

Abstract:-

Maharashtra Road Transport Corporation (MSRTC) came into existence in 1948 and has been providing services to more than 70 lacks passengers daily during given period of time covering corners of Maharashtra State of India and adjoin states. Kolhapur division is established in the year of 1950. Its jurisdiction is limited to the boundaries of Kolhapur district. It is divided into twelve depots for the purpose

PROBLEMS OF (MSRTC) MAHARASHTRA STATE ROAD TRANSPORT CORPORATION: A CASE STUDY OF KOLHAPUR DIVISION



Dinkar. K. More

Associate Professor & Head , Department of Business Economics ,
Arts & Commerce College, Ashta , Dist. Sangli, Maharashtra .

of administrative lucidity. Kolhapur division is working with a fleet of 843buses ply over 911 routes reaching entire district every day. Kolhapur division of MSRTC has been facing various problems in its services to survive i.e. low load factor, high bus-staff ratio, high rate of accident and break down. Besides these problems few other problems like that high tax burden, increasing prices of spear parts, competition of private sector and lower satisfaction of passenger are under consideration. These physical and internal problems found affected on the economic performance of MSRTC in Kolhapur division.

Keywords:

Maharashtra Road Transport Corporation (MSRTC), Productivity of Public Transport, private sector passenger transport (wadap), Bus-staff ratio, Tax burden on Passenger.

INTRODUCTION

In India, road Transport Corporation Act was regulated in 1950. This act advocated nationalization of passenger road transport undertakings operating in various states. Under the support of the said Act many states in India have nationalised their passenger road transport services and thus state Road Transport corporations (SRTCs) were formed.

At present state road transport corporation (SRTCs) find themselves plagued by several problems, partly external but largely self-inflicted with declining financial support from both central and state governments.

Maharashtra Road Transport Corporation (MSRTC) came into existence in 1948 and has been providing services to more than 70 lacks passengers daily during given period of time covering of Maharashtra state of India and adjoin states. MSRTC covers 247 depots 570 ST stands, 4277 bus stops, 16698 routes and 15368 buses and that also at the lowest cost to its passengers throughout the year.

Kolhapur division is established in the year of 1950. Its jurisdiction is limited to the physical boundaries of Kolhapur district. It is divided into twelve depots. Kolhapur division is working with a fleet of buses numbering 843 ply over 911 routes reaching entire district every day. The total length of these routes is 65,045 km. It is making daily transport arrangements of 2,75,810 passengers with the help of about 4300 employees.

NEED OF THE STUDY

A road passenger transport is important service in rural area. Economic achievement of any services industry is important to face competition and with globalization and privatization coming into existence in every aspect of the business. MSRTC has to various problems its services to survive. The present study focuses on the analysis of problems of MSRTC in Kolhapur division.

RESEARCH METHODOLOGY

Study has undertaken with an objective to assess various problems of MSRTC in Kolhapur division. Based on objectives, the research study involved both primary and secondary data. Primary data are collected using questionnaire and observation method. The secondary data was obtained from administrative office of MSRTC in Kolhapur division.

DATA PRESENTATION AND DISCUSSION:

The collected data has been analysed using percentages and ratio. The data and discussion presented using nine points. MSRTC Kolhapur division is currently facing several problems due to which its financial profitability has been adversely affected. The problems faced by MSRTC are discussed below

A) Low Physical Performance

Physical performance is an important indicator of road transport industry which has impact on financial performance. Physical performance of MSRTC Kolhapur division is low which leads to financial loss. So low physical performance itself a problem for MSRTC Kolhapur division. These physical indicators are discuss as follows –

1. Load Factor

Load factor reflects the extent of optimum use of fleet. Load factor is the ratio of seat kilometres occupied to seat kilometres offered during a period by an undertaking. Also, it is the ratio of actual earnings to expected earnings, at full load including standees allowed. As per the norms of MSRTC minimum 80 per cent load factor required for break even point.

Table No 1
Physical performance of MSRTC

Sr. No.	Year	Percentage of load factor	Bus-Staff Ratio	Vehicle Utilisation	Cancelled Km In Lack	Rate of Breakdown
	1	2	3	4	5	6
1	2001	58.63	6.01	309.11	19.69	0.28
2	2002	59.03	6.10	312.23	19.75	0.43
3	2003	60.30	5.91	324.18	19.68	0.24
4	2004	56.52	5.88	313.43	18.46	0.18
5	2005	57.06	5.98	321.52	18.90	0.21
6	2006	61.44	6.23	318.40	19.38	0.26
7	2007	59.69	6.18	319.29	18.60	0.16
8	2008	60.67	6.04	323.34	21.86	0.19
9	2009	61.84	6.07	327.14	21.74	0.17
10	2010	61.51	6.21	326.60	21.62	0.16
11	2011	61.43	5.79	333.90	20.90	0.18
12	2012	62.13	6.54	328.66	20.54	0.12
13	2013	61.19	6.35	333.60	33.16	0.10
	Average	60.11	6.10	322.42	21.10	0.21
	Minimum	58.63	5.79	309.11	18.46	0.10
	Maximum	62.13	6.54	333.90	33.16	0.43

Source: Official Record of MSRTC Kolhapur Division.

Above table reveals that load factor of Kolhapur division is not up to the mark, in the study period, average load factor is 60.11 per cent. In the year 2004, lowest load factor is experienced i.e. 56.52 per cent and highest load factor experienced in the year 2012 i.e. 62.13 per cent. Every year load factor is below 80 per cent, it is one of the basic problems faced by MSRTC in Kolhapur division.

2. Bus-Staff Ratio

Bus-staff ratio is the number of persons employed to the total number of scheduled fleet operated. As per norms of MSRTC is standard bus-staff ratio is 5.50. If bus-staff ratio is more than 5.50, it means there are excess staff and increase the cost of wages which has negative impact on profit. As seen in the above table every year bus-staff ratio of Kolhapur division is more than standard ratio of 5.50. In the year 2011, bus-staff ratio is 5.79 which is minimum during the study period and highest bus staff ratio is recorded in the year 2012 i.e. 6.54. The average bus-staff ratio of last thirteen years is 6.10. It is apparent that, in Kolhapur division bus-staff ratio is excess during study period. It reveals that Kolhapur division is not fully utilises their labour, it means disguised employees are available. Labour productivity is low in the division which has leads to increased cost, therefore experienced loss.

3. Vehicle Utilisation

Vehicle utilisation as defined earlier is simply the number of kilometres done by a vehicle in a day. The average for 12 months is taken as the measure. As per norms of MSRTC standard vehicle utilisation rate is 350 km. Above table depicts that during the study period, rate of vehicle utilisation is fluctuated. The vehicle utilisation ranges from 309.11 km to 333.90 km. In the year 2001, vehicle utilisation is 309.11 km and in the year 2013, vehicle utilisation rate is 333.60 km. Data shows some kind of improvement in the preceding years as compare to the year 2001, but this vehicle utilisation rate is less than standard norms of MSRTC (i.e. 350 km).

4. Cancelled Kilometres

If expected operating kilometres are not fully executed due to any reason, then the non-operating kilometres are called cancelled kilometres. Every year the cancelled kilometres are found to be more than 18 lack kilometres in the reference period. Average cancelled kilometres of Kolhapur division is 21.10 lack kilometres. It is quite obvious that the cancelled kilometres adversely affected on revenue.

5. Rate of Breakdown

Break-down means stoppage of a vehicle on the road due to mechanical defect or other failures rendering the bus immobile irrespective of the time involved. Table depicts that rate of break down (column no. 6) in Kolhapur division from the year 2001 to 2013. Rate of break down is calculated by Per 10,000 effective kilometres. In the year 2001, rate of break down was 0.28 and in the year 2013 break down rate was 0.10. Average rate of breakdowns during study period is 0.21. In the year 2002 rate of break down is higher i.e. 0.43 and in the year 2013, break down rate is 0.10, which is lowest during study period. Majority break down of Kolhapur division is due to the Mechanical Failures. Rate of break down has impact on economic performance of Kolhapur division, because it creates the problems of cancelled kilometres, decrease in revenue and increase in expenditure besides this inconvenience caused to passengers and waste of their valuable time is beyond calculation of loss in terms of rupees.

B) Other Problems

Few other issues like government policy, poor management, social conflicts, bureaucracy, lack of business approach, lack of co-operation from driver and conductors, high traffic, low quality of village road, competition of privet sector, increasing price of spare parts and lubricants are worth considering. A brief account on these are as follows –

1. High Tax burden

MSRTC served different type of tax i.e. passenger tax, motor vehicle tax, toll tax, VAT etc. These are charged by state government of Maharashtra. There is a very high burden of these taxes on Kolhapur division of MSRTC. Now a day, the rate of passenger tax is 17.50 per cent for ordinary bus service and 6.50 per cent for luxurious bus service. Motor vehicle tax is averagely Rs 3500 per bus per annum. Government of Maharashtra and India build different road and bridge under the Build Operate and Transfer (BOT) scheme, which acquire toll tax. The following table shows that tax burden on Kolhapur division of MSRTC.

Table No 2
High Tax Burden

(Rs in lacks)

Sr. No.	Year	Motor Vehicle Tax	Passenger Tax	Toll Tax	Total	% of Total Revenue
1	2001	29.64	1696.30	---	1725.94	16.47
2	2002	29.79	1792.65	---	1822.44	16.45
3	2003	30.32	1783.88	---	1814.20	16.52
4	2004	30.55	1820.27	---	1850.82	16.48
5	2005	31.87	1937.13	---	1969.00	16.51
6	2006	31.10	2222.03	144.88	2398.01	17.55
7	2007	30.86	2311.99	232.93	2575.78	17.96
8	2008	29.77	2485.11	350.37	2865.25	18.56
9	2009	34.27	2751.45	426.28	3212.00	18.81
10	2010	30.94	2869.17	444.32	3344.43	18.72
11	2011	30.97	3316.59	535.76	3883.32	18.74
12	2012	30.55	3634.27	673.52	4338.34	19.10
13	2013	30.91	3891.15	769.07	4691.13	19.26
	Mean	30.89	2500.90	447.14	2807	----
	Simple Growth Rate (SGR)	4.28	129.39	430.83	171.80	----

Source: Official Record of MSRTC Kolhapur Division.

Table indicate tax burden of MSRTC of Kolhapur division from 2001 to 2013. The tax burden of MSRTC in Kolhapur division has increased over the years. In the year 2001, it is Rs 1725.94 lack, which is 16.47 per cent to the total revenue. The burden of total tax in the year 2013 is Rs 4691.13 lack, which is 19.26 per cent to the total revenue. Average tax burden of reference period is Rs 2807 lack; growth rate of tax burden of this duration is 171.80 per cent. MSRTC is facing high tax burden because in the multiple type of taxes, which affects on economic performance of Kolhapur division.

2.Increasing Expenditure on Spare Parts and Lubricants

In the road transport industry expenditure on spare parts and lubricant is basic and essential, under this head Kolhapur division spend amount on diesel, tyre tube and flaps, lubricants, spear parts, batteries, tickets and stationery. Following table shows that expenditure on spare parts and lubricants of Kolhapur division of MSRTC in the last thirteen years.

Table No 3
Increasing Expenditure on Spare Parts and Lubricants

Sr. No.	Year	Diesel	Tyre, Tube & Flaps	Lubricants	Spear Parts	Batteries	Tickets & Stationery
1	2001	3336.56	463.99	69.99	43.60	31.45	25.65
2	2002	3572.51	415.12	69.13	39.63	29.46	30.86
3	2003	3974.92	372.03	67.56	35.22	31.30	31.07
4	2004	4407.51	353.00	63.48	32.64	21.66	30.10
5	2005	5167.86	350.75	57.36	31.62	29.10	30.27
6	2006	5936.45	340.72	56.57	29.62	25.12	35.31
7	2007	6263.94	436.10	56.62	30.21	30.08	34.59
8	2008	5950.29	446.11	95.48	34.18	32.40	36.29
9	2009	6617.34	499.16	85.36	36.23	32.84	36.28
10	2010	6833.52	473.27	95.24	36.26	25.06	37.15
11	2011	8212.48	520.36	90.08	32.57	34.20	110.87
12	2012	9107.64	664.49	104.21	34.40	42.13	177.20
13	2013	10312.52	732.53	97.03	31.15	29.79	178.58
	Mean	6130.30	466.74	77.55	34.41	30.35	61.09
	SGR	209.08	57.88	38.63	-28.56	-5.28	596.22

Source: Official Record of MSRTC Kolhapur Division.

In the reference period expenditure on spear parts and lubricant has been continuously increased, comparatively rate of tickets and stationery and diesel expenditure is highly increased i.e. Simple Groth Rate (SGR) of tickets and stationery is 596.22 and diesel expenditure SGR is 209.08 in the same period Tyre, rube, flaps and Lubricants expenditure SGR is 57.88 and 38.63 respectively. Spears part and batteries expenditure growth rate is negative i.e. -28.56 and -5.28 respectively. It reveals that in the reference period expenditure on spear part and lubricants has highly increased.

3.Level of Satisfaction of Passengers

Today service quality has become very important than ever before in any area, because service providers have realised that they have to provide customer perceived values. As competition increases, customers have more options to choose from and of course service quality will become their priority when spending their money, especially as they try to maximise the value in return as well as satisfaction for every unit of money spent. For this reason, the customers' perception on the services used is necessary because service quality can be approached only from the consumer point of view. It is absolutely necessary to correlate the expectations of customers with perception regarding the transportation services, making the outcome essential in evaluating the quality of service. Following table shows passenger satisfaction of different services.

Table No 4
Satisfaction of Passengers

Sr. No.	Service And Facility	Percentage of Unsatisfied Passenger
1	Maintaining departure times	67.17
2	Maintaining arrival times	71.83
3	Employees and management behaviour	72.17
4	Bus and bus station neat and clean	88.50
5	Toilets at bus station	81.67
6	Drinking water	81.67
7	Refreshment facilities on routes	95.50

Source: Field work, 2014

Above table shows that satisfaction of passenger in different services provided by Kolhapur division of MSRTC. Out of total respondents there are 67.17 per cent passengers are unsatisfied with the departure times whereas 71.83 per cent passengers are unsatisfied with arrival times. There are 88.50 per cent passengers are unsatisfied with the attribute of neat and cleanness of bus and bus station. With the attribute of toilets and drinking water facilities at the bus station, there are 81.67 per cent respondents are unsatisfied. About refreshment facilities on routes 95.50 per cent respondents are unsatisfied. It states that passengers are not satisfied in services of Kolhapur division of MSRTC. Passengers are unsatisfied with above said attributes, eventually influenced on the economic performance of Kolhapur division of MSRTC.

4.Competition of private sector Passenger Transport (Wadap)

Competition of private sector (wadap) is massive problem in front of MSRTC. It has started after the year 1991 when private sector passenger transport (wadap) spread their roots in rural area. Apart from that, competition of private luxuries bus faced by MSRTC probably in long distance route. Following table shows taluka wise private vehicle engaged in passenger transport in Kolhapur districts.

Table No 5
Private Sector Passenger Transport Vehicle

Sr. No	Talukas	Number of Vehicle	Percentage
1	Karveer	280	31.22
2	Hatkanangale	138	15.38
3	Kagal	105	11.70
4	Gadhinglaj	78	08.69
5	Shahuwadi	66	07.36
6	Bhudargad	55	06.13
7	Panhala	52	05.80
8	Ajara	45	05.01
9	Shirol	40	04.86
10	Radhanagari	38	04.24
Total		897	100

Source: Socio-Economic Abstract of Kolhapur District, 2012

Above table shows that, numbers of private vehicles engaged in passenger transport in each taluka of Kolhapur district. The district has around 897 private vehicles engaged in passenger transport. Out of them 280 private vehicles are working as passenger transport in Karveer taluka only, followed by Hatkanangale taluka with 138 vehicles, Kagal with 105 vehicles. Majority private vehicles engaged in passenger transport in above said talukas. There are on an average 50 vehicle engaged in passenger transport in remaining tahsils. Thus private sector transport has impact on the load factor of MSRTC, and smash up the economic performance of MSRTC.

From Kolhapur city, there are more than 250 buses ply over the long distance i.e. Pune, Solapur, Mumbai, Nashik, Aurangabad, Bangalore, cover the peripheral area of MSRTC. Due to competition of these private luxuries buses Kolhapur division of MSRTC faces the problem of low economic performance.

MAJOR FINDINGS OF THE STUDY:

- i. Every year load factor is below 80 per cent, it is one of the basic problems faced by MSRTC in Kolhapur division.
- ii. In Kolhapur division the bus-staff ratio has found to be excess during study period.
- iii. Vehicle utilisation rate is less than standard norms of MSRTC (i.e. 350 km).
- iv. MSRTC is facing high tax burden because in the multiple type of taxes, which affects on economic performance of Kolhapur division.
- v. It has observed in the reference period that expenditure on spare part and lubricants has highly increased.
- vi. Passengers are not satisfied in services of Kolhapur division of MSRTC.
- vii. Private sector transport impacted on the load factor of MSRTC, and smash up the economic performance of MSRTC.

SUGGESTIONS

- 1. Kolhapur division of MSRTC should give thought on planning to increase load factor, which is observed always under the standard norm (i.e. 80 per cent). It will be helpful to take out them from deficit.
- 2. Bus-staff ratio of Kolhapur division has been found above standard ratio, it should be minimising, thereby fixed cost will also be minimised, and earning per km will be increased in some extent.
- 3. Vehicle utilisation of Kolhapur division is always under standard ratio (i.e. 350 km/day). Hence, vehicle utilisation should be increased, at least up to standard utilisation. MSRTC should take lead in this regard.
- 4. Rate of cancelled kilometre in Kolhapur division is also high, it also should be minimised not only to increase vehicle utilisation but increase profit also. Due to absenteeism of employees, rate of cancelled kilometre goes higher. MSRTC should take a strict action on employees, which take leaves without any permission or should make substitution arrangements for absentee.
- 5. Buses must be checked out regularly and meticulously before their trip. This will help to minimize break-downs and maximize vehicle utilisation and profit margin too.
- 6. MSRTC has to optimise their expenditure on spare part and lubricants. Every bus should be mechanically checked out on regular intervals, and regularly take care of its maintenance. It will be helpful to optimize above said expenditure.
- 7. Bus trips on the empty or spar routes need to be minimised. MSRTC should take a lead in this regard. It will be helpful to increase load factor, which make oblivious and positive effects on earning per kilometre (EPKM).
- 8. Government should also take lead to make fleet of MSRTC toll free, besides passenger tax and motor

vehicle tax needs to be improvised. Apart from that, state government and concern authorities have to take some serious action against illegal private passenger transport.

CONCLUSION

Passenger transport is important service in rural area. MSRTC of Kolhapur division is provided passenger transport service in entire part of Kolhapur district. Economic achievement if any services industry is important to face competition and with globalization and privatization coming into existence in every aspect of the business. MSRTC has various problems in its services to survive i.e. low load factor, high bus-staff ratio, high rate of accident and break down these are the physical problems as well as internal problems. Other problems are like that high tax burden, increasing prices of spare parts, competition of private sector, lower satisfaction of passenger etc. These internal and other problems affected on economic performance of MSRTC in Kolhapur division.

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i.Wadap- The local parallel transportation developed by local residents, which carries small number of passengers using Jeeps, auto rickshaw or vans. Generally fills vehicle more than its official seating capacity and ply for small distances often charges at par state transport bus fare or little less.