

Transport infrastructure is a pre-requisite for any viable economic development of a country. The Matatu industry is an important sub-sector of the transport sector and plays a vital role in the Kenyan economy. It plays a big role in easing congestion in the city, meeting peak hour transport demand and even make enormous contribution to employment and economic growth. Despite these essential roles, the Matatu industry is marred with all sought of evils ranging from indecent behaviour to cause of deaths to many innocent lives. It is due to this trend that the Transport Policy Reforms were put in place to curb the menace and to bring sanity to this informal sector. The objective of the study is to assess how the Matatu industry has responded to the transport reforms. The findings shows that the initial cost of the vehicle plus the expenses involved in complying with the new rules scare away a lot of investors. The performance of the industry is much better than before as showed by the five sub-indicators whereby accidents reduction, fair competition, comfort during travel and improved service since the introduction of the new Transport Policy Reforms. Profit margin was negatively affected but previously the operators earned abnormal profits associated with over charging and over loading of the passengers in the vehicles. Profit margin is also used as an excuse to charge commuters high fares, which hurt the common people who are the majority users. Prices of the transport services have almost doubled if not double in most of the routes. In light of the foregoing findings and conclusion, the study recommends that the operators should not exploit commuters because of the perceived decrease in profit. The profits made initially before the reforms were abnormal profits, which should not be taken as a yardstick for comparison. The government has a responsibility of creating a conducive environment whereby security is assured to encourage alternative modes of transport to thrive. Furthermore, the government has a responsibility of incorporating stakeholders in the management of the industry. The idea is not to please anyone but if the operators are not involved they will feel that these rules are being imposed to them.