

CHAPTER-1

INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

The managerial effectiveness is the measure of how well resources are brought together in organizations and how these are utilized for accomplishing the set of objectives. 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 productivity of any organization rests on two parts. They are as follows:

- Achievement of outputs or results is called 'effectiveness'
- Resource utilization in the process of achievement of outputs is called 'efficiency'

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, effectiveness is concerned with resource utilization. The managerial effectiveness is reflected on performance achieved and the managerial efficiency is reflected on resources consumed. A rise in productivity of individual organization and industries is a key to national prosperity. A nation with an abundance of physical resources will not benefit by itself unless human resources make use of them¹. Infact human resources alone are responsible for making use

¹ . Leon C.Megginson, "Personnel" Richard D Irwin Inc., Home wood Illinois, 1972,p.14

of physical and natural resources and for the transformation of traditional economics into modern and industrial economics.

The shift from manufacturing to service sector and increasing pace of technological change make human resources the key ingredient to the nations' well being and growth. In a service oriented industry like transport, the quality, quantity and utilization of resources become all the more important².

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.

1.1.1 Importance of Passenger Road Transport

India is a vast country with a variety in topography and road surfaces. Road plays an important part in the development of national economy. There is a definite relation between mobility and poverty. Countries with low standard of living are mainly due to their inadequate methods of moving³.

Rail and road net work constitute two major elements of surface transportation system in India. Road transport industry has undergone a sea change in the last five decades. The passenger and goods traffic once dominated by railways are

² Sar. A. Levitan, garth.L. Mangum and Ray, Marshall, " Human Resources and Labour Markets", Harper and Row Publishers, Newyork, 1972, PP.3-4

³ Government of India, final Report of the Road Transport Taxation Enquiry Committee, New Delh ; I, November 1967, p.7.

now turned to road transport. Now a days both the passenger traffic and goods traffic are dominated by roadways.

In a country which has not been adequately served by advanced modes of transport, such as railways and airways, road transport becomes the most significant mode of transport. One can exist without rail, shipping or air transport but not without the roads. Even the rail, shipping and air transport depend upon the road for completing the transport service⁴.

Road transport is providing an essential communication link in villages and remote areas. It helps in the economic development, particularly in a country like India with 80 per cent of its population still living in rural areas. Road transport gives a personalized service to its passengers.

In fact, it is a poor man's mode of transport. Road transport, apart from helping agricultural and industrial development, creates employment opportunities as well.

Road transport passenger services are provided both by the public and private sector in the country. Recognising the importance of passenger road transport as a prime utility service and a basic infrastructure for economic and social development, the Government of India passed the Road Transport Corporation Act, in 1950.

1.1.2. Enactment of Road Transport Act – 1950

Having failed to organize small bus operators into bigger units, the government had brought out the Road Transport Corporations Act, 1950 by

⁴ J.K. Jain, Transport Economics, Chaitanya Publishing House Allahabad, 1973, p.279.

enabling the state governments to form road transport corporations in the public sector.

The public sector participation in passenger road transport services commenced with the passing of Road Transport Corporations Act, 1950 under which a state government could establish a road transport corporation for the whole or any part of the state having regard to:

- The advantages offered to the public, trade and industry by the development of road transport,
- The desirability of co-ordinating any form of road transport with any other form of transport,
- The desirability of extending and improving the facilities for road transport in any area for providing an efficient and economical system of road transport service therein.

This act, not only provided for a monopoly in road transport but also a monopoly of government ownership in operation of transportation. The government with this act, not only became a regulator of state transport but also an operator, operating alongside several other small operators. This created problem, since the existing Motor Vehicle Act, did not recognize the measure of nationalization and was not framed to discriminate, the operators from one another⁵.

⁵ Road Transport Corporations Act 1950, Government of India, New Delhi.

1.1.3. Role of the planning Commission in the Formation of RTCs

The planning commission in the first five - year plan reiterated the policy of forming larger units of bus operators and observed that only large organizations with adequate financial resources could provide workshop and other facilities essential for rendering efficient and economic bus services. The commission further added it was desirable for the existing private operators to amalgamate wherever possible, into big viable units to enable them to achieve better returns and maintain better standards of operations.

The Second Five Year Plan document, prepared by the planning commission state “Inadequate development of road transport in the preceding years could be attributed amongst other reasons to the fact that the majority of private operators were small individual owners without resources, who could not extend their operation on sound business-like lines”. Viable units were an expression which referred to unit of vehicles and not owners of vehicles so that a joint stock company, co-operative society or union of operators having an effective control over the requisite number of motor vehicles could come within the ambit of such a unit.

The Study Group on Transport Planning, appointed by the Ministry of Transport and Communication, Government of India, observed that “As long as the industry was based on large number of small units, each owning one or two vehicles, the defects would continue.” The group, therefore, added that, “every possible thing should be done to encourage the formation of bigger units.”

It is interesting, to note, that almost every expert’s opinion has suggested controlled monopoly as the only answer to the evils of unhindered and selfish

competition. Instead of going for complete nationalisation, attempts were made to bring the private sector in groups as co-operatives. This attempt, however, proved futile due to the conflicting objectives of the parties' concerned⁶.

1.1.4. Birth of State Transport Corporations

During the post - independence periods, there was a rising expectation for better quality of life. The political leaders desired that century of poverty should be quickly eradicated and the living standard of citizens should be raised to reasonable levels. The policy makers realised that the road transport had to play a vital role in the process of development planning for rapid industrialisation. They were also convinced that road transport would enable industrial enterprises to utilise the untapped sources of labour and will contribute to the mobilization of all the available resources throughout the country. The state was willing to play an active role to achieve these national goals and the concept of 'public sector' had appealed very much as a solution to the problems of the country. The public sector was then seen as an engine of growth and both central and state governments used public sector as a policy instrument to achieve better standard of living for the citizens.

Thus STUs came into existence as state level public enterprises and the passenger transport sector became a state-led business activity. The Socio-economic and political factors, which existed during the post independence era, compelled India to take possible steps towards the public transport sector.

⁶ Report of the Study group on Transport Planning, Ministry of transport and Communication , Government of India, New Delhi.

The Industrial policy Resolution 1956, which included the passenger road transport industry in schedule - B, among the industries marked for being progressively nationalised, also expected that the States will take initiative in establishing new transport undertaking. Moreover the planning commission had also given direction to state governments to for new state transport corporations (STUs) or convert the Departmental Transport Undertakings in to transport corporations. The importance of bus transport in the fulfillment of planned objective was emphasised among the State Governments through capital participation by the Union governments. Out of over 35000 buses in the country then, the state sector had a share of only 7000 buses, which accounted for 19 percentage.

1.1.5 Public Sector Passenger Road Transport

In a service oriented industry like transport, the quality, performance and utilization of resources become all the more important. Road Transport Corporation Act ,1950 aimed at helping the formation of state level public sector road transport corporation to provide an adequate, efficient, economic and a well co-ordinated service to the traveling public⁷.

The nationalization of bus services was undertaken partly to overcome the inefficiency associated with the private bus transport such as floating of labour laws, skipping or curtailing the run of scheduled bus services and irregularity in fixation of bus fares. The National Transport Policy Committee in 1980, observed

⁷ Sundarsanam Padam, Bus Transport in India, Ajantha Publications, New Delhi,1990,).76

that public sector undertakings have been providing satisfactory services with regularity of bus schedules and lesser mal-practices in fares charged and collected. Better scales of pay to the employees, operational efficiency and passenger benefits and employees welfare are more tangible in the public sector passenger road transport than in the private sector road transport⁸.

All over the world, the authorities in-charge of public transportation system are keenly engaged in the most significant task of encouraging the public to use public transport more and more correspondingly and discourage the usage of private vehicles. The target set for this task is to ensure that atleast 60 per cent to 70 per cent of the public, avail the public transport facilities. The primary reasons for guiding such attempt are increasing rate of pollution, traffic jam and consequent time delay and accidents. The Transport Department in Tamilnadu is engaged in such a task. The bus transport system in Tamilnadu enjoys the maximum public patronage and contact, much more than any other government system⁹.

The aim of the transport department, is to see that the bus transport system is improved further, thereby providing intelligent, efficient, secure and safe service to the public. Bus transport services improve the image of the state government. The State of Tamilnadu has taken great efforts in developing such a road based transport by catering to the needs of lakhs of travelling public. At present, the

⁸ Government of India, Planning Commission, Sectoral programme of Development, Eighth Five Year Plan (1992-1997) Vol. II, New Delhi pp.235-236.

⁹ . Government of Tamilnadu, Transport Department, Demand No.48 Policy Note
(2006-2007)

transport department has under its control seven State Transport Undertakings. The transport department also has under its control the Tamilnadu Transport Development Finance Corporation Ltd., whose role is to finance for the purchase of buses by the State Transport Undertakings, apart from extending the working capital loans to these State Transport Undertakings at the required times. Besides, Pallavan Transport Consultancy Services Ltd., the Institute of Road Transport and the Motor Vehicle Maintenance Department work are under the control and the supervision of the Transport Department of Tamil Nadu Government.

1.1.6 State Transport Undertakings

The transport operations were under the direct control of the government till 1971, when they were brought under various transport corporations, registered under the Companies Act, 1956. Thereafter, the government appointed two committees of experts called the Pattabiraman committee, in 1976 and the Thillainayagam committee, in 1990 to study in depth, the existing operations of the State Transport Undertakings and suggest measures to improve them. The recommendations of these expert committees have been implemented wherever possible.

1.1.7 Amalgamation of State Transport Undertakings

As a step towards streamlining the operations of State Transport Undertakings leading to reduction in the administrative overhead expenses and avoidance of wasteful competition in the operation of services among the Corporations, the Government amalgamated 21 erstwhile transport corporations into 7 transport corporations. The present arrangement of transport corporations in the State is compact and efficient¹⁰.

1.1.8 Tamilnadu State Transport Corporation (TNSTC)

In most of the states, in India, there is one centralized road transport corporation operating buses for the entire state. But in Tamilnadu, they were decentralized to promote healthy competition among the several units and to serve the people better. Once there were 21 transport corporations operating buses in Tamilnadu and competing with private operators. Their original names were replaced and new common name is given as TNSTC as on 1-7-1997 to put an end to the frequent violence caused in the name of casteism.

There were seven TNSTCs with 18 regions were functioning in Tamilnadu. Five regions operated in southern districts were integrated and created as a new TNSTC (Madurai) Ltd. with effect from 6th January 2004. Under this new corporation five old corporations have been modified as regional offices of TNSTC (Madurai) Ltd. They are as follows:

¹⁰ ibid

Region		Old Name
Madurai	-	Pandian Roadways Corporation (PRC)
Nagarcoil	-	Nesamani Transport Corporation (NTC)
Virudhunagar	-	Veeran Sundaralingam Transport Corporation(VSTC)
Dindigul	-	Rani Managammal Transport Corporation RMTC)
Tirunelveli	-	Kattabomman Transport Corporation (KTC)

As on 31.03.2007, the State Transport Undertakings are offering several services all over the state of Tamilnadu and the total fleet strength with various operating services are given in Table1.1

TABLE 1.1
Fleet Strength of TNSTCs In 2006-07

Services		Numbers
Chennai Metro	City services	2,600
	Town Services (in Districts)	5,825
	Mofussil services	6,398
Express services		
	Inside State	538
	Outside State	290
	Ghat services	530
	Total services	16,181
	Spare buses	1,652
Total Fleet strength		17,833

Source: Tamil Nadu Policy Demand Note, 2007

Among the total number of 17,833 buses 12,123 buses were operated as town services (in Districts) and mofussil services. It Cover 67.98 per cent of total fleet operation.

1.1.9 Achievement of TNSTC

The State Transport Undertakings have operated 249.66 crores kilometers during 2006-07 with an increase of 8.94 crore kilometers over the previous year 2005-06. Single day highest collection by all State Transport Undertakings together made on 15.1.2007 is Rs.14.05 crores.

The State Transport Undertakings have been consistently bagging national awards in achieving the best physical parameters. Especially, the best performance is in fleet utilisation, Kilometers efficiency, Occupancy Ratio, Fuel efficiency. It must be added that these performances have been achieved under difficult circumstances. The performance of TNSTC during the year 2006-2007 has been given in Table1.2.

TABLE1.2
Performance of TNSTC during the year 2006-07

1.	Total Kilometer operated per day (Km in lakh)	68.40
2.	Total Passengers carried per day (in lakhs)	177.32
3.	Fleet utilisation	92.14%
4.	Kilometer efficiency (excluding specials)	97.31%
5.	Kilometer efficiency(including specials)	103.24%
6.	Occupancy ratio (including specials)	
	a) City & Town	74.06 %
	b) Mofussil	94.79 %
	c) Express	88.75 %
	d) Ghat	102.81%
	Overall	85.38%
7.	Breakdown per 10,000 Km	0.10
8.	Accidents per 1,00,000 Km	0.30
	Total accidents	7527
	Fatal accidents	1360
	No. of persons dead	1558
9.	Fuel performance (KMPL)	
	a) City & Town	4.74
	b) Mofussil	5.19
	c) Express	5.14
	d) Ghat	3.86
	Average	4.97
10.	Engine oil per 10,000 Km	5.78 litres
11.	Km run per condemned tyre	1.56 lakh
12.	Retreading Factor	3.87
13.	Men per bus including workshop	6.22

Source: Tamil Nadu Policy Demand Note, 2007

During the year 2006-07, 679 new routes have been introduced in response to the demand from the public¹¹.

¹¹ Government of Tamilnadu, Transport Department, Demand No.48 Policy Note (2006-2007)

1.1.10 Tamilnadu Transport Development Finance Corporation Limited

Tamilnadu Transport Development Finance Corporation Limited commenced its business in March, 1975 to cater to the long term financial requirements of State Transport Undertakings towards the purchase of chassis, body building, setting up of workshops and also to meet the working capital requirements, by mobilizing adequate funds from general public through public deposits. Tamilnadu Transport Development Finance Corporation Ltd., has been registered as a non-banking finance company with the Reserve Bank of India and classified as a hire purchase finance company.

1.1.11 Institute of Road Transport

The Institute of Road Transport is a society registered under the Societies Registration Act, 1860. This institute has entered its thirty first year in 2006-2007 and continues to expand its services. The Institute undertakes applied research on issues pertaining to road transport, performs quality monitoring by conducting tests on random sample of spare parts procured by the State Transport Undertakings in Tamil Nadu, besides imparting training activities on a large scale to the employees of State Transport Undertakings and the general public. The Automobile Research Oriented Engineering College known as Institute of Road and Transport Technology was started in 1984 at Erode under the aegis of Institute of Road Transport. So far 4511 B.E. Graduates, 33 M.E. (Structural), 11 M.E. (Thermal) and 330 M.C.A. Post Graduates have completed the course from this Institute. The College has been accredited by AICTE for the degree courses in Civil, Mechanical and Automobile Engineering. The Perundurai medical college

and hospital as per the scheme was formulated in 1986, which is functioning at its own premises at Perundurai, from the academic year 1992-93.

1.2 Statement of the Problem

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 travelling public. Road transport passenger services are provided both by the public and private sector in Tamil Nadu.

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.

Productivity and profitability depend to a great extent, the interest and enthusiasm of the individual worker towards his company and this applies to transport undertakings also¹². Human element is a key factor for obtaining organizational objectives in any enterprise. In order to build a team of co-operative work force in TNSTC, it is essential to manage the work force efficiently.

The workers' involvement, sincerity and dedication to the job are found to be lacking in TNSTC inspite of the incentives, bonus, welfare measures, job security and the like provided to them. The personnel cost is a major cost and it accounts

¹² Jack J.Holder, Jr. Labour Proximity to a Modern Metropolitan Terminal, "Terminal Operator", October 1971, p. 71.

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 especially the diesel cost and the fare per kilometer being maintained as the lowest in the country, the overall expenditure of the State Transport Undertakings has increased and the expected loss at the end of

2006-07 is Rs 303 crores¹³. 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.

1.3 Scope of the study

The study confines to one of the TNSTCs in Tamilnadu Namely, TNSTC (Madurai) Ltd. It includes Five Regional offices such as Madurai, Dindigul, virudhunagar, Thirunelveli and Nagarkovil. The scope of the study confines only to the human resources management, quality management and financial management in TNSTC (Madurai) Ltd.

1.4 Review of Literature

Many studies on managerial effectiveness and efficiency have been made in the past, which mainly focus on large and complex modern enterprises in private and public sectors, do not provide much insight in to the aspects in transport corporations. A few studies only have been made so far on transport undertaking in the field of human resource management, material management and the performance evaluation. Some of the important studies conducted on passenger transport undertakings relating to my study are reviewed here.

¹³ Government of Tamil Nadu, Transport Department, Demand No.48 Policy Note (2006-2007)

Prem Babu (1993) in his article entitled “ A study of Industrial Relations and Grievance procedures in Greater Manchester Buses Ltd., United Kingdom” has studied the Grievances machinery in Greater Manchester buses Ltd., need for disciplinary procedure and powers at various management levels, types of misconduct and the role of industrial tribunals and labour courts. He has concluded that the operation of collective bargaining machinery, grievance procedure and periodical meetings with the union not only minimizes the grievances but also promotes healthy industrial relations in GMBL¹⁴.

Prem Babu (1993) in his article entitled “Human Resource Development in Greater Manchester Buses, United Kingdom” has studied the details of Human resources department of GMBL, training and development, decision-making and Budgeting leadership and problem involving in GMBL. In his articles he has concluded that the training programme for managers and supervisors in GMBL appeared to be more purposeful and relevant to the specific need of the individual managers and supervisors for overall improvement in the performance of the GMBL company¹⁵.

A report (1998) entitled on “protecting your employees and business from carbon monoxide and diesel exhaust. It is started that developing a plan of protection checking the system¹⁶.

¹⁴ Prem babu : A study of industrial Relations and grievance procedures in greater Manchestear Buses Ltd., United Kingdom” Journal of Transport management October 1993, PP.587-595.

¹⁵ Prem Babu, Human Resource Development in Greater Manchester Buses, United Kingdom” Journal of Transport Management , Jan 1993, PP-15-18.

¹⁶ A report “ Protecting your employees and Business from Carbon Monoxide and Diesel Exhaust” Journal of Transport Management August 1998. PP-525-526

S.H. Gawhane (1998) in his article entitled “Role of Management and union in competitive environment” has studied the organization structure of unions, union activities, collective bargaining, productivity, wage agreement and quality circle. He suggested that the size and structure of the unions should be minimized to reduce the unproductive man-days¹⁷ .

S.D. Totade (1994) in his article entitled “A computer based manpower planning model” has studied estimated fleet strength and estimation of staff ratio, estimation of cost estimation of personnel cost, other cost and total cost. He suggested that this simulation model useful for a personnel manager who has done the exercise of manpower planning¹⁸ .

B.Vittal dasa Prabhu & S. Murali (2006) in their article entitled “ Human resource management for Truck Transport Industry” have studied current status of Transport Industry, Human productivity, Human resource planning, job analysis, recruitment, Development of Human resources, motivating of Human resources, Maintenance of Human Resources, Safety and Healthy. They have concluded the methodology discussed regarding job evaluation; compensation & incentive administration can make the HRM effective¹⁹ .

K. Vijayarani & E.Raja Justus (2005) in their article entitled “ Impact of absenteeism in the public passenger road transport undertakings, with special

¹⁷ S.H. Gawhane “ Role of Management and union in competitive environment” Indian journal of transport Management. September 1998 P.P. 569-572.

¹⁸ S.D. totade “ A computer based manpower planning model” Indian journal of transport Management, August.1994,PP 543-549.

¹⁹ B.Vittaldas Prabhu & S. Murali “ Human resource management for truck transport industry” Indian journal ;of Transport management January – March 2006. P.P. 83-108.

reference to TNSTC, Kumbakonam, Division – I” have studied the effects of absenteeism on the society. They have concluded that majority of the respondents gave only negative impacts or ill effects²⁰.

Rabindra N. Kanungo and Zeynep Aycan (1998) in their article entitled have studied the socio-cultural values and enterprises environment which affect the internal work culture of organizations, which in turn influence managerial practices and organizations in the developed and developing countries differ in their internal work culture and HRM practices. Empirical evidence was presented to support the model. Several practical; implications for managerial practice were suggested²¹..

R. Giridharan (1999) in his article entitled “ Human Resource Management as a Facilitator of Business process reengineering” has studied the present business environment, every corporation is engaged in the process of adding value by elimination of waste throughout its business process starting from understanding the customers’ requirements to act on feedback from customers on the products and services supplied by it. Business Process Reengineering (BPR) as a strategic means to examine all the business process to maximize the satisfaction of both the internal and the external customers at optimal cost. This paper dealt with the role of Human Resource Management as a facilitator in BPR implication in interfacing and preparing people to accept and participant in the change process²².

²⁰ K. Vijaya rani & E. Raja Justus “ Impact of absenteeism in the public passenger Road transport under takings, with special reference to TNSTC, Kumbakonam division- I”. Indian journal of transport Management July- September 2005,P.P.306-316

²¹ Rabindra N. Kanungo and Zeynep Aycan “ Issue of culture fit in Human resource management practices”. Vision, Vol,2, No.1, January – june 1998, PP 5-11.

²² R.Giridharan “ Human Resources Management as a Facilitator of Business process Reengineering” TMTC journal of Management. Vol. IX. No.1, june 1999, PP.19-30

Robert F. Wright (1999) in his article entitled “ Effect of micro management on job satisfaction & productivity: A case study”, he has studied to determine how competitive pressure and manager’s growth, Needs and Strength (GNS) affect the degree to which a company micro managers its sales force. The degree of micro management may impact a person’s autonomy, which interacts with his GNS, to determine his job satisfaction and productivity. He suggested that a strong correlation between the degree of micro managing and manager’s GNS and a weak correlation between autonomy and job satisfaction, with the representative’s GNS as an interactor. There was no correlation between competitive pressure and the degree of micro managing or productivity and autonomy, with the representative GNS as an interactor²³.

Sami. A. Khan (1998) in his article entitled “ Transportation of Human Resource Management Demonisms in the twenty first century” has studied that forced organizations to change their stances towards organization and people management. It was an endeavor to acknowledge and examine the metamorphosis of traditional administrative personnel function into more proactive and strategic HRM. The paper has dealt with the emergence of ‘new’ organization, which set the stage for more proactive HR function. It analysed the transformation of HK function and provided an agenda for the twenty- first century to functionaries. He has concluded that the impact of the transformation of the HR programmes have to be more answerable in short and long-term perspectives.

A document entitled “ UK Public Transport Faces Tough Challenges.” studied that the human relations deficit by while the bus manufactures order books have

²³ Robert F. Wright “ Effect of micro management on job satisfaction & productivity: A case study” Vision, Vol.3 No. 1, june 1999. PP 51-61.

never been fuller and hundreds of millions of pounds are being spent on new vehicles, there has been an almost counter balancing decline in human relations, resources at senior management level and in wages, conditions and training opportunities for staff²⁴.

K. Moorthy and S. Mohan (1999) in their article entitled “ Need for a study of effectiveness of competence- based training program to drivers in STUs” have studied a need for a scientific training to the STU drivers, competency- based driver training programme consolidation and classification of competencies identified. They concluded that CVDTP would have a positive effect on operational efficiency of the STUs through the proposed training design and module. It has currently engaged in Pudukottai to enlarge the operational efficiency²⁵.

M.V. Bagade (1996) in his article entitled “towards a Rational Labour Policy” has studied fall in productivity due to restricted duty hours, bargaining power of Trade Union. Workers demand to save STUs, indiscipline and loss of productivity. He formed the rational approach as minimize labour legislation, de-regulate hard and fast rules affecting productivity, production and quality, adopt personnel policy conducive for healthy growth of industry. Ensure labour and management relations on the basis of generating wealth as partners for sharing property than rivalry²⁶.

²⁴ A document “UK Public transport Faces Tough Challenges.” August 1998, IJTM, P.P.533-535.

²⁵ K. Moorthy and S. Mohan “ Need for a study of effectiveness of competence- based training program to drivers in STUs” Indian journal of Transport Management, May 1999, PP 327-332.

²⁶ M.V. Bagade “ Towards a Rational Labour Policy” Indian Journal of Transport Management, Aug. 1996, PP.511-515.

K. Purushotham (1995) in his article entitled “ Multiple job concept- Need of the Hour in STUs – the case of APSRTC” has studied tradesmen specialization, Telco experience, Training module in – service development of multi-skills, Development of Hi-technology, Remedial measures. He has concluded, if multi-skills introduced with minimal work force, high productivity would be possible and expenditure on personnel cost will be minimal with the result at least some of the loss making STUs could be brought into profit line. It is just a thought providing suggestion for further study²⁷ .

S.S. Joshi, K.B. Pallav and V.B. Ayarkar (1991) in their article entitled “ Recruitment, training and manpower development in BEST” has studied training to the staff in all levels, Manpower planning in public transport undertakings, brainstorming training to trainee engineers and supervisory level staff. They have stated that by proving Bombay Electric Supply and Transport undertaking as the best²⁸.

D.R. Keni (1991) in his article entitled “ Productivity measures in BEST” has studied productivity, productivity measures, and staff motivation. In the staff motivation has stated that training to employees, inspection, Retrieving of spares used on the buses. He suggested that production-oriented incentive bonus scheme, incentive scheme for improving utilization of capital assets, for improving service,

²⁷ K. Purushotham “ Multiple Job concept- Need of the Hour in STUs- the case of APSRTC” IJTM, Oct. 1995,PP. 645-649.

²⁸ S.S. Joshi , K.B. Pallav and V.B. Ayarkar “ Recruitment, training and manpower development in BEST” BEST – Bombay Electric Supply and Tramways Co. Ltd. IJTM. July 1991. Vol.15, PP. 63-64.

support function, for improving man power utilization when conventional work study cannot be implemented due to complexity of the system²⁹.

E.Raja Justus (1998) in his article entitled “ operational efficiency in public passenger Road Transport – a criteria analysis” has studied the performers (including the Government) Performance Rating Method, Quality of Service Index. He has stated that safety is the more prioritized factor; which is followed by reliability, punctuality and regularity of operation from and to a destination³⁰.

S.B. Baviskar (1995) in his article entitled “ Motor Vehicles Act 1988 and Road Safety” has studied the History, issue of driving licenses, registration of motor vehicle, educational standards. Power of the courts, power to licensing authority/ RTO; Road safety council, special schemes and various sections related to safety of the employees of the transport especially drivers. He has suggested that a role of road safety council at district level should be made more effective to enforce the motor vehicle law and practice and rules scrupulously to minimize the accidents³¹.

M.R. Ramasamy (2004) in his dissertation entitled “ A study of passengers satisfaction with the performance of the rural transport services by Tamilnadu state transport corporation (Salem)” has studied the role of road transport, nationalization of rural passengers transport scenario, passengers perception & level of satisfaction. He has suggested that the operator conducting frequent

²⁹ D.R. Keni “ Productivity measures in Best” IJTM March 1991- PP 20-21.

³⁰ E.Raja Justus “ Operational efficiency in public passenger Road transport- A criteria Analysis” Indian journal of transport Management, September 1998. PP. 573-578.

³¹ S.B.Baviskar “Motor Vehicles Act 1988 and Road Safety” UTM, August 1995.PP 549-552

training programmes, seminars, and workshops for minimizing the fuel consumption, accidents, breakdowns and also enhancing human relations will improve the quality of bus services ³².

Kenneth Todd (1992) in his article entitled “ Pedestrian regulations in the United States: A critical Review” has studied the drivers and pedestrians and their legal rights. He has suggested that beyond some means of improved communication between road users, educational efforts aimed at making drivers more considerate were unlikely to succeed under a traffic control regime that discourages defensive driving ³³.

R.Ananthanarayanan (1999) in his article entitled “ Totally Aligned Organization: A Foundation for Total Quality Management”. He has discussed the Paradoxes that are inherent in managing groups in an organization. In his view, the development of an appropriate culture that creating resolved the differences and dilemmas arising out of these Paradoxes is an important pre-requisite for the success of TQM in an organization ³⁴.

M.Kotteswaran (1998) in his article entitled “ bus passenger charter for competitive advantage” has studied Adequate member of service, frequency of services, punctuality, reliability, neat and clean Buses, customer information service and easy access for reservations, Friendly and quick responses to grievance and Eco-friendly services. He suggested that if such a procedure is

³² M.R. Ramasamy “ A study of passengers satisfaction with the performance of the rural transport services by Tamilnadu state transport corporation (Salem)” Unpublished M.Phil., dissertation submitted to Madras University December 2004. P.P.72-74.

³³ Kenneth Todd “ Pedestrian regulations in the United States: A Critical Review “ Transportations Quarterly October, 1992, PP 541-559

³⁴ R. Ananthanarayanan “ Totally Aligned Organization: A Foundation for Total Quality Management” TMTC journal of management, Vol. IX. No.1, june 1999, PP 51-57.

followed, it would in- fact work more seriously on competition. There could be better discipline on the road. Public purpose and public interest would have been at last served by this service sector. Bus passengers charter by state Transport undertakings hold the key for competitive advantage. It commands vision and focus with commensurate commitment and courage³⁵.

R. Murugesan and N.V. Ramamoorthy (1996) in their article entitled “Quality on services in state transport undertakings-evaluation and improvement” has studied important service characteristics to determine the level-of-transport services, assessed the weightages of the identified service characteristic from the regular users of state bus transport, Evaluation of quality services. They have concluded that the deficiency of the various quality measures to improve them to the acceptable LOTS³⁶ ..

K.V. Rami Reddy (1991) in his article entitled “ Problems and issued of PR in state transport undertakings” has studied How the Public relation is maintained; some issues involved in public relations (PR). The issues were short public memory , General Apathy to nationalized sector, Quality of services are identified with crew, expectation of the public, identification of STU with government. He has concluded that the problems of a PR man in STU are different from a T.V. or a soap manufacturer. It is for the experts in the field to ponder over some of the

³⁵ M. Kotteswaram “ bus passenger charter for competitive advantage” Indian journal of Transport Management. July 1998 PP 447-456.

³⁶ R. Murugesan and N.V. Ramamoorthy “ Quality on services in state transport undertakings-evaluation and improvement”, Indian Journal of Transport Management, July 1996,PP 441-446

issues mentioned above and find solutions so that the quality of the image of the STUs can be improved upon³⁷.

Day (1998) in his article entitled “ Meeting the community: social issues in road and transport planning”, has studied social issues in road and transport planning to assist the transport authorities to be better prepared for, and able to respond to assist the transport decision making, Present social trends, He has concluded that by identifying some ways in which transport authorities can prepare themselves to respond better to the needs of the future community³⁸.

Mr. Khan, in his book entitled transport management has touched many aspects but especially he pressed that urban transport planners have different views of transport management and they try to give priority to certain groups of travellers at particular place and improve the safety of the system. The primary function of the management is to provide safe and convenient movement facilities to the masses of the people in an area and it is also the primary duty of the management to ensure the timely operation of service. Moreover, the essence of transport management is certainly a means of building up an efficient system. It ensures greater speed, safety, adequacy, regularity and economy of service³⁹.

Gwilliam and Machike have emphasized in their book that quality of service includes frequency, reliability and comfort. Frequency and reliability may deteriorate as a result of increasing road congestion or staff shortage, whilst

³⁷ K.V. Ram Reddy “ Problems and issues of PR in state transport undertakings” BEST – Bombay Electric Supply and Tramways Co. Ltd. IJTM. July 1991. PP. 17-18.

³⁸ A.Day “ Meeting the community social issues in road and transport planning”. Road and Transport Research, Vol. 7, No.4, Dec.1998.

³⁹ R.R. Khan 1980. Transport management Bombay: Himalaya publishing House.

frequency reductions, rather than the total elimination of selected services constitute the most common reaction of operators to a declining demand⁴⁰.

S.H. Gawhane (1998) in his article entitled “ A case on Industrial Relations and Productivity with special Reference to passenger Road Transport” has studied the public of the new depot manager and performance of Bhojpur BUS depot in GaneshPuri city, growth-oriented operation, collective bargaining by Mazdoor and Kamgar unions negotiation process and punitive actions, adoption of depot/service, public relations with local officials, promotions and transfers. He has suggested that the performance evaluation of Ganeshpuri division’s vehicle and crew utilization improved up to 287.77 kms and 202 kms respectively. He also indicated the performance of the region in terms of profit was the highest tune of Rs. 29.34 Crores in the year 1993-94⁴¹.

V.A. Kadam (1998) in his article entitled “ STU’s – Retrospect & prospects: A critical analysis (1991-92 to 1996-97)” has studied the productivity of Bus fleet staff ratio & productivity, Material cost. He found out and suggested that employee of STUs should be frankly told about the financial position of the undertaking and convince them regarding their demand for rise in salary which may result in closing down the operation of STUs and also productivity of staff, fuel, Tyre and auto spare are the key result areas for cost control⁴².

⁴⁰ Gwilliam and Machike 1975, Economics and Transport Policy London: George Allen and Unwin Ltd.

⁴¹ S.H. gawhane “ A cause on Industrial Relations and productivity with special reference to passenger road transport” Indian journal of transport Management May 1998
PP 349-365

⁴² V.A. Kadam “ STUs – Retrospect & prospects: A critical analysis (1991-92 to 1996-97)” Indian Journal of Tranport Management, Oct, 1998,PP 627-622.

J. Madev Gawda (1996) in his article entitled “ Man-power Productivity in state transport undertakings- an appraisal” has studied the trend analysis for kilometer age total cost, labour cost revenue in kilometers per employee per day and staff ratio per schedule. He has concluded that the poor performance of STUs cannot be attributed to the inefficiency of human resource alone but to the unremunerative fares, delay in the revision of fares, inadequate fare revision, increase in the prices of inputs, social cost borne by STUs etc ⁴³.

1.5 Significance of the Study

In a public service industry like bus transport, especially in public sector, a critical evaluation of personnel management, quality management and financial management in terms of effectiveness and efficiency and consequent analysis of the related problems is of much significance.

The present study may help the personnel managers of TNSTCs in approaching and solving the workers’ problems scientifically and to improve the efficiency and effectiveness of human resources, financial resources and general quality management. The study will also help in developing policies, procedures and modifying the administrative set up to reduce the unwanted expenditure in TNSTCs based on the findings of the study.

⁴³ J. Madev Gawda “ Man power productivity in state transport undertakings – an appraisal” Indian Journal of Transport Management. June 1996. PP.397-400.

1.6 Objectives of the study

Based on the Statement of the problem of the present study and the review of past related studies, the following specific objectives have been framed:

- To give a profile of TNSTC (Madurai) Ltd.
- To study the effectiveness of Human Resources Management in TNSTC (Madurai) Ltd.
- To evaluate the effectiveness of Quality of Service in Operation of TNSTC (Madurai) Ltd.
- To analyse the Financial Management Performance of TNSTC (Madurai) Ltd.

1.7 Operational Definitions

Depot:

The organisational unit of a transport undertaking is directly responsible for the operation of the bus service.

Route:

A route is a line of travel between two terminal points of a regular service in operation.

Mofussil Routes:

Mofussil routes are the Inter-district routes operated within the boundaries of the state or operated on the basis of reciprocal arrangements with neighboring states.

City Routes:

City routes mean routes operated within the corporation or municipal limits of the cities.

Trip:

Trip means a single journey from one point to another and every return journey shall be deemed to be a separate trip.

Scheduled Trips:

All trips planned as per the approved vehicle schedule are known as scheduled trips.

Scheduled kilometres:

It is a sum total of revenue earning kilometers planned and approved for all vehicle schedules.

Effective kilometers:

Kilometers actually operated by buses for the purposes of earning revenue are known as effective kilometers.

Fleet on Road:

A vehicle which performs effective kilometres is a fleet on road.

Fleet Held:

This represents the total number of vehicles held by a unit such as depot, division or undertaking at a particular point of time.

Fleet utilization:

Fleet utilization is the ratio of the number of vehicles on road to the fleet held by a unit.

Standing Orders:

Standing orders are the rules framed by TNSSTC and they deal with matters such as probation, confirmation, leave sanction, suspension, misconduct, domestic enquiry and dismissal of the employees.

Service Rules:

The service rules deal with matters which are not dealt in the standing orders.

Productivity:

Productivity refers to the total effective kilometers operated by TNSSTC during a particular period.

Vehicle Productivity:

Vehicle productivity is the effective kilometers run per vehicle held.

Manpower Productivity:

Manpower Productivity is the effective kilometers run per employee per day.

Personnel Cost:

Personnel cost is the total expenditure incurred in employing the personnel and it covers payment to employees such as wages, allowance, incentives, bonus and welfare expenditure.

1.8. Methodology:

This is a case study of TNSTC (Madurai) Ltd. based on both literature and opinion survey. The study is based on analytical approach for indepth probe into human resource management, quality management and financial management practices in TNSTC (Madurai)Ltd.. It involves the formulation of problem, making assumptions and using data to derive solution to the problem by analysis. 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. Primary data has been collected from the sample TNSTC employees and also from the sample commuters by using a structured interview schedule to each group separately.

Secondary data has been mostly collected from the records and the reports of TNSTC (Madurai) Ltd. Secondary data has also been collected from the records of trade unions, books, journals and bulletins of Institute of Road Transport, Chennai, Central Institute of Road transport, Pune, and Indian Institute of Road Transport, Mumbai. Certain unpublished thesis of Indian universities on related topics has also been consulted.

The interview schedule for the workers consisting of 45 Questions (see the annexure –A). Interview schedule of Commuters consisting of 27 questions (see the Annexure-B).

1.9. Sampling Design

The proportionate stratified random sampling technique has been used to determine the sample employees. Total numbers of employees serving as sample were 500 and this is proportionately distributed over five regions.

The samples are selected in proportion to the numerical strength of the three categories of the workers such as administration, technical and traffic. The population was confined to permanent operational workers in administration, technical and traffic departments over five regions. Supervisory, contingent, casual, contract and temporary workers are not covered. Among the total population of 20,964 (three Categories) workers as on 31-3-2006, 500 workers (2.38 %) have been selected as sample.

Random sampling technique has been used to determine the sample commuters. The commuters in Madurai Matuthavani and Dindigul bus stands during the period of 20 days in the month of May 2007, surveyed for this study to evaluate the quality of service. Total numbers of commuters serving as sample were 200.

1.10 Sampling Distribution

The detail of the samples selected for the study are given in Table 1.3

Table 1.3
Category-wise Sampling Distribution of Workers Based on 31-3-2006

Category	Total permanent workers	Sample selected	% of Sample Selected
Administration	1480	44	2.97
Technical	3448	79	2.29
Traffic	16036	377	2.35
Total	20964	500	2.38

Table 1.4
Regional wise and category wise Sampling distribution of workers

Region	Administration	Technical	Traffic	Total
Madurai	10	20	100	130
Tirunelveli	8	10	50	68
Nagarkovil	7	9	42	58
Dindigul	10	25	110	145
Virudhunagar	9	15	75	99
Total	44	79	377	500

1.11 Tools for Analysis

The data collected in quantitative terms has been organized and presented in the forms of tables, graphs and diagrams. Various statistical techniques like average, ratio and chi-square tests have been adopted for the analysis and interpretation of the quantitative data.

1.12 Period of Study

On 1st July 1997, the TNSSTC was formed by modifying the names of 21 corporations all over the state of Tamilnadu and later on 6th January 2004, the structure of TNSSTC was modified by creating new seven divisions. Madurai division was formed by integrating five corporations operated in southern regions, hence the study period commencing immediately after replacing the 21 separate names into TNSSTC. This study covers eleven years from 1997-98 to 2007-2008.

1.13 Chapter Scheme

The entire study has been divided into six chapters. They are as follows:

- The first chapter deals with the Introduction and Design of the Study.
- The Profile of TNSSTC (Madurai) Ltd. has been dealt in the second chapter.
- The third chapter deals with Effectiveness of Human Resources of Management in TNSSTC (Madurai) Ltd.
- The Quality of service in operation of TNSSTC (Madurai) Ltd. has been examined in the fourth chapter.
- The Financial Management Performance of TNSSTC (Madurai) Ltd. is analysed in fifth chapter.
- The sixth and concluding chapter is devoted for summary of findings and suggestions.