

# Chapter 1

## Introduction

### 1.1 The Demand for Rail Passenger Services

Keretapi Tanah Melayu Berhad (KTMB) is the only known intercity rail passenger services provider in Peninsular Malaysia. It is considered as one of the most important public transport service providers besides intercity bus services and air services. KTMB offers a variety of intercity rail passenger services, which cover most areas in the Peninsular. The purpose of this study is to evaluate factors that determine the demand for rail passenger services and its implications for public policy on railways. Furthermore, this study also keeps in mind that the double tracking and electrification of the railway network in Peninsular Malaysia will further enhance the frequency of train journeys and also the capacity of train passengers carried. The double tracking and electrification of the railway network in Peninsular Malaysia is one of the components of the planned Trans-Asian Railway link between Kunming, People's Republic of China and Singapore.<sup>1</sup>

### 1.2 Justification of the Study

For more than a decade, the number of intercity train passengers had dropped

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<sup>1</sup> Economic Planning Unit, Prime Minister's Department Malaysia, The Third Outline Perspective Plan 2001-2010 (Kuala Lumpur: Percetakan Nasional Malaysia Berhad, 2001) 178

drastically from 8,019,350 in 1990 to 3,801,093 train passengers in the year 2000. It has dropped by 52.6%.<sup>2</sup> There were few studies on the services offered by KTMB, however not much study has been carried out to evaluate the effects of socioeconomic and demographic variables on the demand for intercity rail passenger service in Peninsular Malaysia.

This study attempts to evaluate the demand for intercity rail passenger service based on these variables. The results acquired from the analysis will provide an insight into the variables towards the demand for intercity rail passenger services and examine their implications for public policy on railways.

### **1.3 Objectives of Study**

The objectives of this study are as follows:

1. To evaluate factors that determine the demand for rail passenger services.
2. To examine their implications for public policy on railways.
3. To formulate a model that will provide the most description for the demand for rail passenger services.

### **1.4 Methodology and Data Source**

The data that were used in the analysis were in the form of primary and secondary

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<sup>2</sup> Refer to Table 1.1 in Appendix A which shows the total number of train passengers from 1970 to 2000

data. For primary data collection, two surveys were carried out across Peninsular Malaysia, which included train passenger survey and bus passenger survey. The train passenger survey was carried out on the train where its services cover areas in the East Coast and West Coast of the Peninsular while the bus passenger survey was carried out at the major bus stations across the country.

The secondary data were gathered from the main library of the University of Malaya and also the library located at the Faculty of Economics and Administration. Keretapi Tanah Melayu Berhad and the Ministry of Transport were approached for assistance in the process of data collection.

From the survey, binary logit models were built to evaluate the effects of socioeconomic and demographic variables on the demand for intercity rail passenger service in comparison with intercity bus services using a computer analysis package called SPSS.

### **1.5 Organization of Study**

The organization of this study is divided into six chapters. In Chapter one, it comprises the introduction, justification of the study and the scope of the study. Chapter two will discuss the relevant literature on the subject related to intercity rail passenger services. As for Chapter three, it will look into the developments of rail passenger services in Peninsular Malaysia, its passenger traffic and a brief discussion

on the issue of intermodal competition. Chapter four will present the methodology and survey data for the evaluation of socioeconomic and demographic variables of the demand for intercity rail passenger services. While Chapter five will present the empirical results acquired from the analysis. And lastly Chapter six will conclude the study and examine the implications of the findings for public policy on railways.