

CHAPTER - VII

CONCLUSIONS AND SUGGESTIONS

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One of the important objective of the present study was to evaluate overall performance and make necessary suggestions for the corporation. The present chapter includes conclusions and suggestions of the present study. These conclusions are drawn from the study of organisation structure, growth & development, physical & financial performance and objective evaluation of M. S.R.T.C. over the decade. The chapter also throws light on the current issue of privatisation of M.S.R.T.C. . This chapter is divided into following parts.

1. Conclusions .
2. Suggestions .
3. Public Opinion regarding MSRTC.
4. Will privatisation of MSRTC be fruitful & useful .

7.1) CONCLUSIONS

1. Informal Withdrawal of Authority.

The Regional manager rank wise is junior to Deputy General Managers at the central office. And hence organisation structure provides a room for Deputy G.M. to interfere the work of Regional Manager. There have been instances of Deputy G.M.'s calling for meetings of their functional sub-ordinates from the Regions without knowing Regional Managers. This should not happen. Thus being slightly lower in rank, the Regional managers cannot influence central office Deputies. There is lack of proper delegation of authority for the Regional Managers.

2. Regional level works merely as an additional supervisory level.

Initially the corporation had simple organisation structure consisting of three tiers. i.e. Central office, Divisional office and Depots. The Govt. added Regional office, next to Central office and converted it into four tier organisation system. But in spite of proper delegation of authority and responsibility, proper control over central and regional workshops, it is working only as an additional supervisory level. Introduction of Regional set up has not produced better results for the corporation. On the other hand APSRTC & GSRTC. have shown better performance without having such an additional managerial level.

3. Greater Span of Control for G.M.

The organisation structure indicates greater span of work for the General Manager. The Reorganisation made in 1978 created Regional set up and lessened span of work for G.M. but formally and not practically. In spite of proper delegation of authority to Regional managers the process of decentralisation is not succeeded. The G.M. is still supreme power of control for the whole organisation. He is required to look after all the major and minor activities at the Central office. Hence the span of work is burden some for him.

4. Limited Scope for Depots.

It is observed that corporation considered Divisions as an accounting units and Depots as an operating units. Depots has no operational and financial freedom. Depot managers have limited authority. They cannot fix schedules for the buses as well as they cannot operate accounts at Depot level. This is why the marketing ability of the corporation is poor as compared to other Road Transport Corporations.

5. Slow and Steady development.

It is clear that the corporation has made all round development during the period of decade. It has registered considerable growth in terms of no. of Depots, tyre

Retreading plants and daily vehicle utilisation. While it has registered a steady and gradual development in terms of no. of buses, no. of employees, Annual Effective kms and total Revenue during the decade. Thus corporation is right on its task of expanding its business and providing more and more transport facilities to the public.

6. Unbalanced development.

But it is observed that the corporation has failed to make well balanced developments of its business. The Region Bombay is most powerful region contributing 35% transport business out of total business of the corporation. On the other hand Region Aurangabad is the weaker region considering its 17% contribution in the total transport business of the corporation.

7. Region Bombay shows Higher Growth & Development.

Regionwise analysis of growth and development of transport business indicates that Region Bombay is the most powerful Region showing higher rate of growth and development. It contributes nearly 35% of the total transport business of the corporation. And hence it has better prospects in the future. Region Pune is also showing good rate of growth & development (27% contribution). On the other hand Region Aurangabad is the most weaker region showing lower rate

of growth & development. Region Nagpur is also poor in this case. These regions contribute 17% and 20% of the total business respectively.

8. Kolhapur & Sindhudurga Divisions shows better Performance.

Divisionwise analysis of growth and development indicates that Kolhapur and Sindhudurga Division are showing better performance in terms of No. of buses per 10 thousand sq. kms. and no. of buses per 1 lakh population respectively. On the other hand Bhandara & Chandrapur Divisions are the most weaker divisions of the corporation.

9. Improper Road Conditions.

Near about 54 to 55% of the total routes operated by the corporation are rough. This affects adversely on the quality of the service provided by corporation. Further these conditions have not changed during the decade.

10. Expansion of direct S.T. Services.

The corporation is providing its direct services for more than 60% of the total villages in the State. Further number of villages not getting direct services is decreasing rapidly. In the same way it has covered near about 80% of total population under its direct services. Thus corporation is trying to cover more and more area & population under its direct services.

11. Percentage of Dead kms. is negligible.

It is observed that the percentage of Dead Kilometres to effective kms is only 1.33 which is negligible still it is increasing day by day. Hence the corporation should try to operate more and more kilometres and lessen the dead kilometres.

12. Quick & Comfortable Services.

The corporation is providing more and more long distance services, Night Services, Luxury & semi-luxury Services and inter state transport services. This facilities passengers in saving their time as well as getting comfortable services.

13. Fleet Performance is not Satisfactory.

The fleet performance of the corporation is improving steadily during the decade. It has registered 87.22% average fleet utilisation during the period of 10 years. But still it has not been able to make fuller use of its vehicles. Investments in unused vehicles create unnecessary burden on the corporation.

14. Excellent Mechanical Engg. Performance.

Mechanical Engineering Performance of the corporation is very good. It has improved speed, capacity, security

and utilisation of vehicles over the period of decade. As the performance is improving day by day it is clear that corporation has better prospects in this field.

15. Region Pune shows better Physical Performance.

Regionwise physical performance indicates that Region Pune is in a commanding position. It is far better than all other regions. On the other hand Region Aurangabad & Nagpur has shown poor performance in this field.

16. Poor cost performance.

The cost performance of the corporation shows poor conditions over the decade. The costs are constantly going up due to the inflationary atmosphere in the country. The total cost per km. is increased by 89.78% during the period of decade.

17. Partial success in cost control.

It is observed that to a some extent the corporation has been succeeded in the matter of cost control. Especially it has controlled cost per km on fuel & cost per km. on stores. On the other hand it has failed to control cost per km. on personnel.

18. Slow but steady improvement in Revenue performance.

The Revenue and financial performance of the corporation is the standing proof of the timely fare increases by the state Govt. Earnings per passenger, E.P. Vehicle and E.P. km. are rising day by day. The corporation has shown steady improvements in the Revenue & financial performance. Especially the E. P. km have increased by 80.20% over the decade.

19. High mounting losses over the decade.

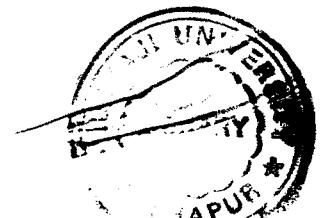
The corporation has registered a continuous loss over the decade except the year 1987-88. It is because the rate of increase in cost per km is higher than rate of increase in Earnings per km. The corporation has not been able to generate profit from its business.

20. Weakened financial position.

It is observed that financial position of the corporation is very weak over the decade. There is lack of solvency and shortage of working capital in the business. The corporation has followed improper investment policy.

21. Region Bombay shows good financial performance.

Regionwise analysis of financial performance indicates



that Region Bombay is comparatively better than other regions. Region Aurangabad is very poor in this field.

22. Provision of various facilities for the Public.

The corporation is providing more and more facilities to the public which includes provision of bus stations, pick up sheds, Refreshment rooms, Book stalls, Coldrinks, Parcel offices etc. No. of these facilities is increasing day by day. As these facilities are quality indicators of the service it is true that corporation is trying to improve quality of the transport service.

23. S.T. Services at concessional Rates.

The corporation is providing transport services at concessional rates for special category people which includes students, T.B. Cancer & Leprosy patients, Govt. journalists, freedom fighters etc. The amount of such concessions is highly mounting day by day. The amount of such concessions during the year 1989-90 was Rs. 23.98 crores which was 37.00% of the Net loss in the respective year. This is one of the important reason why corporation is suffering heavy losses during the period of decade.

24) Improving Quality of Services.

It is observed that corporation is trying to provide good quality service to the public. It is trying to provide safe regular and reliable services to the public. The rate of accidents per 10 lakh kms, rate of break downs per 1 lakh kms is negligible and decreasing day by day. Average % of punctuality is 94.05% & 94.99% in respect of Departure & arrival of buses respectively. Further corporation has adopted Safety measures against the accidents, it has offered medical help & compensation scheme for the accident victims on the humanitarian ground.

25) Decreasing no. of public complaints.

Passenger satisfaction is the main objective of the corporation. Analysis of public complaints indicates that corporation is trying to provide good quality service and thereby satisfy its passengers. The no. of public complaints as well as rate of public complaints per 10 lakh passengers is decreasing rapidly.

26) Frequent increases in fares

Analysis of schedule of transport fares indicates that corporation has revised its fares frequently over the decade. The S.T. fares are increased by 60%, 86%, 40%, 50% & 66% respectively for the Mofossil Services, luxury services, semiluxury services. Night services and city services over the period of 10 years. These charges are

burden some for the common man.

27) Region Pune provide better quality service.

Regionwise analysis of quality of service indicates that region Pune is in a commanding position in this field. Region Bombay is very poor in this case.

7.2) SUGGESTIONS

1. Regional Managers post should be raised higher.

As there is lack of proper delegation of authority to Regional Manager, it is suggested that the posts of Regional Managers should be raised to the rank of higher than the present Dpt. G.M.'s at Central Office. The V.C. & G.M. should delegate proper authority & responsibility to the Regional Manager. The Regional Manager will work as line supervisor next to Additional General Managers but rankwise above Dpt. G.M.'s at the Central Office. This will help to remove informal withdrawal of authority.

2. Ideal organisation structure should be followed.

Hence it is suggested that Regional managers should be strengthened by raising their post higher in the rank and by delegating sufficient authority to them. All production units and operating units within region should be under his direct control & supervision. This will help him to work efficiently. If this is not possible then

corporation is suggested to adopt ideal organisation structure as it is shown in chapter no.1 of the present study. (Refer figure 1.3). This ideal structure provides no. place for Regional set up. The Regional managers post is raised higher than that of Dpt. G.M.'s of central office and he will work as line supervisor next to additional G.M.'s at Central office. This organisation structure will be more suitable and will give better results for the corporation.

3. Two additional post of G.M. should be created.

It is suggested that corporation should follow ideal organisation structure as indicated in the first chapter of this study (Refer figure 1.3). The model organisation structure provides for creation of two additional G.M. posts (Non Technical & Technical) to assist G.M. in his work. The chief personnel officer, chief statistician, chief Accounts officer, Dep. G.M. for Traffic & Chief security officer should work under Additional G.M. (Non Technical) and Dep. G.M. for inspection, Dep.G.M. for stores & purchase, Dpt. G.M. for Mechanical & Dpt. G.M. for civil should work under Additional G.M.(Technical). The G.M. will delegate some of his powers duties to these Additional G.M. This will reduces span of control for G.M. He may concentrate on policy making, high level decision making and overall efficiency of the business.

4. Depots should be strengthened.

As Depot is an operating unit which is directly engaged with market conditions it would better for the corporation to strengthen Depots by giving freedom in operational decision making. Further it should be treated as accounting unit by delegating financial authorities from Divisional level to Depots level. This will help to improve marketing ability of the corporation. This will further help to remove public grievances at operational level and delay in decision making.

5. Weakened Sections should be developed.

It is suggested that corporation should strengthen weakened regions like Augangabad & Nagpur. It should also concentrate its efforts on weaker divisions like Bhandara, Chandrapur etc. It should establish more transport facilities in these sections for their upliftment. This will help to make development of the concerned area. In the same way it will be beneficial for the corporation to bring out well balanced development of transport business.

6. Direct services should be expanded.

Percentage of villages not getting direct services is near about 40 as well as percentage of population not getting direct services is also near about 20. Since there

is great scope for the expansion of direct services in the future. The corporation should provide more transport facilities and bring more and more area and population under its operations.

7. Costs should be controlled properly.

The only way to neutralise increasing costs at least to some extent is to eliminate wastages and to make the most efficient use of the materials purchased. The corporation should pay more attention to this point as cost control is the core of the financial aspects of the business.

8. Proper Recruitment policy should be adopted.

It is suggested for the corporation to adopt correct recruitment procedure and thus make fuller utilisation of its manpower. The corporation should appoint qualified persons as well as it should not go in for unnecessary recruitments. This will help to make fuller utilisation of manpower. It will help to control cost on personnel.

9. Atleast nominal profits should be generated.

Even if it is not necessary for the corporation to generate profits from its business as it is public sector enterprise, earning sufficient profit is must for its survival. Hence it is advisable for the corporation to control its costs and generate atleast nominal profit for its survival. The corporation should atleast try to

operate its business on no profit no loss. These high mounting losses seems to be dangerous in the future.

10. Proper financial policy should be followed.

It is suggested for the corporation to follow proper Assets managements policy. It should maintain proper balance between current assets and current liabilities. This will help to remove lack of short term solvency as well as lack of working capital in the business.

11. Greater help for social cultural & educational development.

The corporation is providing casual contract services on different occasions such as marriages, educational trips etc. It also makes special arrangement of transport service for fairs and festivals. Further these services are provided at a concessional rate. This corporation is assisting cultural, social and educational development of the country.

12. Quality of service should be improved.

Although the quality of transport service is improving day by day still the number of S.T. accidents and break downs is large one. There is considerable scope for reducing the no. of accidents & breakdowns. Hence it is

advisable for the corporation to concentrate its mind to this matter. Such reduction will increase the productivity of the vehicle as well as it will avoid inconvenience to the passengers.

13. Unrecorded Complaints should be considered.

Although the number & rate of public complaints is decreasing day by day still it is large in number. Further the statistics given about public complaints may not be cent percent correct as majority people do not go in for complaints. Some people think that corporation even do not consider their complaints. Hence the corporation should not consider only recorded public complaints but also other unrecorded complaints too. It should improve its services in such a way that would create no criticism from the public.

14. Corporation & State Govt. should co-operate for reducing losses.

In fact the timely fare increased have safeguarded corporation from severe conditions of heavy losses. Inflationary conditions in the country and increased tax burden force corporation and Govt. to revise its fares accordingly. Here it is advisable for the corporation to control the wastage of materials and thus reduce the total cost which will save itself from heavy losses. Again it is

advisable for the Govt. to abolish various taxes imposed on the corporation which will not only cover the losses but also turn losses into profits. There will be no need to revise S. T. faces frequently.

Summing up.

Business performance and ultimate success depends mostly upon the organisation structure and manpower of the business. Hence the changes made in the organisation structure and its effects on performance of the corporation needs comments which forms last but an important part of the present study.

The regional set up introduced in the year 1976 has not created favourable results for the corporation. Although it has reduced span of control of the central office but it has failed to strengthen the depot which is main operating unit. This is why the marketing ability of the corporation is not good as it is very good in case of A.P.S.R.T. corporation. The hopes of 1976 reorganisation that central office would remain a policy making body have not been realised. The Central office is still the main executive unit with powerful departments controlling vital supplies of workshop and stores material. The Regional authority has remained only an extra administrative machinery. The organisation structure of the

corporation needs improvement both at higher as well as lower level. There is lack of proper leadership, direction and initiative in the organisation. This is why the financial performance is not good as it is very good in case of G.S.R.T.C. The overall performance of the corporation is steady but slow as compared to A.P.S.R.T.C. & G.S.R.T.C. These corporations have registered better performance with the help of good organisation system and proper leadership. Here it is advisable for the corporation to adopt that ideal organisation structure already suggested in the first chapter of this study. And with the help of proper leadership and initiative among the employees, corporation will definitely improve its performance in the future.

7.3) Public Opinion Regarding MSRTC.

With a view to find out public opinion regarding MSRTC. corporation the researcher organised interviews with public. The summary of these interviews is given below.

Answering the question about usefulness of S.T. services all people agreed that S.T. services are very useful for them. They can do their work, they can attend the meetings or even they can plan their work due to proper & reliable

S.T. services. S.T. Services are essential for common man as he cannot afford to go for private transporters. They further added that S.T. services help social, cultural & educational development of the country. In the absence of these services this life will be static one especially for the common man.

Many people argued that MSRTC is not working well. High mounting losses is the result of poor working. The MSRTC Corporation has not shown better performance like other Govt. owned and controlled corporations i.e. L.I.C., G.I.C. etc. This is nothing but wastage of public property. Some of them also suggested that it should be handed over to certain industrialists who are ready to take over this business. They promise to give better results under their ownership & control.

As the people were asked about quality of S.T. service, many people complained against the corporation. These complaints were mainly regarding S.T. accidents, breakdowns, misbehaviour of S.T. staff, etc. They complained that vehicles are not good, there is lack of proper seats in the buses, conductors and even controllers do not give proper guidance to the passengers. Conductors do not give change back to passengers but they took each and every paisa

from public. Some of them also agreed that public is also equally responsible for such instances with staff members. But after all public is public. S.T. staff should not forget that they are responsible persons working on behalf of corporation.

As the people were asked whether they had complained against corporation, most of them denied. They argued that complaints are not considered properly. If considered, actions are not taken or delayed which discourages people to go in for complaints. While illiterate people told that they cannot complain because they do not know, the procedure for it. They do not believe in such activities. They are not interested in such activities.

Answering the question about present S.T. fares all the people complained against the corporation. The corporation is making frequent changes in S.T. fares. The common man cannot pay these charges. Some people suggested that corporation should charge minimum fare by considering the poor conditions of the people.

When asked about the privatisation of MSRT Corporation most of them suggested that it will not improve the

conditions. On the other hand it will create problems of private monopoly, etc. Lastly they suggested that elimination of above queries will bring out better results in future. There is no need of privatisation.

7.4) Will Privatisation of MSRTC be fruitful and useful ?

Now a days the Govt. has accepted liberal economic policy which is favourable for the private sector. Today there are hot discussions amongst the people about the utility of this corporation which is a burning issue. People criticise and suggest privatisation of M.S.R.T. Corporation. It is because of lack of knowledge about the performance of the corporation and the conditions within the country. So the question arises will privatisation of M.S.R.T. Corporation be fruitful ? The answer to this question will simply be no. The present study concludes this on the following grounds.

1. The critics give more stress on heavy losses of M.S.R.T. corporation. In fact corporation is unable to pass on even the true cost of operation to the passengers under the protected fares. Increase in fares is less as compared to increase in cost of operations. And hence many transport executives argue that losses in the corporation are artificial. They arise out of Govt's desire to protect the passengers from inflationary conditions.

2. Again critics criticise that M.S.R.T. Corporation is not working on profitable lines. Here it is important to note that earning profit is not the objective of corporation. The corporation works in the public interest. And hence profitability can't be the parameter for the evaluation of corporation. It cannot be compared with the private enterprises on the false grounds of profitability.

3. Again it will be interesting specially for critics to see why the corporation is incurring heavy losses. It is because of several social costs incurred by the corporation as compared to private enterprises. These costs includes cost of over staffing, higher wages, provision of more amenities for the public, inflationary conditions in the country, increased tax liability, etc. Removal of these social costs will definitely convert losses into profits for the corporation.

In case it is privatised, private transporters will not bear these social costs. On the other hand they will cover it wholly from public.

4. Frequently increasing fares is another important issue against the M.S.R.T.C. In fact timely increased

fares have safeguarded corporation to a some extent. Yet these protected fares have not fully covered cost of operations of the corporation. Increase in fares is less as compared to increase in cost of operation. Hence it is better to refer the noted British economist, Lady Hicks observed : 'A more sensible policy would be to sanction the imposition of higher fares, making sure that they are collected even if this is not in the best traditions of theoretical welfare economics; it may indeed promote welfare in the long run"¹.

5. Sometimes people argue that quality of transport service provided by the corporation is not good, It is not cent percent true. The statistics ~~also~~ shows that quality of service is improving slowly but steadily. Although there are certain queries in the working of corporation arising due to certain internal and external factors, the corporation is trying to overcome atleast internal factors. Further the public is equally responsible to keep the quality of transport facilities live which is not seen in the country. And hence with the intension of public service and good piece of co-operation from the public the corporation will definately improve its quality of service in the near future.

1. U.K. Hicks, The Large City : A World problem, Mcmillan, London, 1975, P-215.

In case if it is privatised, private transporters working under the incentive of private gain will not give much attention to this point. They will neglect quality of service.

6. One of the main objective behind setting up public sector Road Transport Corporation in India was to unify the transport industry which was under the private ownership, to eliminate unnecessary competition and establish co-ordination among them. The nationalisation plan has done this task very well.

In case if the m.M.S.R.T.C. is privatised this will be harmful. It will again repeat the history which in turn will be harmful, both for transport industry as well as for the whole society. Privatisation of such an important industry is useful in rich and capitalistic countries, not in country like India.

7. Another important objective behind the formation of Road Transport Corporation like M.S.R.T.C. was the developmental priorities of post independence India. Govt. nationalised transport industry to bring out their efforts in the national interest for the allround development of the country. All the public Transport corporations including

M.S.R.T.C. doing very good job in the social, cultural, educational, commercial and economic development of the nation. And hence it would better to allow them to work in the national interest.

In case if the corporation is privatised, it will be harmful to the national development policy. Private transporters will neglect national interest and work for their own interest.

Thus final conclusion of the present study comes that privatisation of M.S.R.T. corporation will not be fruitful in the public interests. The M.S.R.T. Corporation has achieved majority of its objectives but it has failed to make well balanced development.

: REFERENCE :

1. U.K.Hicks : The Large City : A World problem,
Mcmillan, London, 1955. P-215.