

## Fare Revision Committee

### Present:

1. Justice M.Ramachandran - Chairman
2. T.Elangovan - Member
3. N.Niyathy - Member 9847540329
4. Transport Commissioner - Member Secretary

### Report No.29 dated 18-11-2019

(Impact of changes in the nature of Motor Transport Industry)

Sub: Representation of Nationalist Kissan Sabha-reg.

1. Government of Kerala, by letter No.B1-209-2018-Trans. dated 18.11.2018, addressed the Transport Commissioner, Kerala requiring that attention of Justice Ramachandran Committee may be invited to a subject, which had been brought to the attention of the Government by the Nationalist Kissan Sabha, by their letter dated 25-05-2018, and a report from the Committee about the subject may be submitted to the Government.
2. By letter dated 29.04.2019, the Transport Commissioner had brought to the attention of this Committee the above request of the Government and also had forwarded a copy of the representation referred to in the letter, which stands submitted to the Government on 25-05-2018. The subject of the representation was about the withdrawal of buses from operating routes, the reason for this alarming conduct, for ensuring facilities and about the reasonableness of the request and grievances of the bus operators and connected issues. The main grievance highlighted in the

representation was that because of the withdrawal of bus services, thousands of employment opportunities had been lost in the State and there were difficulties faced by the general public and travelling community because of non-availability of such services, which were existing for decades.

3. This Committee had occasion to consider the above matters inter-alia, while considering several other aspects and had collected materials and were in possession of statistical details. It had been decided that the matter did not require a public hearing. It had been decided that the opinion of the Committee in the form of a report could be submitted to the Government for appropriate consideration, as it was a matter of importance.

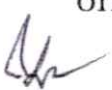
4. The issues highlighted in the representation cover several aspects, namely (a) the withdrawal of services by the bus operators and the reason leading them to such drastic action; (b) simultaneously examining the reasons for such conduct and (c) for redressing the grievances of the bus operators and thereby restoring adequate travel facilities, which have been reduced. The Committee considered the matters and were of the opinion that several aspects had to be gone into, and the Government was required to pay attention to a number of matters, which were within their purview or which they could have taken notice of, for the health of the industry and in public interest.

5. The bus transport sector in the state has a fleet strength of a little over 17000 buses, of which 11200 are in the hands of



private sector and the remaining 6000 buses are under the control of KSRTC. More than one lakh workers are engaged as direct employment and another two lakh persons are involved in indirect employment. The transport bus sector contributes to nearly Rs. 1000 crore a year by way of fuel tax, surcharges, route permit fee, road tax etc to the exchequer. With declining trend of passenger patronage and increase of private vehicles, the bus industry has become less attractive for new operators to step into the field.

6. It is a fact that business of stage carriage services in the State is no longer, lucrative and withdrawal of a large number of stage carriage operators, prima facie, indicate that something drastic needs to be done. Stage carriage services are progressively being withdrawn both in the private sector and in the public sector. More than 1200 bus route permits are withdrawn since 2015. Public transport system is essential and it is being catered to by various players. The quality of public transport system in Kerala needs qualitative improvement. Although the Road Transport dominates the transport scenario in the state, public still largely depend on railways for long distance travel needs. There are about 1.25 crore Motor Vehicles registered in the state, of which, nearly 17,100 are stage carriage buses. The state owned KSTRC has a fleet strength of six thousand buses and the remaining are with the private bus operators. Most of the bus operators are single bus operators. A small percentage of bus operators own more than one bus.



7. Presently the public transport modes carry 35 to 40 percentage of daily passengers and the remaining is catered to by private vehicles like two-wheelers, cars, commercial vehicles like auto, taxi, vans mini buses-etc. The share of public transport system needs to be increased to at least 65 percentage of passenger demand to sustain the mobility needs of the people as well as the bus industry. In order to promote public transport, government needs to offer certain tax concessions and subsidies to the bus operators in the state.

8. The representation pinpoints to reduction in stage carriages alone and especially that is being conducted by the private operators. It can be taken judicial notice that about two decades back, large fleet operators of stage carriages were ruling the field, but during the last decade, fleet operators have vanished from the scene and most of the private operation is monopolised by single or two bus operators. Therefore, the recommendation of this Committee can deal with only certain segments, but the fact remains that the problem is deep rooted. As far as the complainant is concerned, what is highlighted is the reduction in the travel facilities, which is only one part of the problem. Loss of job opportunities is adverted to, which might be practically true. Of course, there is reference to the government's role to adequately safeguard the interest of the operators, but that again is only one side of the issue. It is well recognised that the largest operators in this State and other States in India is the stage carriage undertakings owned by the Government. But all of them have become sick and in certain cases beyond redemption. Therefore,



the Committee is attempting to pinpoint some aspects and presenting the scenario for facilitating the Government to take up the matter as a policy rather than prescribing medicine for the ailments that have been attempted to be highlighted. The ailment complained of is not at all a localized issue.

9. It is evident from the record that large number of private operators are surrendering back the route permit to Regional Transport Office due to non viability of operations in those routes. The reason being increase of Road tax from 1.2 lakh to 1.4 lakh per year per bus and the declining ridership in buses, unprecedented growth of two wheelers and offer of student's concession lead to this state of affairs. If we take stage carriage services alone for consideration, remedial measures require that high operating cost is brought down. The cost of fuel is not steady and the spare parts become dearer as days pass by. Levies, such as tax, insurance and wages, which are major inputs for assessing the cost structure, are going up as day passes. The situation is that the future is unpredictable and one is not sure of the field he walks. The only method for stage carriage operators for sustaining themselves is by ensuring that adequate returns are ensured. Hike in bus charges, which is almost always objected to. In our earlier reports, we had referred to a situation where free travel in transport services in private and public sector were being insisted by the Government. **Persons with disabilities were obliged to be extended with free travel, there was no corresponding support coming from the State to compensate the loss.** It was on the plea that it is the social responsibility of an individual and at least

in certain cases operators have duty for serving the society. We had pointed out that charity at another's expense is not commendable.

10. Another sector, which was supplying difficulties to the stage carriage operators, is the concession fare offered to students. The fare of students remain static for more than a decade. Although marginal increases in bus fare being given in the general fares, the Government was always ensuring that the increased fares did not affect the student community. **The recommendations for proportionately increasing the fares of student community are resting even now with the Government** and a decision on the subject has not come as apparently the Government apprehends that there might be resistance from the student community, although we feel that there is no justification for such a fear. It is always possible to convince the students community about the necessity for adequate payment for services rendered, principally for survival of the industry and in larger public interest.

11. In the matter of taxes, fees and insurance, it may be possible for the **Government to extend the benefit to support the sick industry, but this again is a matter of policy**. It is one thing to say that travel facilities have reduced, but the submission as such may not be fully justified. The explosion of motor vehicles during the past 2 to 3 decades was unprecedented not only in the State of Kerala but everywhere else, and the actual situation appears to be that there is no adequate capacity for the existing roads to handle the vehicles, which are getting newly registered every day and



which are already there and are destined to remain in the scene for a minimum of 15 years once they are registered. That is why, the Committee is of opinion that a transport policy, presided over by the State, on an all India basis is called for, for suggesting remedial measures since otherwise, several segments might be overlooked.

**12.** New vehicles are not being introduced by the stage carriage operators for a variety of reasons. Number of chassis sold by the manufacturers every year is an index to show how many vehicles are introduced in the sector of stage carriages. The statistics indicate that during the last two years only 2 to 3 per cent of the vehicles, which were sold in Kerala than in the last decades have come up additionally. The high cost of putting a stage carriage vehicle on road is a deterrent factor and individuals or State Transport Undertakings may not be able to afford or capable to introduce new vehicles by investing huge amount when there is no guarantee for adequate returns. This is an industry where high capital is required, but after depreciation, the capital invested practically is eroded and for replacement, fresh capital may be necessary. That the road transport industry is not remunerative is also clear from the circumstance that even in the number of parcel lorry services as also contract carriages, there is drastic reduction in numbers. Therefore, the industry is obviously going sick unless there is a supportive measure that is coming from the governmental authorities in a large way.

13. One other issue that has been highlighted in the representation is the fear that employment opportunities had been lost because of the withdrawal of stage carriage services. But, we have not received full statistics, but it could be generally stated that because of the change in times there is necessity for rewriting equations. Apart from the operating staff, the industry was providing work to the general public in the nature of workshop facilities and spareparts business, but these have automatically slowed down because of the new models of vehicles and the requirement for expertise in the matter of operations and repairs of vehicles, which are now in use. Almost all heavy vehicles are well equipped and trained persons are required to man them. Modern vehicles are mostly computerised. Those who are skilled, readily get employment, and on good remuneration. It is therefore idle to contend that the system of self employment, by establishing workshops and small scale units should continue to be there in the job will be an unworkable proposition. We refer to these matters to highlight the situation, which have to be confronted. Technological advances and automation, although might increase efficiency, unforeseen byproducts, which are less palatable also might result.

14. Therefore, we crystallize our suggestions that a wholesale revamping of bus transport industry cannot be an isolated exercise and it is a hard reality. As at present, the Government is doing its best by ensuring that periodic revision in bus fares are brought about in the public transport sector by studying the actual scenario and situation available. It is the decision of individuals



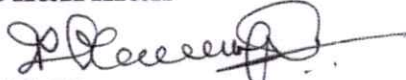
concerned whether to continue in the business or to discontinue. But the Government has to bear in mind that a supporting hand is always available. In the matter of stage carriages, public sector enterprises, such as KSRTC as also private sector operators have to remain in the scene as they cater to the needs of majority of persons, and especially the older generation, who may not be expected to travel by two wheelers or private cars.

15. We hope the representation under consideration and our views might alert the attention of the Government to some of the problems that are there in the horizon, and early steps for reviving this industry could be thought of.



**(Justice M. Ramachandran)**

**Chairman**



**(T. Elangovan)**

**Member**



**(N. Niyathy)**

**Member**



**(Transport Commissioner)**

**Member Secretary**