

## FINANCIAL PERFORMANCE OF TSRTC OWNED BUSES AND PRIVATE HIRED BUSES – A STUDY ON HYDERABAD REGION

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### ABSTRACT

Road Transport system is the most popular medium of transport in India. Public Transport is an important part of the nation's economy. TSRTC came into existence on 02-06-2014 after the bifurcation of Andhra Pradesh State. TSRTC is committed to provide consistently high quality of services and improve the services through a process of teamwork for the utmost satisfaction of the passengers and to attain a position of pre-eminence in the Bus Transport sector. The present paper focuses on the financial performance of TSRTC owned buses and Private Hired buses (PHB) in Hyderabad region. For the purpose of study Performance of both categories the profit and loss account from Jan-19 to Sep-19, nine months data is taken from the official web site of TSRTC. Hyderabad region is divided into three divisions namely Kachiguda, Hayathnagar, and Charminar. Kachiguda division comprises of five depots namely Barkathpura, Mushirabad-I, Disukhnagar, Mushirabad-II and Kachiguda. Hayathnagar division comprises of six depots namely Hayathnagar-I, Hayathnagar-II, Uppal, Midhani, Ibrahimpatnam, and Badlaguda. Charminar division comprises of six depot namely Falaknuma, Mehdipatnam, Rajendranagr, Hyderabad Central University(HCU), Maheshwarem, and Farooqnagar.

**KEYWORDS:** TSRTC Owned Buses, Private Hired Buses, Financial Performance.

### Introduction

**Road Transport System** is the most popular medium of transport in India. In fact, travelling in various parts of India is very easy, if you are aware about the transportation facilities offered by State Road Transport Corporations including undertakings or institutions authorized by the Ministry of Transportation, Government of India or by the State Government authorities. All the Government authorized transport organizations have their own operational style and they try their best to provide considerably concessional services to general public.

**Public Transport** is an important part of the nation's economy. Since the economic liberalization of the 1990's, development of infrastructure within the country has progressed at a rapid pace, and today there is a wide variety of modes of transport by land, water and air. However, the relatively low GDP of India has meant that access to these modes of transport has not been uniform.

### Association of State Road Transport Undertakings

Association of State Road Transport Undertakings (ASRTU) came into existence on 13th August, 1965 to bring together all the State Road Transport Undertakings on a common platform with the aim of pooling their resources and knowhow for dealing with various problems faced by them and help them to improve their performance.

### Telangana State Road Transport Corporation: At a glance Formation

- As Department of Nizam State Railway. June 1932.
- As Department of Hyderabad State Government. 01-11-1951.
- As A. P. S. R. T. C. 11-01-1958.
- As T. S. R. T. C. 02-06-2014.

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### **Vision of TSRTC**

TSRTC is committed to provide consistently high quality of services and to continuously, improve the services through a process of teamwork for the utmost satisfaction of the passengers and to attain a position of pre-eminence in the Bus Transport sector.

### **Corporate Philosophy**

- To provide safe, clean, comfortable, punctual and courteous commuter service at an economic fare.
- To provide employee satisfaction in financial and humanistic terms.
- To strive towards financial self-reliance in regard to performance and growth.

### **Guiding Principles of TSRTC**

- To provide efficient, effective, ethical management of the business.
- To assist the State administration in attaining good governance.
- To treat the customer, i.e. passenger, as a central concern of the Corporation's business and provide the best possible service.
- To explore and exploit technological, financial and managerial opportunities and developments and render the business cost effective at all times.
- To regularly and constantly the state prove the capabilities of employees for higher Productivity.

### **History of United APSRTC**

The origin of **APSRTC** dates back to June 1932, when it was first established as NSR-TD (Nizam State Rail & Road Transport Department), a wing of Nizam State Railway in the erstwhile Hyderabad State, with 27 buses and 166 employees. During the past 77 years, it has registered a steady growth from 27 to 22,333 buses with 778 bus stations, 216 Depots and 1, 881 bus shelters.

### **Literature Review**

**Hofer** first considered the severity of the change situation in the selection of appropriate response strategies. He conceptualized the link between the severity of the downturn and the cost and asset reduction that should be included in the company's rescue plan. Even though the reduction was not used, Hofer identified the main elements.

**Khandwalla Pradip N.**, four Indian public equipment manufacturing firms developed a change model for public enterprises based on case analysis. (i) organizational design for equipment manufacturing, (ii) rescue strategy for diseased PE, (iii) PE growth management and diversification, (iv) the work of four PE engineering firms provided important event models: PE, (v) monitoring of the Ministry's PE, (vi) Evaluation of PE investment proposals.

**Manjunath Hegde**, studied on comparison Western and Indian patient salvage companies based on 18 Western case studies. The strategy of change in the western world has several similarities with that of India; whereas the means of exchange in India is mostly foreign. He observed a link between the causes of the illness and the use of the revocation mechanism. At least in part, he decided that there was no better change strategy and that it had to be done specifically for each particular case.

**Donald C. Hambrick and Steven M. Schecter** initially used a great example to re-examine the work of Schendel et al. and based on Hofer's method and effectiveness based on experimentally proven (surgical asset / cost) and entrepreneurial (product / market selective reorientation), which are significantly associated with successful recovery methods.

**Donatal C. Hambrick and Richard A. D'Aveni** has identified four major declining spirals with investigative research on the dynamics of corporate failure: domination initiative, environmental carrying capacity, laxity and performance. They proposed a model that matches the 57 major bankruptcies with 57 survivors and takes account of the downward spiral weaknesses that plunge early game and performance extreme and strategic action and sudden environmental decline.

**Pradip. N. Khandwalla** describes hazelnuts from a human destruction sign that compares nine public sector companies to eleven private sector companies. He learned that the "feedback questionnaire" was not only about improving the feedback experience of the return managers, but also for organizing rehabilitation packages to return to life for the patient units.

**Mathew J. Manimala** proposes a comprehensive approach to response management that explains different lessons through successful course analysis. The study deals with the lessons of successful cases both from India and internationally. Empirical references provide an overview of exchange strategies for Indian and international scenarios.

#### Need for the Study

- Crucial financial crises in the corporation.
- Disparity existing in the performance of TSRTC Owned Buses and Private Hired Buses.

#### Objective of the Study

- To study the performance of two different categories of buses plying in the corporation.
- To analyze the scale of operation of the categories of buses.
- To evaluate the cost and revenue factor of both the categories.

#### Scope of the Study

The scope of the study is vast as the corporation is a gigantic structure with more than 100 depots and with a business of about 3500/- millions per month. The current study focuses on the aspects of operation of TSRTC owned buses and Private Hired buses over a period of nine months starting from Jan-19 to Sep-19, by taking the Profit and loss account of Hyderabad region.

#### Limitations of the Study

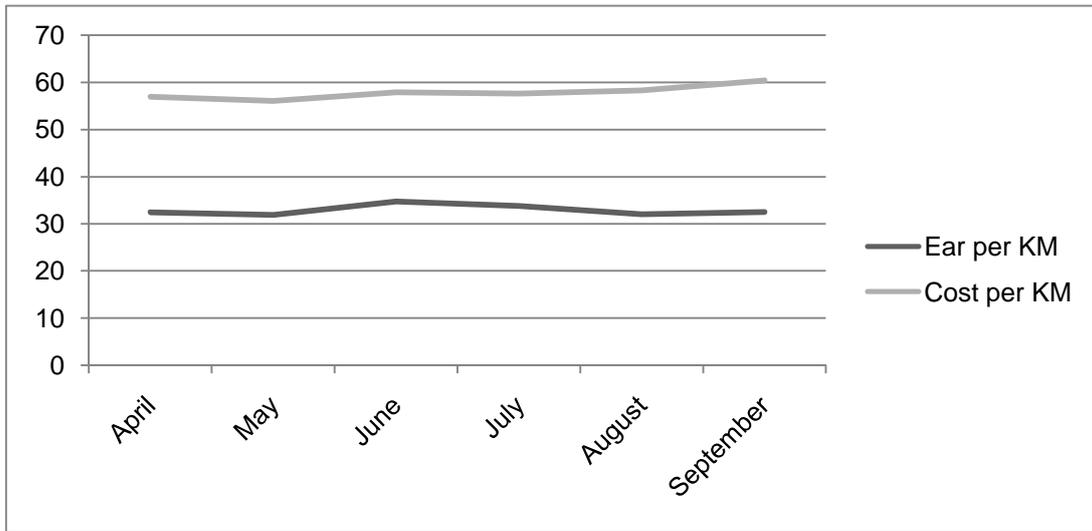
- The study is limited to the nine months of data comprising from Jan-19 to Sep-19.
- The study is limited to the jurisdiction of Hyderabad region only.

**Table 1: Financial Performance of Hyderabad Region from January, 2019 to September, 2019  
(Amount in Lakhs)**

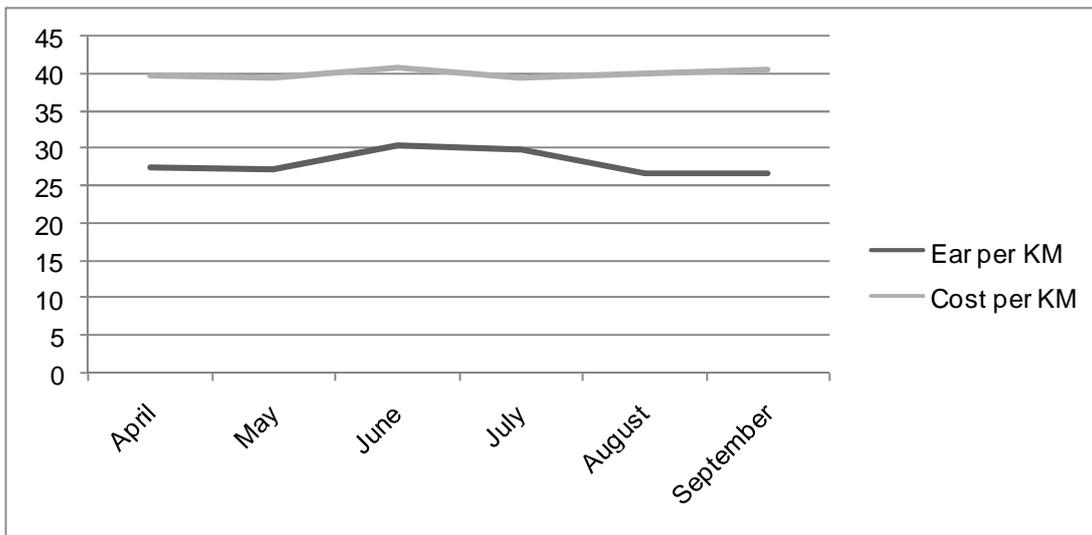
Particulars	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Fleet Held: Corp.	1800	1800	1801	1805	1805	1801
Fleet Held: Hired	233	235	234	233	229	227
<b>Total</b>	<b>2033</b>	<b>2035</b>	<b>2035</b>	<b>2038</b>	<b>2034</b>	<b>2028</b>
KMS Operated						
Corporation	128.69	130.21	126.75	132.43	131.28	124.80
Hired	21.09	21.77	20.69	21.53	21.19	20.46
<b>Total</b>	<b>149.78</b>	<b>151.98</b>	<b>147.44</b>	<b>153.96</b>	<b>152.47</b>	<b>145.26</b>
Income						
Traffic Rev.on Corp	4183.71	4159.64	4409.60	4485.46	4208.74	4064.48
Traffic Rev. on Hired	577.41	592.87	630.28	641.15	565.78	544.69
<b>Sub-total</b>	<b>4761.12</b>	<b>4752.51</b>	<b>5039.88</b>	<b>5126.61</b>	<b>4774.52</b>	<b>4609.17</b>
Other Revenue	169.92	159.74	141.27	145.35	142.96	136.05
Subsidy	1286.67	1292.75	456.46	1294.62	1288.03	1290.24
<b>Total</b>	<b>6217.71</b>	<b>6205.00</b>	<b>5637.61</b>	<b>6566.58</b>	<b>6205.51</b>	<b>6035.46</b>
<b>Expenditure</b>						
Personnel	4403.67	4450.61	4481.73	4660.42	4667.57	4628.12
Workshops	134.29	132.16	153.16	159.75	116.52	100.86
Power (HSD oil)	1773.68	1851.00	1815.21	1877.23	1931.21	1821.90
Tyres & Tubes	90.25	59.54	78.11	80.26	65.60	78.34
Stores & Lubs	205.20	142.42	130.49	135.49	106.89	103.42
M.V. Taxes	125.89	122.35	135.02	138.64	124.04	132.61
Depreciation	128.42	126.03	119.96	120.65	115.43	106.61
Miscellaneous	207.64	171.83	200.39	200.40	276.80	353.79
Exp. on Hire Vehicles						
a. Hired Charges	513.40	521.24	513.76	506.12	510.19	492.52
b. Personnel Cost	297.16	307.31	299.68	311.17	308.33	312.42
c. M.V.Taxes	29.39	30.21	32.06	32.54	28.76	27.65
Over Heads:						
Regional Office	64.66	70.59	69.37	78.38	85.60	78.96
Zonal Office	49.35	54.49	55.28	71.63	58.05	58.32
Head Office	498.37	476.51	446.44	499.45	485.65	475.96
<b>Total</b>	<b>8521.37</b>	<b>8516.29</b>	<b>8530.66</b>	<b>8872.13</b>	<b>8880.70</b>	<b>8771.48</b>
<b>Profit/Loss</b>	<b>-2303.66</b>	<b>-2311.29</b>	<b>-2893.05</b>	<b>-2305.55</b>	<b>-2675.19</b>	<b>-2736.02</b>

**Table 2**

Month-year	TSRTC Owned Buses				Private Hired Buses			
	Opt. Km's in lakh's	Earnings per KM in Rs.	Cost per KM in Rs.	Profit /loss	Opt. Km's in lakh's	Earnings per KM in Rs.	Cost per KM in Rs.	Profit /loss
Apr-19	128.69	32.51	56.89	-24.38	21.09	27.38	39.72	-12.34
May-19	130.21	31.95	56.04	-24.09	21.77	27.23	39.45	-12.22
Jun-19	126.75	34.79	57.86	-23.07	20.69	30.46	40.86	-10.4
Jul-19	132.43	33.87	57.63	-23.76	21.53	29.78	39.47	-9.69
Aug-19	131.28	32.06	58.25	-26.19	21.19	26.70	39.99	-13.29
Sept-19	124.80	32.57	60.38	-27.81	20.46	26.62	40.69	-14.07



Graphical representation of Earnings per Kilometre and Cost per Kilometre pertaining to TSRTC owned buses during the period of study



Graphical representation of Earnings per Kilometre and Cost per Kilometre pertaining to Private Hired buses during the period of study

### Interpretation

- There exist a huge gap in blue line and the red one, throughout the period of study.
- Throughout the period of study both the types of operations are making losses.
- Although the gap between blue and the red line in private hired buses is comparatively less than TSRTC owned buses.
- There was not much fluctuation observed in both the type of operations during the period of study
- This indicates a lesser lose making operation through the private hired buses.

### Findings

- Various cost factors such as Personnel, Material cost and lubricants in TSRTC owned buses are making it more expensive than Private hired buses.
- TSRTC being a service oriented organization could not able to make much revenue out of its operations.
- The list of cost factors in Private hired buses is comparatively short then that of corporation.
- As the hired buses are in good condition as compared to corporation buses thus they give a higher rate of mileage.
- Condition of the buses also impacts of the cancellation and accessories cost to the overall cost for the corporation buses.

### Suggestions

- Cost factors such as personnel and materials shall be controlled by the corporation.
- TSRTC being a service oriented organization government should come forward to enhance the financial health of the corporation.
- The conditions of corporation buses should be kept in prompt condition to avail the best out of each operated Kilometre.
- Crew should be counselled for improving the EPK of the corporation by means performing their duties in a better manner.
- Regular checks shall be made by the higher authorities on rout, bus condition, crew performance etc. This may improve the earning capacity of corporation buses.

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