ready to put Rs. 20 thousand crores for an 18-kilometre tunnel road, but why don't you focus on procuring these trains and start running the services," he adds.

"Rs. 300 crore is the additional revenue which BMRCL could have got had the yellow line been operational. Since it is not operational, they are making mistakes of BMRCL, which did not procure the yellow line coaches in good time. And worse, now the fares will continue to rise in the future from an unfair high base fare," Arikutharam added.

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**Banner image:** A metro station on the purple line, part of the Bengaluru metro. The Bangalore Metro Rail Corporation Limited (BMRCL), responsible for running the metro in Bengaluru, hiked its fares this month, now making it the most expensive metro service in India. Image by Abhilash Krishna.

## CREDITS



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