

CHAPTER 5

FINDINGS AND SUGGESTIONS

5.A *Findings*

5.B *Suggestions*

CHAPTER 5

FINDINGS AND SUGGESTIONS

Having studied the working of private transport agencies and their problems in particular along with the impact made by various environmental factors on these transport agencies in Satara city during the period 1990 - 91, in this chapter, an attempt is made to present the findings of the study. Based on the findings and the conclusion, the researcher has put forward few suggestions which may be helpful to the transport agencies.

5.A FINDINGS OF THE STUDY

Satara city is one of the historically, socially, economically and industrially developed place in Western Maharashtra. At present there are 25 private transport agencies in this city. The present study is based on the analysis and the interpretation of the data collected from eight selected private transport agency owners and vehicle owners. The main important findings of this research work are presented below.

It is observed that majority of the agency owners were having education varying from S.S.C. to Ph. D. level. However, 62.5 percent of the agency owners were educated upto graduate level of which 50 percent are engaged in the transport

business from the last 20 years. It was further noticed that the education of the respondents and the ownership of trucks and tempos are unrelated.

It was further observed that 87.5 percent of the agency owners have their own vehicles. Table 2.3.7 reveals that there are 926 trucks and 121 tempos owned by the selected eight transport agencies in Satara city.

The transport agencies operate their vehicles for an average period of 204 to 210 days per year. As a result of this, the vehicle on an average operates for 17 days in a month and the rest of the period is spent in repairs and maintenance.

The total annual running of all the selected agency vehicles is 4,93,680 Kms. during the year 1990-91. Among this, 82.65 percent belongs to the running of trucks and the rest of tempos. The maximum running of vehicle during this period was 81,600 Kms. for agency number 1.

The present survey revealed that there are in all 1047 vehicles owned by the selected agencies in Satara city. Out of these 88.44 percent are trucks and the remaining 11.56 percent are tempos.

The routewise classification of traffic direction of the selected private transport agencies shows that the Bombay - Satara route is having a share of 33.2 percent and 61.55 percent for trucks and tempos respectively. The larger share is attributed to the fact that, there is heavy transport of raw materials and finished products between these two major cities.

Majority of the agency owners (42.85 percent) carried out their major repairs of trucks and tempos and body building at Kolhapur and Pune, mainly due to the nearness of the place and requisite quality of spare-parts besides the most crucial aspect of service in time.

It is noted, normally that the General Insurance Company considers the premium on the estimated vehicle's value. Furthermore, the estimated capital investment in the vehicle depends upon the type of the vehicle, the model and the make.

The survey pointed out that the consumption of the HSD and oil depends on proper maintenance of vehicles, road conditions, driving habit, condition of the vehicle and the type of the vehicle. It was observed that 28.57 percent agencies consumed HSD and oil to the extent of 15,737 litres for trucks, and 9,860 litres for tempos during the busy

season. Further, the per month consumption of HSD and oil was 720 litres for truck and 340 litres for tempo.

It is noticed that the transport business in Satara city is a major centre for the employment opportunity. There are about 2,929 employees engaged in selected eight private transport agencies during the period 1990 - 91, including drivers and cleaners.

An informal discussion with the employees of these agencies revealed that by and large they get low wages, bonus and daily allowance. Majority of them were rather dissatisfied with the present payment system. In addition to this, the researcher observed that most of these employees are not permanent employees mainly due to the nature of the business. The drivers and cleaners frequently changed the jobs depending upon the opportunity.

The amount of expenses in terms of salary and wages constitutes 6.05 percent of the total fixed expenses of all the selected private transport agencies.

The average freight rates for a full truck loading are divided into three categories namely, costly, bulky and heavy consignments. The costly consignments are claimed to be more profitable for transportation.

Out of the total transportable consignments, 90 percent consignments are booked under the 'paid booking system', wherein the payment of the freight is received by the agency at the time of booking itself.

The survey revealed that the cost of the operation can be divided into two parts, fixed cost and variable cost. Out of the total cost, variable cost comprised of 65.99 percent and the remaining as fixed cost.

Out of the total operation cost, fixed expenses amounted to 34 percent and the variable expenses as 66 percent. Similarly, the maximum expenses were incurred on HSD and oil to the extent of 30.83 percent. As against this, the minimum expenses of 0.58 percent were incurred on Insurance premium. The insurance premium however, was equal for all the vehicles of the transport agencies.

The survey pointed out that the depreciation was charged both for the truck and the tempo at the rate of 15 percent on the book value of the vehicle. The depreciation accounts to 23.92 percent of the total operation cost of all the vehicles.

It was found that more than 75 percent of the vehicle owners face shortage of diesel and shortage of a full-truckload.

These two problems have considerable bearing on the cost and benefit of the vehicle operation in particular and on the national economy, in general.

In the field survey it was observed that the tax burden on the transport business has increased over the years. The punitive tax structure imposed by the State and the Central Government has made the operation of the transport business rather less remunerative.

The tax burden on the transport business has become unbearable due to the increase in the rates of excise duty on the vehicle. Similarly the substantial increase in the prices of chasis, tyres and tubes, and petroleum products are increasing day by day.

Octroi is another biggest problem faced by the private transport operator. This has been a constant irritant to the industry and the trade, especially in Maharashtra State.

The Octroi Bandh called during the month of May 1987 in Maharashtra State and the All India Transport Bandh called on March 31, 1988 have not led to any concrete solution and resulted into a crores of loss to the Government as well as to the operators and industry.

All the selected transport agency owners in the present study reported that the petrol pump dealers, by and large, create artificial scarcity of petrol and diesel to earn more money through black marketing. This results in higher expenses for oil and HSD.

The researcher noted that the prices of spare parts have also increased to a greater extent. Further, the agency owners retorted that the actual prices charged for the spare parts are normally more than the retail price printed by the company.

The truck drivers are found to be the most important in the maintenance and the safety of the vehicle as well as the goods. The researcher felt that most of them were not trained properly.

About 29 percent of the selected transport agency owners under the present study have taken financial assistance from different financial institutions. The owners however, complained that the rules, regulations and conditions of these institutions are rather strict.

The agency owners complained that the claims put forward by them for accidents or damages to the Insurance Companies are

not settled in time. This leads to shortage of funds for the replacement of vehicles and reduces their profit.

The present study pointed out that the operation cost for the transport business works out to be Rs. 4.19 per vehicle for all the selected agencies during the busy season calculated on the basis of total expenditure of all vehicles and the number of total vehicles owned. Furthermore, the operation cost per vehicle also varies from agency to agency and vehicle to vehicle. The operation cost however, depends upon the traffic route and annual average running per vehicle during the period.

It is observed that the earning per vehicle is satisfactory. Most of the transport agency owners are satisfied with their earning per vehicle. The total average earning per vehicle was estimated to be Rs. 9.53. Whereas, the operation cost per vehicle per kilometer was estimated to be Rs. 4.19. Thus, the earning per vehicle per kilometer worked out to be Rs. 5.34.

The average break even point calculated on the basis of total fixed cost multiplied by the total average running divided by the total variable cost minus total average running per vehicle works out to be in the range of 203.53 Kms. to 124.37 Kms. per vehicle.

The transport agency owners stated that the prices of the spare parts and tyres are not reasonable. There is a considerable difference between the recommended prices of the company and the selling prices. On an average, the difference amounts to 15 percent of the value of the part including its octroi, sales-tax, transportation and profit margin of the dealer.

It was noted by the researcher that there is a slack business period for the transport agency owners. During this period, 63 percent of the selected private transport agencies give their vehicles on contract to other nearby industries instead of retaining them idle and non-remunerative.

Inspite of having no formal management education, the transport agency owners manage their business with considerable skill, knowledge and business acumen.

5.B SUGGESTIONS

Based on the above findings of the present study, the researcher would like to put forth the following suggestions for better improvement in the overall working of the transport business in Satara city.

Taking into consideration of the road conditions of the highways as well as other city roads, there is urgent need to develop and carry out major repairs and renovation of roads.

In view of the rising prices of petroleum products and saving in most important foreign exchange, the petroleum production needs to be increased. It is also possible to concentrate on finding out any substitute for oil. Another way may be to tap renewable energy sources in view of ever depleting non-renewable energy sources.

The exorbitant taxes on the petroleum products must be reduced at the earliest. This will substantially reduce the inflation in the country.

The substantial saving in diesel consumption can be achieved by keeping the vehicle in good condition by prompt maintenance. The old vehicles have to be scrapped and replaced since these consume large amount of oil and fuel.

In view of the monopoly of the spare parts dealers, it is hoped that entry of small scale industries in spare parts manufacture will not only increase the supply position but will also reduce the price of these spare parts. The researcher is of the view that the establishment of automobile industrial estates will lead to the following benefits.

- (a) Small scale units and ancillary units producing different automobile parts will be set up.
- (b) Well equipped laboratory for testing will be set up which will ensure quality product.
- (c) Research and development units will develop innovative products.
- (d) Increased avenues for employment will be available.
- (e) This will finally give more business to transport owners.

In view of the taxation and Government policies, the researcher intends to put following suggestions.

- (a) Single point taxation exists for transporters. Accordingly, the vehicle is taxed only at the point of its registration office. This causes great inconvenience to the transport operators. Hence, the certificate of payment be given by only one authority, which will be valid all over India. This will further ensure standardisation in taxation.
- (b) The Central Authority should issue the vehicle permit instead of prevailing limited permit within certain States.
- (c) All the systems of temporary permits and Octroi must be abolished without any delay.

(d) A National Haulage Institute should be set up in the campus of C. I. R. T. with a common executive head.

(e) Transport Research Division of the Ministry of Surface Transport should be strengthened and C. I. R. T. has to establish regional centres to undertake research suited to local conditions and requirements.

(f) Transport Nagars should be developed in important cities which will provide not only the parking facilities but also for their repairs, warehouses, booking, and delivery offices.

Loading and boarding facilities should be provided for drivers and cleaners.

First-Aid centres and clinics should be established for the operators. Traffic aid posts should be made available at prominent places.

The demand for vehicles is highly related to the availability of credit. Despite increasing demand for transport vehicles and growth in industrial and agricultural products, the number of vehicles have increased marginally. This is mainly due to improper credit machinery. There is urgent need to appraise the present financing system to meet more effectively the credit needs of transport business operators.

Lending from commercial banks needs to be supported by enhancing the financing facilities from IDBI. Banking system should be flexible in assessing the loan requirement, the repayment period and the interest rates on the loan.

Mutual understanding, faith, and loyalty need to be developed between the employer and the employees. The job should be made permanent instead of ad-hoc and temporary.

The transport organisation on the co-operative basis must be formulated to fix the freight rates, rules and regulations which may be strictly abided by the private transport agencies.

There is no licence or registration for commission or booking agency. These must be brought under the licencing system. But, the prevailing cumbersome system comprising of laws for licence such as carriages for parking vehicles, filling of 10 to 11 forms for obtaining licence, etc., should be simplified.

The commission agents should not be brought under the perview of goods-tax. They should be asked to maintain books of accounts showing freight rates received and paid. These books however, should be periodically audited.

Freight rates which are fixed by the transport association should be optimum. The rate structure should ensure fair competition among the transport operators. At the same time the general interest of the people who need these services should be protected.

In view of increasing number of accidents, the efficiency, judgement, knowledge, and skill of the driver should be checked periodically.

The private transport agencies have not conducted any market research for the competition and freight rates in Satara. In view of this it is necessary to undertake such a survey.

The vehicles should be kept in good condition, so that the idle time and the expenses on diesel and oil can be lowered. This will further ensure prompt delivery of consignments, and reduction in traffic jams due to frequent breakdowns

The private transportation business should be conducted on co-operative basis. This will avoid the agents and will give equal opportunity to every vehicle owner and the agency owner in the city to carry out their business. The freight rates should be finalised depending on the type of consignments and the distance to avoid cutthroat but unhealthy competition in the market.

Transport Corporation of India implemented "Speed Scheme" in big cities like Bombay, Bangalore, Hyderabad, Pune, Kolhapur and Aurangabad. In view of the better services it is necessary to widen the scope of this scheme to district and taluka level to ensure social commitment.

QUESTIONNAIRE FOR PRIVATE TRANSPORT AGENCY

1. DETAILS OF AGENCY

NAME OF AGENCY

NAME OF OWNER

AGE

QUALIFICATIONS

PLACE OF H. O.

NUMBER OF BRANCHES

DATE OF ESTABLISHMENT

DATE OF REGISTRATION

2. DETAILS OF VEHICLES

TYPE	TEMPO	TRUCKS	TOTAL PURCHASE VALUE	
			TEMPO	TRUCK

OWNED VEHICLES

HIRED VEHICLES

TOTAL

REASONS FOR PURCHASING

1)

2)

3)

4)

3. DETAILS OF OPERATIONS

PARTICULARS	T R U C K S		T E M P O S	
	PER DAY	ANNUAL	PER DAY	ANNUAL
ANNUAL RUNNING				
AVG. HSD CONSUMPTION				
PER KM.				
TOTAL				

4. DETAILS OF TRAFFIC DIRECTION

PARTICULARS OF ROUTE	T R U C K S		T E M P O S	
	PER MONTH	ANNUAL	PER MONTH	ANNUAL
SATARA - BOMBAY				
SATARA - PUNE				
SATARA - KOLHAPUR				
WITHIN DISTRICT				
OTHER STATE				
TOTAL				

5. COMPOSITION OF TRAFFIC

SR. NO.	ITEMS	COMMISSION QUANTITY (%)
1	Building materials	
2	Wood/coal/bamboo	
3	Food grains	
4	Consumer goods	
5	Sugar	
6	Fertilizer	
7	Tyres/paints	
8	Vegetables	
9	Cloth	
10	Bulky materials	

6. DETAILS OF FREIGHT BOOKING

PARTICULARS	PERCENT	REASON
Paid system		
To pay system		
To be billed		

7. DETAILS OF REPAIRS

FOR TRUCKS

PARTICULARS	PUNE	BOMBAY	KOLHAPUR	SATARA
Major repairs				
Minor repairs				
Availability of spares				
Body building place				

FOR TEMPOS

PARTICULARS	PUNE	BOMBAY	KOLHAPUR	SATARA
Major repairs				
Minor repairs				
Availability of spares				
Body building place				

8. Which type of following consignments are profitable ?

- (1) Bulky
- (2) Costly
- (3) Heavy

Why ? (Please give reasons in detail)

METHOD ADOPTED FOR LOADING & FREIGHT CHARGES

DISTANCE (kms)	TYPES OF CONSIGNMENTS		
	BULKY	COSTLY	HEAVY
Upto 100			
101 - 200			
201 - 300			
301 - 400			
401 - 500			
Above 500			

9. DEMURRAGE & STORAGE CHARGES

9.1 How do you distinguish demurrage and storage charges ?

9.2 How many days do you store the consignment free of charge ?

9.3 In case consignee fails to take the delivery, what do you do ?

9.4 Do you suggest any remedy for the demurrage ?
YES / NO

If yes, please specify in details

(a)

(b)

10. DETAILS OF HIRING OF TRUCKS

SR. NO.	PARTICULARS	TRUCKS	TEMPOS	TOTAL
1	Fully on owned vehicles			
2	Owned and hired vehicles			
3	Fully hired vehicles			

10.1 Why do you prefer to hire trucks from other owners ?

10.2 Which method is adopted by you to contact the vehicle owners ?

i. Maintain a register of approved truck suppliers

ii. Direct contact with the truck owners

iii. Any other, please specify

10.3 Which factor you choose in selecting agency ?

i. Prompt service

ii. Reasonable rate

iii. Economical

iv. Availability of vehicles and rates

v. Capacity

vi. Any other, please specify

- 10.4 How many suppliers do you contact at time ?
- 10.5 On which basis the truck suppliers fix their rates ?
- i. Availability
 - ii. Demand and supply elasticity
 - iii. Flow of traffic
 - iv. Any other, please specify
- 10.6 Do you agree with the present system of charging ?
- If no, please specify the reasons and suggestions on these

11. DETAILS OF FINANCIAL MANAGEMENT

- 11.1 Which method do you adopt to maintain the accounts ? Why ?
- i. Double entry book keeping
 - ii. Single entry
 - iii. Separate set of proforma books
 - iv. Receipts and payment account
 - v. Any other, please specify

12. Do you prepare the business plan ? YES / NO
- If yes, what is its nature - Finance/Freight
- Do you compare the budgeted items with actuals ?
- If no, why ?

Of the following, which do you take into consideration while preparing your business plan ?

13. How do you measure your business performance ?
How and when do you change your freight rates ?
Give reasons.
14. Do you call for any staff meeting ? YES / NO
If yes, what is the nature of agenda ?
i. Staff budget
ii. Operation of lorry
iii. Administrative expenditure
15. Do you maintain internal audit ? YES / NO
If yes, please give the details
16. Do you give any information to the staff relating to management on following :
i. Administrative
ii. Accounts
iii. Audit
What is the nature of response to such information ?
17. Do you give any welfare facilities to staff ?
If yes, please specify

18. DETAILS ABOUT PERSONNEL

How many employees are working in your agency ?

Please give categorywise distribution

Give the following information

DESIGNATION	BASIC PAY	TOTAL PAY	ACTUAL PAY
-------------	-----------	-----------	------------

Branch Manager

Booking Clerk

Accountant

General Clerk

Do you give any incentives to your employees ?

YES / NO

If yes, give details

Financial

Non-financial

Bonus

Pay leave

P. F.

Weekly Holidays

Do you feel that your employees are satisfied ?

YES / NO

If no, please give reasons

Do you have any employees problems ?

YES / NO

If yes, please specify

What are the demands of your staff ?

19. DETAILS OF FINANCE

What is the capital investment in your transport business ?

FIXED CAPITAL

WORKING CAPITAL

Have you taken any loan from the following ?

FINANCING AGENCY	PRESENT (Rs.)	PAST (Rs.)	TOTAL (Rs.)
------------------	------------------	---------------	----------------

Nationalised Bank

Co-operative Bank

Relative / Friend

Others

How do you refund your loan ?

Monthly / Quarterly / Half yearly / Yearly

What is the loan repaying instalment ?

Did you experience any difficulty in getting loan ?

YES / NO

If yes, please specify

Do you pay any tax ?

YES / NO

Have you experienced any changes in your transport operations / business due to hike in diesel price ?

YES / NO

If yes, please give details

4. DETAILS OF OPERATIONS

OPERATOR OF VEHICLE DRIVER / SELF
REMUNERATION PAID
NUMBER OF SHIFT
AVERAGE KMS. COVERED IN YEAR
AVERAGE GROSS EARNINGS IN YEAR
PLACES OF LOADING & UNLOADING
TYPE / NATURE OF GOODS TRANSPORTED

5. DETAILS OF EXPENSES

REPAIRS & MAINTENANCE IN YEAR
NATURE OF MAJOR REPAIRS IN YEAR
EXPENSES ON TYRES/TUBES IN YEAR
INSURANCE PREMIUM PAID IN YEAR
HSD & OIL
SALARY & WAGES
AGENCY COMMISSION
TAXES
INTEREST PAID
DEPRECIATION
TOTAL

6. TRAFFIC DETAILS

Method adopted for collection of goods for transportation :
TRANSPORT AGENCY / OWN AGENCY / OTHER METHOD (Specify)

7. TRAFFIC DIRECTION

SR. NO.	PARTICULARS	PERCENT
1	BOMBAY - PUNE	
2	KOLHAPUR - SANGLI	
3	INTRA-DISTRICT	
4	OTHER STATE	

8. COMPOSITION OF TRAFFIC

SR. NO.	ITEMS	QUANTITY
1	Building materials	
2	Food grains	
3	Consumer goods	
4	Minerals	
5	Sugar	
6	Other goods	
7	Bulky materials	
8	Machinery & spares	



Whether sufficient goods are available for transportation ?

YES / NO

If no, please specify the reason.

How much time is wasted on Octroi and other posts in following cities ?

- 1) Bombay
- 2) Pune
- 3) Kolhapur
- 4) Other places

How is freight fixed ?

9. DETAILS OF EMPLOYMENT

SR. NO.	PARTICULARS	NUMBER	TOTAL PAY PER MONTH	WORKING HRS / DAY
1	Drivers			
2	Cleaners			
3	Coolies			
4	Others			

10. PROBLEMS

- a) Road problems
- b) Technical problems
- c) Service problems
- d) Octroi
- e) Any other problem (Specify)

11. SUGGESTIONS

- a) Administrative
- b) Road
- c) Financial
- d) Octroi

11. EXPANSION PLANS

If yes, please specify.

If no, what are the reasons ?
