Chapter - 7

Findings, Suggestions and Conclusion
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FINDINGS, SUGGESTIONS AND CONCLUSIONS

Road transport occupies a pivotal position in the transport system of the country. No other means of transport, can adequately or effectively meet the demand for transport arising out of the growing economic, social, cultural or religious needs of the people. Road passenger transportation in India was Nationalized immediately after independence and transport undertakings were set up under the Road Transport Corporations (RTC) Act 1950, in almost all the states and union territories to operate road passenger transport system. Road passenger transport deserves a high priority, as it forms the backbone of the passenger mobility system and is the principal carrier of the developmental process from one part of the country to another.

The State Transport Undertakings (STUs) have been striving hard to improve their operational performance. But, unfortunately, most of the STUs are incurring huge losses. They have failed to earn adequate revenue from their traffic operations to cover the entire operating cost and to earn some profits. The STUs are in no position to expand services to meet the increasing demand. Even the quality of service especially to the rural areas is getting degraded.

Karnataka State Road Transport Corporation (KSRTC) was one of the State Road Transport Corporation (SRTCs). The origin of KSRTC could be traced back
to 12 September 1948, when the state Government provided Passenger Road Transport Service to the Bangalore division under the banner of ‘Mysore Government Road Transport Department (MGRTD)’. In 1956 and 1957 Hyderabad-Karnataka and Bombay-Karnataka areas service were Nationalized. After 1957 ‘Mysore Government Road Transport Department (MGRTD)’ had become disorganized in its service and the extension of its service to meet the requirement of the traveling public, government of Mysore decided to nationalize the Road Transport in the state by establishing the ‘Mysore Government Road Transport Corporation (MGRTD)’ in 1961. Later it was renamed as the ‘Karnataka State Road Transport Corporation (KSRTC)’ in 1973. The Principle Objective was to provide an efficient, adequate, economic and properly coordinated transport service to the public. However in 1997, for the effective management, it was divided into three corporations viz., Bangalore Metropolitan Transport Corporation (BMTC), North-East Karnataka Road Transport Corporation (NEKRTC), North-West Karnataka Road Transport Corporation (NWKRTC).

North-western Karnataka Road Transport Corporation (NWKRTC) is one of the important Road Transport undertakings in India. It was established in 1997 according to section 3 of the RTC Act 1950, with an objective to provide and efficient, adequate and economical and properly co-ordinate transport services to the people. It plays a pioneering role in the socio-economic development of North-
Western region of Karnataka State. Like other STUs, NWKRTC is also functioning under severe financial constraints. Increase in the operational cost, increase in the burden of taxes, increase in the social responsibility, lack of autonomy in fixation of fares, etc., are some of the factors which have been impairing the ability of the NWKRTC to provide good services to passengers.

Against this background, a need was felt by the researcher to study on the working of the NWKRTC with a focus on analysis of the NWKRCs physical and operational performance, financial performance and also on exploration of multi-variables responsible for poor operational and investment profitability during the selected period i.e. from 1997-98 to 2007-08.

7.1. Main Findings of the Study

The major findings of the present study are presented under different subheadings.

A) Corporation Level

- Physical and Operational Performance.
- Financial Performance.

B) Inter-Corporation Level Performance

- Comparison between NWKRTC and NEKRTC.
A. Corporation Level

Organization

1. The number of divisions has remained at 8 between 1998-2008, but in starting year 1997-98 it was only 6. The number of depots has also increased from 38 to 53 during the study period. It shows the positive response by the corporation.

2. Staff employed has also increased from 17,432 in 1997-98 to 21,330 in 2003-04 and to 23,972 in 2007-08, thus showing a three fold increase. The staff ratio per scheduled has been on the decrease over the years. It has decreased from 6.00 in 1997-98 to 5.44 in 2007-08, indicating an improvement in manpower productivity, it indicates that the Corporation has been meeting the requirements of the people.

3. The operating ratio has shown an increasing trend. The increase in the operating ratio signifies the operating inefficiency.

Analysis of Operating Performance

1. The ‘Fleet’ represents the total number of buses held at a particular point of time. The fleet growth is positive during the study period; it has increased from 3,227 in 1997-98 to 4,771 2007-08, this indicates improvement in the operational capacity of Corporation.
2. The details as regards the number of schedules and the daily scheduled kms of the corporation, the number of schedules have increased from 2,907 in 1997-08 to 3,503 in 2003-04 and 4,406 in 2007-08. The daily scheduled kms of the corporation has been continuously on the increase. Starting with a daily scheduled kms of 10.12 in 1997-08, it has attained the level of 15.75 lakh kms in 2007-08 during the study period.

3. The number of new vehicles added and the number of vehicles scrapped have declining trend during the study period. The number of new vehicles added has declined from 580 to 410 due to the entry of other transport operations and the number of vehicles scrapped has declined from 455 to 302 because of technical improvements in the Corporation.

4. A Schedule is the programme of operation of a bus on number of routes operating on number of trips within 24 hours. The number of schedules has shown progressive trend. As the number of routes rise, route kilometers will also rise. The route kms which rise from 3.81 lakhs in 1997-08 to 5.60 in 2007-08, have shown an increase by double times in the corporation.

5. Effective kilometers actually covered by buses of the corporation for the purpose of earning revenue during the specified period. The effective kilometers have shown the variation of 4.45% during study period. The effective kilometers have a direct influence upon the number of buses operated also. The increase in effective kilometers operated by NWKRTC showed a favorable sign of efficient traffic management.
6. Percentage kilometers per fleet held by the corporation has marginally increased. The performance of the North-Western Karnataka Road Transport Corporation with regard to passenger kilometer per fleet held is satisfactory.

7. A high percentage of dead kilometers to effective kilometer curtails the functioning of the corporation and shows the inertness of the corporation. The percentage of dead kilometer to the effective kilometer has been slightly increased. This affected adversely on the profitability of the corporation.

8. Occupation ratio has sown a slight decreasing trend during the period under study. The occupation ratio has shown 2007-08; load factor works out to 63.1 per cent and occupation ratio 74.55 per cent. This affects adversely on the operational efficiency.

9. Percentage of load factor has shown a gradual increasing trend. It has increased from 61.0 per cent in 1997-98 to 69.8 in 1999-00 and 68.0 in 2005-06. The operational efficiency is adversely affected due to the rise in the percentage of load factor.

10. Percentage kilometers per fleet held by the corporation has marginally increased. The performance of the NWKRTC with regard to passenger kilometer per fleet held is satisfactory.
11. Passengers carried per bus on road revealed a gradual increasing tendency. This may be due to the entry of maxi-cabs, jeeps, etc., in operation. The decline in the passengers carried per bus on road results into idle capacity.

12. The rate of breakdown is the stoppage of bus due to mechanical defects or other failures or both rendering the bus unable to operate irrespective of time involved. It has declined from 0.23 to 0.13 during study period.

13. The rate of accident is an action resulting into casualties. It has declined from 0.17 to 0.14 over the years.

14. The declining trend of both the rate of breakdowns and the rate of accidents indicate that the quality of services rendered by the Corporation is improving.

15. The percentage of punctuality in arrival and punctuality in departure is above 94.9 and 95.8. This speaks that there is a better performance by the corporation in this regard.

16. Regularity percentage also gradually increased during study period, regularity is above 93.2 per sent in NWKRTC.

17. Public complaints per lakh passengers carried showed a declining tendency. This is an indication of better quality of service rendered by the corporation. It has declined to 0.05 to 0.01 per lakh passengers during the study period.
18. Fuel consumption commonly expressed as kilometer per liter (Kmpl), has shown an increase of 4.85 in 1997-98, went on 5.35 in 2003-04, it went on declining up to 5.10 in 2007-08 onwards during study period.

19. The average life of tyres also has positive trend, it has increased from 1,16,909 to 1,26,682 kms during the study period. The performance in this regard is satisfactory.

20. The average life of new engines is also a positive trend and it has increased from 3.34 lakh kms to 6.09 lakh kms during the study period.

21. Vehicle utilization grew positively during the study period. The performance of the NWKRTC in relation to vehicle utilization has also improved.

Financial Performance

Revenues

1. The percentage of total revenue earned by Corporation has shown a gradually increasing trend. It has increased 56.89% to 538.51% from 1999-2000 to 2007-08 over the study period: it has fluctuation in the operating and non-operating revenues.

2. Income received from transportation of passengers and incidental sources constitutes operating revenue. The percentage of operating revenue, the operating revenue accounts for bigger share in the total revenue of the
corporation. In seven out of ten years, the share of the operating revenue was more than 88% for 2006-07 and 2007-08, it was 85.5% and 87.2% respectively. This reveals the significance of operating revenue in the total revenue of the corporation.

3. The percentage increase in the non-operating revenue over the figures of 1998-99 is much higher 6.3 percent than the percentage increase in the operating revenue 14.5 percent, it fails to occupy a place of prominence in the overall revenue of the Corporation during the study period. It has consisted of advertising, rent, interest, and miscellaneous receipts.

4. The revenue earned per bus per day has Rs. 3,963.11 in 1998-99 which increased to Rs. 6,940.76. The revenue per effective kilometer (EPKM) was 902.5 paise in 1998-99 and 1,450.1 paise in 2007-08, it has shows an increasing tendency because of the increasing fare over the years in the Corporation.

Costs

1. The cost incurred by the Corporation has a direct bearing on its profitability. The percentage of the total cost has shown the decline of 264.39 percent during the study period due to the fluctuation in operating and non-operating costs.

2. Operating costs include various expenditures incurred on conducting the regular operations of the Corporation. Operating cost occupies a major
share in the total cost incurred by the Corporation. The percentage of operating cost to the total cost established an increase of 84.9 percent and the percentage of operating cost over the years has shown the decline of 83.6 percent, it has positive sign in respect of the Corporation.

3. The percentage share of non-operating costs varies between 12.2 % and 17.9 %, signifying a role of minor importance in the overall costs of the Corporation. Non-operating cost consists of interest on capital contribution paid to the participating Governments and other interest payments on borrowings. On certain loans, the corporation was made to pay high rates of interest and as such, non-operating costs increased at a rapid rate in the Corporation.

4. The cost per day per bus and the cost per effective kilometer (CPKM) reveals that the total cost per day per bus has Rs.3, 996.03 in 1998-99 and it increased to Rs.7, 453.85 in 2007-08 which registered an increase of 340 per cent in the Corporation. The CPKM which was 986.4 paise in 1998-99 increased to 1785.4 paise in 2007-08. This works out to an increase of 325 per cent over the period of study.

5. Among the different elements of the operating cost, personal cost occupies the first place of significance. Its percentage share in the operating cost varies between 35.11% and 42.80%. Over the study period, personal costs have shown an increase of 174.31 per cent in 2007-08. Increase in personal
cost in absolute terms was partly due to increase in the number of employees, and partly to the better emoluments paid to the staff to cope up with the enhanced costs of living, arising out of the inflationary situation prevailing in the economy.

6. The percentage of Fuel and oil cost as an item of operating cost ranks second in the order of importance. Its relative percentage ranged between 26.76 per cent in 1998-99 and 45.29 per cent in 2007-08 during the period of the study. Due to an enormous increase in the prices of petroleum products over which even the Government of India does have not control, the fuel and oil cost registered an increase of 146.77 per cent in the year 1998-99 and 445.02 per cent in 2007-08 of the study period (nearly 65% of our petroleum consumption is met out of imports). But this cost could be reduced by increasing the KMPL (kilometer per litre of diesel), of the Corporation.

7. Other material costs which include incurred on tyres, tubes, spare parts, batteries, etc., its ranking among the items of operating cost has fallen from third to fourth. Its percentage share in the operating costs varied from 13.56 in 2007-08 during period of study.

8. Motor vehicle and other taxes mainly due to revision of the rates of motor vehicle taxes. It is one of the sources of revenue to the State Government. Its share in the operating costs ranged between 4.12 per cent and 7.25 per cent during this period.
9. The cost of Insurance and Depreciation cost increase due to the increases in the price of vehicles. An increase in the depreciation cost has very much necessary to meet the increased costs of replacement of vehicles. Therefore, an increase in this item of cost is justifiable. The percentage of Insurance and Depreciation cost to the total operating cost has also declined from 9.81 % and 7.86 per cent in the study period.

10. Miscellaneous cost refers to general and administrative expenses. The percentage of miscellaneous costs to operating costs varied between 8.06 % and 11.65 per cent. The percentage share of miscellaneous cost was highest at 15.41 % in the year 2005-06. This component of cost is of least importance in the total operating costs of the Corporation.

11. The cost per effective kilometer has shown an increasing trend. It has increased from 986.4 paise in 1998-99 to 1785.4 paise during the year 2007-08. This denotes that the resources are not utilized by the corporation efficiently.

12. The share of the state government in the capital receipts of the NWKRTC has 24.9% in 1998-99 to 23.4% in 2007-08. This is shows that the Corporation is not dependable on state Government’s contributions.

13. The share of internal resources in the capital receipts of NWKRTC has increased from 11.3% to 46.9% in 1998-99 to 2007-08 of the period of study. The share of internal resources to capital receipts has 2,033.85 lakh in 1998-99 to 17,631.32 lakh in 2007-08 remains the same.
14. The continuous increase in the amount of loans outstanding at the end of each of the accounting years the loan amount has outstanding increased from 36.5 per cent to 49.2 per cent in 1998-99 to 2007-08 during period of study.

B. Inter-Corporation Level Performance

1. The fleet growth is positive in the both Corporations during the study period; it has increased from 3,227 in 1997-98 to 4,771 2007-08 in NWKRTC and in respect of NEKRTC it has increased from 1,535 in 1998-99 to 2,650 in 2007-08. It shows that in respect of fleet strength of NWKRTC it stands at third and NEKRTC stands at fourth position among the four Corporations in Karnataka.

2. The NEKRTC which is increasing least cost per effective km operated followed by NWKRTC, its cost per effective km is 1,648.7 paisa at the same time NEKRTC cost per effective km is 1,785.4 in 2007-08 during the study period. One of the reasons for this may be due to the degree of vehicle utilization. It can be observed that the cost per effective km has been increasing over the years.

3. From the point of view of revenue per effective km, the NWKRTC is in the fourth place and it earned 1, 66.6 paisa per effective km during 2007-08. The same thing has happened in case of NEKRTC, it has earned 1,660.0 paisa in 2007-08 during the period of study. From the viewpoint of these parameters, the NEKRTC has stood in the third position and it is earning the least amount per effective kms.
4. The performance from the viewpoint of fuel productivity is average as both Corporations allowed the fuel productivity to move in both the directions (i.e., increase and decrease). Earlier first three years NWKRTC's fuel productivity is below 5.00 kilometer per litre, from the year of 2001-02 it increased for 5.35 in the year 2003-04, and it has come down as 5.10 kilometer per litre in the year 2007-08 of the study period. At the same time, NWKRTC’s fuel productivity is 4.97 in 2002-03, after the year 2002-03 NWKRTC’s fuel productivity has increased to 5.41 in 2007-08 during the period of study. It is evident from this comparison that the NEKRTC shows good average fuel productivity compared to NWKRTC.

5. The North-Eastern Karnataka Road Transport Corporation uses minimum number of employees per schedule and the ratio is highest in case of North-Western Karnataka Road Transport Corporation. Another important point is, both Corporations reduce the staff ratio per schedule over the years, on a consistent basis. In the year 1998-99 NWKRTC have 6.43 employees and 5.44 staffs in 2007-08. On the other hand NKRTC have 5.42 employees in 1998-99 and 4.88 employees per schedule in the 2007-08 of the period of study.

6. From the viewpoint of the fleet utilization, NEKRTC stands first place as 93.7 per cent of the available fleet was used for revenue generating activities. NWKRTC followed to NEKRTC with an average of 91.7 per
cent in 2007-08 during the study period. If NWKRTC is able to increase the fleet utilization ratio to what NEKRTC has achieved during 2007-08, then it is possible for NWKRTC to lower the investment on passenger vehicles by about four per cent. Hence, it has to give importance to this aspect.

7. There has been a continuous improvement in the vehicle utilization in both Corporations. From the viewpoint of this parameter, in the NWKRTC 331.3 vehicle utilization in the year 1998-99 and 344.9 in the year 2007-08 during the study period. On the other hand NEKRTCs vehicle utilization is 302.0 in the year 1998-99 and vehicle utilization per day per vehicle on road in the year 2007-08 was 336.0.

8. From the viewpoint of the extent to which seats offered where occupied by the commuters, the NEKRTC with an average of 86.26 per cent stands in the first place in the year 2007-08 followed by NWKRTC with 74.55 per cent occupation ratio in 2007-08. NEKRTC has achieved a remarkable success during 2007-08 in the study period.

9. The punctuality from the point of view of departure in both Corporations, North-Western Karnataka Road Transport Corporation stands first place as the level of departure as per the scheduled time. NWKRTC shows 94.9 per cent in 2007-08, at the same time NEKRTC shows only 93.5 per cent at the study period.
10. As far as punctuality in arrivals is concerned, North-Western Karnataka Road Transport Corporation stands in first place as the level of regularity in arrival within the allowed time is 94.9 per cent in 2007-08; in this case NEKRTC has taken the last place by 93.5 per cent regularity in arrivals in the study period.

11. The rate of breakdowns is very low in the North-Western Karnataka Road Transport Corporation when compared to North-Eastern Karnataka Road Transport Corporation except 2007-08. The rate of breakdown has come down from 0.18 per 10,000 kms in 1998-99 to 0.13 per 10,000 kms in 2007-08 in NWKRTC. At the same time the rate of breakdowns are 0.19 per 10,000 in 1998-98 and 0.11 per 10,000 Kms in 2007-08 in the NEKRTC. The breakdown rate has progressively fallen in the study period which reflects the operator’s as well as maintenance staff’s efficiency in the Corporations.

12. The Rate of accidents is same in both NWKRTC and NEKRTC. Where it is only 0.14 per lakh kilometers in 2007-08. The performance of both Corporations is not satisfactory as the rate of high at 0.14 which is even higher than other Corporations of the country. The officials of Corporations should do something concrete to ensure the safe journey to the passengers.

13. The Number of complaints received per lakh passengers is minimum at 0.01 in 2007-08 in North-Western Karnataka Road Transport Corporation followed by North-East Karnataka Road Transport Corporation at 0.09 complaints in the study period.
14. As per the financial performance of North-Western Karnataka Road Transport Corporation is concerned, the corporation has failed to exercise control over costs, failed to realize maximum revenue and therefore failed to produce profit at least equivalent to the cost of capital employed. Further, when other neighbouring Corporations are improving year after year this corporation appears to have not taken adequate measures to improve the condition. The position of North-Western Karnataka Road Transport Corporation with respect to even physical performance is not satisfactory among four Corporations in Karnataka.

7.2. Suggestions

In the light of the findings emerged from the study, the following suggestions have been made for the better working of the NWKRTC:

In order to increase the vehicle productivity in the Corporation, the percentage of mofussil buses, staff productivity and kilometer efficiency should be increased and new routes should be opened.

In order to improve fuel efficiency the following suggestions are made.

1. Wastage of fuelling to be avoided
2. Orientation to be given for the conservation of fuel
3. Providing appropriate gear box for local and long route operations, as average speed in two different considering environment differs significantly.
4. Avoid dead kilometer as much as possible.
The life of tyres mainly depends on road conditions, load factor and weight of the body. Driving method also contribute to improve the life of tyres and therefore tyre incentives needs to be given to concerned staff for improving quality control systems in tyre shops for repairing and rethreading of tyres.

**Effective Cost Planning**

The study reveals that the heavy operating cost is eating away major portion of the traffic revenue resulting a drain on earnings before interest and taxes (EBIT). Therefore, for the purpose of improving the earnings before interest and taxes (EBIT), the modern tools and techniques, like; Always Better Control (ABC) Analysis, Vital Essential Desirable (VED) analysis etc., may be applied for the purpose of effective stores management. Purchase and storage policies of stores and components must be governed by needs of the organization.

**Creation of Cost Conscious among Operators**

As the operating cost and operating risk play a negative role, there is a need for inculcating the habits of cost conscious among the operators like conductors, drivers, management staff, etc. For this purpose, some training programme may be adopted for explaining the ways of cost planning, cost control, cost reduction, cost management, etc. In order to improve their ethical code of conduct, some suitable incentives, awards and rewards may be instituted for those who would be found really honest, ethical, cost conscious and productive. This is going to make a change in total organization of the environment and which would be in turn a cure for all evils which may be associated with any organizational setup.
Cost Control and Cost Reduction Measures

The operating cost, which occupies a major portion in the total cost, revealed an increasing trend all along the study period. The rate of increase in the operating cost is more pronounced. The reasons for the rise in the cost hike in the prices of various inputs such as diesel, tyres and tubes and auto-spareparts, increase in the personnel cost, high tax burden and high interest burden. The following suggestions are offered to bring down the cost.

Increasing the staff / manpower productivity

Productivity of fuel, tyres and tubes, auto spare parts are the key result areas for cost control. Employees of the corporation should be frankly told about the financial position and convince them regarding their demand for rise in the salaries which may result in high personnel cost. Conversion of the capital employed by the participative government into equity in order to reduce the interest burden. The Government has to formulate the uniform tax policy for both Private and Public sector undertakings.

Freedom for the Fixation of Fares

The State Government regulates the fare structure for passenger transport operation with a view to give due consideration to public interest. The corporation is continuously incurring losses. The Government has many political compulsions to postpone revision of fares and as such, fare level becomes a political decision instead of an economic issue. The Government has to give more autonomy to the Corporation to act on its own for the fixation of the fares.

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Control on Manpower Cost

The analysis of the data revealed that the manpower cost has increased considerably during the period under study. Increase in the salary and D.A. granted to the employees is the factor responsible for the rise in the manpower cost. In the three categories of staff, viz., operation, maintenance and administrative staff, the first two categories directly contribute to output, however the third one is responsible as a support and contributes to overheads. Computerization of the administrative systems not only brings in efficiency, but also controls the staff strength. So for as repairs and maintenance staff is concerned, it is the preventive maintenance system which dictates the requirement of skill and well trained artisans. Technological improvement in automobile system brings down the staff as the operation staff is concerned, higher crew utilization reduces the cost on traffic staff.

Effective Management of Stores

Stores cost occupies a major share in the total cost incurred by the corporation. The stores cost has shown an increasing trend during the study period. The reasons for the rise in the stores costs are: increase in the prices of diesel, tyres and tubes, auto-spareparts and low kilometers per Liter (KMPL). The performance of the KMPL depends on the factors like, road condition, driving habits and the condition of the vehicle etc. Proper maintenance of the vehicles will
reduce the wastages. KMPL can also be increased by proper training to the drivers. By increasing the performance of tyres and tubes and proper utilization of the spareparts, the stores cost can be controlled.

**Rational Motor-Vehicle Tax Policy**

The Government is levying motor-vehicle tax not merely as a source of revenue to the state but also to wipe out financial surplus. The present level of taxation does not have relationship either with the profitability or the cost of producing the assets of the business i.e., bus. The financial loss of the corporation is going up on the one hand while the government is also increasing the taxes. Therefore, there is a need to reduce the tax burden. The planning commission also observed that the financial viability of the STUs will get eroded with the present taxation system and recommended for reduction of the tax burden.

**Prevention of Revenue Leakage**

The main source of revenue of a passenger transport organization is the passenger collection. Any leakage of these collections consequent on any loopholes present in the machinery for the collection of revenue will adversely affect on the financial stability of the organization. KSRTC is loosing lakhs of rupees by way of leakage every year. In order to improve the revenue, the corporation has to consider the following measures for the prevention of leakages:
1. Surprise or detective checking along with the routine preventive checking at different points;

2. In order to guard against circulation of spurious tickets, it has been suggested that, the corporation should use for printing of tickets, only paper of special quality with water mark on each leaf;

3. With a view to reducing the collection of cash by conductors on the line, to the extent possible, the system of ground booking especially on routes generating sufficient direct traffic should be popularized;

4. Rotation of conductors in duty charts;

5. Proper induction of conductors into service;

6. Proper disciplinary actions;

7. Incentives for conductors;

8. Counseling of conductors;

9. Passenger Education and

10. Avoiding Operational Delinquencies.

**Measures for Improvement in Vehicle Productivity**

The ultimate profitability of any transport undertaking depends upon the efficient use of the vehicle. The optimum use of the vehicle can be achieved by getting maximum utilization per day. The performance of the Corporation in relation to the vehicle utilization is satisfactory. But still there is a scope for
further improvement. The following steps would enable the corporation to increase further the productivity of vehicles:

a) Reduction of un-necessary halting time and rationalization of the halts ;

b) Provide non-stop / super express services ;

c) Linking long distance routes with short distance routes ;

d) Utilization of night services vehicles during the day and

e) Re-linking of routes and trips.

**Economy Drive in Fuel Consumption**

Diesel prices are fixed by the Government and hence the Corporation has no control over this. Alternative is to consume less diesel by better maintenance practices and technological innovation. It is by sheer training of drivers and by incentives, improvement in fuel consumption has been achieved. Mechanical stoppers, speed control devices, etc., are being tried out.

**Improvement in Road Conditions**

The condition of roads in the region of North-west Karnataka is generally most deplorable. The road conditions and the improvement of the road network have a significant effect on the performance of the corporation. The cost of operation mainly depends upon the quality of roads and the accessibility of the bus service depends upon the improvements to the network.
Divisional Performance Evaluation on Periodical Basis

At present, the NWKRTC has 8 divisions. For the purpose of understanding individual efficiency, profitability and productivity of division, it is suggested that periodical performance review may be undertaken. This approach pinpoints the presence of loss leaders and profit-makers in the new-work of transport system.

Streamlining Investment Policy

The overall return on investment (ROJ) during the period under study has been negative, mainly, because of poor investment turnover on the one hand and poor operating margin on the other. Therefore, it is imperative on part of the KSRTC to screen the whole structure of both fixed assets and current assets with the focus on value-adding assets and non-value adding assets.

7.3. Conclusion

On the basis of the analysis and discussion in the previous chapters, it may be hoped that the profitability of the Corporation can be, to a greater extent, improved by:

a. The conscious efforts towards the better investment decisions and allocation of resources;

b. Identifying the unnecessary costs and eliminating the same;

c. Improving the productivities of input factors;
d. Revising the fares, annually in the light of cost hike;

e. Plugging the leakages in the traffic revenue, and

f. Enabling functional autonomy and enforcing accountability for results.

The present study is an attempt to consider the various aspects of efficient and effective utilization of existing physical resource, manpower resources, financial resources and material resources coupled with focus on formulation of financial policy, pricing policy, investment policy, etc of North-West Karnataka Road Transport Corporation. The work has been analysed in detail with the objectives mentioned and extending almost the secondary sources for collection of data. Based on the findings of study, few suggestions are offered at the end. The suggestions, based on simultaneous consideration of strengths, weaknesses, threats and opportunities available in the environment would go a long way in streamlining the operational and financial health of the NWKRTC in particular and other State-owned Transport Corporation in general.