

Chapter – 6

SUMMARY OF FINDINGS AND SUGGESTIONS

6.1 Introduction

Managerial effectiveness and efficiency are very much insisted for public utility industries like public passenger road transport undertakings to derive utmost benefits to the entire society. In a public service industry like bus transport especially in public sector, a critical evaluation of managerial effectiveness and consequent analysis of the managerial efficiency are of much significance. In any organization, managerial effectiveness is indicated by the optimum level of performance both in quantitative and qualitative terms with the minimum expenditure of resources.

The lower the consumption of expenditure of resources, the higher will be the productivity. Under highest productivity, results are accomplished with minimum use of resources such as personnel, material and finance. The better utilization of resources for accomplishing the desired outputs will reflect the efficiency of the enterprise. Therefore, managerial effectiveness is concerned with resource utilization and it is reflected on performance achieved. The managerial efficiency is reflected on resources consumed.

In India, Public transport is grossly inadequate both in quantity and quality. The financial losses incurred by the State Road Transport Undertakings (SRTUs) in India have been a matter of deep concern. Only through an efficient and effective management of public transport system, the country can hope to overcome this

situation and provide better quality of service to the traveling public. Road transport passenger services are provided both by the public and private sector in Tamilnadu. The efficiency of TNSTCs is not judged merely by the profits earned but by other factors such as quality of service, social benefits, better utilization of human resources and better financial management.

The workers' involvement, sincerity and dedication to the job are found to be lacking in TNSTC in spite of the incentives, bonus, welfare measures, job security and the like provided to them. The personnel cost is a major cost and it accounts for more than one – third of the total cost of the TNSTC.

The passengers are more concerned with the quality of service provided by the transport operators. The monopolistic situation should not prevail in operating buses to ensure better quality of service to the passengers. There should be a healthy competition between both public and private sector operators. The operators who provide better service to its customers will earn profit in the long run and grow positively. In providing quality of service, the TNSTC being a public sector is expected to be a model operator and other private operators have to follow the pattern of TNSTC. It is believed that many passengers prefer privatization of passenger transport to enjoy better quality of service, which is not ensured, so far, by the erstwhile TNSTC.

In order to reduce the expenditure of TNSTC, The Government of Tamilnadu has altered its previous structure of TNSTCs and their authority levels and it had created seven new divisions. Almost all the private bus operators in Tamilnadu are earning

profits in the existing fare structure, whereas the TNSTCs in general are incurring losses continuously for the past ten years. Despite good performance in the physical parameters which have been appreciated by the Union Planning Commission, the financial conditions of the State Transport Undertakings have come under considerable pressure. Due to the increase in the establishment and operational costs and the fare per kilometer being maintained as the lowest in the country, there is a continuous loss in TNSTC (Madurai) Ltd. The Poor financial management generally leads to continuous losses. Therefore TNSTCs have to concentrate on better financial management performance immediately to improve the profitability.

The success of TNSTC largely depends upon the better financial management, better human resources management and better quality of service. Hence, the researcher has undertaken the study on Managerial Effectiveness and Efficiency in TNSTC (Madurai) Ltd.

6.2. Fulfillment of the Objectives

The researcher has fulfilled the following objectives through this study:

- Profile of TNSTC (Madurai) Ltd. is given.
- Effectiveness of Human Resources Management in TNSTC (Madurai) Ltd. has been assessed.
- Evaluated the effectiveness of Quality of Service in Operation of TNSTC (Madurai) Ltd.
- Analysed effectiveness of the Financial Management Performance of TNSTC (Madurai) Ltd.

6.3. Methodology Applied

This is a case study of TNSTC (Madurai) Ltd. based on both literature and opinion survey. The study is based on analytical approach for in-depth probe into human resource management, quality management and financial management practices in TNSTC (Madurai) Ltd. Data has been collected both from the primary and secondary sources. Primary data has been collected by personal interviews. A schedule is used for collecting the primary data. Workers at various category and commuters of different age groups have served as the primary source of information. To study the effectiveness of human resource management in TNSTC (Madurai) Ltd, opinion survey has been conducted amongst the employees selected as sample. The quality management in TNSTC (Madurai) Ltd. has also been evaluated with the help of sample survey conducted amongst the commuters. The effectiveness of financial management has been analysed purely from the secondary data obtained from the records and reports of TNSTC (Madurai) Ltd.

6.4. Profile of TNSTC (Madurai) Ltd.

The Tamil Nadu State Transport Corporation has been divided into seven divisions with effect from 6th January 2004. Each divisional office has been divided into some regional offices. TNSTC (Madurai) Ltd has been created by integrating the existing five regions which were operated in southern districts.

The entire share capital of TNSTC (Madurai) Ltd has been contributed by the Government of Tamil Nadu. On 31-03-2008 the TNSTC (Madurai) Ltd has got the authorised share capital of Rs. 260 crores at Rs 10 per share.

The registered office of TNSTC (Madurai) Ltd is situated at Bye-pass road, Madurai -10. The area of operation of TNSTC (Madurai) Ltd covers all over the Tamil Nadu and other southern states of Kerala, Karnataka and Andhra Pradesh.

The TNSTC (Madurai) Ltd operates city, town and mofussil bus services. It operates mofussil bus services to several places located in its own region and division and also to several places in other transport corporation's divisions including inter state services.

For administrative convenience the area of operation has been divided into five regional offices namely Madurai, Tirunelveli, Nagarcoil, Dindigul and Virudhunagar. The Madurai Region has 14 branches, Tirunelveli region has 14 branches, Nagarcoil region has 11 branches, Dindigul region has 16 branches and Virudhunagar region has 8 branches.

TNSTC (Madurai) Ltd has three tier structures comprising the corporate office at the top, regional office in the middle and branches at the lower tier. The corporate office undertakes route planning, selection of personnel, management of materials and financial planning. The regional office acts as a link between the corporate office and the branches. The branches are responsible for the maintenance of buses, operation of the buses, routes allotment and to attend to the grievances of the workers.

There were 3459 operative fleet at the beginning of the study period. And there is a gradual growth as well as decline in the total operative fleet during the study period. The total number of operative fleet at the end of the study period is 3955.

In the analysis of the total number of buses in each region, it is clear that Madurai region has got the highest number of 1051 buses and the second top region is Dindigul which has 881 buses on 31.3.2008. And it is Virudhunagar which has got the lowest number of 508 buses among the other four regions. In the analysis of the percentage of the total number of buses it can be seen that Virudhunagar has got the lowest percentage of 12.40 and Madurai has got the highest percentage of 25.66 and the percentage of the rest of the three regions is above twenty.

There are totally 4095 buses altogether in all the five regions. Among the 4095 TNSTC buses, the total number of city, town, mofussil, spare, idle and condemned buses are 575, 1377, 1672, 173,158 and 140 respectively. From the analysis of the percentage of the total buses, it is clear that there are 14.05 percentage of city, 33.62 percentage of town, 40.80 percentage of mofussil, 4.23 percentage of spare, 3.87 percentage of idle and 3.42 percentage of condemned buses available in TNSTC.

The employees are classified into seven categories such as drivers, conductors, technical, supervisory, administrative staff, and others. The numbers of employees in the above mentioned categories are 8809, 9077, 3330, 486, 1511, 344 and 683 respectively. it is evident that the conductors are larger in number and then the drivers. In the analysis of the percentage of the total number of employees it is clear that there are 37.45 percentage of the conductors, 36.34 percentage of the drivers,

13.74 of the employees belong to the technical and two percentage of the employees belong to the supervising section and there are 6.23 percentage of administrative staff.

There were totally 25218 employees in the year 1997-98. And it has been increased to 25997 next year. And there is a gradual decline as well as growth in the total number of employees during the study period. At the end of the study period there were 23553 employees which are lesser than the number of employees at the beginning of the study period. The retirement of the employees is the reason for decreasing the total number employees, between the beginning of the study period and at the end of the study period.

As per the norms of Institute of Road Transport (IRT) there should be 7.5 persons for operating the buses. But, the general norm has not been fulfilled in any of the year during the study period. There were 7.11 men for operating the buses in the year 1997-98 and the number of men has been increased to 7.20 in the year 1999-2000 and there is no change in the next year. But, it has started decreasing gradually from the year 2002-03. At the end of the study period, there were only 5.96 men for operating the buses. The retirement of the employees is the reason for decreasing the men per bus, between the beginning of the study period and at the end of the study period.

In addition to the operation of un-remunerative routes, TNSTC (Madurai) Ltd. has granted concessions to different classes of commuters such as students, blind persons, freedom fighters and the like. During the year 2007-08, TNSTC (Madurai) Ltd. has given 100% concession passes to 5,50,480 persons, 50% concession passes to 5,80,262 persons and one-third concession passes to 1,99,263 persons.

In order to fulfill the demand of the rural people the Government as a policy decision adds some new villages every year to introduce buses newly to those villages. As a policy matter, every village has the population of exceeding 1000 people will be given bus route. At the beginning of the study period 71 villages have been directly connected by TNSTC (Madurai) Ltd. But, the numbers of connected villages have been gradually reduced during the study period. This is due to the fact that almost all the villages are already connected with TNSTC buses.

The cost of operation is increasing year by year since the cost of fuel and spares is getting increased frequently. In order to reduce the operational cost and also to give a comfortable service to the traveling public, the corporation has proposed to introduce 1000 new buses during the financial year 2008-09 even under strained financial position so as to compete with the private operators and to enhance the quality of service.

6.5. Effectiveness of Human Resources Management in TNSTC

The managerial effectiveness and efficiency of any organization depends mainly on the effectiveness of human resources management. The Success of any organization including TNSTCs depends on the efficiency of its employees. The performance of employees in turn depends on the personnel policies and practices followed in the organization.

It is concluded that according to majority of the respondents the recruitment and selection practices in TNSTC (Madurai) Ltd. are not fair. This is largely due to undue political influence.

According to majority of respondents (58.6%) the various welfare facilities provided in TNSTC (Madurai) Ltd. are not motivating the workers for better performance.

More than three-fourths of the workers are satisfied about the work allocation in TNSTC (Madurai) Ltd. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards work allocation in TNSTC (Madurai) Ltd.

More than three-fourths of the respondents are satisfied about the training and development programmes for workers in TNSTC (Madurai) Ltd. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards training and development programmes.

The TNSTCs in Tamil Nadu are paying better wages and allowances to their workers than the private transport operators. More than three-fourths of the workers (94.8%) are satisfied about the salary paid in TNSTC (Madurai) Ltd. This is due to the fact that they are well paid when compared to small fleet owners. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards job satisfaction on salary paid in TNSTC (Madurai) Ltd.

More than two-thirds of the workers (70.8%) are dissatisfied about the freedom in doing their jobs. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on dissatisfaction towards freedom in job performance.

More than three-fourths of the workers (95.2%) are satisfied about the job security in TNSTC (Madurai) Ltd. This is due to the fact that a worker can not be dismissed arbitrarily without following the dismissal procedures. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards job security.

Majority of the workers are satisfied about the promotion policy followed in TNSTC (Madurai) Ltd. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards promotion policy.

More than two-thirds of the workers (67.4%) are dissatisfied about the transfers made in TNSTC (Madurai) Ltd. This is due to the fact that the management uses transfers as a weapon to punish the workers. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on dissatisfaction towards freedom in transfer policy.

More than three-fourths of the workers (84.6%) are satisfied about the work load in TNSTC (Madurai) Ltd. This is due to the fact that the working hours fixed per day per worker are reasonable and any work done beyond the stipulated period is

compensated by over time payment. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards work load.

It is inferred that more than three-fourths of the workers in TNSTC (Madurai) Ltd., are not aware of the standing orders and its provisions. This is due to the fact that the workers in TNSTC (Madurai) Ltd. are not served with the copies of the standing orders.

It is inferred that according to nearly three-fourth of the respondents, the grievances of the employees in TNSTC (Madurai) Ltd. are not redressed in time and there is delay in redressing them.

It is inferred that according to nearly two-thirds of the respondents, the supervisors in TNSTC (Madurai) Ltd. are not helpful to the workers in discharging their duties.

According to majority of the respondents, the management of TNSTC (Madurai) Ltd. is not implementing all the provisions of the settlement reached between workers and management and not implementing all the provisions of the various labour laws.

Nearly two-thirds of the workers (62.2 %) are dissatisfied about the relationship between labour and management in TNSTC (Madurai) Ltd. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards relationship between labour and management.

Nearly two-thirds of the workers (63.6%) are satisfied about the nature of their job in TNSSTC (Madurai) Ltd. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction towards the nature of job in TNSSTC (Madurai) Ltd.

Majority of the workers (55%) are dissatisfied about the leave rules in TNSSTC (Madurai) Ltd. This is due to the fact that transport is an essential service and workers are forced to work even on national holidays. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on dissatisfaction towards the leave rules in TNSSTC (Madurai) Ltd.

Majority of the workers (54.4%) are satisfied about the schemes meant for the benefit of retired workers of TNSSTC (Madurai) Ltd. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction about the retirement benefits in TNSSTC (Madurai) Ltd.

Majority of the workers are satisfied about the workers participation in management of TNSSTC (Madurai) Ltd. Even though there is no worthwhile scheme regarding workers' participation in management of TNSSTC (Madurai) Ltd., the workers are satisfied because the management concedes to their grievances represented through the trade unions. Moreover, there is no significant difference among the different categories of workers such as administration, technical and traffic in their opinion on satisfaction about workers' participation in management.

Out of the 500 respondents, 127 respondents have high level of satisfaction and it amounts to 25.4 per cent of the total. 276 respondents have medium level and 59 respondents have low level of satisfaction and they amount to 55.2 per cent and 19.4 per cent respectively. There is no significant difference among the different categories of workers such as administration, technical and traffic in their levels of satisfaction towards overall human resources management practices in TNSTC (Madurai) Ltd.

It is concluded that the workers' opinion on personnel policies and practices in TNSTC (Madurai) Ltd. are more negative than positive. This might be due to the fact that the personnel policies and practices are of more political exercise rather than of a managerial exercise. Most of the managerial policies and practices are determined by the ruling party of the Tamil Nadu state government and trade unions affiliated to the ruling party of the state government. The human resources management of TNSTC ensures the managerial effectiveness and efficiency of TNSTC (Madurai) Ltd.

6.6. Quality of Service in Operation

Majority of the respondents agree that there is clean and neatness in maintenance of TNSTC buses and moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards cleanliness and neatness.

The comfortability in seating arrangements in most of the private buses is comparatively good while comparing the seating facility in TNSTC buses. The

commuters normally expect good seating facility in TNSTC buses. The better seating facility is not provided in all TNSTC buses. Majority of the respondents have given their opinion that there is no comfortable seating facility in TNSTC buses. Moreover, there is significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards seating facility in TNSTC buses. It may be due to the high expectations of the youngsters. But, the old people are fully satisfied with the existing seating facility in TNSTC buses.

The commuters expect various amenities and facilities in TNSTC buses such as video and audio systems during their travel. It is inferred that only less number of respondents are dissatisfied with the facilities available in TNSTC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards passenger amenities in TNSTC buses.

Majority of the respondents are satisfied with season ticket facility in TNSTC buses and there is significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards season ticket facility in TNSTC buses. This may be due to the ignorance of the old aged people about the season ticket facility in TNSTC buses.

It is inferred that only less number of respondents are dissatisfied with the e-ticket facility in TNSTC buses. Moreover, there is significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards e-ticket facility in TNSTC buses.

Majority of the respondents are satisfied with electronic ticket vending machine used in TNSTC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards implementation of electronic ticket vending machine in TNSTC buses.

Majority of the respondents are satisfied with friendliness of the drivers and conductors in TNSTC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the friendliness of the drivers and the conductors with the passengers in TNSTC buses.

Majority of the respondents are satisfied with the attitude of the conductors in repayment of balance money in TNSTC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the repayment of the balance money to the passengers in TNSTC buses.

Majority of the respondents are satisfied with the attitude of the traffic staff in stopping of buses at the specified bus stops only. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards stopping the buses at the specified bus stops in TNSTC buses.

The fixing of the ticket fare for the passenger buses is regulated by the Government of Tamil Nadu. The private bus operators can not revise their ticket fare

unilaterally. The uniform bus fare is fixed by the government of Tamil Nadu to all the passenger buses operated within the state. Majority of the respondents are satisfied with the ticket fare in TNSSTC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the ticket fare in TNSSTC buses.

The TNSSTC charging different fares for different types of buses operated such as express service, ordinary service, LSS service and Point to Point services. The extra fares are collected from the passengers for special types of operations. It is inferred that only less number of respondents are dissatisfied with the extra fare collected by different TNSSTC buses. Moreover, there is significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the extra fare in LSS, Express and Point to Point services of TNSSTC buses. This may be due to the fact that old aged people do not like to pay extra fare in LSS, express and point to point services of TNSSTC buses.

Majority of the respondents are satisfied with the functioning of TNSSTC information center at different locations. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the information centers of TNSSTCs.

Majority of the respondents are satisfied with the reliability of service in TNSSTC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards reliability of service in TNSSTC buses.

Majority of the respondents are satisfied with the regularity of TNSC bus services. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the regularity of buses as per schedule without canceling.

Majority of the respondents are satisfied with the punctuality of TNSC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the departure and arrival of TNSC buses as per the time schedule.

General feeling of the commuters is the operation of buses by TNSC is with high safety than the private operators. Majority of the respondents are satisfied with safety of operation in TNSC buses. Moreover, there is no significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards safety in operation.

Majority of the respondents are satisfied with the speed in operation of TNSC buses. Moreover, there is significant difference among the different categories of respondents such as young, middle age and old in their opinion on satisfaction towards the speed of TNSC buses. This significant difference may be due to the reason that the youngsters prefer very high speed than old and middle age respondents.

Among the 200 respondents, 32 respondents have high level of satisfaction and it amounts to 16 per cent of the total. 126 respondents have medium level and 42

respondents have low level of satisfaction towards quality of service in operation of TNSTC buses.

There is a high degree of satisfaction in quality of service in operation. The commuters are generally satisfied with the quality of service provided by TNSTC (Madurai) Ltd. There is no significant difference among the young, middle aged and old aged commuters in their opinion on various factors influencing the satisfaction on quality of service in operation of TNSTC (Madurai) Ltd. The better quality of service in operation of TNSTC (Madurai) Ltd. has clearly determined the managerial effectiveness and efficiency in TNSTC (Madurai) Ltd.

6.7 Financial Management Performance

The efficiency of the TNSTCs can, among other things, be measured in terms of financial losses and profits. It is a well known fact that throughout the country the STUs are in the red. One of the major reasons responsible for the financial losses, is the unfavorable relationship between costs and fares. However, in Tamilnadu, it is interesting to note that the difference between the earnings per passenger Km. and the cost per passenger Km. is very minimal. Further, it is only during the last 15 years the TNSTCs have started incurring the losses. Prior to this, the TNSTCs had earned profits.

A study of the movement of cost structure revealed that the cost per Km. of operations has been increased on account of inflationary increase in prices of inputs such as high speed diesel and tires. Though, there is increase in the revenue due to

upward revision of fare and increase in operational efficiency, was able to absorb only a part of this increase in the cost. Therefore, the managerial effectiveness and efficiency of TNSTCs can also be assessed through the evaluation of financial management performance of TNSTCs.

At the end of the study period the variable cost per passenger Km. has been increased to Rs.2.83 and the fixed cost per passenger Km. has been increased to Rs.3.32 and the total cost at the end of the study period has been increased to Rs.6.57. It is from the analysis that, the increase in cost of operation resulted uneconomical operation of TNSTC buses. The ineffectiveness of corporation was mainly due to increase in personnel cost, increase in prices of spares and the interest and depreciation cost.

As the fare structure increases, the revenue generation of the TNSTC tend to increase automatically. But the revenue generation mostly depends on the capacity of the corporation in utilizing its resources to the maximum. It is interesting to observe that the earning per bus per day shows an increasing trend in TNSTC (Madurai) Ltd during the study period.

The total revenue at the beginning of the study period was 42076.04 lakhs and the total revenue per day was 115.277 lakhs. The total revenue as well as the total revenue per day has been increased gradually throughout the study period. At the end of the study period, the total revenue has been increased to 89364.26 lakhs and to the total revenue per day has been increased to 244.834 lakhs.

At the beginning of the study period there were 3549 buses per day and the total revenue per day per bus was Rs.3278.149. There is a gradual growth as well as decline in the number of buses per day during the study period. But, the total revenue per day per bus has undergone a continuous growth throughout the study period. There were 3955 buses per day at the end of the study period and the revenue per day per bus has been increased to Rs.6190.483.

At the beginning of the study period the total revenue per passenger Km. was Rs.2.94. Then it has been increased gradually throughout the study period except during 2004-05. But at the end of the study period the total revenue per passenger Km. has been increased to Rs.5.91. It is concluded, that the TNSTC (Madurai) Ltd. has utilized the resources effectively throughout the study period and had a continuous increase in the revenue in operation.

It is also to be noted that the break-even cost per passenger Km. of TNSTC (Madurai) Ltd. shows an increasing trend. In the year 1997-98 the break-even cost per passenger Km. of TNSTC (Madurai) Ltd. was Rs.3.32. But, except the year 2003-04 there is a gradual increase in its break-even cost per passenger Km. throughout the study period. In 2007-08 the break even cost per passenger Km. of TNSTC (Madurai) Ltd. was Rs.6.57.

As far as the revenue per passenger Km. is concerned TNSTC (Madurai) Ltd. is lower than the break-even cost per passenger Km., which means that the corporation is running in loss.

The variable cost per passenger Km. registered a continuous increase in all the years from Rs.1.24 in 1997-98 to Rs.2.83 in 2007-08. At the same time the fixed cost is also increasing continuously from Rs.2.08 in 1997-98 to Rs.3.74 in 2007-08. This continuous increase in fixed and variable cost is natural in an inflationary situation. There is an unfavorable relationship between costs and fares in TNSTC throughout the study period.

The TNSTC has incurred loss in all the years during the study period. But, the assets of TNSTC have been increased gradually throughout the study period except few years. The values of total assets of TNSTC at the beginning of the study period were Rs.3182.703144 crores and it has been increased to Rs.6011.389258 crores at the end of the study period. The percentage of return on total assets of all the years shows negative growth.

At the beginning of the study period, the negative return on capital employed was 0.11 percentage and it has been increased to 0.37 percentage in the year 2005-06 and it has been further increased to 0.42 percentage. At the end of the study period it was 0.65 percentage. It is inferred from the analysis that there is a negative return on investment in TNSTC during the entire study period, which has shown the inefficiency of TNSTC in generating profits out of available assets.

At the beginning of the study period the cost per Km. was Rs.10.54. The cost per Km. has been increased throughout the study period. It may be due to the hike in diesel price. At the end of the study period, the cost per Km. has been greatly raised to Rs.17.28. In spite of meeting the loss in all the years the TNSTC (Madurai) Ltd.

has operated its buses as per the schedule. It shows that profit is not the biggest constrain for them. The sole aim of TNSTC is to serve the public whether they incur loss or profit.

At the beginning of the study period, the operating revenue per Km. was Rs.8.94 whereas the operating cost per Km. was Rs.10.54. The operating revenue as well as the operating cost has been increased throughout the study period. And the operating revenue is lower than the operating cost in all the years. It may be due to the hike in diesel price. And, the TNSTC has not revised the fare structure for a long time. The percentage of operating ratio of cost/revenue in the year 2004-05 was 100.03 and it is the lowest ratio during the study period. It is inferred that the operational efficiency of TNSTC (Madurai) Ltd. in financial terms is very poor due to the higher operating ratio during the study period.

The total revenue of TNSTC at the beginning of the study period, was 42076.04 lakhs whereas the total cost was 47427.95 lakhs. Both the total revenue and the total cost have been increased throughout the study period and the total revenue is always lower than the total cost during the study period. It is concluded that there is a managerial efficiency in controlling the costs and also in the earning of revenue during the study period in TNSTC (Madurai) Ltd.

At the beginning of the study period there were 3549 buses and it has been increased to 3955 buses at the end of the study period. TNSTC (Madurai) Ltd. has incurred the operating loss of Rs.2675.21 lakhs at the beginning of the study period and it has been increased to Rs, 4225.08 lakhs at the end of the study period.

TNSTC (Madurai) Ltd. had earned operating profit during 2001-02 to 2004-05. TNSTC (Madurai) Ltd. had earned the profit of Rs.3856.39 lakhs in the year 2003-04 and it is the highest operating profit during the study period. The operating loss per bus was Rs.0.754 lakhs at the beginning of the study period but it has been raised to Rs.1.068 lakhs at the end of the study period.

At the beginning of the study period, there were 25,218 people working in TNSTC (Maurai) Ltd. and the total number of employees has been decreased to 23553 at the end of the study period. The operating loss of Rs.2675.2 lakhs in the year 1997-98 has been increased to Rs.4225.08 lakhs in the year 2007-08. TNSTC (Madurai) Ltd. had earned operating profit during 2001-02 to 2004-05. TNSTC (Madurai) Ltd had earned the operating profit of Rs.3856.39 lakhs in the year 2003-04 and it is the highest operating profit of during the study period. The operating loss per employee was Rs.0.106 lakhs at the beginning of the study period and it has been increased to Rs.0.179 lakhs at the end of the study period. TNSTC (Madurai) Ltd. had earned the operating profit per employee for four years from 2001-02 to 2004-05. The highest operating profit was Rs.0.166 lakhs which was earned in the year 2003-04.

The current ratio was 0.44:1 at the beginning of the study period and it is the highest ratio during the study period. And it has been gradually increased as well as decreased during the study period. And it has been decreased to 0.12:1 at the end of the study period. The current ratio in TNSTC (Madurai) Ltd. is not satisfactory and it shows the financial instability.

The quick ratio was 0.35:1 at the beginning of the study period and it is the highest quick ratio and the ratio had been raised up to 2001-02 and then there was a gradual decline in the quick ratio. At the end of the study period, the quick ratio has been reduced to 0.05:1. The quick ratio is also not satisfactory in TNSTC (Madurai) Ltd. during the study period.

At the beginning of the study period, the debt equity (A) was 2.58 and it has been decreased to 1.81 in the year 1999-2000 and then there is a growth for the next two years. The debt equity (A) ratio of 1.92 in the year 2001-02 has been decreased to 1.57 in the year 2002-03 and it has been increased to 2.24 in the year 2003-04. The debt equity ratio (A) of 2.58 at the beginning of the study period has been decreased to 1.32 at the end of the study period.

The debt equity ratio (B) was 3.58 at the beginning of the study period and it has been decreased to 2.81 in the year 1999-2000. And then it has started increasing to 2.82 in the year 2000-2001. And there is a continuous gradual decline up to 2004-05. And it has been increased to 2.85 in the year 2005-06. And it has been decreased to 2.32 at the end of the study period. It is concluded from the analysis that the TNSTC (Madurai) Ltd. has been maintaining proper balance between the use of debt and equity.

The proprietary ratio was 0.28 at the beginning of the study period and it has been increased to 0.37 in the very next year. Then it has started declining for the next three years. The proprietary ratio of 0.39 in the year 2002-03 has been decreased to 0.31 in the year 2003-04. Like wise, there is a gradual growth as well as decline in the

proprietary ratio throughout the study period. The proprietary ratio of 0.28 at the beginning of the study period has been increased to 0.43 at the end of the study and it is the highest ratio during the study period. From the analysis, it is clear that, the proprietary ratio of TNSTC (Madurai) Ltd. is not satisfactory during the study period.

The revenue to equity was 6.31:1 at the beginning of the study period and it has been decreased to 3.05:1 in the year 1999-2000. And it has been increased to 3.21:1 in the year 2000-20001 and it has been again decreased to 3.51. And then there is a continuous growth for the next four years. At the end of the study period, the revenue to equity has been decreased to 3.46:1.

The loss to equity was 0.39 at the beginning as well as at the end of the study period. And there is a gradual growth as well as decline in loss to equity during the study period. The loss to equity of 0.39 at the beginning of the study period has been increased to 0.40 in the very next year. But it has been decreased to 0.20 in the year 1999-2000 and it has been further decreased to 0.01 in the year 2004-05 and it is the lowest loss to equity during the study period. The highest loss to equity was 0.46 in the year 2005-06. Even though there is a growth in the operating profit of the TNSTC (Madurai) Ltd. has incurred the loss in all the years.

The parameters used to evaluate the cost effectiveness, revenue effectiveness, profitability of TNSTC (Madurai) Ltd. show the unsatisfactory financial management performance during the entire study period. TNSTC being the government owned transport undertaking can not have profit on its primary objective. Its primary objective is to operate buses at cheapest fares and also operating even in the

unremunerative routes in order to benefit the poor people. Though, the financial management performance of TNSTC is poor in terms of the profitability aspect, in terms of productivity, the TNSTC (Madurai) Ltd. has got better performance record.

6.8 Suggestions

The following suggestions are given for the betterment of managerial effectiveness and efficiency of TNSTCs:

- In order to improve the efficiency of TNSTCs, representation should be given to the employees and passengers in the boards of TNSTCs
- Favoritism in respect of training and education, promotion and transfer must go. They must be done strictly according to the norms prescribed
- The workers must be educated about the benefits and advantages of positive attitude and positive motivation methods by holding workshops, orientation and refresher courses. So as to remove “fear complex” from their minds. The supervisory staff must also be trained in such a manner as to cultivate belief in positive motivation methods.
- Post retirement benefits such as liberalized provident fund schemes, family pension and deposit linked insurance schemes may be introduced covering all the workers employed in TNSTC Ltd.
- The unions were not treated alike. Therefore, it is recommended that all unions must be given equal importance. The issues represented by them must be considered on merit basis.

- The trade unions and the management of TNSTC must try to evolve ways and means to reduce to political influence in the functioning of unions. The unions may be severe their political affiliation and thereby become non-political unions. This will enable them to function independently in the sole interest of members.
- One of the problems faced by the corporation is lack of proper maintenance of the buses. Though, the number of new buses introduced and replacement are appreciable, poor maintenance upsets the entire performance of the fleet. Only by proper maintenance fuller capacity utilization can be ensured.
- One of the basic infrastructures for efficient public transport system is the maintenance of roads. Roads in and around the area of operation are maintained very poorly. Poor roads increase the breakdown, the wear and tear, restrict punctuality and earn the displeasure of the passengers. Hence the concerned authorities must come forward to repair and replace the roads frequently.
- The sample corporation gets the major part of finance from government and government controlled financial organization. The rate of interest on such loans is slightly higher and a portion of the loans can be converted into equity to avoid the burden of heavy interest payment.
- In the name of service to the community unviable and remote routes are compulsorily allotted to the corporation. This trend must be stopped and such

routes must be equally given to the private sector to avoid loss on social cost for the corporation.

- There are several sources through which the corporations can increase the income. In this context our corporations have to learn a lot from the practices of BEST (Bombay), which auctions the spaces in the bus for advertisement which fetch a sizeable income to the corporation.
- Individual corporations must be allowed to raise money from the public by way of deposits and debentures. This can reduce the dependence of the corporation on government agencies for finance. We can also increase the confidence of the public in the corporations by investing their savings.
- Attractive incentives have not been given to the staff for the efficient working in terms of fuel saving, accident free driving and courteous service. The corporation should identify such staff and provide them promotion with financial incentives.
- To improve the alertness and efficiency of the corporations, representation to workers and public must be given in the management bodies of the corporation. At present such bodies are heavily represented by high profiled government officials. The practice that is followed in Indian railways can be imitated as a mode.
- In the selection of employees a centralized system at the state level must be followed. At present employees for various transport corporations are selected by the respective corporations using short cut methods. Due to this process

inefficient and incompetents easily enter the services. Provision must be made to select employees through service commissions.

- Steps must be taken to reduce the overhead charges, at various levels like reducing the supervisory staff, condemning the over used bus and following computerized accounting system.
- The low staff – bus ratio in TNSTC has resulted in heavy work load for the employees. Hence, to improve the efficiency of the organization, the staff strength should be increased in accordance with the norms prescribed, so that it will reduce the strain on the part of the existing employees.
- The success of TNSTCs depends on the awareness of the workers about the organization, its rules and regulations, personnel policies and the like. This is more important particularly for the newly recruited workers. The management of TNSTC (Madurai) Ltd. should take steps to impart knowledge to the newly recruited employees about personnel policies.
- In order to overcome the fear of the workers that transfer is used as a weapon to punish them, the transfer procedure in TNSTCs should be streamlined; workers should not be disturbed unnecessarily in the name of transfer. They should be allowed to work for a minimum period of three years in the particular place.
- The government should ensure the real autonomy of the SRTUs in Tamil Nadu by not interfering in the day-to-day management of the corporation.

- In order to ensure fairness in promotion of workers, it should be given only on seniority basis of the workers.
- The calculation of incentives in SRTUs, has been objected by the workers on the ground that they are unscientific. To solve this problem, the rate of incentive payable on the basis of performance linked variable cost should be fixed in consultation with the trade unions.
- In order to enable the workers to understand the provisions of standing orders and settlement provisions, the copies of the same should be given to the workers in Tamil.
- The practice of giving undue importance to the trade union belonging to the party in power in the state government should be given up. The management should treat all the trade unions equally in dealing with the personnel problems represented by them, irrespective of the political parties to which they belong.
- A separate hospital with modern equipments may be constructed in the medical college run by the TNSTCs at Perundurai in Tamilnadu to provide free medical treatment to the employees and their families for complicated ailments.
- The organizational climate in TNSTC (Madurai) Ltd. is favorable for the implementation of workers' participation in management. Hence, the government and management should take necessary steps for implementing the same.

- The government should ensure that all the statutory welfare measures meant for workers are implemented in TNSTC (Madurai) Ltd. in order to motivate them for higher productivity.
- In order to attract the best talents in the TNSTCs, the policy of recruiting employees sponsored by the employment exchange only, should be dispensed with. Steps should be taken by advertising the vacancies for recruiting the workers.
- The Association of State Road Transport Undertakings (ASRTU) should approach the governments concerned to relax the existing recruitment rules and also to form a separate recruitment board for employing the workers in TNSTCs.
- TNSTC provides need-based training to workers. Instead, it should be 'on the job training' for at least one month to all newly recruited workers and it should be repeated for at least 15 days after the interval of five years.
- In order to improve the quality of food stuff in the TNSTC canteen, instead of running them on contract through third parties, they should be run by the TNSTC management itself.
- The medical facilities in the TNSTC hospitals should be made available to all the workers irrespective of the dates of appointment of the workers in TNSTC.
- The personnel relations in the TNSTCs are in no way better than the private sector. Steps should be taken by the management to make the workers feel

that it is their organization and they should be made to work for the betterment of their organization in co-operation with the management. This spirit of belonging to the organization among the workers can be brought by giving representation to them at various levels of management.

- In order to improve the financial position of TNSSTC, the fares should be changed in a periodical intervals based on the price inflation of costs.
- In order to improve the financial position of TNSSTC, the perquisites given to the high level officers should be minimised.

6.9 Conclusion

The TNSSTC being service organization, the passengers expect cheapest fare structure, regularity, comfortability, safety, reliability and punctuality in travel. The success of TNSSTC in providing effective service to the traveling public depends on the managerial effectiveness and efficiency in TNSSTCs. The managerial effectiveness and efficiency is found to be good in TNSSTC (Madurai) Ltd. The effectiveness is highly reflected on the physical performance and this is very poorly reflected in the financial performance of TNSSTC (Madurai) Ltd. The financial performance of TNSSTCs is not in the satisfactory level because there is no matching relationship between the cost of operation and the ticket fare fixed by the government. In India, the cost and ticket fare is maintained at the lowest in Tamil nadu. The managerial effectiveness and efficiency is well understood from the point of view of the commuters that the TNSSTC is providing the best quality of service to the public.

The effectiveness and efficiency is also identified from the satisfaction of the employees towards the human resource management practices.

Topics for Further Research

1. Comparative study of Transport Corporations in Tamilnadu.
2. Causes for the poor financial performance of Public Sector Transport Corporation.
3. A comparative study of Private and Public Sector Transport Corporation in Tamilnadu.
4. A study of the scope for De-nationalization of Transport Corporations.
5. A comparative study of Public Sector Transport Corporations of Tamil Nadu and Neighboring states.
6. A study on the Attitude and Commuters' Satisfaction of Public and Private Transports.