Report No./10....dated
Submitted by the Committee for fixation of fares in the transport sector

The records maintained by the Motor Vehicles Department of the Kerala State would reveal that as on 31-03-2012, there are 1,63,427 taxi cars in the State with current permits, and 5,18,741 autorikshaws plying on the roads. The service rendered by these types of vehicles, catering to the need of transportation from door to door is invaluable, since public transport system can never aspire to fill such gaps. The details collected by NATPAC from the Department as could be seen from their report dated 12-10-2012 show that about 97% of the cars, put on the road, are using diesel as fuel. 65% of the autorikshaws were diesel driven, about 10% were using LPG and the rest were using petrol, but the trend has heavily shifted in favour of diesel, since only 3% of autorikshaws registered during the last year were petrol vehicles, and the whole lot of the rest were diesel vehicles.

2. Advantage of diesel vehicles, notwithstanding the higher investment cost and maintenance expenses is that it has better haulage ratio, the price of the fuel used is far lesser, but
simultaneously it can traverse much more distance per litre, thus ensuring higher income levels.

3. By notification, G.O.(P) 2/2011/Trans dated 14-01-2011, the Government had reviewed the hire rates and allied matters of taxi cars and autorikshaws. After about 1½ years, the sector had started making representations for a fresh revision, principally for the reason that the rate increase of January, 2011 had been on an ad hoc basis. Although all round cost increase was a thing of reality, the price of the principal component, viz. diesel was remaining static.

4. The Government had forwarded to the Committee representations received by them from the sector whereunder requests for a sizable increase in the hire rates were urged. The Committee had heard the representatives of the operators as well as general public in the meetings held during July and August, 2012. The contention raised for an increase in the rates was being reiterated since there was general increase in the cost factors, and it was highlighted that unless the compensation is adequate, it was difficult to remain in the business. The representatives of consumers on the other hand
had asserted that there was an exploitation going on, since the meters were kept ornamental, and the fare collected, except in a few places in the State, had no relation with the rates prescribed as legally payable. The service element expected of from the service providers was generally described as of low quality.

5. A fillip apparently was supplied to the issue by the Central Government, since it had introduced a substantial increase in the diesel price with effect from 14-09-2012, and the issue had to be reconsidered by the Committee, before it finalized the report. In the meeting held at Thiruvananthapuram on 28-09-2012, opportunity had been offered to interested persons/organizations to supply further materials which might have had relevance while the demands were being considered. We note that there was good representation from all sides, and the Committee is required to submit a report on some of the aspects highlighted by the industry as requiring immediate governmental attention. It may look rather odd that most of the grievances have come, not from the owners of the vehicles, especially autos. It is the trade
union of workers, who are spearheading the cause. But when we are to examine the realities, we cannot hold that their presence is irrelevant or that they have no locus standi.

6. Although the increased fuel prices, maintenance costs etc., as also the cost of living, by themselves, would have justified a revision of the existing fares for these services, we had thought it our obligation to get authentic materials before venturing into an examination of claims and counter claims. On our request, a report furnished by the NATPAC on 20-10-2012 going to the essentials, to which we had referred to in the earlier paragraphs of this report has been made available. This type of operations are generally referred to as IPT (Intermediate Public Transport) and we find that it was only in the year 2006 that the necessity for assessing scientific modalities had been decided to be adopted in matters of revising/prescribing the rates for different class of vehicles coming under the group. It could generally be stated that the study was by adopting acceptable methodology for arriving at the variation in cost operations of IPT services so as to pave the foundation for arriving at rational conclusions.
7. We find that the price indices of Taxi and Autorikshaw operators were computed applying the current prices of cost inputs of not only fuel, but also various items. It is seen that the study conducted was comprehensive. As we had done while preparing our earlier reports, we had found that expenses towards fixed and variable costs had to be independently arrived at ultimately leading to the calculation of average cost increases. The report now in hand indicate that in respect of taxi car operators the price index had moved from 100 (base year taken as 2006) to 118.45 in March 2011, and presently it is in the region of 132.63. As for autos, the movement was from 100 (2006) to 145.07 by December 2011, and by September 2012 it has reached 150.26. We are accepting and appending two broad sheets being computation done in respect of taxi cars and autorikshaws, furnished to us by NATPAC which might reveal the processes leading to the conclusions. They are Appendix - A and Appendix - B.

8. In addition to the organized groups, we had also heard individuals, advocating rival views. According to auto drivers, income received was paltry, which was wholly
insufficient to meet even daily necessities. Ambiguities were felt even in official instructions, which required to be set right.

The other side of the picture was that the taxi and auto drivers were averse to operate the meters and the demand for excess fares most often resulted in ugly scenes. Additionally our attention was drawn by the autorickshaw operators to situations where an assured return fare statutorily provided and prevailing with reference to taxi cars, was not uniformly available to them. In the case of autorikshaws, the general trend appears to be that about 25% vehicles are owner driven and the balance 75% are taken on rental basis. Maintenance cost is borne by the owner or the hirer, on specific understanding. In the city/town areas, the total collection are claimed as in the region of Rs.750/- to Rs.900/-. These broadly tally with the figures collected by NATPAC. Take home wages, as submitted to us is very low, and only comes to Rs.200-250. The rising cost of living makes it impossible to sustain oneself. The owner is perhaps better off, since he would have at least theoretically recovered the cost of investment in about 3 to 4 years. Some of us had taken to ourselves the task of
interviewing operators, drivers and the dealers so as to get a better picture of what exactly is the health of the industry. When the auto driver is getting about Rs.350/- in moffasil areas, a person working in city and town areas get an income around Rs.400-500 per day. In the matter of taxi car services, there are tourist car operators, who might have a fleet of vehicles under their ownership or control. When they cater to the tourism industry, they are better off. In the case of single taxi operators, as in the case of Autorikshaws, there are owners who ply the vehicles themselves or get cars on mutually agreed terms. This appears to be the general pattern.

9. There is a further categorization as Luxury Car Operators and Air-conditioned Taxi Operators. The needs of general public, situated both in city areas as also in town and village areas, are met with ordinary cars.

10. We may first examine the case put forward by taxi car operators. The minimum fare for a car providing minimum comforts is Rs.60/- with an existing kilometer rate of Rs.8/- brought in by the notification dated 14.1.2011. In the case of Air-conditioned cars, a 10% increase in the rates is operative.
11. The demand is to increase the taxi car minimum charge to Rs.100/- and kilometer charge to Rs.11/-. The representatives of the operators point out to the requirement of increased capital investment and the high incidence in maintenance and insurance charges. As a matter of fact, small workshops that were available throughout the State are fast disappearing as new generation cars, which heavily depend upon modern high-tech components could be serviced or repaired only in well equipped workshops. Resultantly there is no possibility for negotiation on repair charges. The fleet operators also speak of the scarcity for obtaining qualified drivers as supply is far short of the demand. This increases expenditure on drivers and the existing rates hardly is sufficient to take care of the investment and efforts taken to maintain the service.

12. In the case of autorikshaws, the general plea raised appears to be that compared to the hard work, a driver/operator does not get any levels of a decent remuneration. Take home salary for a person would be only about 300-350 in
the city area, and much less in towns and moffusil areas. Of them it is pointed out that the plight of petrol driven vehicles is still worse. It was suggested from some quarter that different rates of fares may be prescribed for the two categories, but majority opinions forthcoming did not support such a distinction to be brought in. Our opinion also is that different rates will not be workable, and may add to confusion. Also average consumption of fuel by the autos would be in the range of 3 to 4 litres, a day.

13. The discussions, as above, leads us to the conclusion that the minimum fare for these classes of vehicles and revision of per kilometer fare is warranted. The increase by percentages in present years may not give as much solace as it gave a few years back because purchase power of rupee has come down. We had also examined the increase in taxi car rates from 1998 onwards. It is placed herewith as Appendix-C, and it gives all relevant details. Our recommendation about the fare rates, which could be brought in, is given below:
Category of Contract Carriages | Rate of hire charges
--- | ---
| (1) | (2) |

**Hire Charges**

1. **Motor Cabs (including tourist Motor Cabs and ordinary Motor Cabs)** with a seating Capacity of not more than seven persons including driver.

1. Rs. 9.00 per running Kilometer for motor cabs (diesel) subject to a minimum of Rs. 100 for a distance upto 5 Kilometers.

2. In the case of Air conditioned Motor Cabs Minimum hire charges will be Rs. 15 per Kilometer and Rs. 2.00 for every 250 meter of part thereof.

2. **Autorickshaws**

Minimum hire charges will be Rs. 15 for a Distance upto 1.5 Kilometer. Beyond the minimum the rate will be Rs. 8.00 per Kilometer and Rs. 2.00 for every 250 meter of part thereof.

In the case of Autorickshaws, an additional charge at the rate of 50% of the above rate of hire charges may be levied for journeys performed between 10 p.m. and 5 a.m. in Corporation areas of Thiruvananthapuram, Kollam, Kochi, Thrissur and Kozhikode and in the major towns of Kannur, Palakkad and Kottayam. In other places, an additional charge at the rate of 50% of the charges shown in the meter, less the minimum hire charges of Rs. 15 may be levied when onward journey alone is performed. Here also during night hours 50% addition to metered charges, beyond the minimum charge would be leviable. In hilly tracts and hard terrains, the RTA concerned, on application presented, may consider whether compensatory charges upto 75% of the metered charges could be levied when there is only one way journey performed.

**Detention Charges**

1. **Motor Cabs (including tourist Motor Cabs and ordinary Motor Cabs)***

Rs. 50.00 per hour subject to a maximum of Rs. 500/- per day.

2. **Autorickshaws***

Rs. 10.00 for every 15 minutes or part thereof, subject to a maximum of Rs. 250/- from one passenger.
13. There was a serious demand for dispensing with meters for autorickshaws in various districts like Wayanad and Pathanamthitta. The necessity for meter is absolute, and our recommendation is that no relaxation may be given on this requirement. A civilized society should have orderliness and fairness in all transactions. Supremacy of law requires to be acknowledged at all times. Therefore, the provision for meters, and its proper operation is to be enforced strictly. To the extent possible, we feel the Government should ensure that the autorickshaw operators are given decent treatment and are not harassed in connection with calibration of meters. Printed cards showing the progression of charges beyond the standard charges leviable entitling them to convince passengers should be supplied, as authenticated.
An increase in the minimum fare and rates, appears to be essential for preservation of the industry, and also in public interest.

17-10-2012

JUSTICE M.RAMACHANDRAN (Retd.)
Chairman, Fare Revision Committee

Dr. T. Elangovan
Member

Prof. B.A. Prakash
Member

Vijay Anand, I.P.S.
(Transport Commissioner)
Member Secretary