CHAPTER - VII

FINDINGS, CONCLUSIONS AND SUGGESTIONS

The concluding chapter is an exposition of the dictum on ‘Dimensions and Strategies of Turnaround Management - A Study with reference to Andhra Pradesh State Road Transport Corporation’. Conclusions are presented to bring a Summary of the Findings and Suggestions are offered for relevant policy framework with future orientation, modus operandi and bring back the Corporation on the tracks of prosperity.

FINDINGS

1. Public Enterprises also termed as State Enterprises or Government Enterprises constitute a major segment of the industrial activity in our country and these undertakings born as the outcome of the conscious policy of the government to speed up the industrialization of the country with a view to giving added impetus to economic growth as well as to achieve certain socio-economic goals as enunciated in Industrial Policy Resolution of the Government. These, today cover a wide spectrum of activities in basic and strategic industries like steel, coal, minerals and consumer goods, trading and marketing activities, pharmaceuticals and fertilizers on the one hand, and consumer goods, trading and marketing activities, transportation services, contract and consultancy service, tourist services, financial services and development of small-scale industries, on the other.
2. India stands out for the size and dynamism of its services sector. The services sector in India forms an integral part of the country’s economy and growing rapidly in line with the global trend. The contribution of services sector to the Indian economy has been manifold. The importance of the services sector can be gauged by looking at its contributions to different sectors of the economy. The share of services in India’s GDP at factors cost (at current prices) increased rapidly from 30.5 per cent in 1950-51 to 55.36 per cent in 2010-11. Its highest value over the past 50 years was 55.36 in 2010, while its lowest value was 35.80 in 1973.

3. Transport is the lifeline of socio-economic development of any economy. India has the world’s third largest transport network and it is large and diverse. India has the world’s second-largest road network (after the US), spanning around 3.3 million km. Road transport is vital to the economic development and social integration of the country. Road transportation is a dominant mode of transportation in India today and it carries almost 90 per cent of the country’s passenger traffic and 65 per cent of its freight. The density of India’s highway network at 0.66 km of highway per square kilometer of land which is similar to that of the United States (0.65) and much greater than China's (0.16) or Brazil's (0.20).
4. A.P. State Road Transport Corporation is one among the 37 State Road Transport Undertakings (STUs) in India which is incorporated by Andhra Pradesh State Government under Section 3 of the Road Transport Corporations Act, 1950 as wholly owned Corporation or as Government Company under Companies Act, 1956 with a view to provide an efficient, adequate, economical and properly coordinated road transport. Public road transport plays a significant role in the development of economy of the country as a support system in carrying passengers to different places.

5. There is an underlying tone that the loss making and operationally and financially inefficient public enterprises need to have a turnaround through reorientation of their managerial and operational policies with the application of pragmatic strategies of turnaround addressing the realities and challenges of a respective enterprises. Hence, the issue of organisational failure is of practical, political and academic interest.

6. Globally the incidences of decline have been increasing causing organizational decline and in this regard turnaround management to be one of the most important topics addressed by business education and research in recent years. A turnaround can refer either to a business firm that faces financial disaster or action taken to prevent the occurrence of that financial disaster. Turnaround management is the operational improvement measured in terms of financial results over a sustained period. The improvement may range from turning a losing enterprise into a profitable one, or making marginally profitable one more profitable.
7. When firms are doing so badly that failure seems imminent then turnaround management can restore performance and profitability. With the increasing competition, rapid advances in technology and rising complexity of the business conditions accompanied by blend of customers and employees, the challenges for any corporate have been rising. Only a timely response to this situation can save organisations. However, due to management inefficiency, most of the corporate fail to identify the problems and therefore delay in taking precautionary measures affecting the owners, employees, customers, suppliers and the economy. To restore the organisation on its normal course, a corporate turnaround is essential.

8. The principal reasons causing the corporate decline involved the internal causes which include internal generated problems, real balance of external and internal factors, and internal problems triggered by external factors. The internal factors for troubled companies have an impact on corporate decline. This implies that a company should assess its internal strengths and weaknesses in relation to the external opportunities and threats it faces in its business environments. In the decline-cause spectrum both external events on one hand and of which normal hazards on the other can cause the firm decline.

9. A successful turnaround depends on developing appropriate turnaround prescription and implementation of effective turnaround plan. A successful turnaround plan consists of seven essential ingredients and an implementation framework. The implementation framework has seven key work streams. The appropriate rescue plan or turnaround prescription must addresses the fundamental problems, tackle the underlying causes and be broad and deep enough in scope to resolve all the key issues.
10. Khandwalla identifies four basic types of turnaround processes viz., surgical-reconstructive, surgical-innovative, non-surgical-innovative and non-surgical-transformational. The series of turnaround actions taken by organizations can be grouped under the following categories. (i) change in the leadership, (ii) forming the team at the top, (iii) change in strategy, (iv) retrenchment of assets and people, (v) upgrading of technology, (vi) financial restructuring, (vii) organizational change and (viii) support of the parent company.

11. From the action choice perspective, firms could decline for two reasons: a) lack of action in response to environmental changes and b) faulty action choices. The action choices lead to change that could either be worsening or improving the organisational performance. The choice between no action, dissolution and turnaround is influenced by environmental and organisational factors. The most notable environmental factor is instability which could be understood in the context of product-context domain. Shift in the product-market domain allows innovative organisations to survive and prosper. These organisations are able to respond to changes in the environment by adequately incorporating changes in the product design and offerings.

12. The strategic point for the implementation of the turnaround process is always a diagnostic review to establish the true position of the troubled company and to determine whether a turnaround is a viable option. Once the decision to proceed with a turnaround has been taken by the stakeholders, seven separate implementation processes viz., ‘work streams’ have to be undertaken to ensure that the seven key ingredients are in place.
The seven key work streams have been identified as: (i) crisis management, (ii) selection of the turnaround team, (iii) stakeholder management, (iv) development of the business plan, (v) implementation of the business plan, (vi) preparation and negotiation of the business plan, (vii) project management. The integration and coordination of the above work streams is the overall management of the turnaround process.

13. There are different dimensions to turnarounds based on different circumstances within which the declining firms operate. The principal types of turnarounds are: (i) the management process turnaround; (ii) the economic or business cycle turnaround, (iii) competitive environment turnaround, (iv) product breakthrough turnaround, and finally, (v) the government-related turnaround.

14. Though private and public organisations are surrounded by different environments, general organisational cycles could be similar. It was found that turnaround requires change in top management, redefinition of business, changes in major policies, restructuring, and careful planning of the future. It was also observed that growth strategies were less frequently used by companies which were already diversified. A major difference between the Indian and the Western cases seems to be that the former had concentrated on the short-term strategies while the latter were keen also on institutionalizing the turnaround by long term strategies, such as strengthening of R&D, introduction of new products, expansion, modernisation and diversification, redefining of business, and restructuring of the Organisation.
15. Retrenchment as a turnaround strategy has efficiency orientation. The central element of retrenchment strategy is an emphasis on cutting costs and raising efficiency. The principal strategy consists of several sub-strategies including reviewing parts of business that are not value adding, withdrawing from markets where the firm is performing poorly, selling assets, reducing scale of operations, improving efficiency, downsizing, outsourcing and such other strategies.

16. Repositioning is an entrepreneurial strategy which primarily focuses on generation of revenue, product innovation, product differentiation, re-branding, growth and innovation all these ultimately leading to capturing market share. It involves several sub-strategies such as moving into new markets, seeking new sources of revenue, developing new products and altering the mission and image of a company. Product differentiation can take many forms.

17. Reorganisation as a turnaround strategy consists of all strategies that are supporting the above two principal strategies for turnaround i.e., retrenchment and repositioning. Favourable environmental factors may impact organisational recovery positively. Changes in planning systems, decentralization of human resource planning, organizational culture are some of the sub-strategies of reorganization.
18. Villages are physically spread throughout the length and breadth of the country, no mode of transport other than road transport can adequately and effectively meet the demand of transport arising out of the growing economic, social, health, cultural and religious needs of the villagers. India’s road network includes 3314000 km of road including 65590 km of national highways, 137,000 km of state highways, 300763 major district roads, and the remainder rural roads. Public road transport plays a significant role in the development of the economy of the country as a support system in carrying passengers to different places.

19. Road transport sector accounted for a lion’s share of the total transport sector contribution to GDP. The share of road transport in the GDP which was 3.8 per cent during 1999-2000 increased over the years to stand at 4.8 per cent during 2008-09. All other modes of transportation lagged behind road transport sector with regard to their respective contribution to GDP.

20. Public Road Transport is mostly catered to by the State Road Transport Undertakings (SRTUs) incorporated by respective State Governments under Section 3 of the Road Transport Corporations Act, 1950 as wholly owned Corporation or as Government Company under Companies Act, 1956 with a view to provide an efficient, adequate, economical and coordinated road transport. As at the end of 31st March, 2010, SRTUs comprising 25 Statutory Corporations (SRTC)s and 12 Government Companies.
Besides, 8 transport departments of smaller states were directly catering to public transport in the absence of SRTUs. The SRTUs are caught between two divergent corporate objectives of plying the services on commercial considerations on one hand and social considerations on the other. There is, however, a need for reasonably reconciling these two objectives, lest the SRTUs should cease to operate on uneconomical routes depriving the rural masses of access to various goods, services and facilities.

21. India, had the credit of having the three largest road networks in the world. The country had a road network of over 4.32 million kms in 2011 at a 0.66 km of roads per square kilometer of land. The quantitative density of India’s road network is similar to that in the United States (0.65) and far higher than that of China's (0.16) or Brazil's (0.20). Volume of operations of SRTUs are measured in terms of effective kilometers. Effective Kilometers are total remunerative kilometers operated by SRTUs for a period of time. Gross Kilometers is effective kilometers plus non-remunerative kilometers. The total effective kilometers operated by reporting SRTUs were 1476 crores during 2009-10. It is also observed that the volume of SRTUs i.e., effective kilometrees operated by SRTUs ranged between 1197 crore kms (2000-01) and 1476 crore kms (2009-10). Since 2006 (1251 crore kms) an incremental trend was observed in the operations of SRTUs.
22. Efficient mobility of people is one of the key factors for the progress and prosperity of society in particular and nation at large. Public Transport services play a major role in people mobility reaching the poor and keeping deprivation at check in rural areas. Apparently bus-based public transport system continues to be dominated by the STUs today in terms of coverage and patronage. The number of passengers carried by SRTUs in crore kilometers was 6.72 (2000-01) and consistently decreased to 5.61 (2003-04) and thereafter a mixed trend was observed upto 2008-09. Finally, the number of passengers carried in crore kms stands at 6.91. This infers that there is an imperative need to SRTUs to allure road transport passengers by providing quality service in continuum. The SRTUs carry about 7 crores of passengers per day performing about 501 billion passenger kilometers annually. In the non-urban sector alone, the SRTUs performed about 12.6 billion bus kilometers carrying a total of 477.5 billion passenger kilometers (pkm) of service.

23. To maximize loading factor SRTUs are suggested diagnose economic feasible routes, introduce new services and update old feet with new. However, an increase in supply (qualitatively or quantitatively) will not automatically lead to a corresponding increase in demand and satisfaction. The physical performance of SRTUs is closely interlinked with its financial performance which, in turn, depends on the efficiency of operations and policy related variables.
24. The amount of loans outstanding of SRTUs was Rs. 3371.09 crores during 2000-01 and increased to Rs. 10969.21 crores during 2009-10 over the years under review. The trend of Debt-Equity ratio over the years corroborates the fact that the outside capital component of the capital structure has been growing over the years. There is an increased dependence on the borrowings and lack of generation of funds from internal resources. The aggregate accumulated losses at the end of 31st March, 2010 amounted to Rs. 24676.49 crore rendering many SRTUs unviable.

25. The total revenue of the SRTUs was Rs. 15325.56 crores during 2000-01 increased to Rs. 23945.80 crores during 2007-08 and stood at Rs. 29868.02 crores during 2009-10. The break-up of the total revenue clearly shows that the traffic revenue is the dominant component whereas the non-traffic revenue assumes a minor share. It is as evident from the fact that, over the years under review the proportion of traffic revenue in the total revenue of the SRTUs ranged between 86.32 per cent (2009-10) to 94.05 per cent (2000-01). The cost composition of SRTUs consists of cost of personnel, material, taxes, interest, payment to hire buses, depreciation, miscellaneous and other charges. The cost of personnel and material are the two dominant cost elements in the total cost of SRTUs. The cost of personnel as a proportion of the total cost ranged between 37.34 per cent (2007-08) to 42.36 per cent (2000-01). On the other hand, the ratio of material cost to total cost ranged between 32.61 per cent (2001-02) to 39.25 per cent (2006-07). Moreover, the amount of taxes in total cost which was Rs.1620.93 crores during 2000-01 increased to Rs.1900.45 (2006-07) and thereafter declined to Rs.1892.46 crores (2007-08) and stood at Rs. 2259.05 crores during 2009-10.
26. Profit is said to be the engine that drives the business enterprise. It is the primary motivating force for all economic activities and it is the report card of past. If an enterprise fails to make profit, capital invested is eroded and if this situation prolongs, the enterprise ultimately ceases to exist. the losses of SRTUs are mounting up year-over-year (y-o-y) and total cost of operation of SRTUs is higher than total revenue during 2000-01 to 2009-10 and further evident from the fact that over the period under review the total cost of SRTUs increased at an annual compound growth rate of 8.14 per cent as against only 7.69 per cent in the total revenue. The reasons for losses are partly attributable to inefficiency and partly due to the uncompensated burden of social obligations such as concessions, un-remunerative routes, failure of prices to keep up with input costs, etc.

27. The Return On Capital Employed (ROCE) helps to gauge the profitability generated by the SRTUs on the capital employed. The performance of SRTUs in terms of ROCE appears to be not impressive and encouraging. It is evident from the fact that the ROCE of the SRTUs during 2000-01 to 2009-10, ranged in between -0.18 per cent (2007-08) to -0.44 per cent (2000-01). It is observed that the ROCE is still at a low key as in no year it has registered even at 1 per cent.

28. Vast improvements are needed in India’s public transport systems, but the necessary funding is not available. Various taxes levied by the exchequer either Central or State or both Central and State Governments on SRTUs accentuate the level of funding.
However, the rates of these taxes have been increasing year after year, and they have become a big drain on the resources of SRTUs, affecting their commercial viability. Motor Vehicle Tax (MVT) is one of the important levies imposed by governments on commercial vehicles. It is a sorrow state of affairs to note that the amount of MVT and other taxes is almost engulfing the total revenue of SRTUs leaving no surplus. This needs the consideration of the policy makers to reduce the burden of taxes so as to provide a scope for SRTUs to stand financially.

29. To discharge the corporate responsibility in India various SRTUs have reached the needy and the deprived in tune with the national policy and priorities. Majority of SRTUs have reached the students, blind, freedom fighters, journalists, senior citizens etc by offering fare concessions. Actually, the concerned Governments have to meet and reimburse the amount of concessions offered by the SRTUs to various sections of the society. But, rarely the Governments reimburse such subsidies leaving the total burden on the shoulders of the SRTUs. The total amount of concessions offered by the SRTUs amounted to Rs. 1136.80 crores during 2000-01 which increased to Rs. 1718.34 crores during 2005-06 and further to Rs. 2805.87 during 2009-10. Out of the total amount of concessions, as could be seen from the table the concessions to students constitute a dominant share ranging between 67.09 per cent (2009-10) to 83.32 per cent (2002-03).
30. It is observed the Occupancy Ratio (OR) has increased from 64.70 per cent (2000-01) to 72.20 per cent (2009-10) during review period. The ratio was dwindled (61.60 per cent) in 2002-03 because of the competition from other modes which have gained importance due to decreasing fleet size of SRTUs. It can be inferred that provision of better quality of buses, infrastructure and amenities, services push SRTUs to maximize OR at the desired level.

31. Upto 1951, the Road Transport Department was run as an ancillary to the Railways. Due to the federal financial integration in 1950, the Nizam State Railways were merged with the Indian Railways. Consequently, the Road Transport Department of the former Nizam State Railways was separated and managed by the Indian Railways on an agency basis till 31\textsuperscript{st} October, 1951. However, this was terminated and with effect from 1\textsuperscript{st} November, 1952, and the State Government managed the RTD through its Home Department. The APSRTC was established with effect from 11\textsuperscript{th} January, 1958 as per G.O.MS. No.38. Home (Transport) Department, Government of Andhra Pradesh, dated 6\textsuperscript{th} January, 1958. Rules under the Road Transport Corporation Act, (1950), were also framed and issued by the Government. From 1958 onwards, the Corporation has been carrying on its activities as a Statutory Corporation.

32. During the year 2000-01 the APSRTC with 128796 employees, operated 19084 buses in 8631 routes covering a route length of 896642 kms. The Corporation offered 11530.76 seat kilometers by carrying 403.74 crore passengers through its 211 operating depots controlled by 23 regions and 6 zones along with Central Office. During the year the gross earnings of the APSRTC raised to Rs.2750.17 crores. The number of bus stations was 723 and the bus shelters were 1849.
33. The average number of vehicles held by the Corporation which were 18526 during 1999-2000 experienced an incessant increase over the years and stood at 21255 during 2009-10 experiencing a growth rate of 1.38 per cent. Out of the total vehicles held by the Corporation, the RTC owned vehicles constituted a greater proportion ranging between 81.33 per cent (2009-10) to 96.67 per cent (1999-2000). The proportion of the owned vehicles of the Corporation experienced a marked decline over the years from 96.67 per cent during 1999-2000 to 81.33 per cent during 2009-10, thus, experience a negative growth rate of -0.37 per cent. On the other hand the proportion of the hired vehicles, in the average number of vehicles held by the Corporation which was 3.33 per cent (618) increased during 1999-2000 to 18.67 per cent (3967) during 2009-10 with a growth rate of 20.43 per cent. Thus, the analysis clearly shows that though a lion’s share of the total number of vehicles held are RTC owned, the owned proportion as dwindled and the hide component looked up. The scenario is similar in the case of the average vehicles on road.

34. The cost of personnel and material are the two dominant cost elements in the total cost of APSRTC. As evident from the table, over the years under review, the cost of personnel as a proportion of the total cost ranged between 36.06 per cent (2008-09) to 41.93 per cent (2009-10). On the other hand, the ratio of material cost to total cost ranged between 31.66 per cent (2001-02) to 40.67 (2007-08). Moreover, the proportion of taxes in total cost which was 13.60 per cent during 1999-2000 rolled down to 5.87 per cent during 2009-10.
35. The Earnings Per Kilometer (EPK) which was 1084 paise during 1999-2000 crept up to 1884 paise during 2008-09 and stood at 1824 paise during 2009-10. But the Cost Per Kilometers (CPK) which was 1155 paise during 1999-2000 experienced an incessant increase to 1843 paise during 2008-09 and stood at 1818 paise during 2009-10. Thus, it is absolutely clear that during 1999-2000 to 2009-10 the Earnings Per Kilometer of APSRTC increased but it is neutralized by the increase in the Cost Per Kilometer. Moreover, the Corporation incurred the loss per kilometer of operation during 1999-2000 to 2006-07 and could earn profit per kilometer of operation only during the last three years ending with 2009-10. Further, it can be observed that the profit per kilometer of operation which was 135.67 paise (2007-08) dropped down to 110.79 paise (2008-09) and further to 9.84 paise (2009-10).

36. The total revenue of the Corporation which was Rs. 2322.25 crores during 1999-2000 consistently increased and stood at Rs. 5204.46 crores during 2009-10 experiencing a growth rate of 8.40 per cent and on the other hand, the total expenditure of the Corporation recorded a growth rate of 8.97 per cent, during the period under reference, increasing from Rs. 2275.40 crores during 1999-2000 to Rs. 5373.05 crores during 2009-10. But, as can be seen from the table after depreciation and other statutory appropriations the Corporation recorded a marked and continuous net loss during all the years under reference with the exception of 2007-08, 2008-09. Over the period under review the Corporation recorded a net loss ranging from Rs. 42.02 crores (2003-04) to Rs. 514.55 crores (2009-10).
Thus, the sustained amount of loss incurred by the Corporation reflects the situation of crisis and drain on the resources. In addition the scenario stands as the warning signal of the Corporation collapse and it can be a burden on the state exchequer.

37. The total amount of accumulated loss of the Corporation was Rs.313.12 crores during 1999-2000 which increased incessantly to stand at Rs.1398.29 crores by 2006-07. But, during the succeeding two years i.e., 2007-08 and 2008-09 the amount of accumulated loss no doubt looked down but by the year 2009-10 the total loss of the Corporation accumulated and stood at Rs.1666.40 crores.

38. The total turnover of the Corporation which was Rs.2450.02 crores during the year 2000-01 increased to Rs.5000 crores during 2008-09 and stood at Rs. 4639.73 crores during 2009-10. The manpower turnover, which signifies the productivity of human resource, was 0.019 times during 2000-01 and shoots up to 0.040 times during 2009-10. The improvement in the manpower productivity of the APSRTC is influenced both by the increase in turnover and downsize in human resource because the manpower productivity is the function of both the value of turnover and the size of human resource.

39. The total number of bus breakdowns which were 40383 during 1999-2000 increased to 52417 during 2000-01 but thereafter gradually declined to stand at only 18937 during 2009-10. Thanks to the policy of the Corporation to introduce new and modern improved buses on the road in view of the competition and customer orientation. It can be further seen the average number of breakdowns per lakh kms during period under review ranged between 0.90 (2008-09) to 2.41 (2000-01).
40. The average number of breakdowns per lakh kms have considerably come down since 2006-07 to stand at only 1 breakdown per lakh kms during 2009-10. The analysis shows that in APSRTC it is not only the total number of breakdowns that came down but the average number of breakdowns also experienced a marked decline. The observed trend is due to the replacement of old buses with the improved versions.

41. The total amount of concessions offered by the Corporation amounted to Rs. 6988.54 lakhs during 1995-96 which increased to Rs.13162.71 lakhs during 1999-2000 and further to Rs.54073.82 lakhs during 2009-10. Out of the total amount of concessions, the concessions to students constitute a dominant share ranging between 69.74 per cent (1998-99) to 90.17 per cent (2001-02). Moreover, the total amount of fare concessions offered to students by the APSRTC has enormously increased over the years under review.

42. It is evident that during 1995-96 the amount of fare concessions offered to students was Rs.5471.30 lakhs which increased to Rs.9375.96 lakhs during 1999-2000 and further to Rs.41224.32 lakhs during 2009-10. It is followed by the amount of concessions offered by the Corporation to the blind which is a welcome feature. Thanks to the corporate social responsibility orientation and emphasis of the corporation.
It can be observed that the amount of concessions offered to the blind was Rs.933.05 lakhs during 1995-96 which increased to Rs.3313.10 during 1999-2000 and further to Rs.10165.36 lakhs during 2009-10. Moreover, during the period under review, the proportion of the amount of concessions offered to the blind on the total amount of fare concessions by the APSRTC, ranged between 8.03 per cent (2001-02) to 25.17 per cent (1999-2000).

43. The APSRTC offers huge amount of fare concessions to different sections of the society as a part of corporate social responsibility and a greater proportion of total concessions standing on account of students, the blind and the journalists. But, the State Government fails to support the APSRTC through reimbursement.

44. During 2000-01 an amount of Rs.200 crores are offered as fare concessions by the APSRTC, out of which only Rs.100 crores (50 per cent) reimbursed by the Government leaving the remaining Rs.100 crores as unmet burden on the Corporation. It is a case with the rest of all the years under review. Even during the year 2009-10 Rs.490.47 crores was the total amount of concessions, out of which only 24.47 per cent (Rs.120 crores) was reimbursed by the State Government leaving the major chunk of 75.53 per cent (Rs.340.47 crores) as unmet burden of concessions on the spine of the Corporation. The incidence of concessions burden not reimbursed by the Government increased over the years.
45. The incidence of MVT is almost engulfing the total revenue and it needs a perusal and consideration for reduction of burden on the Corporation. It is evident from the table that the amount of MVT which was Rs. 3651.56 crores during 2000-2001 has not experienced any quantum jump over the years under review. It is evident from the fact that the amount of MVT was Rs. 3513.01 crores during 2004-2005 and stood at Rs. 3084.81 crores during 2009-2010. But, as a proportion of the total revenue the share of MVT accounted for 91.42 per cent (2009-10) to 99.02 per cent (2000-01).

46. Moreover, the total taxes paid by the APSRTC as a proportion of the total revenue ranged between 55.43 per cent (2008-09) to 145.44 per cent (2002-01). It is a sorrow state of affairs to note that the amount of MVT and other taxes is almost engulfing the total revenue of the Corporation leaving no surplus.

47. The amount of loans outstanding with the Corporation was Rs.582.84 crores during 2000-01 and increased to Rs.1410.21 crores during 2009-10 experiencing a growth rate of 10.32 per cent over the years under review. The trend of Debt-Equity ratio over the years corroborates the fact that the outside capital component of the capital structure has been growing over the years. As it is evident that during 2000-01 the Debt-Equity ratio of the Corporation was 2.89 per cent which increased to 6.58 per cent during 2004-05 with marginal intermittent fluctuations during the years. However, the Debt-Equity ratio stood all time high at 7:1 during 2009-10. The analysis shows that the increasing reliance of the Corporation on debt-capital.
48. The debt servicing burden including interest payment also contributed to the sustained losses of the Corporation. It is evident from the fact that the amount of payments on debt in terms of interest was Rs.45.09 crores during 1999-2000 which increased to Rs.116.87 crores (2008-09) and stood at Rs.114.63 crores during 2009-10. The drain of interest burden into the profits on contribution to the losses, over the years under review, ranged between 29.69 per cent (1999-2000) to 250.38 per cent (2003-04).

49. The ratio of Debt to Equity very much signifies the structural strength of any organization financially. Though the leverage contributes to the wealth maximization objective an increasing debt is a burden and increases the risk perception. The Debt-Equity ratio of 1.03 in the year 2000-01 increased to 4.63 in 2008-09 and further to 5.36 in 2009-10. No doubt, APSRTC being an organisation with quick and continuous stream of cash flows, a higher Debt-Equity ratio is not burdensome as against the industry standard. But, it could be with an observance of the fact that the corporation is otherwise geared at a higher debt-equity ratio which indicates the increasing burden of debt.

50. APSRTC is affected by a number of factors beyond the control of the Corporation. In the year 2000-01 the Operating Expenses ratio was higher at 106.91 per cent and increased to 108.36 per cent in the year 2001-02. Due to control in costs of operation the ratio was positively came down to 104.09 per cent in the year 2002-03 and further to 99.41 per cent in the year 2003-04 and 85.03 per cent in 2007-08. Thereafter the ratio looked up to 91.82 per cent in the year 2008-09 and finally reached to 95.13 per cent in 2009-10 indicating that there is an imperative need for control of costs of the Corporation.
51. APSRTC could not convert revenue into net operating profit. This may be due to under utilization of current as well as fixed assets. The Net Operating Profit ratio ranged in between -15.59 and +11.73 during the years 2001-02 and 2007-08. But, the negative trend was observed during 2000 to 2003 of the study which indicates inefficiency of operations of the Corporation. However, it is evident that there is a marginal improvement in the ratio from the year 2004 to 2010 as the revenue of the Corporation is increasing.

52. It can be observed that Return On Investment (ROI) of APSRTC is too much inconsistent and rose from 2007 onwards because of substantial increase in its Profit Before Tax. Prior to 2007 it shows a negative trend in the return on total assets due to significant increase in Corporation expenses. Though ROI declined from -0.58 per cent in 2000-01 to -0.63 per cent in 2001-02, it was highest in 2007-08 with +0.11 per cent and then it declined to +0.06 per cent in 2008-09.

53. The performance of the Corporation in terms of Return On Capital Employed (ROCE) appears to be not impressive and encouraging. It is evident from the fact that the ROCE of the corporation during 2000-01 to 2009-10, ranged in between -0.07 per cent to 0.19 per cent (2007-08). Though, the ROCE started recording positive since 2005-06 and registered the highest at 0.19 per cent during 2007-08, it is still at a low key as in no year it has registered even at 1 per cent.
54. The Return On Net Worth (RONW) of the Corporation stood negative during 2000-01 to 2006-07. It ranged in between -0.28 per cent (2003-04) to -1.96 per cent (2001-02). It could turn the corner in a positive direction during 2007-08 (0.89 per cent) and stood at 0.72 per cent during 2008-09. Again, during 2009-10, the RONW recorded at dismal scenario. The analysis clearly shows that though the corporation could register a positive note with regard to RONW by the year 2007-08 it could not sustain the trend as the Return On Net Worth experience wide fluctuations and dived to the ground by 2009-10.

55. The Credit Strength ratio followed a regular upward trend. In 2000-01 it was 0.31 and went up to 7.08 in 2009-10 which means the Corporation’s increasing dependence on current liabilities and is a serious concern and fatal if the Corporation does not have enough current assets to meet the current liabilities. However, it is in between 1.39 and 1.50 during 2004-05 and 2005-06 which is considered to be satisfactory. During 2006-07 it was 2.90 and increased to 3.40 in 2007-08 and further to 4.14 in 2008-09. Keeping in view the incremental trend of the ratio the Corporation must take the required attention if current liabilities increase beyond certain multiple of net worth.

56. The Fixed Assets Turnover ratio of 1.42 times in 2000-01 gradually increased, though with a marginal set back in 2001-02 (1.40), to 2 times in 2008-09 and stood at 1.99 times by the end of 2009-10. The trend of the ratio drives home the observation the corporation registered a marginal improvement gradually over the years in the efficiency of fixed assets utilization.
This further brings out the fact that the decline in the efficiency of the corporation in utilizing the total assets is largely due to the dived down in the efficiency of utilizing current assets components.

57. The Inventory Turnover ratio of the Corporation shows that the ratio of 46.82 in 2000-01 went up to 68.23 in 2003-04 but dropped down to 52.87 in 2003-04 where from a consistent uptrend in the Inventory Turnover ratio could be observed. It stands at 67.10 at the end of 2009-10. The analysis thus clearly shows that the turnover of inventory is fairly high and good in the Corporation signifying an improved efficiency in managing the inventory.

58. Prompt and timely service (18.2 per cent), the provision of services at lower fare with compare to private operators (5.3 per cent), safety, reliability and patronage (4.4 per cent), there is no other go except to accept the services of APSRTC (1.9 per cent) are the major reasons preferring to travel in APSRTC bus.

The mean values of Friedman’s Mean Rank Test reveals that majority of the passengers prefer to travel in APSRTC bus because of the prime factor patronage. They are enticed by the behavior of crew members (3.25) followed by the second dimension prompt, timely service and comfort (3.04) while safety and reliability of the service (2.98) is the third ranked perception. One of the interesting features is that no other go (2.91) is the fourth ranked perception and not a primary reason for traveling in APSRTC bus. In other words, these commuters prefer to travel in APSRTC bus by choice. Low fares (2.82) are the fifth ranked attribute to travel in APSRTC bus.
59. The perceptions on safety, reliability and economy reveals inside hygienity of the bus (12.70 percent), reliability of service (10.10 per cent), facilities provided (51.8 per cent) in bus shelter and terminus are of prime concern followed by passenger friendly behaviour (48.9 per cent), fare policy (46.10 per cent), combined with the safe journey parameter, time schedule (44.40 per cent) which are considered as major reasons of commuters prefer to travel in APSRTC bus.

The Friedman’s Test Ranks economy of service (4.84) as the first followed by inside ambience (4.81), availability of service (4.66), safety of journey with timing schedule (4.61), behaviour of crew members (4.66), facilities at bus terminus / shelter (4.47), balance of speed (4.37) and reliability of service (3.81).

60. Comfortable seating and easy access (40.4 per cent) are the major reasons which entice commuters to travel in APSRTC buses. Punctuality (37.9 per cent), and travel duration (21.7 per cent) are other influencing factors satisfy the parameter of time level agreement. The values of Friedman’s Mean Rank Test are ranged between 1.90 and 2.07. Comfort in journey (2.07), balance of punctuality (2.03), travel duration (1.90) attracts commuters to get into the bus.
Among the technical service quality perceptions of commuters, travel and time management (13.8 per cent) and supporting services of the Corporation (12.7 per cent) are ranked the first and second perceptions of commuters followed by comfort (11.8 per cent) in the bus during service encounters. The functional quality perceptions of commuters comprise operational staff assistance (14.10 per cent) and service delivery with courtesy (12.70 per cent).

The technical and functional quality perceptions supported with Friedman’s Mean Rank Test. Honesty (9.66) of the operational staff, convenient timings of the bus service (9.46) followed by the facilities provided at bus terminus / centre (9.46), comfort in the bus (9.38) and ease of travel (9.38), frequency of travel (9.33) and time management (9.33) are dominant influential factors on the part of the commuters.

Other significant influences include maintenance of balance of punctuality (9.26) and economy (9.22), comfort (11.8), scheduled travel time (10) and economy (9.60) frequency of buses (9.9) and honesty of operational staff (3.4).

The ratings of passenger amenities are concerned 56.30 per cent passengers who are regularly availing the public transport satisfied with the amenities provided by the Corporation while 43.70 per cent of the respondents dissatisfied with the services provided by the Corporation. Moreover, out of 43.7 per cent of respondents, 11.8 per cent commuters opine that the amenities provided by the Corporation are not at par with even standards prescribed by the Association Of State Road Transport Undertakings. Hence, there is a dire need that the Corporation seriously concern over the dissatisfying features which affect the operational performance of the Corporation.
63. Pilferage of change by the conductor (20.4 per cent) is the first encountered problem followed by the second i.e., seating adjustment, discomfort, leg spacing, ventilation, cabin noise, etc. (20.1 per cent). Unregulated and unlimited bus halts and poor mechanical condition of the buses (19.7 per cent), negligence of operational staff while on travel (44.4 per cent), absence of inside hygienity of bus (42.8 per cent), unsystematic operating systems are the major problems encountered by commuters while on board.

Friedman’s Test supported the perceptions of commuters and ranked the first for unregulated and unlimited bus halts (4.36) followed by pilferage of change by the conductor (4.19), negligence of the staff during the service with the mean value of 4.07 which is inherited with the unsystematic operating system (4.06), absence of hygienity inside the buses (4.05) and poor mechanical condition of buses (3.60).

64. The most dissatisfying features in the administration of APSRTC include heavy passenger crowding (55.5 per cent), improper maintenance of buses and facilities at bus centre / terminus (52.4 per cent), absence of service (45.1 per cent), unregulated halts, luggage fare, issue of tickets to children (41.8 per cent), indifferent behavior of bus operating staff (27.1 per cent) while on journey are serious concerns of commuters. Friedman’ Mean Rank Test corroborated that indifferent behaviour of the bus operating staff (4.30), absence of service at satisfaction levels (3.73), ignoring profitability as an objective in the minds of operating staff (3.64) and disregard of time schedule (3.24) are the prime ranked issues on the part of the commuters.
65. Competition from private operators (17.7 per cent), incompetent human resource (17.4 per cent), subsidies and concessions (16.9 per cent), inefficient managerial competencies of administrative staff (14.3 per cent), involvement and influence of Government in almost all operations of the Corporation (13.8 per cent) are major reasons for inefficient functioning of APSRTC.

Among others poor mechanical condition of buses, improper maintenance of bus roads and routes, protests, arsenals and strikes, illicit operations of the private operators (11.5 per cent), indifferent behaviour of employees (11.0 per cent) with the commuters, outdated and obsolete state of the art of fleet (9.5 per cent) and deficiencies in framing and execution of policy issues (8.8 per cent) are significant reasons for inefficient functioning of APSRTC.

The Friedman’s Mean Rank Test corroborates that inefficient human resource (5.33) inefficient managerial staff (5.22), financial chaos of the Corporation (5.06) and the deficiencies in framing and execution of policy issues (5.04), poor mechanical condition of buses (4.87), improper maintenance of bus roads and routes, absence of state of the art of fleet (4.68) and competition from private operators (4.64) are prominent reasons for inefficient functioning of APSRTC.
66. The Government intervention in fixation of fare and wage revision (20.40 per cent), better management practices (18.30 per cent), behaviour, courteousness and honesty of crew members (14.8), modernization of fleet in relation to reduction of traffic congestion, pollution levels and energy consumption (13.7), competition from private passenger transporters (10.1 per cent) and illicit operations of commuters dent the corporation into financial chaos.

The Mean Values of Friedman’s Test are ranged between 4.26 and 3.75. Changes in Government policy (4.26) is first ranked priority followed by modernization of fleet (4.22), behaviour of frontline employees / crew members (4.17) greatly influences the quality perceptions.

67. There is a need of policy initiative in relation to safety, courteousness and honesty of operational staff towards commuters (26.90 per cent), cleanliness, ambience, and inside hygiene of the bus (26.90 per cent), provision of offering services etc. (18.90 per cent). Unveiling special packages at times of auspicious seasons (16 per cent), devising internal, external and interactive marketing policies (13.50 per cent), introducing series of facilities (13.30 per cent) New Vanitha Card for white ration card holders, the ‘Bus Advance Reservation from Anywhere to Anywhere Travel' (BARAT), an improvement in existing Online Passenger Reservation System (OPRS) and a 24/7 call centre to receive calls, and an SMS-based grievance redressal mechanism enhance Occupancy Ratio.
Customer Relationship Management (CRM) is the first ranked priority (3.64) according to Friedman’s Mean Rank. Improvements in ambience and inside hygienity (3.60) of buses, route mapping and frequency of travel (3.61) improvement of occupancy in ordinary district buses (3.17) and introduction of Value Added Services (VAS) (3.46) are the next ranked priorities which are also impact the occupancy ratio.

68. The prime reason for incurring of loss is natural calamities or disasters (25.70 per cent) followed by adverse weather conditions (25.40 per cent). Virtual desertion of RTC facilities by people (23.70 per cent), hike in prices of diesel, spare parts, tyres and others (22.1 per cent) resulted in drastic slash in revenue unprecedented cash crunch.

Behaviour of front-line people (19.90), the protracted general strikes by the Registered Trade Unions (17.20) are causing low productivity and loss of revenue to the Corporation. Buses set on fire and technical broke out in the engine (15.2 per cent) are major reasons of mounting of losses. According to Friedman’s Test the policies of the Government (4.33) and the Corporation (4.17), strikes (4.03), natural calamities (4.0) and financial chaos (3.97), buses set on fire (3.78) by extremists, the attitude of HR (3.77) cascading affect on the performance of APSRTC cause unprecedented devastation and great loss to the Corporation.
69. Retrenchment as the crucial pushing turnaround factor (25.80 per cent), followed by reorganization (23.40 per cent), repositioning (23.30 per cent), reconstruction (20.80 per cent) strategies and improvements in quality of bus services (18.8 per cent). Friedman’ Rank Test reveals that there is a significant influence on pushing factors of turnaround and the level of satisfaction. Customer Focus Policies (3.05), retrenchment (3.10), internal or external reconstruction (3.03) strategies of the Corporation, repositioning (2.93) reorganization of resources and operations (2.90) are ranked consecutively.

70. Retrenchment Strategies from the strategic point of view consisting five attributes viz., closed down / scale down loss making segments (depots) of the organization (43.5 per cent), decreased financial support to other organizations, liquidate obsolete assets of the organization (38.20 per cent), reduce capital expenditure (23.50 per cent) and implement stronger financial control techniques (39.50 per cent).

The above analysis is corroborated with the Friedman’s Mean Rank Test. Financial concessions provided by the Corporation (3.18) is the first ranked followed by closing/ scaling down of loss making segments of the Corporation (3.05), liquidation of obsolete assets of the Corporation (2.99), reduction of capital expenditure (2.91) and imposing stronger financial control (2.88). These factors are rated in the subsequent positions as the second, third and fourth respectively.
71. The strategies of retrenchment from the operational point of view consisting of four items viz., reduction in services expenditure (52.50 per cent), substantial scope for privatization of some of the routes of APSRTC (43.50 per cent), regulation of bus services in low occupancy routes or eliminate particular service if commuters progressively relying on private vehicles (38.20 per cent), and partially / temporarily exited specific services (23.50 per cent) made the Corporation financially viable. Friedman’s Mean Rank Test identified the retrenchment variables such as specific expenditure of the Corporation (2.54), the contracted services (2.50) offered by the Corporation, elimination of particular route / service (2.49) and exited partially / temporarily from specific service / route (2.46) have significant influence on turnaround.

72. Repositioning as one of the strategic turnaround drivers aimed at reconstruct relationships with external stakeholders. An increase in services expenditure (32.50 per cent), updated technologies (25.7 per cent), updation of present fleet (20.6 per cent), extension of scope of services of the Corporation (16.70 per cent) and acquiring modernized fleet (15.4 per cent) bring back the Corporation on to the rails of profit

Changing the priorities of traditional activities (3.17) of the Corporation is the first ranked among the five repositioning dimensions. Increase in service expenditure (3.05) of the Corporation, and services modernization with updated fleet (2.97), modernization of fleet (2.92), extension of scope of services are ranked second, third, fourth and fifth respectively according to Friedman’s Rank Test.
73. Reposition at operational point of view includes several sub-strategies such as focus on growth, extension of marketing efforts (reaching out) to new segment of customers i.e., product innovation, (43.2 per cent), extension of services in the form of product differentiation and re-branding (40.20 per cent), raising revenue through dynamic pricing (32.60 per cent) which ultimately leading to capture the market share. The focus of this strategy is on revenue generation as opposed to cost control.

Friedman’s Rank Test corroborates among the four dimensions, the first ranked dimension is luxury services with quality features (2.58). Extension of the scope of the services is the second rated choice. The third and fourth ranked perspectives include extension of marketing efforts (reaching out) to reach new segment of customers (2.48) and focus on growth (2.39) respectively.

74. The reorganizational strategies directed the activities such as allocation of resources, coordination and supervision towards the achievement of organizational goals. The reorganizational moves *interalia* include change management which is an imperative for internal reconstruction of the Corporation (53.90 per cent), imparting staff training programmes (48.60 per cent), improved organizational culture (40.9 per cent), replacement of the Chief Executive Officer (38.10 per cent) at initial times of turnaround are essential.
Implementation of Zonal set up in the functioning of APSRTC (38 per cent), bifurcation of urban services and rural operations of the Corporation (37.9 per cent), defining a common vision (26 per cent), provision of quality services, timely auditing efforts (22.70 per cent) and formulation of an action oriented organizational structure (16 per cent) improve the organizational culture and facilitates high productivity in today's ever-changing business environment.

Friedman’s Mean Rank Test identifies the reorganization elements which have significant influence on the process of turnaround. Changes in internal structure of the Corporation is the most significant factor (7.52) followed by staff skills and training programmes (6.90) and replacement of the Chief Executive Officer (6.83). Decentralization in operations (6.80), for all the remaining statements, the Friedman Mean Rank Values are ranged between 6.61 and 5.65. Improvements in organizational culture (6.61) and formulation of an organizational working plan towards the accelerated development of the Corporation (5.65) are two extremes which are placed in fifth and eleventh positions respectively. Timely efforts in researching the operations of the Corporation (6.52), making changes in Human Resources Management Systems (6.45), defining a common vision of the Corporation (6.24), diagnosing the Corporation’s strengths and weaknesses (6.07) and replacement of senior and middle level managers (5.88) stood at in consecutive positions respectively.
75. The objective of financial strategy in turnaround management is to develop the financial strength of the business as an asset to enhance the competitiveness of the business. Raising of equity through Initial Public Offer (IPO) or private equity or issue of debentures or debt financing, creation of more productive assets (24.70 per cent), sale of obsolete, infrequently used assets and unprofitable divisions of the Corporation (19.40 per cent), asset reduction and debt-reduction (18 per cent), implementation aggressive cost and asset reduction techniques such as slashing labor, production, selling and administrative and R&D expenditure (16.90 per cent), financial restructuring (14.50 per cent) and asset reduction strategies (14.20 per cent) which would help in meeting the immediate cash obligations as well as for improving cash inflows immediately.

Friedman’s Rank Test is used to rank the core turnaround elements. Among others controlling of unproductive expenses (3.68) of the corporation is highly significant with compare to reduction of investment and leverage (3.59), sale of obsolete, infrequently used assets, and unprofitable divisions and subsidiaries (3.56) and reduction of administrative overheads (3.50), funds raising through different means (3.47) and reduction of asset base and leverages (3.20) are significant.

76. The results of Confirmatory Factor Analysis for Hypothesized Structural Model evince retrenchment (strategic and operational point of view), repositioning (strategic and operational point of view), reorganization and financial strategies have significant positive relationship on APSRTC turnaround. Besides, the suggestions made by the commuters are also significantly influence the strategies of turnaround implemented by APSRTC for its turning around.
CONCLUSIONS

An attempt has been made to present the reflections of the present study entitled ‘Dimensions and Strategies Of Turnaround Management – A Study with reference to A.P.State Road Transport Corporation’.

1. Public Sector in India is the arch stone of Indian economy touches every part of our lives and controlling many commanding heights of the economy. It has been the leading sector since independence and been given the position of centrality and conceived as a crucial part of our process of planning. Public Sector Enterprises (PSEs) are the catalysts for the growth of the economy. Infact, the public sector in India is a mixed bag of pioneering endeavours, impressive achievements as well as dismal failures and massive waste of resources. It is a moot point which of these, in the ultimate sense, is a necessary concomitant of the public sector *per se*.

2. Though social and welfare objective was pronounced as the philosophy of the public sector, the Industrial Policies emphasized on commercial viability and profit orientation started gaining momentum. The public sector in India reached to the Himalayan Heights by 2011 where there were around 248 CPSEs (excluding 7 insurance companies) and 72 PSUs functioning in Andhra Pradesh with the objective orientation of social good and building up of the infrastructure for the economy as a whole. On one side, there has been an increase in demand for services, both in volume and value. On the other, the public sector suffers from a stern lack of resources, *inter alia*, revenues and poor management. However, PSEs today at the cross roads, it is either now or never. Hopefully, it shall be now.

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3. Turnaround management is good strategic and operations management and it contributes institution building, lining up the support of stakeholders, multi-pronged, hyperactive, interaction and intensive. The dimensions, drivers and strategies of turnaround offer some rumination on the turnaround phenomenon, process, action choice framework and its implications and incidences on turnaround. A clear, comprehensive, common plan of action edifice internal coordination and inspires confidence among turnaround change agents and stakeholders.

4. To thrive and adapt in the hyper competitive markets building up of capabilities viz., commitment, coordination, communication and creativity for sustained competitive advantage. The strategies and decision heuristics are geared towards building up the corporate culture and capabilities. These catalytic mechanisms and legitimate yardsticks of corporate success could well be harnessed for practicing turnaround in the turbulent environment.

5. SRTUs in India caught between two divergent objectives of plying the services on commercial consideration on one hand and social considerations on the other. There is however, a need for reasonably reconciling these two objectives, lest SRTUs should cease to operate on uneconomical routes depriving the rural masses of access to various goods, services and facilities. The reconciliation becomes possible only if State Governments realize that SRTUs by taking up bus services in villages and discharging social obligation which is one of the constitutional responsibilities of such Governments.
6. The performance focus on working of 25 State Road Transport Corporations and 20 Government Companies revealed the operational performance, financial position as well as service considerations during 2000-01 to 2009-10. The fleet strength of SRTUs during the decade is not increasing at an expected rate compounded 2.36 new operative kms are to their fleet. There is an urgent need of increasing the fleet of SRTUs to provide service to the population and render the operations viable.

7. The personnel and material cost accounted for a lion’s share of the total cost of SRTUs. The revenue generated by SRTUs during the period under review consistently increased. However, the losses of SRTUs are mounting up and total cost of operations of SRTU’s is higher than total revenue. For gearing the revenue surplus positively the costs of personnel and material cost should be controlled through a careful monitoring. The incidence of MVT and other taxes are almost engulfing the total revenue of SRTUs and it needs a perusal for reduction of burden on SRTUs. Though capital investment of SRTUs recorded positive, Return On Capital Employed (ROCE) is still at a low key.

8. Average breakdown rate was lowest in rural SRTUs with compare to urban SRTUs. The vehicle productivity of SRTUs consistently increased and exhibited a positive trend of growth. This infers that SRTUs have been utilizing its fleet strength productively and continuous reduction of accident rate per lakh kms during the period under review, provision of qualitative services, infrastructure and amenities push SRTUs maximize OR at the desired level and made SRTUs come out from the financial blues. There is an imperative need to SRTUs allure road transport passengers providing quality service in continuum.
9. A.P. State Road Transport Corporation was established with effect from 11\textsuperscript{th} January, 1958 operating as a wing of Nizam’s State Rail Road with a fleet of 27 buses, 166 employees and only 3 depots. At the Nationalization of the Corporation it had 679 buses, 5081 employees and 14 bus depots. APSRTC has registered a steady growth with 210 Depots and 1881 bus shelters and 115317 work force as on 31\textsuperscript{st} March, 2012. The buses of the Corporation cover 77.48 lakhs kilometers and carry 136.65 lakhs people to their destinations every day. They connect 23,338 villages to all major towns and cities in A.P which constitutes 83.01 per cent of road transport.

10. The operational scenario of A.P. State Road Transport Corporation throws light on the state of operations during 1999-2000 to 2009-10. RTC owned buses accounted a lion’s share of the total number of vehicles held. The rate of growth in the effective kms stood low where as the dead kms experienced an alarming growth rate. Number of routes operated by the Corporation came down consistently and the number of replaced buses by the Corporation came down over the years both absolutely and relatively.

The addition of new buses experienced a galloping growth trend, percentage of fleet utilization stood high, the number of employees and Employee- Vehicle ratio dropped down as per the downsizing strategy of the Corporation.

11. Non-operating income during the period under review increased, unpaid amounts and the forfeited deposits stood with considerable shares of the total non-operating revenue of the Corporation. Moreover, the toll plaza user fee started assuming a lion’s share of the non-operating revenue of the Corporation. The proportion of taxes in total cost rolled down.
Similar is the case with respect to depreciation. The interest on debt accounted for a minor share of the total cost. On the whole the personnel and material cost accounted for a lion’s share of the total cost of APSRTC. Therefore, for gearing the revenue surplus positively these two components of cost should be controlled through a careful monitoring.

12. The Earnings Per Kilometer (EPK) crept up while Cost Per Kilometers (CPK) experienced an incessant increase. Moreover, the Corporation incurred the loss per kilometer of operation during the study period. The total expenditure of the Corporation recorded a growth rate, after depreciation and other statutory appropriations. The Corporation recorded a marked and continuous net loss during all the years under reference. Thus, the sustained amount of loss incurred by the Corporation reflects the situation of crisis and drain on the resources.

13. Traffic revenue is the dominant component whereas the non-traffic revenue assumes a minor share in revenue component of the Corporation. In a majority of years under reference there is an excess of expenditure over the revenue implies worsening of the economics of operation of the Corporation.

14. The manpower turnover, which signifies the productivity of human resource increased, bus stations as well as number of bus shelters increased, but, Bus Staff Ratio (BSR) gradually came down. The Occupancy Ratio (OR) which is an index of bus productivity improved over the years under reference. The additional productivity in various departments has been increasing, accident rates are reduced, there has been a marginal decline in the regularity of trips operated by the Corporation over the years under review.
But, it need be noted the breakdown per 10000 effective kms which was gradually rolled down in its intensity.

15. The total amount of fare concessions offered to students, blind and journalists by the APSRTC has enormously increased over the years under review. Thanks to the corporate social responsibility orientation and emphasis of the Corporation. But, the State Government fails to support the APSRTC through reimbursement. The incidence of MVT is almost engulfing the total revenue and it needs a perusal and consideration for reduction of burden on the Corporation. This needs the consideration of the policy makers to reduce the burden of taxes and paves the way for financial turnaround.

16. The outside capital component of the capital structure has been growing over the years and debt-equity ratio of the Corporation was increased. The amount of payments on debt in terms of interest was increased along with the total amount of loans and advances of the Corporation. Moreover, advances to employees accounted for a lion’s share of the total advances of the Corporation.

17. Fixed assets of the Corporation were increased over the years, the total fixed assets of the Corporation is composed mainly of the vehicles and buildings where as the Plant and Machinery and land accounted for a minor share of the total assets. The investments of the APSRTC project a static picture both in toto and in its composition. Total deposits and borrowings of the Corporation increased over the years under review. The borrowings from commercial banks against the guarantee of State Govt., of Andhra Pradesh started assuming a significant share of the total composition of the Corporation borrowings.
18. Books and periodicals, surrender of bus pass and bank commission and other charges together and conveyance constituted the highest share in general and administration expenses of the Corporation were consistently increased over the years under review. Out of the total welfare and superannuation charges the workmen compensation, funeral expenses and other welfare expenses assumed a dominant share. The total amount of repairs and maintenance charges of the Corporation went up, and water charges constituted a sizeable proportion, followed by the cleaning material, pre-delivery inspection, testing and licenses paid by the Corporation.

19. The total debtors of the Corporation increased and dues from Government continued to record as the single largest debt component to APSRTC. The other customers also constitute a small proportion of the total debtors of the Corporation and around fifty per cent of debts are due from Government and the remaining are either due by private parties or employees of the Corporation which signifies the financial fragility of the Corporation.

20. Liquidity position in terms of current ratio of the A.P. State Road Corporation is not satisfactory and the Corporation could not cut an impressive picture of profitability over the years under the review. The corporation is geared at a higher debt-equity ratio which indicates the increasing burden of debt. The trend of interest coverage by the APSRTC is mostly on a negative note which requires an analytical insight under review for improving the financial image of the corporation.
21. The efficiency of utilizing total assets of the corporation has dived down over the years. The efficiency of the corporation in managing current assets has experienced an alarming downtrend over the period under review. The efficiency of the corporation remained negative all through the years with respect to the utilization of working capital in generating revenue.

22. The turnover of inventory is fairly high and good, decline in the debtors turnover ratio, experiencing an incessant growth and lag in collection period over the years, decreased creditors / payables turnover ratio and deteriorated credit period and an increase in the ratio of capital turnover of the Corporation over the years under the study.

23. The perceptual analysis on the drivers, dimensions and strategies of turnaround of APSRTC is an exposition of reflections of commuters as well as operational staff on perceptions of commuters regarding major reasons for travelling in APSRTC buses, the levels of satisfaction on safety, reliability and economy parameters, time and comfort levels, expectations of commuters, moments of truth.

24. Rating of passengers provided by the Corporation, problems encountered by the commuters while in journey, the most dissatisfying features, reasons for inefficient functioning of APSRTC, suggestion for strengthening of APSRTC, policy shift of the Corporation, reasons for incurring of losses, pushing factors of turnaround are cross tabulated with the perceptions of commuters and the results are tested by using Chi-Square Test and Friedman’s Means Rank Test.
25. The perceptions Operational Staff on the strategic decisions of retrenchment, repositioning, reorganisation and finance are empirically evidenced from strategic as well as operational point of view. Factor analysis, Independent T-Sample Test, Kolmogorov Smirnov Test, Confirmative Factor Test, Freedman’s Test, Cononical Analysis and Multi-Dimensional Scaling (MDS) techniques are employed to test the perceptions of Operational Staff and the results are tabulated and tested with hypotheses formulated.

26. Among other strategies of turnaround, retrenchment is common option to reduce costs but cost cutting through retrenchment is a catalytic element which includes attempts at pruning loss-making or wasteful operations, more aggressive marketing and rationalising and upgrading product-line.

27. Reorganisation and repositioning are entrepreneurial strategies focus on improving the performance of the organization either replacing the top management positions or restructuring the organization. The objective of finance strategies in turnaround management is to develop the financial strength of the business as an asset to enhance the competitiveness of the business. Owing to its strong interface with the general public, potential of the road transport sector in generating revenues and possibilities, APSRTC gets a special focus in the study.
SUGGESTIONS

With a view to improve operational as well as financial performance of A.P. State Road Transport Corporation, a number of measures have been suggested. These measures would help to turnaround the Corporation and regain financial strength besides increasing revenue, controlling costs, improving safety and service quality parameters and likely to have a positive impact on the performance of the Corporation. The pertinent suggestions include:

1. Turnaround management is one of the toughest challenges in an intense competitive environment in which the A.P.State Road Transport Corporation operates. Therefore, rather than the strategic moves and initiatives of turnaround to turn the Corporation into a profitable venture, the maladies existing in the Corporation culture like organizational inertia, leadership crisis, rationality of human resource are to be cleared. This needs an organizational research and analysis with a focus on corporate regeneration and rejuvenation.

2. For a successful turnaround management, decisive role of leadership and characteristics of employee commitment are the pre-requisites which are observed absent in the structure of APSRTC. Therefore, for the successful outcome through the turnaround initiations and actions the Corporation basically turnaround leadership at the higher level of the Organisation should be built.
3. The APSRTC should not primarily concentrate on myopic objectives of positive cash flows and profits rather it should focus on the objectives of development, growth and growth in market share. This can be achieved through new products, new markets and increased market share.

4. The A.P.State Road Transport Corporation has doomed to decline because of varied reasons. To mention a few the irrational fare policy, absence of commuter facilities, inertia of the operational and managerial staff, improper bus maintenance, increase in operating expenses and above all the political interference stand in the front-row. These leakages need be sealed for achieving turnaround. In this regard resourceful thinking on the part of the management and Government is desired with a focus on public service and profitable operation.

5. Lack of managerial depth, customer orientation and operations, and inbred bureaucratic management are observed in APSRTC. Therefore, a reorientation in the management philosophy is the need of the hour with specific emphasis on pragmatic turnaround strategies at the operational and policy level for sustaining growth with profits.

6. Though from time to time strategic moves have been initiated in the direction of reorganization, retrenchment, repositioning and financial restructuring in the APSRTC, the Corporation could not come out of the troubled waters from the perspective of turnaround. It is due to the ignorance and lethargy on the part of the management and indifference of the Government.
In this regard for a successful turnaround a serious action orientation both on the part of the Government and the management is warranted through a rapid implementation of a range of measures to correct and reorganize the working of the Corporation on sound lines with a spirit of service to the public.

7. The strategic causes observed in turning around of APSRTC include decrease in profit margins, increased wages, competition from private operators, and managerial problems and among operating causes the depressed price levels, recession, strikes and labour problems. Hence, it is suggested the Corporation adopt strategic moves to overcome strategic causes viz., vertical integration, diversification, divestment and changes in structure of management. Besides, operational responses to meet operational causes emphasis on functional area and improvement in efficiency ratios are significant. Successful turnarounds are result of efficiency moves rather than product-market changes.

8. The APSRTC is associated with the challenges of turnaround and the characteristics of corporate trouble which include declining financial position, unhappy customers, demoralized executives, fearful employees and competitive pounce. These areas of corporate crisis need an immediate focus with an action plan of turnaround management to restore performance, commuter confidence and profitability.
9. For a successful turnaround management of the APSRTC the organization need to be re-engineered for sustained creativity and regeneration of spirit of competition among the rank-and-file of the management. In this regard the Corporation should cultivate a culture of management and change management through the process of diagnosing, problem-solving and troubleshooting the areas of concern.

10. The mechanism of Boston Matrix and identification of the Strategic Business Units (SBUs) of the total Corporation geographically as stars, cows, problem children and dogs should be adopted. This helps to manage the total Corporation by objectives, by exception and also by importance facilitating turnaround.

11. As the APSRTC is surrounded by the strong competitive players operationally in the privatized environment a long-run perspective and a futurological vision of the important drivers of turnaround and continuous restructuring for a stabilization of operational and financial strength. In this regard the Corporation Management should cultivate a culture of focusing not on the best generation practices but on the next generation practices. This provides a stimulus on the road map to change before the crisis begins.

12. The administration has to arrange for periodical economic analysis and forecasting for APSRTC transportation. On the basis of demand forecasting, logistics are to be worked out by running the adequate and required number of buses taking the break-even occupancy into consideration. Then only the APSRTC can travel on the road of turnover to the destination of profitability and prosperity.
13. The Corporation has suggested that launch cargo services as a part of diversification plans to plug the increasing losses. Transportation of coal from coal fields to cleaning depots, thermal power stations and cement companies and carrying other commodities such as fertilizer from ports to different destinations are among the initiatives. The Corporation would have to go for new cargo fleet with 40 to 50 tonnes capacity each as the present fleet would carry only about 15 tonnes each.

14. In view of the increasing incidence of accidents and breakdowns with respect to the private bus transportation we can observe a shift in the loyalty of commuters towards the public transport corporation. But, the incidence of accidents in the case of Road Transport Corporation buses has also been looking up. It is observed to occur due to drunk and rash driving. Therefore, to assure passengers safety and to infuse confidence the RTC administration has to initiate introduction of breathe analyzers for inspecting drunk driving and awareness programmes to sensitize the operational staff (drivers and conductors) about to take family security and future.

15. After a number of efforts and initiations in the direction of customer care and service the APSRTC could inculcate confidence in the minds of passengers that APSRTC travel is confidently safe and comfortable. To achieve more in this direction and to assure in the occupancy ratio for achieving turnaround the APSRTC has to take measures for maintaining bus timings, cleanliness and more sense of safe travel.
16. Though the number of operating routes has been increasing in absolute terms, the Corporation has been experiencing operational losses. Therefore, whenever the new routes are proposed the Corporation is suggested to conduct viability study at operational level. Moreover, the route-wise commercial viability should also be considered. This helps to reduce the operational losses and strengthen the financial position of APSRTC. The Government needs to strengthen the Corporation that gives a new lease of life to continue it in the fold of public sector despite the incurring losses.

17. The Corporation after ensuring employee engagement, commitment and satisfaction suggested that strive towards a customer centric, customer focus and driven organisation. The dedicated efforts of operational staff paid off when a rightsizing and the end result was a reshaped organisation that was more agile and receptive to the market and its dynamics.

18. Some of the measures that should be taken to resurrect the APSRTC are: non-interface of State Government in its day-to-day operations, appointment of professional and expertise as Chair Person, Directors and Chief Executives. Among the significant replacement of existing Five-Tier-System i.e., Depot Level – Divisional Level – Regional Level – Zonal Level – and Head Office Level into Three-Tier-System, pull back of reforms for bifurcation or trifurcation of the Corporation and abolishment of Motor Vehicle Tax to encourage public transportation are noteworthy.
19. The administration of APSRTC should adopt the principles of scientific management and it should also outsource and/or engage full-time experienced and expertise professionals for managing its operations in the major areas of Human Resource Management viz., staffing, recruitment, training, goal setting, performance appraisal and motivation.

20. The Corporation should devise and develop a rationale customer orientation approach in relate to service quality parameters viz., punctuality, safety, comfort, cleanliness and behaviour of crew members, fixation of fare and extension of the scope of services.

21. In terms of fuel use, the RTC consumed 60 crore liters of diesel annually accounting for 30 per cent of its total expenditure. CNG and LPG are considered as less pollutants compared to diesel and HSD. Hence, the administration has suggested encouraging use of environmental friendly fuel and technology in vehicles. The Corporation has tremendous potential to tap non-conventional resources of revenue, hence, it should make a policy to tap large scale of such funds.

22. The Corporation should focus its attention on cost reduction strategies such as reducing operational expenses, Bus / Staff Ratio (BSR), fleet maintenance expenses, Cost Per Kilometer (CPK) etc., The Corporation should make cost-benefit analysis in respect of routes operated into profitable and unprofitable so that it attains economic feasibility and also hire more number of hired buses as the cost of operation of buses is much lower than that of its own fleet.
23. The Corporation should enhance productivity by implementing the OEM measures and utilisation of human resource at optimum-level. The employees should develop professionalism and prepare themselves to suit the ever changing needs of passengers, updation of latent skills, adapting a new set of operational as well as technical performance measures.

24. The Government should provide adequate financial support so as to enable the Corporation pay off outstanding debts (at least 50 per cent of outstanding loans), subsidize the Corporation either in the form of cash subsidy or tax incentives which improves financial viability. In fact, it is suggested that Government should establish a special institutional set up for funding the Corporation.

25. Government should also consider rationalization of Motor Vehicle Tax (MVT) and the passenger taxes levied on the Corporation. The Government may consider an overall reduction in Passenger Tax from 17.50 per cent to 7.50 per cent and Motor Vehicle Tax (MVT) from about 11 per cent of their turnover to a maximum of 5.5 per cent (life time tax of about 10 per cent of the cost of the bus would be desirable to promote APSRTC). It should also consider exemption of excise on chassis purchased by APSRTC for a stipulated period of five years, uniform rate of Sales Tax / State VAT of 5 per cent on purchase of bus chassis spares by APSRTC, reduction of 50 per cent of Sales Tax currently levied on diesel and provide a rebate of 50 per cent in the excise on diesel to APSTC.
26. The Government should appoint an independent regulator to fix and regulate fares based on market rather than political and social considerations and also regulate services on uneconomical routes after considering normative costs besides monitoring availability of adequate transport facilities across the state.

27. The Government should encourage private operators through clearly defined service contracts especially in uneconomic routes. Devise a policy for operation of services in uneconomical routes as a social obligation.

28. There is an urgent need of increasing the fleet of APSRTC in public transport with modern amenities so as to provide adequate service to the rural and unreached population and render the operations viable. To achieve optimum level of fleet utilisation, efforts should be made to maintain the buses roadworthy minimizing the breakdowns and inconvenience to the passenger. Overaged fleet should be kept at minimum so as to maintain optimum level of vehicle productivity and avoid frequent breakdowns.

29. Load factor can be maximized by conducting scientific route surveys and adhering to the time schedules of departure of buses from the depots. Cancellation of scheduled kms may be reduced by synchronizing availability of crew and buses besides maintain the fleet road worthy conditions.
30. Expenses on repair and maintenance can be curtailed by reducing the number of over age buses besides and by hiring more buses. Manpower should be rationalized by introducing Voluntary Retirement Schemes (VRS) and by removing the imbalance in the category of drivers and conductors. Expenses on fuel may be controlled by improving habits of drivers through regular training courses and by proper maintenance of fleet. Economy related incentives should be offered to the drivers and operational staff economizing fuel.

31. The castle of public sector had been built up with lots of investment infusion with the objectives of socialism and delivering public good. Therefore, to keep up the policy priorities of the Government in the direction of public good and service it is suggested that Government should initiate policies for strengthening and continuing the Public Enterprises (PEs) which are operating in the arena of public mobility service spectrum like i.e., A.P.State Road Transport Corporation (APSRTC).

32. There is a need of a policy initiative exposing Public Enterprises (PEs) to a greater competition, accountability, and responsibility. Selection of top level executives based on the growth and turnaround situations, an interface between the Ministry and PEs, performance based assessment and diversification with a focus on techno-economic feasibility of projects, uniform guidelines in relation to policies and practices on PEs, continuous review meetings and high result oriented pragmatic, innovation and professional oriented organisational culture are prominent suggestions for success of PEs.