

## **CHAPTER - V**

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### **SUMMARY, CONCLUSIONS AND SUGGESTIONS**

- 5.1 Summary and Conclusions.
- 5.2 Suggestions.



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### 5.1 Summary and Conclusions:

- 1) Capital contribution made by the Central and State Government appears to be very low in view of the huge turnover of the Maharashtra State Road Transport Corporation (MSRTC), so the MSRTC has to raise funds from the Life Insurance Corporation of India and the Industrial Development Bank of India for its proper functioning.
- 2) There is a rising trend in the revenue of the MSRTC during the period under study.
- 3) The MSRTC is spending much amount on the purchase of the vehicles under the head of Capital Expenditure, which is of prime importance from the public service point of view.
- 4) On scrutiny of the capital expenditure of the MSRTC, it is seen that the investment in land and buildings is very low.
- 5) The investment in the purchase of vehicles is very high due to the rising cost of vehicles (TATA and Leyland).
- 6) Operation cost has gone up due to rise in the salaries and wages of the employees, which is beyond the control of the Corporation, as the Corporation has to make the settlement with various Unions of the Corporation on this issue. Many a time, settlements are made on purely economic consideration, but sometimes social and political factors are also taken into consideration at the time of settlement. Expenditure made on additional recruitment by way of salary and allowances is also included under the above head.

7) Often increase in the cost of material required by the Corporation, i.e. tyre, diesel and spareparts, could not keep pace with the fare-schedule published by the Corporation.

8) Expenditure on tyres is somewhat low because the MSRTC is having its own tyre remoulding plants.

9) The efficient staff of the MSRTC has considerably reduced the expenditure on repairs and maintenance as compared to the rising cost of operation.

10) Direct and indirect taxes are being collected by the Central and State Governments without spending a single rupee as a collection cost for the same as the taxes are being directly credited by the Corporation into the Treasury.

11) The MSRTC is running buses on profitable as well as non-profitable routes in the interest of masses residing in the rural areas where roads are not satisfactory from the transport point of view. This has benefitted the maximum number of students residing in the villages and enabled them to prosecute their further studies.

## 5.2 Suggestions:

The researcher would like to make the following suggestions drawn after observations:

- 1) It would be more desirable if the Central and State Governments increases its share of capital contribution for proper functioning of the Corporation as well as to save the Corporation from paying heavy amount of interest to the LIC and IDBI.
- 2) In view of the rising cost of land and building, Government may share the expenditure on this score in order to enable the Corporation to provide better services to the public and carry out its functions properly.
- 3) The burden of the passenger tax may be reduced by the Government by granting subsidy in this regard as a part of social obligation.
- 4) The Corporation accepts Deposits from the public for a period of 5 years at 14% rate of interest as compared to the rate of interest given by various Banks and other financial institutions. This rate of interest is definitely attractive. However, the Corporation does not appear to be much more active in advertising the scheme to the larger section of middle-class investors who are interested in investing their small savings with no risks and comparatively high rate of interest to them. In the past, the Corporation had to raise emergency loans at 16% to 18% p.a. rate of interest and this source of accepting deposits is more economical to the MSRTC and also much more attractive to the investment-oriented middle class.

5) The Board of Directors of the Corporation is appointed by the Government of Maharashtra. A majority of the Directors are mainly from the political field who are neither knowledgeable of transport techniques nor are they interested in the day-to-day affairs of the Corporation. There should be a proper mix of experts in transport field, administrators and knowledgeable and interested political workers on the Board of Directors of the Corporation, which definitely would improve the image of the Corporation.

6) The Corporation is sustaining greater amount of social burden in carrying out its legitimate duties. Hence, it needs to be reimbursed by the State Government in any form that it may deem fit which will help in improving the Corporation's financial position to a certain extent.

7) As the Corporation is a bulk purchaser of tyres, tubes, flaps and spareparts, it should adopt a certain policy regarding the quality of these items.

8) The Corporation should provide better amenities to the passengers which will result in attracting more passengers to the bus services provided by the Corporation. The Corporation will have to incur more expenditure for providing these amenities, which would be set off against the increased earnings.

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