

C H A P T E R - 4

FINANCIAL ANALYSIS OF KOLHAPUR MUNICIPAL TRANSPORT

- 4.1 Financial Viability.
- 4.2 Financial Position of the K.M.T.
- 4.3 Income Composition of the K.M.T.
- 4.4 Borrowing of the K.M.T.
- 4.5 Expenditure Composition of the K.M.T.
- 4.6 Profit and Loss of K.M.T.
- 4.7 Factors Responsible for the increase in
Expenditure.
- 4.8 Measures taken to Improve the Operational
Efficiency by K.M.T.

C H A P T E R - 4FINANCIAL ANALYSIS OF KOLHAPUR MUNICIPAL TRANSPORT

=====

4.1 FINANCIAL VIABILITY

In India, in almost all cities, 'Transport Undertakings' are suffering from the financial viability. The operation of city transport services is characterised by the certain peculiar features. They are -

A) Peak-hour traffic and unidirectional travel pattern.

In most of urban centres, heavy peak traffic is concentrated in the morning and evening hours with slack traffic with rest of the day. During the slack period and the quantum of variation in traffic demand between peak-hours and slack hours ultimately affects economics of operation. For requirement of vehicle and crew depends of the factors.

B) Reduction in the vehicles speeds and frequent

stoppages are due to acute traffic congestion. This affects the operational economy, because of increased fuel consumption and faster wear and tear of tyres and auto components etc. It has been assessed that increase in the average speed of best by one kilometres per hour would result in a saving of 150 buses.

C) Requirement of heavy duty buses i.e. double deckers and tailers requiring higher investment and increased operating cost.

With the help of the following table no. 4.1, we can see the financial result of MSRTC from 1980-82 to 1984-85. As mentioned in table no. 4.1, that MSRTC has fleet strength about 12,000 buses. It render transport services in the state as well as it has also been operating city services in thirty urban centres.

The table no. 4.2 brings out the following aspect.

The share of city services in the total cost of operation is significantly more than the total revenue realised.

The contribution of city services to the total revenues of the organisation as a percentage has remained stable while the contribution to the total cost has shown upward trend.

There has been a progressive increase in the Kms. of scheduled operation in city services during the year 1981-82 to 1984-85. But in the same period, the contribution of MSRTC's city services to its total loss has increase by leaps and bounds.

TABLE NO. 4.1

**FINANCIAL RESULTS OF MSRTC'S CITY OPERATION VIS A VIS ITS TOTAL OVERALL
FINANCIAL RESULT**

YEAR	Schedule kms. in city	(Rs. in lakhs)					
		Revenue		Cost		Loss	
		City	Total	City	Total	City (3 - 5)	Total (4 - 6)
1	2	3	4	5	6	7	8
1981-82	366.96	1118.14	28813.87 (3.9%)	1710.01	32002.20 (5.3%)	- 591.87	- 3388.10 (18.6%)
1982-83	396.27	1337.93	33235.38 (4.0%)	2069.82	34148.44 (6.1%)	- 731.91	- 909.65 (80.44%)
1983-84	428.26	1445.34	36384.15 (4.0%)	2355.43	37003.81 (6.4%)	- 910.09	- 619.66 (146.70%)
1984-85	461.50	1560.97	40244.61 (3.9%)	2659.38	40690.02 (6.5%)	- 1098.47	- 364.61 (301.60%)

NOTE : Figures in the brackets indicate the proportion pertaining to city services.

SOURCE: CLRT Report 1986, Pune.

Thus the operation of the city services has been crippling the financial viability of the undertaking. This situation, viewed in the light of the statutory obligation cast upon it to "as on business principles" (RTCs Act, Sec. 22) perhaps underlies the luckwarm (Neither cold nor warm) attitude of MSRTC towards city bus services. City transport operation is viewed as a social burden thrust upon it due to the inability or reluctance of local civic bodies to undertake it.

"Scarce capital, higher cost, operational delinquency and tolerable waiting time for the passengers, all this sets in vicious cycle. Losses in city operation discourages improvements of services leading to decline in quality of services and hence further losses".¹ In the bargain, quality of urban mobility suffers thereby the basic objectives of urban transport system viz. to provide economic mobility to the urban poor in the interest of the social and economic development and to minimise the use of personalised and intermediate transports.

City transport system all over the world has known to be producing losses. In the Indian context, the only exception is perhaps that of Bombay Electric and Transport Wing. It has been estimated that in year 1985-86, Electric

supply Wing of (BEST) gained a profit of Rs. 2,105/- lakhs while the transport wing incurred a loss of Rs. 2,039/- lakhs, resulting in over all surplus Rs. 66 lakhs.

A city transport system is in loss. There are the three options. They are -

- (A) Raising the fare levels,
- (B) Curtailing unremunerative operations,
- (C) Securing subsidies.

As regards raising of fares levels in urban transport in order to match the revenue to the cost of operation, there are two currents of thoughts. Raising fares in urban base there arguments on consideration of equity. India lives in village and it is unfair to force agricultural and isolated rural passengers to pay for the commutation of the city dweller. The other view point seeks to justify the cross - subsidisation of the city commuters by the rural passengers in large undertaking like MSRTC, APSRTC, KSRTC etc. This argument is based on urban transport is essential for economic, social development. Even differential pricing aimed at discouraging peak hour rush is not countenanced "Higher public transport charges at peak hours are often advocated as a method of curbing travel at peak hours when the cost are highest The major effect of the raising prices will there be simply

to force the poorest passengers to walk." ² In this context, the experience in U.K. is interesting. In 1970 in U.K. Greater London Council affected a significant increase in fares. Fares were again raised. In 1983 judicial decision compelled them to reduce the fares. ³

The compulsion to keep the urban transport fares low, either on social grounds or discourage the use of personalised transport. Low fare policy exist in many other countries U.S.A., U.S.S.R., Japan etc. In India too socio-political considerations, state governments are trying to keep low fares. Any way there appears no prospects in the near future of compensatory fares coming to rescue of losing city transport system.

The other opinion of curtailing the unremunerative services runs counter to the very philosophy behind the creation of State Transport Undertaking. Further the maintenance of adequate public transport services in cities as - to minimise the total travel time is considered to be of great economic importance. "According to the standards and rules for construction in U.S.S.R. The total time spent on travelling from home to work must not exceed 40 minutes for 80 per cent to 90 per cent of passengers in largest and very large cities and 30 minutes in other cities". ⁴

The last opinion is to subsidise to transport organisations are disfavoured by some on the ground of heavy cost to public exchange and also on ground that they have an adverse effect on efficiency in the organisation. The basic idea behind subsidise is to help to maintain and improve the quality of urban mobility. In the absence of subsidies as discussed, it would be difficult to improve the city transport". It is in wider context of operating efficiency rather than of financial difficulties that subsidisation of public transport deserves primarily to be considered." ⁵

Local transport organisation in many Western countries like UK, USA receive revenue support and capital grants. In UK, the financial support is awarded by government depending on Governments Public expenditure guidelines, budget provision and the government desirability. Hence, there is strong case for subsidisation of urban transport in India, but the standard should be laid for judging the efficiency and quality services provided by urban transport organisations. Analysis of financial performance should be done in the light social cost incurred.

4.2 FINANCIAL POSITION OF K.M.T.

Sound financial position will lead further development in quality and quantity of the municipal transport in urban

area. Financial position indicate the both side of undertaking firstly it shows the income side and secondly it shows the expenditure side. Here one by one we are analysing the income as well as expenditure pattern of Kolhapur Municipal Transport.

ITEMS IN SOURCES OF INCOME

Like many other Municipal Transport K.M.T. derives, it's income source from the following item -

1. Income from the tickets sales proceeds.
2. Income from the sale of students concessional passes.
3. Income from the buses hired on contractual basis.
4. Income from advertisement on buses, stands and sheds.
5. Income from the sale of scrap materials.
6. Income from passenger additional charges.
7. Income from the luggages.
8. Income by the way of interest on fixed deposits if any.
9. Miscellaneous.

Above mentioned net proceeds, the real income of the municipal undertaking's is income from the ticket sales. It is a main sources of income. In general, the undertaking have absolutely no control over the fares to be charged, because the bus fare are fixed by State Government and undertaking have to charge the fares, which sanctioned by State Government time to time.

SPLIT UP OF INCOME SOURCE

Items of the income are classified under two categories, viz. i) Receipts from the buses, ii) other income receipts.

1. RECEIPTS FROM THE BUSES : It consists of following sub-items, these are -

- A) Receipts from the passengers.
- B) Receipts from the luggages.
- C) Receipts from the students passes.
- D) Receipts from the pass fine.

2. OTHER INCOME : It consist of following sub-items, they are -

- A) Receipts from Advertisement on buses.
- B) Receipts from Conductor excess.
- C) Receipts from Insured Damage.
- D) Receipts from sale of students pass.
- E) Receipts from sale of scrap material.
- F) Receipts from students concession.
- G) Receipts from pass registration fees.
- H) Receipts from miscellaneous.

4.3 INCOME COMPOSITION OF K.M.T. OVER THE PERIOD :
(1975-76 TO 1984-85)

After considering the various items of income, it is most important to find out its relative importance of each in constituting the total income. The table no. 4.2 showed the net receipts from the various items, which are included in sources of income list. Major sources of KMT is passengers fares. It is dominant item due to its maximum contribution, as compared to other items of income.

In 1975-76 Kolhapur Municipal Transport had an income by the way of passenger fares, which accounted for 93.36 per cent of its total income, while through passes it earned 3.18 per cent to its total income. It's total income was Rs. 72.844 lakhs. In 1976-77, there was no consideration difference by the way of passengers fare. It derived 94.68 per cent and the way of passes 3.29 per cent of total income. It's total for the year 1976-77 was Rs. 80.407 lakhs. In 1977-78 income accounted from the passenger fare for 92.56 per cent and from passes 2.84 per cent of total income and the total income was Rs. 83.514 lakhs a rise of 3.107 lakhs over the previous year. Even from year 1977-78 income from the passenger fare was not showing upward tendency moreover, it was remained more or less constant, where as income from the other heads have

TABLE NO.4.2

STATEMENT OF INCOME OF KMT DURING 1975-76 TO 1984-85.

(Rs. in lakhs)													
Year	Passenger : fare	% to total : income	Luggage : total : income	Fares : fare	% to total : income	Causal : total : income	% to total : income	Passen-ger : total : income	% to total : income	Other : total : income	% to total : income	Total : income	Total : income
1975-76	68.757	94.36	0.504	2.316	0.69	0.004	0.01	0.053	0.07	1.227	1.68	72.854	72.854
1976-77	75.131	94.68	0.571	2.463	0.71	0.050	0.06	0.018	0.02	0.989	1.23	80.407	80.407
1977-78	77.304	92.56	0.524	2.371	0.63	0.019	0.02	0.014	0.02	3.24	3.88	83.514	83.514
1978-79	87.193	93.82	0.632	2.502	0.68	0.056	0.06	0.007	0.01	2.54	2.73	92.938	92.938
1979-80	105.753	94.18	0.754	3.095	0.69	0.018	0.02	0.006	0.01	2.65	2.36	112.289	112.289
1980-81	121.793	94.91	0.766	3.733	0.60	-	-	0.009	0.01	2.01	1.57	129.332	129.332
1981-82	172.028	95.18	1.014	5.043	0.56	-	-	0.017	0.01	2.63	1.46	180.741	180.741
1982-83	197.461	94.24	1.12	5.393	0.53	0.014	0.07	0.25	0.12	5.17	2.47	209.534	209.534
1983-84	-	-	-	-	-	-	-	-	-	-	-	217.602	217.602
1984-85	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

SOURCE : As Table No. 3.1

been variable. The total income of the KMT in 1978-79 was Rs. 92.938 lakhs and it rose for Rs. 209.534 lakhs in 1982-83. In 1983-84 it rose to Rs. 217.602 lakhs.

4.4 BORROWING POSITION OF KMT OVER THE PERIOD OF 1975-76 to 1984-85.

Kolhapur Municipal Transport undertaking is not independent, it is one of the part or sections of the corporation. The corporation has no spare finance to invest in transport undertaking. Due to difficiency of finance KMT has to borrow (Financial resources) from the banks at highest rate of interest. The repayment of loan leds to rise in cost of operation. When expenditure exceeds income, it has to suffer from huge losses.

The following table no. 4.3 shows that loan or borrowing liability of KMT, which become source of fixed capital in the smooth working of municipal transport. The purpose of borrowing was to purchase new buses. From 1972 to 1985 KMT had took loans from the various banks and that amount has been used for purchasing new vehicles, in order to increase their fleet strength. In 1972, KMT has taken Rs. 20 lakhs as a loan and purchased 20 single decker. In 1980 with loan from Kolhapur Urban Co-operative Bank, the KMT has purchased again 5 single decker, the loan amount was Rs. 9 lakhs. In the same year KMT has taken loan by other

two banks viz. The Kolhapur Maratha Co-operative and Shree Mahavir Co-operative Bank. Total amount was Rs. 18 lakhs (each bank Rs. 9 lakhs) and purchased 10 single decker. In 1981 KMT has taken the loan from the Kolhapur Urban Co-operative Bank, amounted Rs. 8.5 lakhs. In the same year loan was taken by KMT for purchase 5 double decker amounted Rs. 24 lakhs. In 1983, Bank of India sanctioned Rs. 42 lakhs as loan to purchase 7 double decker.

Besides, these banks KMT has not taken single amount of loan from any other institutions like LIC or SFC etc.

It was clear from the table no. 4.3 and very admirable things to public undertaking like M KMT, because it has been made repayment each and every due date. It shows the punctuality and ability and it will raise the borrowing capacity of KMT. Even though KMT is the undertaking of KMC, we have to mention here, that KMC has not provided any funds for the investment in the fixed capital, particularly for purchase of new buses. But occasionally, it has been provided funds for the working capital particularly for to pay the dearness allowances and arrears from due dates of the permanent staff and to purchase the tyre and tubes. At present, KMT has not made any kind of repayment of KMC's borrowed funds. The total refunded amount without interest is Rs. 85 lakhs.

TABLE No. 4.3

STATEMENT OF LOANS TAKEN FROM BANKS

Sr. NO.	Name of the Bank	Dt. of loan taken	Amt. of loan taken	Period of repayment	Balance as on Jan. 86.	Repayment made upto 31-3-86	Last dt. of repayment made earlier.	Period of repayment made earlier.
1.	Canara Bank, Kop.	March 72	20,00,000	10 yrs.	9.10.79	Fully paid Nil	Feb. 82	2 1/2 yrs.
2.	The Kop. Urban Co-op Bank.	23.1.80	9,00,000	5 yrs.	18.12.84	-- ,, --	22.1.85	1 Month
3.	The Kop. Maratha, , -	23.1.80	9,00,000	5 yrs.	18.12.84	-- ,, --	22.1.85	-- 60 --
4.	Shri Mahaveer - ,, -	23.1.80	9,00,000	5 yrs.	18.12.84	-- ,, --	22.1.85	-- 60 --
5.	The Kop. Urban Co-op Bank	28.5.81	8,50,000	5 yrs.	-	8,25,000	25,000	27.5.86
6.	The United Western Bank	7.10.81	24,00,000	5 yrs.	-	19,87,500	4,12,500	6.10.86
7.	The Bank of India	26.12.83	42,00,000	10 yrs.	-	9,71,500	32,28,500	25.12.93

Note : 1) Sr.No.1 to 4 shows punctuality and ability of the repayment of the loan.

2) Sr.No.5 to 7 loans instalments was already paid on every due dates and remaining instalments will be paid on due date punctually.

SOURCE : As Table No. 3.1

4.5 EXPENDITURE PATTERN

In the expenditure pattern, the following items are included. They are -

1. Expenditure on personnel.
2. Maintenance and Repair.
3. Government Tax.
4. Depreciation.
5. Miscellaneous.
6. Interest.
7. Repayments of loans.

These expenditure forms are the major outgoing of the economic aspect and the transport has as the experience suggest's for all transport undertakings, high expenditure over its income.

SPLIT-UP OF EXPENDITURE ITEMS

Each head item of the expenditure consists other sub-items, these are as follows :

1. Expenditure on Personnel :
 - A) Wages and allowances,
 - B) Providend fund, pension etc.
 - C) Employees State Insurance (ESI)
 - D) Graduuty.
 - E) Uniform.

This shows rise. The maintenance and repairs are important, since the transport activity is largely depend upon buses in good working condition.

The KMT has to pay to the government various taxes, such as motor vehicle tax, permit fee etc. In 1975-76, total expenditure of KMT was Rs. 76.708 lakhs in 1982-83 it was Rs. 220.20 lakhs. This has mainly due to the growth of additional area in Kolhapur. The rising demand from the people for more buses and corresponding increase in the fleet, which in turn caused increasing cost of chasis, the rising cost of maintenance, rising tax payment and above all the KMT's income was not rising in line with the increased expenditure every year. From the table no. 4.3, it can be seen that increased expenditure (cost) due to mountains of loan and its interest and repayment of loan.

2. Maintenance and Repair :

- A) Spare parts.
- B) Diesel.
- C) Oil.
- D) Tyres (including remoulding).
- E) Tickets.

3. Government Taxes :

- A) Motor Vehicle Tax.
- B) Passenger tax.

- C) Insurance.
- D) Nutration Tax.

4. Depreciation :

- A) Depreciation.

5. Miscellaneous Expenditure :

- A) Telephone.
- B) Electricity.
- C) Building Rent and Repair.
- D) Printing.
- E) Stationary.
- F) Advertisement.
- G) Other.

6. Interest :

- A) KMC.
- B) Banks.

7. Repayment of Loan :

- A) KMC.
- B) Banks.

4.6 EXPENDITURE COMPOSITION OVER THE PERIOD OF
1975-76 TO 1984-85 :

After considering items of expenditure, it is most important to find out its relative share of each to the total expenditure. The table no. 4.3 shows that the outgoing portion of the income, expenditure on personnel maintenance and repair, depreciation and government taxes. These are the dominant factors in the pattern of expenditure.

In table no. 4.4, the expenditure on personnel, maintenance and repair, depreciation, government taxes were the major items of expenditure, which constituted a little over 75 per cent of the annual expenditure of Kolhapur Municipal Transport. Since 1975-76, the expenditure on the personnel is on the rise, it was 35.79 per cent of the total expenditure. In 1976-77 it rose to 38.39 per cent of the total expenditure. There was sudden rise in 1977-78 and expenditure on personnel rose to 43.60 per cent of the total expenditure. There after since 1978-79 to 1981-82, it was constant. In 1982-83 the expenditure on personnel was slightly lower i.e. 39.36 of the total expenditure.

The KMT spend between 31.09 per cent to 38.04 per cent of the total expenditure of the total expenditure on maintenance and repair.

TABLE NO. 4.4

STATEMENT OF EXPENDITURE OF K.M.T. DURING THE 1975-76 TO 1984-85

YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Expenditure on Personnel	% to Total Expenditure	Overhead Charges	% to total Expenditure	Maintenance and repairs	% to Total Expenditure	Govern- ment Expen- diture	% to Total Expen- diture	Depreci- ation	% to Total Expen- diture	Interest	% to total Expen- diture	Repay- ment of loans	% to total Expendi- ture	Total or total Expendi- ture	
1975-76	27.453	35.79	0.918	1.20	27.404	35.73	5.367	7.00	7.240	9.44	3.370	4.52	4.555	6.33	76.708	
1976-77	31.259	38.89	1.303	1.62	26.668	33.18	6.289	7.82	7.320	9.11	3.029	3.77	4.507	5.61	80.378	
1977-78	37.114	43.60	1.099	1.29	20.191	30.77	5.150	6.10	7.300	8.85	2.685	3.15	5.547	6.52	85.130	
1978-79	40.780	40.34	1.027	1.01	32.560	32.13	5.463	5.39	7.200	7.20	2.452	2.42	11.651	11.50	101.306	
1979-80	49.026	41.62	1.323	1.12	36.627	31.09	5.970	5.07	12.802	10.77	1.586	1.35	9.470	9.04	117.408	
1980-81	61.869	41.73	2.774	1.87	51.939	35.03	7.314	4.93	12.225	8.25	3.461	2.33	8.693	5.86	148.27	
1981-82	82.840	40.97	8.585	2.27	67.696	33.48	10.667	5.28	20.120	9.95	5.696	2.82	10.613	5.25	202.203	
1982-83	87.46	39.36	1.97	0.89	84.53	38.04	11.02	4.96	16.36	7.46	7.46	3.36	13.34	6.00	222.20	
1983-84																
1984-85																

FIGURES ARE NOT AVAILABLE

FIGURES ARE NOT AVAILABLE

FIGURES ARE NOT AVAILABLE

FIGURES ARE NOT AVAILABLE

SOURCE : As Table No. 3.1

4.7 PROFIT AND LOSS OF KMT

It is clear from the previous discussion of KMT's expenditure and income pattern, that KMT always remained in the deficit position. Since 1975-76 to 1984-85 it is observed that there was only in the year 1976-77 that there was a surplus other wise there has been a deficit in finances of KMT every year. Expenditure of the KMT exceeds its income every year, at the faster rate.

The following table no. 4.5 shows every year deficit of the KMT. This yearly deficit shows the increasing tendency.

TABLE NO. 4.5

STATEMENT OF PROFIT & LOSS 1975-76 TO 1984-85

YEAR	Income (Rs. lakhs)	Expenditure (Rs. in lakhs)	+Surplus -Deficit (Rs. in lakhs)	Income Expenditure (Percentage)
1975-76	72.864	76.708	- 3.844	100/105.29
1976-77	80.407	80.338	+ 0.029	100/99.963
1977-78	83.514	85.130	- 1.616	100/103.93
1978-79	92.938	101.326	- 8.338	100/109.02
1979-80	112.289	117.806	- 5.517	100/115.91
1980-81	128.330	148.27	-19.940	100/115.77
1981-82	180.744	202.203	-21.459	100/111.31
1982-83	206.72	222.20	-15.48	100/106.96
1983-84	220.91	245.19	-25.72	100/110.48
1984-85	250.72	272.52	-25.20	100/109.14

SOURCE : As per table no. 3.1

SURPLUS

PROFIT AND LOSS OF THE KMT (1975-76 TO 1984-85)

GRAPH N°

RS..IN LAKHS



DEFICIT

TABLE NO. 4.6STATEMENT OF INCOME AND EXPENDITURE PER KILOMETER

Sr. No.	Year	Operational Income per Kilometer (Rs.)	Operational Expenditure (Rs.)
1.	1977-78	2.45	2.31
2.	1978-79	2.51	2.63
3.	1979-80	2.66	2.73
4.	1980-81	2.98	3.25
5.	1981-82	3.76	3.98
6.	1982-83	3.93	4.15
7.	1983-84	4.09	4.54
8.	1984-85	4.50	4.94

SOURCE : As per table no. 3.1

The above table no. 4.6, shows there was increasing tendency of income as well as expenditure per kilometer. The exception was that, in the year 1977-78 income exceeded the expenditure. From the year 1979-80 to 1984-85 the inverse relationship was established i.e. expenditure become predominant factor in the operation of the KMT and always exceeds the income from the last 7 years.

4.8 FACTORS RESPONSIBLE FOR INCREASING EXPENDITURE
(COST) OVER THE PERIOD OF 1975-76 TO 1984-85

There are many factors responsible for the increase in expenditure or cost. They are as follows :

1. City bus services are operated in crowded and congested parts of the city area, because of that speed of buses is low, this makes the trip time longer, gears have to be changed frequently which result in faster wear and tear of various parts of the bus. On the contrary, required greater expenses on spare parts and maintenance of vehicles. The cost of the fuel consumption is also higher and run per liter of fuel is much less. Due to the congestion chances of accidents are also higher and run per liter of fuel is much less.
2. It was noticed that, on certain routes the passengers demand is not constant, both ways throughout the day. It reaches peak during the certain hours of the day and during the other periods the demand is very low. In the morning period, the traffic is more from the adjoining area towards the heart of the city and vice-versa in the evening period. This result in oneway traffic and loss is bound to happen.

3. Because of the concept of city transport being a social service or public utility, various routes which run in loss have to be still continued just for the convenience for the public.

4. The number of stops are too many and too close in congested part of the city, while this is with the view to providing greater convenience to the travelling public, this increases running time, less trips per vehicle and higher diesel consumption per vehicle.

5. The fares are fixed by the State Government and during fixation of such fares, there is a always tendency to keep it low for the benefit of the general public, with the result that full expenditure (cost) can not be recovered.

6. Far running city bus services man-power requirement to operate buses is much more than that required by a long distance, State Transport Bus. For example - a state transport bus say between Pune and Kolhapur, covers 250 Kms. in about 6 hours, collecting Rs. 700/- or more in one way trip and requires only one driver and one conductor. As against in city a bus services covers 220 Kms. in maximum of 16 hours operation collecting about Rs. 475/- and requiring two drivers and conductors on shift basis (8 hours).

Due to constant and continues running of the buses wear and tear of city transport entailes greater expenditure on spare parts, due to frequent breakdowns, requiring more man power for maintenance and also result in higher diesel consumption.

Further, the transport undertaking not being independent from corporations have no spare capital of their own. Since they are constantly in deficit and therefore to raise resources at higher rate of interest. Municipal Transport undertaking are not entitled to I.D.B.I. refinance facility nor can they obtain funds from institutions like LIC, SFC corporations etc.

MEASURES TAKEN TO IMPROVE THE OPERATIONAL EFFICIENCY BY KMT

The KMT has already taken several steps to curtail their operational expenditure (cost) and fixed cost, these are as follows :

- 1) From a decade, the KMT has minimised uneconomic trips. According to nature of traffic, they have changed their time table periodically, o in order to increase operated kms. they have withdrawn some buses from certain routes.
- 2) The KMT has decided to construct a well-equipped workshop for better maintenance of buses.
- 3) KMT has reduced expenses on new tyres and introduced use of remoulding tyres as far as possible.
- 4) Old spare parts are retrieved and used again whenever possible.

REFERENCES

1. C.I.R.T. Report, 'Public Transport in Medium Sized Urban Areas', 1978.
2. World Bank Sector Policy paper on Urban Transport, 1975, C.I.R.T., Pune, 1986.
3. Dr. Tony M. Ridley, 'Fares Vs. Subsidy' paper presented at International Seminar on Integrated Urban Transport, New Delhi, 13th and 14th July, 1985.
4. V. Vlasso, 'Development of Passenger Transport in the Cities of USSR', U.I.P.T. Review.
5. World Bank Sector Policy paper on Urban Transport, 1975.