CHAPTER – III

PROFILE AND PERFORMANCE OF
TAMILNADU STATE TRANSPORT
CORPORATION (CBE) LTD., COIMBATORE
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CHAPTER III

PROFILE AND PERFORMANCE OF TAMILNADU STATE TRANSPORT CORPORATION (CBE) LTD., COIMBATORE.

3.1. INTRODUCTION

Transport renders various services to the society. Efficient performance of transport unit engaged in the provision of an essential service life road transport is important particularly in a developing country. Transport services not only provide income but also facilitate opportunities for providing services at normal prices. Transportation indirectly helps industries and agricultural sector. It is only through a well organised system that effective distribution of goods according to their demand is made possible.

3.2. NATIONALISATION OF ROAD TRANSPORT IN INDIA

The beginning of the nineteenth century marked the beginning of the political sovereignty of the British East India Company. It termed its attention towards the economic progress of the country but it was slow due to the under developed condition of transport. There existed very few roads. But these roads were damaged due to the passage of artillery and the arch of troops at the times of political turmoil and no effort was made to prevent them.

Under the direction of the government the Board of Revenue in Madras instructed all collectors of Districts to send information regarding the conditions of roads. The board emphasized the importance of roads for the political and commercial point of view, the revenue and the general prosperity.
Road Transport occupies an important position in the overall transport system of the country, which comprises several modes of Transport. Off all modes road transport are considered to be more important to the needs of economically weaker and under privileged section of the population. Therefore special attention was given by the Government of India to improve road transport.

Among the modes of road transport, bus transport dominates over other modes because of its flexibility and accessibility to a large number of villages and towns. Bus services are more frequent and time suited and it is easy to get a ticket at short notice and easier still to get a seat thereafter.

During the plan periods, considerable progress has been made in the development of roads and transport system. Due to improvements in road conditions, upgrading of vehicle technology and increase in managerial efficiency, the annual utilisaiton of buses in India is one of the highest in the world.

The Road Transport Corporation Act was passed in Parliament in 1948 to enable the State Governments to form corporations to run road passenger transport services. The State Government operated the bus services as departmental services and did not form a corporation.

In April 1968, Justice Somasundaram Committee was formed to suggest ways and means of improving working results of department and to review the existing working conditions of State Transport and Nationalise them. One of its main recommendations was the formation of autonomous corporations either under Road Transport Corporation Act or under company’s Act.

Nationalisation is understood to mean the taking over of a complete industry so that it is owned and managed by the state. Nationalisation of transport is a forwarded step in the right direction that gives the public a safe, reliable and comfortable transport service. Nationalisation is justified on the ground that the state government is considered to be the guardian of the passenger road transport services as it provides infrastructure, grants permits and licenses collects taxes and regulates
fares. Nationalisation of road transport is based on the assumption of that the state would provide the following:

- Uniformity of rates and service conditions
- Cheap and efficient services
- Adequate services on remote and uneconomic routes
- Better service condition for the staff
- Better co-ordination and control

Nationalisation of road transport services has been recognised as an accepted policy in all the states of India. The government of India exacted the Road Transport Corporations Act 1948, which enabled the state governments to establish the Road Transport Corporation to operate transport services. The Road Transport Corporation Act 1948 was subsequently amended and replaced by the revised Act of 1950. The Road Transport Corporation Act, 1950, empowered all the state governments and union territories to establish Road Transport Corporation in their respective jurisdictions. The Act of 1950 enabled the central government, the state government and the private parties to participate in the corporate sector.

3.3 REINVENTING TRANSPORT REGULATION OF PASSENGER ROAD TRANSPORT

There is still a wide gap between the total demand for transport and the means for its satisfaction provided by the public sector road transport corporations. While this gap is due to the enormity of the country’s size and the population, inadequate road lengths etc., it is also a fact that the nationalised passenger road transport corporations are unable to meet the demand because of the scarce capital resources available at their disposal to purchase buses needed for expansion, augmentation and replacement. STUs have been depending more or less exclusively on governmental support for their capital requirements which has shown a negative trend over the successive years. Today, if the entry of private operators is being thought of to meet the gap between the demand and supply of transport, it is definitely more due to the resource crunch facing the government rather than a reversal of the earlier policy. In
other words, the rationale of nationalisation in the case of public passenger road transport exists with all its force even today.

It is part of history that regulatory framework in the road transport sector as defined by the British government was not so much to enable growth. Even after Independence, in spite of the predominance of road transport in the overall transport sector, the main concern of the government was to treat it as a source of taxation. There was a passing interest in safety but quality of operations and growth and integration with other developmental activities were never the priorities of whatever regulatory mechanism that existed. The controlling departments become knowledge-proof, lacking in professional transportation base and administered by generalists. So far the road transport industry has learnt to live without well defined policy and development oriented regulatory authority. But the future, even the immediate future, will demand greater safety, better accessibility and environment-friendly operations.

3.3.1 NTP COMMITTEE’S RECOMMENDATIONS

The National Transport Policy Committee was appointed by the Government of India in April, 1978 for the purpose of suggesting a comprehensive national transport policy. The committee completed its work and submitted its report to the Government in May, 1980.

The objectives of the National Transport Commission as enunciated by the NTPC were:

- To survey from time to time traffic pattern flows and real movements cost, and frame a correct policy mix to channelise traffic into various modes;
- To analyse demand for transport services scientifically and determine share of different modes in projected traffic in an effort to evolve an optimal inter-modal mix;
- To examine, fare and freight structure of transport agencies and bring them in close conformity with real costs;
- To study fiscal and taxation policies, including subsidies, followed by both Central and State Government in respect of transport to ensure that no distortions or inefficiencies are introduced in spatial resource allocation;
To monitor functioning of transport system on a continuing basis and identify well in time any imbalance between availability of modes and requirements of economy, both in aggregate and constituent parts, and suggest suitable measures to correct it;

To suggest specific measures for regulation and development of transport in pursuance of objectives and principles of a national transport policy, as approved by Governments; and

To advice Central or State Governments on any other matter of transport policy referred to it, including undertaking of cost-benefits appraisal of special transport proposals of national importance., on which its opinion may be sought by any government agency.

The major recommendations of the NTPC pertaining to the public sector passenger road transport were the following:

- Public sector road transport undertakings should be allowed to raise fares to economic levels. When they are required to operate services on losing routes and charge low fares as a social obligation, they must be compensated by a direct exchequer subsidy.

- In the foreseeable future bus transport will continue to be the principal means of movement. Priority to be the principle means of movement. Priority should, therefore, be to strength and optimise bus services.

- Every effort should be made to divert the traffic from personalised mode of transport to the public transport system.

- There is a need for centralised pricing authority to recommend the common criteria for fixing fares. The constitution of a National Transport Commission with persons having wide and varied experience is proposed. The three main functions of co-ordinations, pricing, investment and regulations could be entrusted to this committee.

The purpose of the above recommendations was to make the public sector passenger road transport corporations financially viable in the background of low fare structure and high cost of operations.
3.4 STATE TRANSPORT UNDERTAKING IN TAMILNADU

State Transport undertaking means an organisation providing passenger road transport service and the ownership of the organisation is by one of the following:

- The Central Government or State Government
- Any road transport corporation established under Sec.3 of the Road Transport Corporation Act, 1950
- Any municipality or any corporation
- Company owned or controlled by the Central Government or State Government

The nationalisation of passenger road service in Tamilnadu commenced with the takeover of all routes in Madras city in 1948. The government of Tamilnadu had created a separate government department and placed the nationalised transport services under its direct control. The following permits were operated by three government owned public limited corporations formed under companies Act of 1956 covering two or three districts each according to the geographical compactness. These three corporations are:

1. The Pandian Roadways Corporation Ltd., with its head quarters at Madurai.
2. The Cholan Roadways Corporation Ltd., with its head quarters at Kumbakonam.
3. The Cheran Transport Corporation Ltd., with its head quarters at Pollachi.

During the year 1972, the government of Tamilnadu decided to set up a public limited company to take over and operate the bus services in Madras City and Chengalpet district. Accordingly, the Pallavan Transport Corporation Ltd. was established and it took over the entire transport system in Madras city and Chengalpet district with effect from 1st January 1972.

In the year 1976, a five member committee under the chairmanship of C.R. Pattabiraman, a former union Minister was set up to study the structure and performance of a Road Transport Corporation in Tamilnadu. On the
recommendations of the Pattabiraman Committee Report, the Government had taken a decision to bifurcate those corporations, which have more than 600 buses and to create one corporation for each district. 21 corporations were formed under companies Act upto 1997. With the progressive nationalisation and bifurcation of the bigger units, the numbers of Road Transport Corporations in the State have increased to 21 as on 31.03.2002.

Tamilnadu is one of the important and popular states in our country with a rich cultural and good administrative heritage. As the nationalisation process gathered, the government felt that it was desirable and necessary to create more corporations one for each district. From a modest beginning, State Transport undertakings (STUs) have grown massively to acquire a position what might be regarded as the backbone of the road based system. These STUs, cater to the needs of majority of passenger traffic.

In view of different service conditions and varying operational problems, government felt that separate corporations should be formed with head quarters at the respective major towns around which they were operated. Tamilnadu covers the 7.5 percent of India’s population and 4.3 percent of the total geographical area and 13.1 percent of surface roads.

The 21 corporations were amalgamated into seven corporations during 1997 (08.05.1997). Now the total numbers of Road Transport Corporation in the State as on 31.12.2005 are as follows:
Table 3.1 Total Number of Corporations in Tamilnadu

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of the Corporation</th>
<th>Principal area of Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Metropolitan Transport Corporation</td>
<td>Chennai</td>
</tr>
<tr>
<td>2</td>
<td>State Express Transport Corporation Ltd.,</td>
<td>Tamilnadu</td>
</tr>
<tr>
<td>3</td>
<td>Tamilnadu State Transport Corporation Ltd.,</td>
<td>Coimbatore</td>
</tr>
<tr>
<td>4</td>
<td>Tamilnadu State Transport Corporation Ltd.,</td>
<td>Villupuram</td>
</tr>
<tr>
<td>5</td>
<td>Tamilnadu State Transport Corporation Ltd.,</td>
<td>Salem</td>
</tr>
<tr>
<td>6</td>
<td>Tamilnadu State Transport Corporation Ltd.,</td>
<td>Kumbakonam</td>
</tr>
<tr>
<td>7</td>
<td>Tamilnadu State Transport Corporation Ltd.,</td>
<td>Madurai</td>
</tr>
</tbody>
</table>

Metropolitan Transport Corporation Ltd., cater to Chennai city only. State Express Transport Corporation Ltd., provides long distance express services within and outside Tamilnadu. And five independent corporations with head quarters at Villupuram, Salem, Coimbatore, Kumbakonam and Madurai was formed / renamed.

3.5 SISTER ORGANISATIONS OF STATE TRANSPORT UNDERTAKINGS

I. Tamilnadu Transport Development Finance Corporation Ltd., Chennai (TDFC)
II. Pallavan Transport Consultancy Services Ltd., Chennai (PTCS)
III. Institute of Road Transport, Chennai (IRT)

3.5.1 TAMILNADU TRANSPORT DEVELOPMENT FINANCE CORPORATION LTD., CHENNAI (TDFC)

- It is a non-banking financial institution formed in 1975
- It caters to the financial requirements of the STUs towards purchase of chassis body building and working capital requirements
- It mobilises the funds through public deposits
- Company running in profit right from its inception

Financial discipline enforced by way of financial restructuring in State Transport Undertakings as follow:
1. Roll over of defaulted principal and interest as new loan was stopped from 2002.
2. STUs grouped into four categories based on their financial health.
3. Financially stronger STUs were charged higher rate of interest with lesser repayment period.
4. Financially weaker STUs were given loan with longer period with cheaper interest rate.
5. Interest on all existing loans revised downward in 2003 and 2004 and benefit Rs. 11.40 crores.
6. Achieved more than 100% recovery of loans in 2004-05.
7. Additional financial support by way of waiver/withdrawal of interest was extended to weaker STUs in

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>11.50 crores</td>
</tr>
<tr>
<td>2005-06</td>
<td>10.25 crores</td>
</tr>
<tr>
<td>2004-05</td>
<td>12.00 crores</td>
</tr>
<tr>
<td>2003-04</td>
<td>24.00 crores</td>
</tr>
<tr>
<td>2002-03</td>
<td>17.81 crores</td>
</tr>
</tbody>
</table>

3.5.2 PALLAVAN TRANSPORT CONSULTANCY SERVICES LTD., (PTCS)

It was incorporated as a government company in 1984. The consultancy services to the STUs in the area of

- Software Development
- Information and Technology Management
- Traffic and Transportation

3.5.3 INSTITUTE OF ROAD TRANSPORT (IRT)

It was registered under societies Act in 1976. The institute undertakes the following

- Research on Road Transport
- Material testing and quality monitoring of spares parts
- Training to employees of STUs
IRT also runs the following educational Institutions:

a) **Institute of Road and Transport Technology, Erode**

It is an automobile research oriented Engineering College was started in 1984. 50% of the total seats are allotted to the wards of the employees on merit. So far, 1538 children of employees have become Engineers and 1106 wards as MCA holders.

b) **Perundurai Medical College and Hospital, Perundurai**

It was formulated in 1986. It was started functioning in its own premises from 1992-93. 40% of the total seats are allotted to the wards of employees on merit. So far, 260 children of employees have become Doctors. 573 beds Hospital attached to the college. Average bed occupancy is around 42%

c) **IRT Polytechnic colleges**

IRT Polytechnic colleges at
- Chrompet, near Chennai
- Bargur in Krishnagiri District
- Trirunelveli in Tirunelveli District

These Institutions offer 50% reservation to the wards of employees in Diploma courses in Electrical and Electronic Engineering, Electronic and Communication Engineering and Computer Technology.

It is a matter of pride that these IRT Institutions are run out of the interest earned on interest – free loan contributed by the employees of transport corporations. The IRT also acts as nodal agency for the STUs for purchase of chassis, Tyres and
printing of Tickets. The Capital expenditure is met out of special contribution from Transport Corporations.

3.6 TAMILNADU STATE TRANSPORT CORPORATION (COIMBATORE) LIMITED, COIMBATORE - 43.

3.6.1 FORMATION

In pursuance of Government Nationalisation Policy, Cheran Transport Corporation Limited was incorporated as a company under the companies act on 17.02.1972 with 109 buses taken over from the erstwhile Anamalais Bus Transport Pvt. Ltd., Pollachi in Coimbatore District at the time of formation, Subsequently, it took over 121 buses from 19 private operators in Nilgiris District in pursuance of Tamilnadu State Transport Carriages and Contract (Acquisition) Act 1973 on 14.01.1973.

The Cheran Transport Corporation was bifurcated and Jeeva Transport Corporation Ltd., was formed to serve the Periyar District effective from 01.04.1983 with its head quarters at Erode District with 317 buses. The Cheran Transport Corporation was bifurcated once again on 18.02.1994 and a new corporation was formed in the name of “Mahakavi Bharathiar Transport Corporation Ltd.,” Udhagamandalam in Nilgiris District. It has commenced its operation with 367 buses at the time of formation.

Formerly, Cheran Engineering Corporation Ltd., functioning at Pollachi and carrying out the construction of Bus Body Building works was merged with Cheran Transport Corporation Limited effective from 01.04.1996.

The name of the Company, Cheran Transport Corporation Limited, Coimbatore was charged as “Tamilnadu State Transport Corporation Division-I Ltd., Coimbatore” and the name of the company, “Mahakavi Bharathiar Transport Corporation Limited, Udhagamandalam” has been changed as “Tamilnadu State Transport Corporation (Coimbatore, Division-III) Ltd., Udhagamandalam” with effect from 23.07.1997.
Tamilnadu State Transport Corporation (Coimbatore Division-III) Ltd., Udhagamandalam was merged with Tamilnadu State Transport Corporation (Coimbatore Division) Ltd., Coimbatore with effect from the appointed day of 07.11.2000 for the benefit of the public in Coimbatore and Nilgiris District.

The Tamilnadu State Transport Corporation (Coimbatore-Division-II) Ltd., Erode has been merged with Tamilnadu State Transport Corporation (Coimbatore, Division-I) Ltd., Coimbatore from 30.12.2003, and hence this corporation is, at present, functioning in the name of “Tamilnadu State Transport Corporation (Coimbatore) Ltd.,” Coimbatore.

TNSTC (CBE) Ltd. has introduced Air Buses in city roads. Ultra Delux Buses and Air Conditioned Buses has introduced in long routes. Electronic Ticketing Machine (ETM) has been introduced in March 2008. It has reduced the total cost incurred on printing the tickets.

3.6.2 AWARDS

TamilNadu State Transport Corporation Ltd., Coimbatore Limited has been awarded with the “Best Customer Award” for the year 2004-2005 (Rank VII) by the Transport Development Finance Corporation Ltd., Chennai.
<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Year</th>
<th>Award Details</th>
<th>Date and place of function</th>
<th>Awards given by</th>
<th>Awards given to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1996-97</td>
<td>National productivity council, Delhi- Certificate of merit award 1994-95 in Road Transport (passenger) sector –city service</td>
<td>15.11.1996 at New Delhi</td>
<td>Hon’ble Prime Minister of India</td>
<td>Erstwhile TNSTC (CBE.DIV-I) Ltd.</td>
</tr>
<tr>
<td>3</td>
<td>1997-98</td>
<td>Best productivity performance Award – National Productivity Council – The category of Road Transport (passenger) city service</td>
<td>26.11.1997 at New Delhi</td>
<td>Hon’ble president of India</td>
<td>Erstwhile TNSTC (CBE.DIV-I) Ltd.</td>
</tr>
<tr>
<td>4</td>
<td>1997-98</td>
<td>Oil conservation Award – Petroleum conservation Research Association – Maximum fuel efficiency performance in terms of highest KMPL and Best improvement in KMPL.</td>
<td>13.02.1998 at New Delhi</td>
<td>Secretary, Ministry of Petroleum and Natural Gas - New Delhi</td>
<td>Erstwhile TNSTC (CBE.DIV-I) Ltd.</td>
</tr>
<tr>
<td></td>
<td>Year</td>
<td>Description</td>
<td>Date</td>
<td>Hon'ble President</td>
<td>Institution</td>
</tr>
<tr>
<td>---</td>
<td>------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------</td>
<td>---------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>1997-98</td>
<td>Best productivity performance Award – National Productivity Council – The category of Road Transport (passenger) Ghat service</td>
<td>26.11.1997 at New Delhi</td>
<td>Hon'ble president of India</td>
<td>Erstwhile TNSTC Ltd. (CBE.DIV-III) Udhagamandalam</td>
</tr>
<tr>
<td>6</td>
<td>1998-99</td>
<td>National productivity council, Delhi- Certificate of merit Award for 1998-99 in the category of Road Transport (passenger) Mofussil category sector.</td>
<td>24.08.2000 at New Delhi</td>
<td>Hon'ble president of India</td>
<td>Erstwhile TNSTC Ltd. (CBE.DIV-I)</td>
</tr>
<tr>
<td>7</td>
<td>1999-2000</td>
<td>II Best Productivity Award for Hill area service given by NPC, New Delhi for the year 1997-98.</td>
<td></td>
<td></td>
<td>Erstwhile TNSTC Ltd. (CBE.DIV-I)</td>
</tr>
</tbody>
</table>


3.6.3 PRESENT FUNCTIONAL AREAS OF TNSTC (CBE) LIMITED

i) Operational Jurisdiction

The Operational Jurisdiction of this corporation is mainly covering Coimbatore District, adjacent districts covering Nilgiris, Erode, Salem and Valparai Hill areas and adjoining states of Kerala and Karnataka consisting of city operation (Town), Mofussil operation (Intercity) and Hill operations (Ghat).

ii) The fleet strength as on 31.03.2007

The fleet strength of TNSTC (CBE) Ltd., as follow:

Table 3.3 Operational Fleet Strength As On 31.03.2007

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Operational fleet</th>
<th>Total Fleet</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Town</td>
<td>1105</td>
<td>42</td>
</tr>
<tr>
<td>2.</td>
<td>Mofussil</td>
<td>871</td>
<td>33</td>
</tr>
<tr>
<td>3.</td>
<td>Ghat</td>
<td>432</td>
<td>16</td>
</tr>
<tr>
<td>4.</td>
<td>Spares and Idle</td>
<td>240</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2648</td>
<td>100</td>
</tr>
</tbody>
</table>
### iii) Branches / Divisional Offices

There are 39 branches (for bus operation) and 9 Divisional offices (for the management of the branches) under the control of this corporation.

### iv) Production Unit

Besides providing bus operation, this corporation has the following production units.

1. Paint unit
2. Tyre Retreading plant
3. Flap unit
4. Oil Refining plant
5. Unit Reconditioning workshop
6. FC unit
7. Body Building unit

### v) Training Institute

This corporation is having Training Institute at Pollachi established during 1978 to impart training to crew, technical staff, line staff and supervisory staff.
The amalgamation of the corporation has resulted in

- **Reduction** is wasteful expenditure on infrastructure.
- **Administrative** convenience and control.
- Better Operational planning and avoidance of inter - Corporation competition.

**vi) Working result of TNSTC**

The details of financial performance of the corporation from 2002-03 are furnished below:-

**Table 3.4 Profit And Loss for the Study Period**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>For the year ended</th>
<th>Profit (in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2002 – 2003</td>
<td>771.85</td>
</tr>
<tr>
<td>3.</td>
<td>2004 – 2005</td>
<td>1371.19</td>
</tr>
<tr>
<td>5.</td>
<td>2006 – 2007</td>
<td>-5794.74</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

The Negative impact of the financial crisis was as follows:-

- Daily services could not be maintained.
- Heavy cannibalization of spares
- Heavy borrowing from TDFC
- TDFC stopped undoing to the defaulting STUs.
- Accident related compensation grew.
- Backlog of replacement of buses.
- Increase in Price of High Speed Diesel.

**vii) Personnel Management**

The total staff actually working in various units (Depot / Division/ Region / Head office) as on past day of a specified period will represent the total staff employed.

The staff employed is grouped into:

a) Traffic Staff (drivers, conductors, checkers, bus station staff and traffic supervisory staff)
b) Repairs and Maintenance Staff (Preventive maintenance, various overheads and dockings, reconditioning of buses and assemblies)

c) Administration and others including Personnel, Account, Audit, Stores, MIS / Planning, Computer, Security, Public Relations and Labour Welfare etc.
CHART 3.2
TNSTC (COIMBATORE) LTD, COIMBATORE - 43

CORPORATE OFFICE

Coimbatore Region

HEAD OFFICE

DVN-1 (CBE-EAST) - OPR, SGM II, SGMI, UPM

DVN-2 (CEB-WEST) - UKMI II, MMI

DVN-3 (CEB-NORTH) - MTO I, II, HO BRANCH

DVN-4 (POLLACHI) - FCR, KMPT, PLDM

DVN-5 (TIRIPUR) - TRP, KMPT, PLDM

DVN-6 (OOTY) - OOTY I, II, KTY, GDR, CNR

UNITS

Reconditioning Unit - I - Pollachi

Reconditioning Unit - II - Pollachi

Training Institute - Pollachi

Mettupalayam Complex

Paint Unit - Kurichi

Fitness Certificate Unit - Coimbatore

FC Unit Pollachi

FC Unit Ooty

Major Body Unit - Udumalpet

Body Building Unit - Pollachi

Tyre Retreading Plant

Spring Plant

Oil Reclamation Plant

Regional Office Erode

DVN-1 TRIPUR

DVN-1 GOBI

DVN-1 ERODE

UNITS

Reconditioning Unit - Cithode

Tyre Plant - Cithode

Bus Body Unit - Pallipalayam

Bus Body Unit - Dharapuram
3.6.4 SERVICE RULES OF TNSTC

1. Employee:

"Employee" means a person employed by the corporation but does not include.

i) An apprentice or a Trainee or a person employed on casual basis

ii) A person on deputation with the corporation or on contract appointment.

2. Management:

"Management" means the Managing Director or any other officer exercising powers either delegated by the Board or by the Managing Director.

3. Pay:

"Pay" means the basic pay drawn monthly by an employee in a time scale of pay fixed in relation to the post held by him. Personal pay, special pay and any other remuneration which may be specially classified by the Management.

4. Trainee:

"Trainee" means a person who is under-going pre-employment training as per the provisions.

5. Appointments:

Appointment to any of the posts in any category shall be made-

i) by direct recruitment

ii) by promotion or

iii) by transfer

6. Direct Recruitment:

All appointments by direct recruitment to categories of posts included in the Managerial cadre, Supervisory Groups, working groups and miscellaneous groups, shall be through the employment exchange, unless such recruitment otherwise than through employment exchange is permissible under any specific orders of government or such requirement has been waived by government in the case or cases of any individual or individuals.
7. **Authority competent to fix pay:**

The appointing authority shall be the authority competent to fix the pay of an employee.

i) In a working group / miscellaneous group on his advancement to a higher scale on the basis of review.

ii) On his promotion to a post in a supervisory group

iii) On his promotion to a post in a managerial cadre.

8. **Departments, Groups and Grades / levels under Longevity Pay Scheme:**

a) The service in the corporation shall be in any one of the three departments, namely
   - Technical Department
   - Traffic Department
   - Administration Department

b) Technical, Traffic and Administrative department shall each consists of
   - Managerial cadre
   - Supervisory cadre
   - Working group / miscellaneous groups.

9. **Grant of investments:**

   An increment in the respective time scale of pay shall ordinarily be granted from the normally due date i.e. the date on which an employee completes one year of service counting for increment.

10. **Transfer at Request / Natural Transfer:**

    An officer or an employee who has been transferred from one place to another at his own request is not eligible for transfer allowance or for reimbursement of any expenses such as bus or train fare for himself or his family members or freight charges for transport of household articles, incidental expenses, etc. or for lump-sum grant or for any other payment under these rules.
When two employees are transferred on mutual basis at their own requests, the transferred employees or their family members shall not be entitled to any traveling allowance or for any other charges or payment under these rules.

11. Grievance and Redressal Procedure:

In order to provide the employee with easy and readily accessible machinery for the ventilation and prompt redressal of their day to day individual grievances, the grievances procedure as may be amended by the Board from time to time shall be followed.

12. Compulsory Retirement:

Not withstanding anything contained in these rules, the management may, if it is of the opinion that it is in the public interest so & do, retire compulsory any employee who has attained the age of fifty (50) yrs or has completed twenty five (25) years of qualifying service, without assigning any reason, after giving him notice of not less than three (3) months in writing or pay and allowances for three (3) months in lieu thereof.

Throughout the year under review, the corporation was able to maintain a cordial relationship between the employees and the management, thereby ensuring smooth functioning of the corporation. External training programme to all categories of employees/ officers, were continued to be provided, to keep them in line with the latest technological advancement.

13. Pension Scheme:

The employees are covered under the pension scheme which is administered by TNSTC employees pension fund Trust. This trust has not yet obtained the necessary recognition from the Income Tax authorities.

14. Loans & Advances:

Loans and advances have been given by the company to its employees only and they are regular in repaying the principal as well as interest amount.
15. Bonus:

Provision for Bonus for the year ending 31.03.2005 is made @ 8.33% to all the employees covered by wage settlement without the restriction of maximum salary for bonus of Rs. 3,500/- per month as stipulated by payment of Bonus Act.

3.6.5 WELFARE ACTIVITIES

Welfare activities are categorized as follow:

❖ Social welfare measures
❖ Labour welfare measures

a) Social Welfare Measures:

This corporation has provided welfare measure to the public in addition to passenger transportation. On social obligatory measure, the corporation continued to extend the following:

1. This corporation has constructed and is maintaining bus stands at Valparai, Maruthamalai, Ooty and Gudalur.
2. For the convenience of the passengers, this corporation is maintaining hotels at Barliar and Hasanoor.
3. For the convenience of passengers, pandals are provided wherever necessary, with drinking water and toilet facilities during fairs and festivals.
4. Students concession passes (100% free passes upto +2 std, 50% concession passes above +2 std and 1/3 concessional passes other than students) are being issued every year.
5. In addition to this, passes are given to freedom fighters, physically handicapped and the people who participated in the language issue and press reporters passes are issued for free travel. The government approved Drama troops are also allowed to travel on concessional fare.
6. Social Responsibility:

Providing service to the public covering small villages:

1. Operating vehicles in time
2. Rationalization of Routes
3. Minimising break downs
4. Minimising Accidents
5. Providing information through displays
6. Operating special buses to clear crowd during festival operations

b) Labour Welfare Measures:

The corporation has provided the following Labour Welfare measures.

1. Under “TamilNadu State Transport Corporation Employees Family Health Fund Scheme”, employees of this corporation are paid lumpsum amount on retirement / voluntary retirement / medically unfit / deceased, by way of contributing small amount by the employees every month. Under Social Security Medical Scheme an employee or his family members who undergo heart / kidney surgery and other certain prescribed diseases is paid a maximum of Rs. 1,00,000/-.

2. Free travel bus passes upto 4500 kms per annum are issued to the family members of the employee and free pass to the children of the employee to travel from residence to school/ college and back.

3. Tamil Nadu State Transport Corporation Employees Pension Scheme has been implemented by which all the eligible employees are benefited.

4. Free medical treatment in given to the eligible employees and their family members at the Authorised Nursing Homes in Coimbatore, Erode, Palani, Mettupalayam & Dharapuram and Perundurai Medical College Hospital, Perundurai. In addition to the workmen compensation Act, group Insurance facilities covering accident risk are also provided to the employees.

5. Thro’ Cheran Co-operative Housing Society Limited, 2191 employees are benefited under ‘own your own house’ scheme at the cost of Rs. 2182 lakhs.

6. Co-operative stores and co-operative Credit Society are catering to the needs of the employees.

7. Canteen facility is available in all branches to provide meals/ tea at subsidized rates to employees.

8. Rest room and recreation centers are also be provided for the employees.

9. Cash awards Rs. 1500, Rs.1000 and Rs.500 to the employees children who have secured first, second and third position in SSLC and +2 Examinations, are awarded.
10. Under safety Cash Award scheme, Accident free drivers are given lump sum every year.

11. Training Institute is functioning at Pollachi for the benefit of employees.

12. Each Technical Employees, Canteen Employees and scavengers are supplied with two cakes of soaps of 100 gms who have been provided with uniform.

13. All eligible employees are supplied with Uniform cloth every year. Two sets of Teri cotton cloth is given to male employee and two polyester sarees or three cotton sarees and three blouse pieces are given to eligible female employee with stitching charges. One woolen sweater and muffler are also supplied to the employees working in Hill station. Rain coat is also given to traffic inspectors, checking inspectors and security guards. Klashing allowance is being given to the employees who have been provided with uniform.

14. All eligible employees are given our pair of shoes per year or 3 pair of chappals every two years.

15. An annual scholarship being granted to the employee (upto supervisory group) whose son or daughter is studying higher studies. i.e. Professional course (BE, MBBS, Law, B.Sc.Agriculture).

16. Educational advance of Rs. 1000/- is being paid to eligible employees during each academic year which is recoverable in 10 equal instalment which carries no interest.

17. Free medical eye test to drivers, periodical Medical checkup to canteen employees are being conducted.

18. Marriage loan of Rs. 7500/- for a male employee of for the son's marriage and Rs. 12,000 for female employee or his/ her daughter marriage is being paid which is recoverable in 35 instalments along with interest.

19. A token amount of Rs. 750/- is being paid for funeral expenses to the deceased employees’ family. An amount of Rs. 400/- is being paid to the employee for the death of a family members. A sum of Rs. 5000/- is being paid to the deceased employees family as an advance immediately from the family fund amount of Rs. 1,00,000/-

20. From 1.9.92 a sum of Rs. 50/- is being recovered from the permanent employees under STERB scheme every month. The Management contributes Rs. 1000/- for each employee for the scheme. As per 1992 wage settlement, employees are eligible to receive the prescribed benefit after retirement. This
scheme has been extended to legal heirs of deceased employees as per settlement is September 1995.

21. As per the Voluntary Retirement Scheme, at present the person who has attained the age of 50 years and completed 20 years of qualifying service can retire voluntarily. An amount of Rs.9000/- per year is being paid for the remaining service period subject to a maximum of Rs. 72,000/-. 

22. Each employee can nominate a member of his/her family to receive the Provident Fund and Group Gratuity in case of death of an employee. This nomination is being recorded in the Service Register. As per 1989 wage settlement, nomination is to be renewed once in five years and same is being adhered.

23. The treatment charges incurred by the employer for availing treatment at Government Hospital is being re-imbrused on production of the original bills through the concerned Branch Managers.

24. A contribution of TamilNadu labour Welfare Board is being made every year. An amount of Rs. 5/- is recovered from each employee and Rs.10/- per employee is contributed. During 2004 Rs.1, 50,000/- has been remitted to TamilNadu Labour Welfare Board, Chennai. The prescribed aids offered by the labour Welfare Board can be enjoyed by the eligible employees.

25. The wards of eligible employees are allotted seats from the quota in the IRT Colleges as mentioned below:

(i) Engineering - 180 seats
(ii) Medical - 24 seats
(iii) Diploma - 90 seats
(iv) MCA - 30 seats

26. The students are also given free coaching classes for professional courses at the cost before by the corporation.

27. Maternity Leave is granted to all Married female employees upto 90 days for two times in the career.

28. Cooling glasses are provided to all drivers once in 5 years.

29. Daily incentive scheme is applicable to drivers and conductors as percentage of daily bus collection to be equally shared between them.

30. Union-Management Approach in TNSTC:
The management has been strongly convinced in the philosophy of negotiated settlement. Though multiple union set up is prevalent in the corporation, no single incident of inter union clash in reported so far.

All the unions are satisfied with the approach of management in resolving issues of personnel problems. Industrial relations are uniformly good and peaceful all these years without any interruption.

Even issues like bonus and other related matters are bilaterally discussed with unions and resolved amicably. Periodical discussions are held with all trade unions and issues are discussed in detail and resolved.

3.7 PERFORMANCE OF TAMILNADU STATE TRANSPORT CORPORATION (CBE) LTD, COIMBATORE.

The performance of an organization is to be judged based on its operational efficiency. This is especially needed in the case of State Road Transport Undertakings. STU is accountable to the public, in as much as the money it uses from the public exchequer. The performance of the TNSTC Ltd., Coimbatore is evaluated under the following heading:

i. Physical Performance

ii. Financial Performance

3.7.1 PHYSICAL PERFORMANCE

The parameters of the evaluation of Physical Performance of TNSTC are fleet strength, average age of buses, effective kilometers operated, average kilometers operated per day per bus, occupancy ratio etc. In road passenger transport supply creates its demand and quality sustains it. "Quality will be the dominant feature in the 21st century. It is often said that while the 19th century was the century of the entrepreneur, the 20th century belonged to the worker". The physical performance is measured through the followings:
**Table 3.5 Important Parameters in Physical Performance**  
*(2004-05 to 2006-07)*

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Particulars</th>
<th>Unit</th>
<th>2004-05</th>
<th>2005-06</th>
<th>2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Operational fleet</td>
<td>Nos</td>
<td>2,464</td>
<td>2,534</td>
<td>2,648</td>
</tr>
<tr>
<td>2.</td>
<td>Fleet utilization</td>
<td>%</td>
<td>95.26</td>
<td>95.81</td>
<td>96.05</td>
</tr>
<tr>
<td>3.</td>
<td>Branches (Depots)</td>
<td>Nos</td>
<td>39</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>4.</td>
<td>Divisional offices</td>
<td>Nos</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>5.</td>
<td>Area of coverage / per day</td>
<td>Km in Lakhs</td>
<td>9.80</td>
<td>9.74</td>
<td>10.11</td>
</tr>
<tr>
<td>6.</td>
<td>100% students concession passes</td>
<td>Students</td>
<td>3,17,431</td>
<td>3,21,103</td>
<td>3,24,578</td>
</tr>
<tr>
<td>7.</td>
<td>50% students concession passes</td>
<td>Students</td>
<td>37,233</td>
<td>38,572</td>
<td>39,245</td>
</tr>
<tr>
<td>8.</td>
<td>Total No.of Employees</td>
<td>Nos</td>
<td>16,919</td>
<td>15,941</td>
<td>15,827</td>
</tr>
<tr>
<td>9.</td>
<td>Operational Revenue / Day</td>
<td>Rs. in lakhs</td>
<td>136.03</td>
<td>156.93</td>
<td>166.80</td>
</tr>
<tr>
<td>10.</td>
<td>Collection per Bus per day</td>
<td>Rs.</td>
<td>5794</td>
<td>6537</td>
<td>6751</td>
</tr>
<tr>
<td>11.</td>
<td>Earning per km</td>
<td>Rs.</td>
<td>14.29</td>
<td>16.10</td>
<td>16.51</td>
</tr>
<tr>
<td>12.</td>
<td>Overall km Efficiency</td>
<td>%</td>
<td>105.00</td>
<td>106.59</td>
<td>106.79</td>
</tr>
<tr>
<td>13.</td>
<td>High Speed Diesel KMPL</td>
<td>Litre</td>
<td>4.58</td>
<td>4.72</td>
<td>4.78</td>
</tr>
<tr>
<td>14.</td>
<td>Absenteeism</td>
<td>%</td>
<td>5.46</td>
<td>2.36</td>
<td>3.00</td>
</tr>
<tr>
<td>15.</td>
<td>Total km run</td>
<td>Km in crores</td>
<td>236.97</td>
<td>366.15</td>
<td>378.79</td>
</tr>
<tr>
<td>16.</td>
<td>Km run/ bus / day</td>
<td>Km</td>
<td>423</td>
<td>406</td>
<td>409</td>
</tr>
<tr>
<td>17.</td>
<td>Km Efficiency</td>
<td>%</td>
<td>102.58</td>
<td>106.59</td>
<td>106.79</td>
</tr>
<tr>
<td>18.</td>
<td>Breakdown / 10,000 km</td>
<td>Ratio</td>
<td>0.15</td>
<td>0.04</td>
<td>0.02</td>
</tr>
<tr>
<td>19.</td>
<td>Accident / 1,00,000 km</td>
<td>Ratio</td>
<td>0.31</td>
<td>0.33</td>
<td>0.31</td>
</tr>
<tr>
<td>20.</td>
<td>Passengers / day</td>
<td>Nos in Lakhs</td>
<td>27.09</td>
<td>26.98</td>
<td>28.19</td>
</tr>
<tr>
<td>21.</td>
<td>Diesel KMPL</td>
<td>Litre</td>
<td>4.58</td>
<td>4.72</td>
<td>4.78</td>
</tr>
<tr>
<td>22.</td>
<td>Engine oil / 10,000 km</td>
<td>Litre</td>
<td>1,461</td>
<td>1,477</td>
<td>1,671</td>
</tr>
</tbody>
</table>
Some of the important parameters in physical performance are as follow:

a) Fleet Strength
b) Age of the buses
c) Number of Routes Operated
d) Fuel Efficiency
e) Effective Kilometers Operated
f) Average Kilometers operated per day per bus
g) Occupancy Ratio
h) Breakdown
i) Accidents

a) Fleet Strength

The fleet strength is an indispensable component in transport industry. The size of a transport corporation largely depends on its fleet strength. Fleet strength consists of town, mofussil, Ghat and spare buses. Thus, the growth can be measured by the increase in the number of fleet that the corporation owns.

<table>
<thead>
<tr>
<th>Year</th>
<th>Town</th>
<th>Mofussil</th>
<th>Ghat</th>
<th>Others (Spare)</th>
<th>Total</th>
<th>Indices Base year 2002-2003 (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>1053</td>
<td>772</td>
<td>429</td>
<td>197</td>
<td>2451</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(43)</td>
<td>(31)</td>
<td>(18)</td>
<td>(8)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>1064</td>
<td>773</td>
<td>425</td>
<td>192</td>
<td>2454</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(43)</td>
<td>(32)</td>
<td>(17)</td>
<td>(8)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2004-2005</td>
<td>1069</td>
<td>770</td>
<td>430</td>
<td>195</td>
<td>2464</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>(43)</td>
<td>(31)</td>
<td>(18)</td>
<td>(8)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2005-2006</td>
<td>1082</td>
<td>800</td>
<td>427</td>
<td>225</td>
<td>2534</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>(43)</td>
<td>(31)</td>
<td>(17)</td>
<td>(9)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2006-2007</td>
<td>1105</td>
<td>871</td>
<td>432</td>
<td>240</td>
<td>2648</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>(42)</td>
<td>(33)</td>
<td>(16)</td>
<td>(9)</td>
<td>(100)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.
(Figures in the parentheses indicate the percentage to total)
Chart 3.3 Operational Fleet Strength as on 31.03.2007

The number of fleet strength has increased from 2,451 in the year 2002-03 to 2,648 in the year 2006-07. Due to introduction or minibus services, operated by private sector, the TNSTC has shifted certain town services to mofussil services. There is no change in the total fleet strength in the first three years of the study period. The share of town buses has increased from 1,053 in the year 2002-03 to 1,105 in the year 2006-07. The share of mofussil buses has also increased from 772 in the year 2002-03 to 871 in the year 2006-07. The share of ghat buses has also increased from 425 in the year 2002-03 to 432 in the year 2006-07. The share of spare buses has also increased from 197 in the year 2002-03 to 240 in the year 2006. An increasing trend in total fleet strength is observed in the last three years of the study period.

b) Age of the buses

There is also a policy, in all the State Transport Corporation in Tamilnadu that every bus has to be replaced after a run of seven lakh kilometers or a run for 6 years, which ever is earlier. The bus utilization largely depends upon the age profile of the buses. So an attempt has been made to study the average of buses and fleet utilization.
New buses cause less pollution, less number of breakdowns and involve lower expenditure on repairs and maintenance.

**Table 3.7 Average Age of Fleet and Fleet Utilisation of TNSTC Ltd. Coimbatore.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Age in (Years)</th>
<th>Fleet Utilization (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>5.24</td>
<td>95</td>
</tr>
<tr>
<td>2003-2004</td>
<td>5.81</td>
<td>95</td>
</tr>
<tr>
<td>2004-2005</td>
<td>6.19</td>
<td>95</td>
</tr>
<tr>
<td>2005-2006</td>
<td>5.37</td>
<td>95.81</td>
</tr>
<tr>
<td>2006-2007</td>
<td>5.68</td>
<td>96.05</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

**Chart 3.4 Fleet Utilisation**
The above table shows that the average age of buses ranges from 5.24 to 5.68. The average age has increased from 5.24 in the year 2002-03 to 5.81 years in 2003-04. In the year 2004-05, the average age has increased to 6.19 in the year 2004-05. Average age of buses in the year 2005-06 was 5.37 which are the lowest when compared to the previous years. Average age of buses in the year 2006-07 was 5.8. The above table shows that the fleet utilization increases from 95 percentage to 96.05 percentage for the above study period. It has been observed that efforts have been made by TNSTC in recent years to keep its buses as new as possible by replacing the old buses. Now the Corporation has been introduced air buses as per the norms of Bharat Stage III to reduce the air pollution.

c) Number of Routes Operated

A route is a road section between two terminal points of a regular service in operation. With a view to providing better transport facilities, generating more employment and connecting more and more villages with urban centers, the TNSTC has increased its route length with its fleet strength. Increase in the number of fleet indicates the vertical growth of the transport undertaking and the number of routes operated indicates well-knitted service and coverage of wider geographical area.
The above table slight shows that there is a slight increase in the number of routes both in the town and ghat services. The town routes have increased from 878 during 2002-03 to 897 during 2005-06 and in the year 2006-07 it has been decreased to 882. The ghat routes have been increased from 271 during 2002-03 to 293 during 2006-07. The mofussil routes have decreased from 317 during 2002-03 to 293 during 2005-06 and in the year 2006-07 it has been increased to 301. The withdrawal of some town and mofussil routes was stated to be due to poor revenue collection.
d) Fuel Efficiency

Fuel is the basic input and one of the main influencing factors in the variable cost. Efficiency in fuel consumption and conservation determines the performance of fuel management. Vehicle speed, road condition, age, size, load of vehicles, engine type and driving technique are the important factors, which determine fuel consumption. Fuel efficiency is measured in terms of average kilometres obtained per litre oil and is denoted as KMPL.

Table 3.9 Average Kilometres per litre of Diesel oil

<table>
<thead>
<tr>
<th>Year</th>
<th>KMPL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Town</td>
</tr>
<tr>
<td>2002-03</td>
<td>4.37</td>
</tr>
<tr>
<td>2003-04</td>
<td>4.45</td>
</tr>
<tr>
<td>2004-05</td>
<td>4.67</td>
</tr>
<tr>
<td>2005-06</td>
<td>4.82</td>
</tr>
<tr>
<td>2006-07</td>
<td>4.85</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

Chart 3.7 Average Kilometres per litre of Diesel oil

The above table shows that the fuel efficiency of TNSTC has steadily increased during the study period. Fuel efficiency of town services has increased from
4.37 KMPL in 2002-03 to 4.85 KMPL in 2006-07. Fuel efficiency of mofussil services has increased from 4.61 KMPL in 2002-03 to 5.04 KMPL in 2006-07. Fuel efficiency of ghat services has increased from 3.40 KMPL in 2002-03 to 3.85 KMPL in 2006-07. The overall fuel efficiency achieved during the year 2006-07 is 4.78 KMPL while it is 4.33 KMPL in the year 2002-03. The increase in fuel efficiency is due to proper maintenance and replacement of old buses with new ones.

e) Effective Kilometres Operated

An effective kilometres operated is the distance covered by the vehicle for earning revenue. The kilometre efficiency is the ratio between the scheduled kilometres to be operated and the actual kilometres run. The kilometre efficiency is influenced by the occurrence of accidents, cancellation of trips, roadblocks etc. The kilometre efficiency is calculated as follow:

\[
\text{Kilometre efficiency} = \left( \frac{\text{Run Kilometres}}{\text{Scheduled kilometres}} \right) \times 100
\]

Volume of operation is basically measured by the effective kilometres operated. Any increase in effective kilometres will bring more revenue to the undertaking.

**Table 3.10 Effective Kilometres operated**

<table>
<thead>
<tr>
<th>Year</th>
<th>Scheduled Kilometres (in lakhs)</th>
<th>Effective Kilometres (in lakhs)</th>
<th>Kilometre efficiency (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>3270.47</td>
<td>3370.73</td>
<td>103.07</td>
</tr>
<tr>
<td>2003-2004</td>
<td>3290.32</td>
<td>3451.48</td>
<td>104.90</td>
</tr>
<tr>
<td>2004-2005</td>
<td>3312.36</td>
<td>3484.24</td>
<td>105.19</td>
</tr>
<tr>
<td>2005-2006</td>
<td>3337.33</td>
<td>3557.29</td>
<td>106.59</td>
</tr>
<tr>
<td>2006-2007</td>
<td>3454.13</td>
<td>3688.78</td>
<td>106.79</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.
The above table shows that the kilometre efficiency of TNSTC Coimbatore from 2002-03 to 2006-07. The effective kilometres operated have been more than the scheduled kilometres during the study period. The kilometres efficiency of TNSTC Coimbatore is above 100 per cent in all the years of the study period.

f) Average Kilometres operated per day per bus

The maximum average Kilometres operated per day per bus can be achieved by proper or rational crew scheduling and better maintenance of vehicle.

Table 3.11 Average kilometres Operated per day per bus

<table>
<thead>
<tr>
<th>Year</th>
<th>Average kilometres run per day per bus</th>
<th>Total Average daily km (in lakhs)</th>
<th>Indices Base year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Town</td>
<td>Mofussil</td>
<td>Ghat</td>
</tr>
<tr>
<td>2002-2003</td>
<td>346</td>
<td>484</td>
<td>291</td>
</tr>
<tr>
<td>2003-2004</td>
<td>347</td>
<td>495</td>
<td>302</td>
</tr>
<tr>
<td>2004-2005</td>
<td>344</td>
<td>504</td>
<td>306</td>
</tr>
<tr>
<td>2005-2006</td>
<td>339</td>
<td>506</td>
<td>306</td>
</tr>
<tr>
<td>2006-2007</td>
<td>349</td>
<td>528</td>
<td>303</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.
Chart 3.9 Average kilometres Operated per day per bus

The above table shows that average kilometres Operated per day per bus of TNSTC Coimbatore from 2002-03 to 2006-07. The increasing trend in average kilometres Operated per day per bus is observed in the first three years of the study period. There is no change in the trend in the year 2005-06 and again it increased in the last year 2006-07. The average kilometres Operated per day per bus of TNSTC Coimbatore is above 100 per cent in all the years of the study period.

**g) Occupancy Ratio**

Occupancy ratio indicates the extent of the utilization of the seats provided in the vehicles. It contributes to the revenue component operation, creates full employment for the bus crew and reduces wear and tear of the accessories. It is the percentage ratio of passenger kilometres to seat kilometres offered.

\[
\text{Occupancy Ratio} = \frac{\text{Passenger Kilometres}}{\text{Seat Kilometres offered}} \times 100
\]
Table 3.12 Occupancy Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Town</th>
<th>Mofussil</th>
<th>Ghat</th>
<th>Overall</th>
<th>Indices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Base year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2002-2003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Percentage)</td>
</tr>
<tr>
<td>2002-2003</td>
<td>56</td>
<td>85</td>
<td>99</td>
<td>75.00</td>
<td>100</td>
</tr>
<tr>
<td>2003-2004</td>
<td>54.81</td>
<td>88.25</td>
<td>99.26</td>
<td>75.78</td>
<td>101</td>
</tr>
<tr>
<td>2004-2005</td>
<td>57.31</td>
<td>88.51</td>
<td>101.42</td>
<td>77.87</td>
<td>104</td>
</tr>
<tr>
<td>2005-2006</td>
<td>58.49</td>
<td>90.38</td>
<td>101.33</td>
<td>79.38</td>
<td>106</td>
</tr>
<tr>
<td>2006-2007</td>
<td>50.68</td>
<td>95.91</td>
<td>92.18</td>
<td>78.03</td>
<td>104</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

Chart 3.10 Occupancy Ratio

The above table shows that the overall occupancy ratio for the year 2002-03 was 75 per cent and it has been increased to 78.03 per cent in the year 2006-07. The Occupancy Ratio of TNSTC Coimbatore is above 100 per cent in all the years of the study period. An increasing trend in Occupancy Ratio is observed in the first four years of the study period from 100 percentage to 106 percentage and it reduced to 104 percentage in the year 2006-07.
h) Breakdown

Breakdown means the failure of a vehicle because of mechanical or non-mechanical defects and rendering the vehicle immobile irrespective of the time involved.

**Table 3.13 Number of Break downs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Per 10,000 Kilometre</th>
<th>Indices Base year (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>1824</td>
<td>0.09</td>
<td>100</td>
</tr>
<tr>
<td>2003-2004</td>
<td>1783</td>
<td>0.09</td>
<td>98</td>
</tr>
<tr>
<td>2004-2005</td>
<td>1621</td>
<td>0.07</td>
<td>89</td>
</tr>
<tr>
<td>2005-2006</td>
<td>1296</td>
<td>0.06</td>
<td>71</td>
</tr>
<tr>
<td>2006-2007</td>
<td>874</td>
<td>0.02</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

**Chart 3.11 Number of Break downs**

The above table shows that the number of break downs decreased from 1824 to 874 during the study period. Reducing trend in number of break downs is observed during the study period from 100 per cent in the year 2002-2003 to 48 per cent in the
year 2006-07. During the study period 50 per cent of breakdowns have been reduced. This shows the better physical performance of TNSTC.

i) Accidents

A bus service consisting of speed, safety, frequency, regularity, comfort and acceptable cost may be termed as an efficient service. This efficient service will be considered as nothing, if the bus meets with an accident. Though there are many factors such as defective roads, faults committed by road users, vehicle defects, and carelessness of drivers etc. which contribute to the occurrence of accidents.3

Table 3.14 Number of Accidents

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of accidents</th>
<th>Accidents per/ Lakh Km</th>
<th>Fatal Accidents</th>
<th>Persons Dead</th>
<th>Indices Base year 2002-2003 (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>1206</td>
<td>0.34</td>
<td>105</td>
<td>177</td>
<td>100</td>
</tr>
<tr>
<td>2003-2004</td>
<td>1198</td>
<td>0.33</td>
<td>101</td>
<td>104</td>
<td>99</td>
</tr>
<tr>
<td>2004-2005</td>
<td>1185</td>
<td>0.31</td>
<td>91</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td>2005-2006</td>
<td>1164</td>
<td>0.31</td>
<td>218</td>
<td>242</td>
<td>97</td>
</tr>
<tr>
<td>2006-2007</td>
<td>1142</td>
<td>0.31</td>
<td>224</td>
<td>241</td>
<td>95</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.
The above table shows that the number of accidents decreased from 1206 to 1142 during the study period. Reducing trend in number of accidents is observed during the study period from 100 per cent in the year 2002-2003 to 95 per cent in the year 2006-07.

3.7.2 FINANCIAL PERFORMANCE

"Financial performance is an indicator of the profitability of the business which is the sum total of efficiencies in operating, marketing, investment is assets, etc. with the business and competition, government policy, etc., outside the business". The parameters of the evaluation of financial performance of TNSTC is as follow:

a. Revenue Analysis
b. Cost analysis
c. Profit analysis
d. Capital Structure analysis

a) Revenue analysis

The gross total revenue enables to find out the overall operating performance of the transport corporation. The total revenue earned consists of operating revenue or traffic revenue and non-operating revenue or non-traffic revenue and social cost subsidy. Operating revenue is derived from the transportation of passengers, goods and other incidentals. Non-operating revenue is the income from all other sources such as, advertisement on vehicles and shelters sale of scrap. Social cost subsidy is derived from the Government for the concessions given to students, freedom fighters, the blind and the physically handicapped.
### Table 3.15 Analysis of Total Revenue

(Rs in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operational Revenue Rs.</th>
<th>Non-operational Revenue Rs.</th>
<th>Social cost subsidy Rs.</th>
<th>Total Revenue Rs.</th>
<th>Indices Base Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>22480.64</td>
<td>1882.20</td>
<td>1681.36</td>
<td>26044.20</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(86.32)</td>
<td>(7.23)</td>
<td>(6.45)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>26756.50</td>
<td>1915.84</td>
<td>1782.45</td>
<td>30454.79</td>
<td>116.94</td>
</tr>
<tr>
<td></td>
<td>(87.86)</td>
<td>(6.29)</td>
<td>(5.85)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2004-2005</td>
<td>28730.58</td>
<td>1958.56</td>
<td>1703.97</td>
<td>32393.11</td>
<td>124.38</td>
</tr>
<tr>
<td></td>
<td>(88.69)</td>
<td>(6.05)</td>
<td>(5.26)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2005-2006</td>
<td>30016.20</td>
<td>3715.43</td>
<td>1856.84</td>
<td>35588.47</td>
<td>136.65</td>
</tr>
<tr>
<td></td>
<td>(84.34)</td>
<td>(10.44)</td>
<td>(5.22)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2006-2007</td>
<td>31720.81</td>
<td>3122.77</td>
<td>1984.63</td>
<td>36827.40</td>
<td>141.40</td>
</tr>
<tr>
<td></td>
<td>(86.13)</td>
<td>(8.48)</td>
<td>(5.39)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>86.67</td>
<td>7.70</td>
<td>5.63</td>
<td>(100)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

(Figures in the parentheses indicate the percentage to total)

![Chart 3.13 Total Revenue](chart.png)
Operating revenue is a significant component because a major portion of the total income is realized through operating revenue. In the study period, the operational revenue ranges between 84.34 per cent and 88.69 per cent. The average percentage of operating revenue was 86.67 per cent.

Non-operating revenue constitutes a small portion of the total revenue. In the study period, the non-operational revenue ranges between 6.05 per cent and 10.44. The average percentage of operating revenue was 7.70 per cent.

In the study period, the social cost subsidy ranges between 5.22 per cent and 6.45. The average percentage of operating revenue was 5.63 per cent. An increasing trend in total revenue is observed in the last five years of the study period.

b) Cost analysis

Cost analysis is the one of the factor in estimating the operating efficiency of an enterprise. The composition of cost and the behaviour of cost within a time frame will provide a clue to the level of efficiency and in turn to the organizational effectiveness. The analysis will also provide the basis to exercise control over the behaviour of cost.
### Table 3.16 Analysis of Cost

(Rs in lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel oil Rs.</th>
<th>Establishment Rs.</th>
<th>Motor Vehicle Rs.</th>
<th>Depreciation Rs.</th>
<th>Interest Rs.</th>
<th>Total Cost Rs.</th>
<th>Ind. Indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>8433.76</td>
<td>11202.41</td>
<td>1352.84</td>
<td>938.43</td>
<td>1135.35</td>
<td>23062.79</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(36.57)</td>
<td>(48.57)</td>
<td>(5.87)</td>
<td>(4.07)</td>
<td>(4.92)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>9377.64</td>
<td>12246.32</td>
<td>1414.64</td>
<td>740.97</td>
<td>937.89</td>
<td>24717.46</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td>(37.94)</td>
<td>(49.55)</td>
<td>(5.72)</td>
<td>(3.00)</td>
<td>(3.79)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>10607.29</td>
<td>13105.02</td>
<td>1455.82</td>
<td>666.50</td>
<td>876.25</td>
<td>26710.88</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>(39.71)</td>
<td>(49.06)</td>
<td>(5.45)</td>
<td>(2.50)</td>
<td>(3.28)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>12262.84</td>
<td>14180.91</td>
<td>1491.44</td>
<td>584.93</td>
<td>792.67</td>
<td>29312.79</td>
<td>127</td>
</tr>
<tr>
<td></td>
<td>(41.83)</td>
<td>(48.38)</td>
<td>(5.09)</td>
<td>(2.00)</td>
<td>(2.70)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>14538.95</td>
<td>17473.00</td>
<td>1571.80</td>
<td>1082.9</td>
<td>1265.58</td>
<td>35932.23</td>
<td>156</td>
</tr>
<tr>
<td></td>
<td>(40.46)</td>
<td>(48.63)</td>
<td>(4.37)</td>
<td>(3.01)</td>
<td>(3.53)</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>39.30</td>
<td>48.84</td>
<td>5.30</td>
<td>2.92</td>
<td>3.64</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

(Figures in the parentheses indicate the percentage to total)

![Chart 3.15 Total Cost analysis](chart_image.png)
In the study period, the cost of fuel oil ranges between 36.57 per cent and 41.83. The average percentage of operating revenue was 39.30 per cent. Establishment expense is a significant component because a major portion of the total cost is incurred through the establishment expenses. The cost of establishment expense ranges between 48.38 per cent and 49.55 per cent. The average percentage of establishment expense was 48.84 per cent.

The motor vehicle expenses ranges between 4.37 per cent and 5.87 per cent. The average percentage of motor vehicle expenses was 5.30 per cent. Depreciation constitutes a small portion of the total cost. In the study period, the depreciation expenses ranges between 2.00 per cent and 4.07 per cent. The average percentage of operating revenue was 2.92 per cent. In the study period, the interest expenses ranges between 2.70 per cent and 4.92 per cent. The average percentage of operating revenue was 3.64 per cent. An increasing trend in total cost is observed in the last five years of the study period.

c) Profit analysis

The efficiency of the management is generally measured by the profitability of the business. Hence, the higher the profitability, the more would be the efficiency. Operating ratio and Trend analysis are computed to evaluate the efficiency of profitability of the TNSTC Coimbatore. Operating ratio indicates the ratio of operating cost to the total traffic or operating revenue. The operating ratio should be low enough to leave a portion of operating revenue to give a fair return to the bus operators. This is the most acceptable method of assessing operating efficiency.
During the study period operating ratio ranges between 95.96 per cent and 122.46 per cent. The maximum operating ratio of 122.46 per cent has been achieved in 2006-07 followed by 114.12 per cent in the year 2005-06, due to the continuous increase in the prices of various expenses such as fuel, wages, motor vehicle tax, heavy repairs maintenance expenses etc. The Corporation has incurred a loss of 5853.96 lakhs in the year 2005-06 and in the year 2006-07 the loss was 5794.74 lakhs. During the rest of the period, the profit ranges between 673.12 and 1371.19 for the year 2003-04 and 2004-05.
d) Capital structure Employed

The capital structure in STUs mainly comprises State and Central Government contributions and internal sources. Government funds contribute the core of the capital base. However, several STUs have employed additional capital obtained through borrowings from financial institutions. The capital structure of TNSTC Coimbatore is constituted by the equity shares fully subscribed by the TamilNadu government. The debt capital includes loans from the TamilNadu Transport Development Finance Corporation Limited, commercial banks and other financial institutions. The capital structure of TNSTC Coimbatore is analysed by computing ratios such as equity to debt, income to equity and profit or loss to equity.

Table 3.18 Analysis of Capital Structure of TNSTC Coimbatore

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity to Debt Ratio</th>
<th>Income to Equity Ratio</th>
<th>Profit or Loss to Equity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>1:0.72</td>
<td>4.82:1</td>
<td>-0.23:1</td>
</tr>
<tr>
<td>2003-2004</td>
<td>1:1.09</td>
<td>6.08:1</td>
<td>-0.10:1</td>
</tr>
<tr>
<td>2004-2005</td>
<td>1:0.91</td>
<td>7.09:1</td>
<td>0.18:1</td>
</tr>
<tr>
<td>2005-2006</td>
<td>1:1.60</td>
<td>7.40:1</td>
<td>-0.76:1</td>
</tr>
<tr>
<td>2006-2007</td>
<td>1:1.51</td>
<td>7.17:1</td>
<td>-0.68:1</td>
</tr>
</tbody>
</table>

Source: Annual Reports of TNSTC Coimbatore.

Debt-Equity ratio establishes the relationship between outsiders' funds and share holders' fund. Debt-Equity ratio of 2:1 is normal. The Debt-Equity ratio is within the normal ration of 2:1 in all the years of the study period. Income to equity ratio shows the income earned by employing the equity. The highest ratio of 7.40:1 observed during 2005-06 shows the efficient utilization of funds. In the rest of the study period it ranges between 4.82:1 and 7.17:1. Profit earned per rupee of equity is either very low or negative during the study period. During the study period the ratio of profit or loss to equity shows loss incurred per rupee of equity except during the year 2004-05.
3.8 CONCLUSION

Every business enterprises requires primary factors of production such as land, labour, capital and organization for its operation and the transport industry is not an exception. Road passenger transport is highly labour intensive and the operative staff is the backbone of the transport undertakings in terms of earning revenue. They play a crucial role in building a good image for the organisation. The social obligation undertaken by STUs may be in the form of extending their service to villages, concession in fare to students, the physically handicapped etc., thus benefiting the society and the facility offered are found to be increasing during the period of study. The review of physical performance of TNSTC Coimbatore reveals that there has been a substantial growth in the operation of its services.
REFERENCES


