

Opportunities of Revenue in TSRTC With Reference to Hyderabad and Secunderabad Regions

***Md Taherullah**

****Prof. Badiuddin Ahmed**

*Research Scholar, Rayalaseema University, Kurnool, A.P.

**Dean, SC & BM and Head, Dept.of Commerce, MANUU, Hyderabad, T.S.

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 following paper focuses on the Financial Performance of TSRTC and points out on the various avenues of revenues available to the corporation and tries to take out the corporation from the financial crisis that is being observed by the corporation from its date inception.

Key Words: Financial Crisis, Other Revenues, Traffic Revenue, Improving Financial Health.

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

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

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

Halder D. K extensively evaluated the traffic problems in Calcutta with a focus on Calcutta State Transport Corporation (CSTC). For the lower productivity of the CSTC during the period of 1964 – 65 to 1972 – 73, the following factors were responsible viz., (i) low fleet utilization (as a result of lack of proper preventive maintenance); (ii) higher absenteeism and (iii) evasion of fare. However, Linear Programming (LP) Model was applied to the problem of efficient allocation of buses on different routes.

Bhatnagar, K.P. explained the role and significance of transport in India and abroad and examined critically the growth and development of various modes of transport in India and its effect on the economy of the country.

Sharma.K.K. extensively studied the state of affairs, problems and prospects of Motor Transport in Rajasthan.

Khan.R.R. presented a kaleidoscope of transport network and transport management system in India. Besides, continuing with systems approach, a model was framed for a comprehensive transport system and transport planning. He provides an analytical study of several vital areas along with the benchmark data for transport management.

Ali A. El-Mezawie studied the problems and prospects of 32 State Transport Undertakings in India and observed that the performance of company form of organization is better on almost all important counts. He recommended the exchequer an immediate relief of at least 60% in tax, and provision for regular revision of fare at an interval of two years, failing which provision for subsidy.

Dev Arun evaluated the contributions of different modes of transport in civilized development especially the role of road transport in connecting the lifeline of the economy.

Srivastava.S.K. portrays the historical development of various modes of transport in India keeping in view the means to coordinate the development of transport system. He examined the effect of efficient, cheap and well coordinated transport system to the development of the economy.

Need For the Study

- Severe financial crises in the operations of day to day services.
- Concentrated source of earnings by the corporation on Traffic revenues.
- Negligence on the 'OTHER REVENUES' concept by the corporation.

Objective of the Study

- To Study the financial performance of TSRTC during the current financial year 2017-18.
- To analyze the importance of other revenues that can be enhanced by proper utilization of opportunities available with the corporation.
- To suggest the suitable areas of potentials for other revenues.

Scope of the Study

The scope of finding of avenues to improve the revenues of the corporation is widely open as the corporation is a gigantic structure in itself with a lot of fixed assets spread all over the state of Telangana, through which the financial performance of the organization can be improved.

Limitations of the Study

- The study is based on the past records provided by the corporation.
- The study is restricted with technology available with the corporation.
- The study is restricted to the jurisdiction of Hyderabad and Secunderabad Regions only.

Concept of Other Revenues

This head comprises of various revenues generated by the corporation such as Int. on House building advance that is given to the employees, Int. on Deposits of the corporation at various banks and financial institutions, Rent on Quarters allotted to the employees, Advertisement revenues, Sale of tender forms, Fines and penalties collected from employees and outsiders.

Table No. 1

Table showing Revenues generated under the Head “OTHER REVENUES” for HYDERABAD REGION during the financial years of 2105-16 and 2016-17.

SL. NO.	ACCOUNT HEAD	PARTICULARS	2015-16	2016-17
1	9005	Interest on House Building Advance	2,67,140	27,456
2	9007	Interest on Deposits	2,04,435	80,533
3	9101	Rent on Quarters	1,94,000	70,000
4	9121	Advertisement Revenue	3,99,02,499	3,13,48,862
5	9201	Sale of tender Forms	3,17,366	2,02,886
6	9202	Fines & Penalties employees	11,45,071	5,70,293
7	9203	Fines & Penalties others	57,10,576	3,64,186
8	9207	Forfeiture of Deposits	1,11,449	5,12,418
9	9208	Unpaid/Unclaimed Amount	11,40,863	8,55,000
10	9215	Toll plaza collected	43,11,927	12,61,545
11	9219	Clerical Charges	2,61,44,408	2,21,01,134
12	9222	Conductors Excess Cash	2,34,897	97,984
13	9226	Misc. Income	1,09,37,926	14,69,248
14	9230	Medical Advance	39,93,700	29,15,000
15	9233	Reflective Red Tape	46,41,180	27,93,270
16	9247	Govt. Assistance	5,82,84,260	3,37,07,097
		TOTAL	15,75,41,697	9,83,76,912

The above table clearly depicts the fact that the Management is not concentrating on various aspects of revenues that foregone as compared to previous year especially those revenue head should be concentrated that are generating more revenues for the corporation such as Advertisement Revenue that is adding a net amount of Rs. 3.99 Crores to the corporation in the 2016 but it has got reduced to Rs. 3.13 Crores in the year 2017, which is a loss to the corporation. Next is the Clerical Charges collected on various remittances has got reduced from Rs. 2.61 Crores in the year 2016 and got reduced to Rs. 2.21 Crores in 2017, with a net decrease of 0.40 Crores. The next big contribution factor to the

corporation is the Government assistance which has been fallen down from Rs. 5.82 Crores in the year 2016 to Rs. 3.37 Crores in 2017.

Table No. 2

Table showing Revenues generated under the Head “OTHER REVENUES” for SEC’BAD REGION during the financial years of 2105-16 and 2016-17. (Amount in crores)

SL. NO.	ACCOUNT HEAD	PARTICULARS	2015-16	2016-17
1	9005	Interest on House Building Advance	25,059	21,591
2	9007	Interest on Deposits	1,33,542	44,132
3	9101	Rent on Quarters	53,386	65,261
4	9121	Advertisement Revenue	3,65,50,123	3,69,29,708
5	9201	Sale of tender Forms	12,02,265	1,55,438
6	9202	Fines & Penalties employees	86,41,274	41,67,805
7	9203	Fines & Penalties others	7,11,446	6,39,484
8	9207	Forfeiture of Deposits	3,83,404	1,07,939
9	9208	Unpaid/Unclaimed Amount	10,42,840	12,02,626
10	9215	Toll plaza collected	1,31,34,606	6,26,772
11	9219	Clerical Charges	2,99,52,888	2,24,58,554
12	9222	Conductors Excess Cash	3,68,120	1,25,933
13	9226	Misc. Income	9,39,664	5,94,001
14	9230	Medical Advance	29,50,000	27,35,000
15	9233	Sale of Reflective Red Tape	21,78,331	12,34,265
16	9247	Govt. Assistance	5,17,69,607	3,64,25,861
		TOTAL	15,00,36,555	10,75,34,370

The above figures clearly depicts the fact that the Management is not concentrating on the various aspects of revenues that got reduced as compared to previous years, especially those revenue heads that should be concentrated which are generating more revenues for the corporation such as Advertisement Revenue, that is adding a net amount of Rs. 3.65 crores to the corporation in the 2016 but it has got increased to Rs. 3.69 crores in the year 2017, which is a gain to the corporation. Next is the Clerical Charges collected on various remittances has got reduced from Rs. 2.99 crores in the year 2016 and got reduced to Rs. 2.24 crores in 2017, with a net decrease of 0.75 crores. The next big contribution factor to the corporation is the Government assistance which has been fallen down from Rs. 5.18 crores in the year 2016 to Rs. 3.64 crores in 2017.

Opportunity of Generating New Revenue

Utilisation of Departmental Goods Transport (DGT) vehicles

Every Depot has got their own Departmental Goods Transport vehicle, which is used for the purpose of transporting departmental goods from one place to another. The same concept can be applied for commercial purpose also.

Instead of one there can be four to five DGT’s in each depot and as the passenger vehicles are provided for as Hire Special for the purpose of functions and private usage on hourly basis by which additional revenue is generated. In this connection the DGT’s which are closed vehicles can be used for transportation of goods for outsiders also as “packers and Movers”, this will generate additional revenue for the corporation. Here is a detailed study about the Hire Special concept hiring a bus for private use.

A bus is hired for private usage purpose to be used in functions, pilgrimage, outings, industrial visits etc. on following terms and conditions.

Table No. 3

Table showing Hire Special Charges schedule prevailing TSRTC

No. of Slabs	Duration of Time in Hrs.	Operation in Kilometres
1	4	60
2	6	90
3	8	120
4	10	150
5	12	180
6	14	210
7	16	240

Table No. 4

Rate per Kilometre for various categories of buses supplied

S. No.	Category of Bus	Rate Per Kilometre
1	Ordinary	38
2	Express	39
3	Deluxe	39

Above 16 hours the charges laid are 15 kilometre charges for every hour of delay in addition to the normal charges. It can be understood with the help of following example. If an Express bus is hired for 20 Hrs and it has operated for 260 Kilometers the charges that has to be paid are as follows.

Normal charges: $260 \times 39 = 10140$

Additional for 4 Hrs: $4 \times 39 \times 15 = 2340$

Total Charges 12,480

Now the question arises by this type hire service what is the profit to the corporation. The revenue generated out one bus for one day hire is Rs. 12,480/- now let us estimate what is the cost incurred to earn this revenue is one day attendance for Driver, average salary of driver per day is 2,250/- and the diesel consumed is Rs. 2,878/- ($57 \times 260 / 5.15$) that is rate*No. of kilometres operated/No. of kilometres per Litre of diesel.

Add the opportunity cost that has been foregone by going on this hire special service i.e. daily earning of the bus Rs.3500/-. Now the total cost come to Rs.8628/- ($2250 + 2878 + 3500$). The net profit out of this comes to Rs.3852/- per bus per day. On an average each depot sends 8 to 10 bus in a month. Conservatively speaking the monthly profit out of this type of service is Rs.30816/- (3852×8) per depot.

Now Hyderabad and secunderabad regions constitutes of 16 and 12 depots respectively, total revenues for the regions will be Rs.4,93,056/- and 3,69,792/- per month, if it is converted to yearly basis now the figures comes to Rs. 59,16,672/- and Rs. 44,37,504/- which are considerable amount and could not be neglected for an organization which is running in losses.

If the same is doubled by the usage of DGT type of buses for the purpose of Goods transport as Packers and movers, in one year the losses can be reduced by Rs. 59,16,672/- for Hyderabad region and Rs.44,37,504/- for Secunderabad Region. After a period of five year the total revenue generated out the Goods transport vehicles could come to Rs. 2,95,83,360/- for Hyderabad region and Rs. 2,21,87,520/- for Secunderabad region.

Table No. 5

Table Showing the Revenue Generation on Hire Bus services by Hyderabad Region

S. No	Particulars	Amount
1	Normal Charges for Express bus	10140
2	Additional Fair for 4 Hours	2340
3	Total Fair for the Bus	12480
4	Cost to earn this revenue constitutes Drivers Pay	2250
5	Diesel Charges	2878
6	Opportunity cost for this revenue	3500
7	Total cost comes to	8628
8	Net profit on hire per bus per trip comes to	3852
9	If 8 buses are Hired in a depot every month	30816
10	For Hyderabad Region per Month	493056
11	For Hyderabad Region per Year	5916672
12	For Hyderabad Region for 3 Years	17750016
13	For Hyderabad Region for 6 Years	35500032
14	For Hyderabad Region for 9 Years	53250048

Table No. 6

Table Showing the Revenue Generation on Hire Bus services by Secunderabad Region

S. No	Particulars	Amount
1	Normal Charges for Express bus	10140
2	Additional Fair for 4 Hours	2340
3	Total Fair for the Bus	12480
4	Cost to earn this revenue constitutes, Drivers Pay	2250
5	Diesel Charges	2878
6	Opportunity cost for this revenue	3500
7	Total cost comes to	8628
8	Net profit on hire per bus per trip comes to	3852
9	If 8 buses are Hired in a depot every month	30816
10	For Secunderabad Region per Month	369792
11	For Secunderabad Region per Year	4437504
12	For Secunderabad Region for 3 Years	13312512
13	For Secunderabad Region for 6 Years	26625024
14	For Secunderabad Region for 9 Years	39937536

Above figures depict the fact, that there exist a better opportunity for generation of revenues under 'other revenues' head. A single trip may give a net profit of Rs. 3852/- to the corporation, if suppose only eight buses are hired in a month the profit will be Rs.30816/-. When it is converted to annual

basis this comes to Rs. 5916672/-. Conservatively speaking if the same trend is followed for nine years the net profit may increase to Rs. 53250048/-, which is not a small amount for Hyderabad Region.

A single trip may give a net profit of Rs. 3852/- to the corporation, if suppose only eight buses are hired in a month the profit will be Rs.30816/-. When it is converted to annual basis this comes to Rs. 4437504/-. Conservatively speaking if the same trend is followed for nine years the net profit may increase to Rs. 39937536/-, which is not a small amount for Secunderabad Region.

Findings

- It has been found out that the corporation is not concentrating on the various aspects of avenues of revenues that could have been en-cashed.
- There exists a lot of opportunity to enhance the other sources of revenue for example Advertisement, utilization of land and building for commercial purpose.
- Over the due course of time not much concentration has been made on optimum utilization assets concept by the corporation.

Conclusions

- The corporation can concentrate on goods transportation also instead of totally depending on the Public transport, as it is followed by other Road Transport Corporations in the country.
- The concept of optimum utilization of fixed assets is not followed by the corporation with which the revenues are forgone that can be earned easily. Thus the idle assets should be utilized enhance the other revenue sources.
- The concept of DGT should be prolonged for general transportation goods to generate additional revenues for the corporation.

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