

*Draft*

Report No.2 - Submitted by the Committee for  
Fixation of Fares in Transport Sector

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The 4<sup>th</sup> meeting of the Committee had taken note of the demands made by the stage carriage operators, including the KSRTC for an adequate revision of minimum fare currently in operation being conferred to the student community and persons, who were recognized as physically disabled. The argument was that while the Government was discharging their social responsibility, it should not have been done at the expense of the private operators. As far as the KSRTC, it has been highlighted that it was a practice in several States to offset the revenue loss arising out of concessions, by extension of grants, and such a system would have been well in keeping with the health of the industry.

The views aired were not adequately supported by factual details, and the Committee felt

that further inputs were essential before going into the issue. Both the groups were requested to come up with relevant materials, and it was also necessary that the student community as well as general public should be given opportunity to address on the issue. In the above background, it had been proposed that participation from the two sides were to be arranged and the meeting should be in the nature of a public hearing.

Consequently, there was good representation from the interested groups in the meeting held at Ernakulam Guest House on 29-01-2011. Concise statements had been filed by the stage carriage operators, and their representatives had addressed the Committee, highlighting the claim for a revision. It had been submitted that the very issue of grant of concession to student community had been adversely commented upon by the Honourable High Court of Kerala, even decades back. It had been



further argued that the liability forcibly imposed on them to continue with concession was not legally tenable. The rates of concession initially brought about by Government Orders were diluted, and there was no justification for a prescription that students howsoever situated, need pay only 12 ½ % of the fare fixed in respect of each and every journey undertaken by them. The concession to disabled persons also should not have been at the cost of the operators. It had been indicated that the low fare, mostly went to students who did not require such freebees. The enhanced educational facilities in the State automatically sees to it that a student need travel only lesser than 10 kms to any Institution, where he intends to pursue studies. There is no proportionate reduction in tax liabilities, since the students are also considered as full fare paying passengers. What is actually received as fare from

this section is only 12 ½ % of the fare fixed, which was an absurd situation, to be done away with.

The statements submitted by them generally show that students' share of the daily passenger volume in the stage carriages is between 35 to 40%. The cost of operation has increased, and the hike in diesel prices from the date of the last revision was substantial. Coupled with that the erosion of value of money had not been duly taken note of seriously by any studies. It should not be lost sight of. On the basis of the above submission, it had been pleaded that concession should not be above 50% of normal fare, and that entitlement for concessional travel should not be beyond 10 kms. A student should be recognised as a person <sup>below</sup> up to 18 years. Law recognises an individual above that age as a person who is entitled to cast vote, enter into contracts and can even contract marriage. Still to insist for

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concession, hurting bus operators is unwarranted, they pointed out.

The KSRTC also adopted the line of arguments as above. They highlighted the imposition of an additional burden, whereunder uneconomical routes are thrust upon, at the behest of influential sections. The representatives had referred to statistical details, and offered to furnish clarifications where the figures supplied were not clear.

Objection about any revision came from the student representatives. Clarificatory statements had been filed, and has been taken on record. Reduced fare for the fragile sector was a need felt by the society as a whole, and recipients of the benefits could not have been segregated on any basis, as eligibles and non eligibles. If an individual was a student, pursuing study, concession in transportation required to be extended to him.

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concessions as enjoyed could not have been separated. An attempt was also made to suggest that the fare revision brought from time to time and the stipulation regarding minimum fare, were mechanism intended to cover the loss of revenue that was likely to be there by providing fare concessions. Even as of now, the students were being ill treated, and they were dealt with as untouchables. Tickets are not issued to them often, and the procedural hurdles placed by the KSRTC in the matter of issuing Concession Cards were sufficient to show that they wanted to discourage student travellers. Operators, both in public sector and in private sector, had been opting for reclassification of vehicles as Limited Stops and Fast Passengers. This was because of the present restrictive notifications; as such buses were inaccessible to the student community.



According to them, the travel distance restriction of 40 kms. is artificial and serves nobody's interest. The present system, as far as possible therefore requires to continue, and in fact further relaxation so as to permit students to travel with dignity should be ensured.

*who is Representative of Kerala State Bus Employees Samasthana Samithi.*  
Mr. C.T. Faisal from Kannur, who also voiced his

opinion, inter alia referred to the bus fee that was being collected by the schools and other educational institutions, which were more than twenty times the children were paying for concessional travel. A realistic view demands that a hike was need of the day.

The Committee had also opportunity to hear the views of two citizens, *Representatives of Consumers* Mr. Dijo Kappen and *to*

Mr. James Vadakkan. In fact, they had come to attend the hearing principally to speak on general issue of revision, but in the course of their submissions, it could be gathered that it was their realistic

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stand that concession should continue on the present pattern. According to them, the bus operators were indeed well positioned. The private operators, they alleged, hardly maintained any true records. As far as KSRTC the frustrating position in which they were ploughing along was directly attributable to maladministration. They could have blamed nobody else.

We have <sup>here</sup> thus summarised the gist of the deliberations that had been presented on the issue, presently at hand. We had occasion to go through the notifications issued from time to time by the Government, exercising the statutory obligations, in the State of Kerala. SRO 1602/84 dated 31-12-1984 had referred to the previous orders on the subject (GD (P) 112/81 dated 01-12-1981). In exercise of the powers under 1939 Act the State Transport Authority had been directed to fix the rate of fares to be collected in respect of various categories. It



had been prescribed that normally the distance between two stages will <sup>be</sup> 2.5 kms. Fare per kilometer so prescribed ranged between 9 paise to 18 paise and minimum fare for city/town buses had been fixed as 40 paise. For ordinary/mofusil carriages, it had been fixed as 50 paise.

The notification referred to the concession prescribed for the students. They were required to pay 19.44% of the fare fixed, and in respect of students, who attended private institutions, it has been fixed as 50%. Respectively for them, minimum fare had been fixed as 10 paise and 20 paise.

The next revision was brought about by SRO 615/88 dated 23.5.88. Increased rates were within the brackets of 10.5 paise to 27 paise. Minimum charge was enhanced as 50 paise. The student concession worked between 16.67% and 42.86% in respect of the two categories, referred to earlier.

But the minimum charges as far as students were

concerned were to continue at the old rates (10 paise and 20 paise).

The prescription regarding the minimum rates thereafter was revised on 28-02-1992 by the introduction of SRO 1048/92. Minimum fare was at the lowest ~~rate of~~ 80 paise. The notification did not change the minimum fare payable by the students. But, on 30-03-1993, by SRO 490/92, the minimum rates were hiked as 25 paise and 40 paise, so as to work out the impact as 25% and 50% of the fares payable by the general public.

Per kilometer rate had been revised thereafter, effective from 28-03-1994 by SRO 364/1994. Minimum fare for the passengers was fixed as Re.1/-

Students concession was to remain as it was. When a revision was brought again on 13-08-1996 (SRO 613/1996), minimum fare in respect of categories of stage carriages were increased to Rs.1.25 and upto Rs.10/-. At that time, the minimum



rates for students were prescribed as 30 paise and 60 paise respectively.

SRO 828/99 provided for bus fare revision thereafter<sup>7.31</sup> effective from 16-10-1999. The minimum charges were to be between 1.75 paise to Rs.13/- and the students were to pay 50 paise and Re.1/- respectively.

The students attending private institutions got an advantage when SRO 896/01 thereafter came to govern the field. Minimum fare was revised as Rs.2/- and up to Rs.30/-, but the Government was of the view that concessions, irrespective of the institutions the students attended, were to be identical, the minimum fare payable being 0.50 <sup>Rs. 5</sup> paise. As far as the students are concerned, the increased rates were not to have application as they were to be governed by SRO dated 16-10-1999 in the matter of payment of fare.

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In spite of revisions, by SRO 981/04, which increased the minimum fare to Rs.2.50 and SRO 1032/05, which increased the minimum rate to Rs.3/-, the notifications took care to maintain the students concession at the 1999 level. It may also be relevant to note that a restriction had been in operation for some time past, whereby the concession benefits were enjoyable by a student only for 10 months in a year. But this was modified by SRO 108/08 and the facilities could be enjoyed by the students round the year. Minimum fare had been increased thereafter, by SRO 742/08 dated 11-07-2008, to Rs.4/- and it was reduced to Rs.3.50 for a brief period (from 12-02-2009 to 06-03-2010). But the students fare structure continue unaltered. The anomaly, which had been highlighted by the KSRTC as well as the private operators, was that although earlier the concession had been at 75%, artificially it now works as 87.5%.

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The physically handicapped individuals in the State were to pay only 70% of the prescribed fare in view of the government decision, disclosed by SRO 50/87 dated 05-01-1987. On 20-07-1988, concession to deaf and dumb personnel had been extended to KSRTC and they need to pay only 50% of the fare fixed for the journeys. In respect of mentally retarded person and for a <sup>Companion</sup> helper, free journey has become admissible in the KSRTC by virtue of G.O.(MS) 10/08 dated 07-04-2008. KSRTC points out that a departure had been made as far as this concession is concerned, as the Government had offered to compensate the KSRTC for the loss of revenue on this count.

It appears to be a fact that the students in Kerala, as a whole enjoy concessional fare at 87.5%. For fixing such rates, the fare is deemed as those fixed in 1999. The revision thereafter is ignored, obviously to the advantage of the students.

Theoretically it may be possible to assume that the concession given to the students do not really affect the bus operators. This is because the fares generally are revised on the PISCO index. The methodology employed by PISCO is to count the unit cost under each item head cost taking the distance plied by vehicle in one year. Expenditure per kilometer is thereby arrived at, and simultaneously passenger kilometer rate is computed by using a weighed <sup>ted</sup> load factor. When fares thereafter are prescribed, a cross subsidy is notionally worked out. But, for historical reasons, because of a <sup>prescribing</sup> staggering policy, it will be unwise to rely on such a circumstance to assert that the loss as a result of grant of concession is adequately compensated.

The Committee finds that the Government is consistently showing reluctance to increase the fares of the students, although general revisions are being brought about from time to time. The

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materials placed before us do not disclose any reason for endorsing this conduct, and what is adopted is an attempt to avoid a possible collision course. But fairness is expected in every governmental action, ~~and~~ <sup>An</sup> equitable approach, and transparency should be its hall mark. Charity begins at home, and Government is not expected to be generous and benevolent at some body else's expense. We find that the <sup>recent</sup> later trends to compensate the loss suffered (See G.O.(MS) 10/2008) is in the right spirit.

However, since the bus operators have with sportsmanship offered to continue with the practice of extending concession, at reasonable levels, we are of the view that the practice is to continue, but of course with a modification that the concession should be restricted to a maximum of 75%. This <sup>practically</sup> could easily be made possible by ensuring that the concession should be with reference to the

prevailing rates in force. Staggering it artificially works out injustice as has been demonstrated before us. Without any justifiable reasons, the reduced fare rates enjoyed by the student community at 12.5% of the fare payable by the general public is too meager. The Committee feels that ~~such~~ a revision where under a student become obliged to pay 25% of the respective rates may not have a serious impact on an individual as such, but will go a long way in redressing the grievance of the bus operators. When transportation cost <sup>levied</sup> by private vehicles employed by private Institutions require an expenditure of Rs.15/- per day on an average, the impact of our recommendation will only be minimal, especially in the light of eroded value of rupee.

Committee do not think that there is justification in segregating students, as between those who attend public Institution and private Institution. Especially the G.O.(P) 8/2011 dated 11-



02-2011 whereby the concession is extended to students who have registered their names in any of the Universities in India, makes the mindset of the Government explicit. But, we strongly feel that a restriction in the age of the beneficiary is indeed a factor to be taken note of. A person in any case is deemed to complete his formal education by the time he is 25. By giving a margin, the upper age limit for enjoying bus fare concession should be fixed as 27. The rest of his education, for him is hobby. An applicant seeking for concession in bus fare, after the first degree level, mandatorily should be expected to declare that he earns nothing by himself, and is out and out dependant for his livelihood on others.

The minimum fare to be paid could be fixed as Re.1/- for a single journey, entitling a student to travel a distance <sup>of 5 km</sup> equal to that of a citizen is entitled to travel by paying Rs.4/-. The increase in fare fare,





therefore are not to be disturbed, as the matter requires further detailed deliberations.



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