CHAPTER - V

Jammu and Kashmir State Road Transport Corporation:
A Profile
Public Sector participation in the Passenger Road Transport Services commenced with the passing of the Road Transport Corporation Act, 1950. Since then State Road Transport Undertakings (SRTU's) have been formed in every State/Union Territory having regard to:

(a) the advantages offered to the Public, trade and industry by the development of road transport;

(b) the desirability of co-ordinating any form of road transport with any other form of transport;

(c) the desirability of extending and improving the facilities for road transport in any area for providing an efficient and economical system of road transport services therein.

At present there are 71 State Road Transport Undertakings in the Country comprising 21 Corporations registered under the Road Transport Corporation Act (1950), 31 Companies registered under the Companies Act (1956), 8 Government Departmental Undertakings and 11 Municpal Undertakings (Annexure III).

The State-wise bus population, number of buses with Public Sector/State Road Transport undertakings (SRTU's) and number of buses per lakh of population is given at (Annexure-IV). A close introspection of the table reveals the extent of nationalisation in Road Transport Services indicates a declining trend on the basis of the indices of %age of buses with SRTU's. The table further reveals that Maharashtra ranks 1st in the process of nationalisation with 58.90 %age points and the State of J&K ranks 22nd with 7.67 %age points. The observation is seemingly interesting when in J&K number of buses per lakh population stand at 138.20 ranked only 4th among other states with an all Indian average of only 47.36 (Annexure-IV). With the planned intervention since their inception particularly from the sixth five year plan onwards the
SRTUs have lead the path of distinct improvement in the productivity parameters (Annexure-V). A perusal of the table reveals a positive change in almost all the productivity indicators. However, fuel efficiency and the staff productivity indices continue to be the challenge for the policy planners.

The financial position of SRTUs seems far from satisfactory as there is none as an exception. The details of the overall net losses and also the net losses per bus are indicated in the Annexure-VI. The state-wise description of profit/losses are given in Annexure-VII. Some of the causes for such a disquieting situation stands as under:

1. Delays in the revision of passenger fares and the increase, if any, not commensurate with the input cost escalation.
2. Cost push escalation in expenditure.
3. Heavy incidence of taxes and wide variation in the tax structure followed by State Governments.
5. Not allowing SRTUs to adjust fares to match their costs.
6. Outdated and inadequate workshop facilities.
7. Inapplication of State of art technology.

The Planning Commission, Govt. of India\(^{(2)}\) has underscored the following policy measures to bring about improvement in State Road Transport Services. These are:

(a) Operational efficiency and financial performance of the SRTUs must improve,

(b) The incremental demand for passenger traffic can well be met by the Private Sector. Therefore, there is no need for the Public Sector to add to their fleet of buses. However, exceptions, in specific difficult areas where Private Sector may not be willing to Operate, can be made,
(c) Budgetary support for capital requirements to meet expansion of bus fleet/services would, therefore, be confined to exceptional areas only.

(d) If a Public Sector SRTU is functioning well and generates sufficient resources for expansion of its service and fleet, without dependence on budgetary support it may do so.

(e) A mechanism should be evolved to facilitate automatic revision of passenger fare on annual/bi-annual basis to compensate for the increase in costs of inputs.

(f) The Private Sector would need to be regulated to ensure safe, efficient and reliable transport services. Also the environmental safeguards would need to be enforced to reduce pollution levels in the country.

The importance of Road Transport to the State of Jammu and Kashmir cannot be over exaggerated as it is provided with only marginal support from Indian Railways and Waterways which otherwise constitute an important modes of transport system. While Jammu Division has been brought on the Railway Map of India, Kashmir and Ladakh divisions continue its total dependence on road transport. In order to understand the importance of road transport it is important to understand the geophysical setting of the State.

The State covers an extensive geographical area of 2,22,236 sqm with the projected population of 7718700 \(^{3}\). About 78% of the population is directly dependent upon the road transport system. The state is mountainous and can be divided into six natural regions-South West plains, Pirpanchal range, valley of Kashmir, Greater Himalayas, Karakaram and Ladakh plateau situated at the extreme Western Sector of Himalayas between 32°17, and 35°5 North and 70°40 and 80°30 East is absolutely land locked bounded by Pakistan in the West, Afghanistan USSR and China in the North and Eastern Tibet and the State of Punjab and Himachal in the South. Due to its physical diversities the State has the misfortune of being without the network of railways...
except the winter capital of the State i.e, Jammu which stands already connected with the Northern railways. However, Kashmir Valley and Ladakh division and some parts of Jammu division viz Poonch, Rajouri, Doda, Baderwah and Kashtwar etc comprising 78% of the population of State can only dream of such facility in the near future. Inland water transport possibilities are also limited because Sind, Jehlum and Cheb rivers are navigable over small lengths and all these rivers flow in East-West direction and as such, have limited utility as a means of transport. Thus the road transport emerges as an essential and the sole system of mobility to the men and the material; the importance of this mode of transport is all the more pronounced because of the difficult terrain in the larger parts of the state. Apart from transportation of men and material, handling of tourist traffic, imports and exports to the state, intra-state movements of essential commodities also constitute a measure of operational activity of road transport. Besides, it provides support for movement of army and paramilitary forces as well.

Under these circumstances the State Road Transport has both economical as also social connotations. Realising the importance of aforesaid factors the state at the dawn of independence treated Road Transport as one of the priority sectors. With the closure of Kohala bridge in 1947, most of the trucks and buses owned by private transporters got held up on the other side of the border. The foremost challenge that the state of Jammu and Kashmir faced was the availability of essential commodities. The handful of private transporters did not come forward to meet the challenge. At Jammu, a couple of leading transporters, that were there, even refused to cooperate with the State’s Emergency Administration.

The Government immediately after assuming office addressed itself to the development of Road Transport. This emergency requirement thus gave birth to the first ever Government owned transport fleet on June, 1st 1948. Sheikh Abdul Majid
the then Superintendent Fire Brigade a Mechanical Engineer was appointed as a Technical Advisor to Syed Aga Muzaffar the first Transport Controller. A handful of persons were drawn virtually from the roadside both at Jammu and Srinagar to form a management to operate the 50 trucks it acquired from General Motor Corporation, Bombay alongwith some accessories left by the American Company before closing its establishment after Independence. There is much to the credit of this first Public Sector Undertaking of Jammu and Kashmir and it can look back with a sense of genuine achievement, whether it is the economic development of various regions, social obligations or breaking isolation of Ladakh in late fifties of the current century.

Thus in order to meet the requirements of operational flexibility a full fledged Transport Department came into being on 1st June 1948. Over a period of time the Transport Department underwent major changes to accommodate increasing demands of the people of the state and in October, 1965 it was given a status of Government undertaking. In view of the fact that transport services as an important nerve center in the socio-economic development of the State, the State Government announced its Transport Policy in 1976. The broad objectives of the policy were to provide adequate, efficient and economical transport system in the state at reasonable rates and to provide uninterrupted, quick and prompt transportation of goods to various places. Accordingly, the State Government came out with a definite approach to re-organise the transport industry in the state which was heither-to organised on adhoc basis.

As a result of this policy, the Government started nationalising the transport services in the State in a phased manner, passenger services on inter-state routes, Jammu-Srinagar-Jammu-Pathankot and Srinagar-Leh, city operations in Jammu and partial city operations in the valley were nationalised in 1976. Subsequently, two other routes were added to nationalized routes viz. Srinagar-Katra and Pathankot-katra. In order to ensure that the private owners/operators are not displaced, they were granted
alternative district routes. However, in Ladakh district private operators were allowed to continue inorder to encourage local people to come forward to utilize the facility. For this purpose inorder to pump in more funds into the development of this sector it was eventually realised that it needs to be given full autonomous character wherein, apart from state, the Central Government should also participate. Accordingly, The Government Transport Undertaking (GTU) was converted into the State Road Transport Corporation (SRTC) from September, 1976 under Road Transport Corporation Act, 1950 with the following objectives:-

a) To bring about a uniformity of fares,
b) To provide cheap and efficient transport services to the public,
c) To provide adequate services on remote and un-economic routes,
d) To offer better service conditions to staff,
e) To bring about better co-ordination and control of transport facilities in the state.

With these objectives in view the Government of Jammu and Kashmir approached the Central Government. As a result of this the Ministry of Shipping and Transport, Government of India, New Delhi vide notification dated 31st March, 1976, appointed first day of April 1976 as the date on which the Road Transport Corporation Act, 1950 shall be deemed to have come into force in the State of Jammu and Kashmir. Accordingly the J&K Government issued a notification on 14-7-1976, whereby the Jammu and Kashmir Road Transport Corporation was setup for the whole of the State, by taking over the existing Jammu and Kashmir Government Transport undertaking(4). As such all the movable and immovable assets of the erstwhile G.T.U. were transferred to SRTC with effect from 1st September, 1976. (The details of the assets of the undertaking transferred to SRTC is given in table 5.1).
Table 5.1

<table>
<thead>
<tr>
<th>Assets</th>
<th>Rupees in Lacs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building</td>
<td>77.48</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>4.24</td>
</tr>
<tr>
<td>Stores and Spares</td>
<td>34.43</td>
</tr>
<tr>
<td>Vehicles</td>
<td>328.07</td>
</tr>
<tr>
<td>Tools and Plants</td>
<td>0.37</td>
</tr>
<tr>
<td>Oil and Lubricants</td>
<td>7.36</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>0.70</td>
</tr>
<tr>
<td>Cash Balance</td>
<td>1.42</td>
</tr>
<tr>
<td>Other Assets</td>
<td>2.96</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>457.39</strong></td>
</tr>
<tr>
<td>Less on account of change in stock position of Stores and Spares</td>
<td>2.56</td>
</tr>
<tr>
<td><strong>Net Transfer</strong></td>
<td><strong>454.83</strong></td>
</tr>
</tbody>
</table>

Source: Official Record of State Road Transport Corporation J&K Government.

Structural Arrangements :-

The Members of the Corporation are appointed by the Government under section 5 of the Road Transport Act, 1950. According to the Bye laws of the Corporation, the Corporation is governed by Board of Directors, headed by Chairman, who is the Minister for transport with its Vice-Chairman the Minister of State for Transport. The rest of composition of Board of Directors of the J&K State Road Transport Corporation is given below:-
01. Commissioner/Secretary, Govt. of J&K, Finance Department.
02. Commissioner/Secretary, Govt. of J&K, Planning and Development.
03. Commissioner/Secretary, Govt. of J&K, Transport Department.
04. Transport Commissioner, J&K Govt.
05. Managing Director SRTC.
   i) Executive Director, Association of State Road Transport Undertaking (ASTRU).
   ii) Financial Advisor/Chief Accounts Officer, Northern Railways or his nominee.
   iii) General Manager Northern Railways or his nominee.

The Chief Executive of the corporation is the Managing Director who is appointed by the Govt. and nominated by Chairman Board of Directors. By virtue of his appointment as Managing Director he is the pivotal man in the Board of Directors to whom it is answerable. The overall control and supervision regarding operations, Administration and maintenance vests in the Managing Director. He is responsible for the functioning of all the wings and is specifically responsible for the following:

   a) Policies and long and medium term planning and operational strategies of the corporation in accordance with the directions given from time to time by the Board,

   b) Carryout all the statutory functions required of the Managing Director,

   c) Lay down the general policies, targets and guidelines regarding maintenance, operations and administration and

   d) Co-ordinate and review the overall performance of the Corporation.
To manage the affairs of the corporation efficiently and effectively, the Board of Directors have created some senior posts to assist the Managing Director. The posts are reflected in the organisational chart portrayed at Annexure-VIII.

One of the parameters for the disquieting situation in the organisation has been the dynamics of the labour absorption. In 1948 the total number of persons employed stood at 713 which in mid sixties reached 3627 giving a percentage increase of 408.82 points. By the time the State Government decided to transform it into a fullfledged corporation, the persons employed had increased to 4876 giving a percentage increase of 34.43 points. As on 1996-97 it is estimated at 5712 giving a percentage increase of 17.14 points. The dynamics of the labour absorption in the Corporation therefore suggests that a phenomenon increase during the time the corporation was still in its infancy working as a Government Department. During the phase of its being as an undertaking, the trend had started adjusting itself and during the current phase continues the processes of correction. It can also be inferred that the Corporation was in fact born with a huge liability of its manpower.

The trend analysis of the persons employed from 1983-84 to 1996-97 is reflected in fig.5.1. Which portrays a declining trend of 19.40 per annum with a percentage decline of 0.319 points (refer table 5.2). This is one of the positive developments in the policy decisions adopted by the management of the Corporation. This trend if allowed to perpetuate and accelerate shall go a long way in slashing down the recurring expenditure and as such, shall transform the basic texture of the Corporation.
Figure 5.1
TOTAL PERSONS EMPLOYED IN JKSRTC
1983-84 TO 1996-97
Trend Line

[y=6123.357-19.440x]
Table 5.2

Linear and Log Linear Description of Persons employed, Passengers carried, Good carried and Routes Operated (1983-84 to 1996-97).

<table>
<thead>
<tr>
<th>Item</th>
<th>Linear Function</th>
<th>Log Linear Function</th>
<th>Growth rate percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a</td>
<td>b</td>
<td>a</td>
</tr>
<tr>
<td>Persons employed</td>
<td>6123.357</td>
<td>-19.440</td>
<td>6109.420</td>
</tr>
<tr>
<td>Passengers carried</td>
<td>145.701</td>
<td>-8.421</td>
<td>122.522</td>
</tr>
<tr>
<td>Goods carried</td>
<td>43.128</td>
<td>0.422</td>
<td>42.545</td>
</tr>
<tr>
<td>Routes Operated</td>
<td>280.142</td>
<td>2.147</td>
<td>278.978</td>
</tr>
</tbody>
</table>
In terms of section 23 (1) of the Road Transport Corporation Act, 1950 the State Government contributed Rs. 454.84 lacks towards the initial capital of the Corporation. Again in terms of the section referred to above the State and the central Government has consented to provide capital to the corporation in the ratio of 67:33. The description of the financial assistance from the center and state Governments is given annexure-IX.

A perusal of the financial assistance reveals that the State Government’s budgetary support has been increasing over the period of years amounting to Rs. 11403.50 lacks as on 31st March 1998. The support is in the shape of non-plan assistance at 10% interest rate per annum. However, the corporation has neither repaid any part of the principle amount nor the interest. Besides the capital loan from the state Government, stands at Rs. 7854.75 lacks in aggregate terms. As far as the total loan capital from the Central Government is concerned the amount stands at 1114.30 lacks upto 1986-87 with an additional amount of Rs. 10.00 lacks as interest free loan. In view of the decision taken by the Central Government of not participating in the capital of any corporation making losses, the Central Government has discontinued the provision of capital component from the year 1986-87. Consequently the State Government and Industrial Development Bank of India (IDBI) remain the only source for funding the capital investment requirements of the corporation.

The Central Government’s decision has however, adversely affected the corporation as it has not been possible for it to meet the full capital requirement even for the replacement of aged fleet. As a result the fleet strength has depleted significantly from 1643 in 1986-87 to 1341 in 1996-97 (Refer Annexure X)

A perusal of the Annexure-X reveals a decline in the fleet strength collectively as well as severally—the causes already illucidated. The trend analysis is depicted in figures 5.2, 5.3, 5.4 & 5.5. As regards the %age decline the estimate stands at -0.212,
Figure 5.2
TOTAL FLEET STRENGTH IN SRTC
1983-84 TO 1996-97.

[Y=1536.285-1.364X]
Figure 5.3
BUS STRENGTH IN SRTC
1983-84 to 1996-97

[y=877.857+1.865x]
Figure 5.4
TRUCK FLEET IN SRTC 1983-84 TO 1996-97

\[ y = 612.857 + 6.015x \]
Figure 5.5
OTHER VEHICLES IN SRTC
1983-84 TO 1996-97

[Y=37.142+0.232x]
Table 5.3
Linear and Log Linear Description of Fleet in SRTC
(1983-84 to 1996-97)

<table>
<thead>
<tr>
<th>Item</th>
<th>Linear Function</th>
<th>Log Linear Function</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a</td>
<td>b</td>
</tr>
<tr>
<td>Bus Fleet</td>
<td>877.857</td>
<td>-1.865</td>
</tr>
<tr>
<td>Truck Fleet</td>
<td>612.857</td>
<td>-0.015</td>
</tr>
<tr>
<td>Other Vehicles</td>
<td>37.142</td>
<td>-0.232</td>
</tr>
<tr>
<td>Total Fleet Strength</td>
<td>1536.285</td>
<td>-1.364</td>
</tr>
</tbody>
</table>
-0.042, -19.126 and -0.091 respectively for buses, trucks other vehicles and the total fleet strength from 1983-84 to 1996-97 (Refer table 5.3). One of the important dimensions of the fleet strength in the corporation is their age profile as shown in table 5.4.

**Table 5.4**

<table>
<thead>
<tr>
<th>Period of acquisition</th>
<th>Buses</th>
<th>Trucks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-75</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>1976-80</td>
<td>75</td>
<td>44</td>
<td>119</td>
</tr>
<tr>
<td>1981-85</td>
<td>198</td>
<td>333</td>
<td>531</td>
</tr>
<tr>
<td>1986-90</td>
<td>144</td>
<td>60</td>
<td>204</td>
</tr>
<tr>
<td>1991-95</td>
<td>95</td>
<td>115</td>
<td>210</td>
</tr>
<tr>
<td>1995-97</td>
<td>146</td>
<td>30</td>
<td>176</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>660</td>
<td>584</td>
<td>1344</td>
</tr>
</tbody>
</table>


Out of the above fleet 168 vehicles (127 buses 41 trucks) have been earmarked for immediate scrapping, reducing the effective strength to 1176 only. The aging of all the fleet strength is a continuous process and a vivid challenge for the existence of the corporation particularly in view of stoppage of capital flow from the Central Government. The corporation presently has 62.54 percent fleet declared as overaged in a recent report prepared by the management(7). Besides, with the expansion of private sector operations the market share of the corporation has significantly declined.
from 22% to 7.67% during the last decade. Again the average operated fleet also indicates a decleration as is portrayed from the following table 5.5.

**Table 5.5**

Average Operated Fleet of SRTC

<table>
<thead>
<tr>
<th>Year</th>
<th>Buses</th>
<th>Trucks</th>
<th>Buses</th>
<th>Trucks</th>
<th>Buses</th>
<th>Trucks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>519</td>
<td>440</td>
<td>249</td>
<td>365</td>
<td>48</td>
<td>83</td>
</tr>
<tr>
<td>1991-92</td>
<td>539</td>
<td>539</td>
<td>265</td>
<td>348</td>
<td>49</td>
<td>65</td>
</tr>
<tr>
<td>1992-93</td>
<td>540</td>
<td>539</td>
<td>287</td>
<td>319</td>
<td>53</td>
<td>59</td>
</tr>
<tr>
<td>1993-94</td>
<td>540</td>
<td>539</td>
<td>242</td>
<td>288</td>
<td>45</td>
<td>53</td>
</tr>
<tr>
<td>1994-95</td>
<td>614</td>
<td>554</td>
<td>292</td>
<td>314</td>
<td>47</td>
<td>57</td>
</tr>
<tr>
<td>1995-96</td>
<td>737</td>
<td>574</td>
<td>339</td>
<td>327</td>
<td>46</td>
<td>57</td>
</tr>
<tr>
<td>1996-97</td>
<td>760</td>
<td>584</td>
<td>360</td>
<td>356</td>
<td>47</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: Godbole Committee Report Chapter J&K SRTC p.p. 251

In view of the afore-said trends the comparative efficiency parameters are projected in table 5.6, which reflects the comparative levels of inefficiency of SRTC in comparison to the National averages on all the efficiency parameters.
Table 5.6
Comparative Efficiency Parameters (1994-95)

<table>
<thead>
<tr>
<th></th>
<th>National Average</th>
<th>J&amp;K SRTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Fleet Utilization</td>
<td>88.20</td>
<td>45.08</td>
</tr>
<tr>
<td>b) Vehicle Productivity (Kms)</td>
<td>271.02</td>
<td>49.04</td>
</tr>
<tr>
<td>c) Bus Staff Ratio</td>
<td>7.90</td>
<td>9.66</td>
</tr>
<tr>
<td>d) Staff Productivity per worker per day (Km)</td>
<td>38.68</td>
<td>11.5</td>
</tr>
<tr>
<td>e) Fuel efficiency (Km)</td>
<td>4.49</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Source:- Godbole Committee Report (p.p. 251)

As far as the IDBI is concerned, they have their own limitations to invest in the loss making corporations. Nevertheless, the description of the loans and repayment at 21% interest raised from IDBI during 1976-77 to 1996-97 is given in annexure XI.

Recently the J & K Bank has also been approached to fill the gap in capital requirements and have received 160 lacks as cash credit at the interest rate of 18% and term loan of Rs 762 lacks at the interest rate of 17.25% during 1997-98. Inspite of these adhoc arrangements the corporation demands an overhaul on all the major fronts.

Operational Performance:

To study the operational performance of the corporation, three variables have been studied viz., routes operated, passengers carried and goods carried.

So far as the routes operated are concerned, the trend analysis shows a marginal increase of 2.14 points (Figure 5.6) with a percentage increase of 0.803 points from 1983-84 to 1996-97 (Refer Table 5.2).
Figure 5.6
TOTAL ROUTES OPERATED BY SRTC
1983-84 TO 1996-97

$[Y = 280.142 + 2.145X]$
Regarding the second variable the corporation yet again portrays a dismal performance when the trend line declines at 8.421 points (Figure 5.7) per annum with the log linear decline of -6.216 percent (Refer table 5.2).

Similarly the ultimate variable shows a positive linear growth of 0.422 points (Figure 5.8) with a percentage increase of 1.075 points. The aforesaid trends in the variables under study further highlights the mismanagement for the mismatch between the increase in routes operated and the decline in the passengers carried. The extension of the routes had probably taken place not keeping in view the economics of scale. Besides, the decline in the passengers carried has more than offset the increase in good carried resulting in no tangible financial gain to the corporation.

Financial Performance:

The description of the total earnings of Jammu & Kashmir State Road Transport Corporation from 1983-84 to 1996-97 are reflected in Annexure XII. The contribution of the earnings from passengers, cargo and non-operational to the total earnings have almost remained constant over the period of time and stand at 58.93%, 34.42% and 6.64% respectively during 1996-97. The total earnings during 1996-97 are estimated at Rs. 2586.96 lacks which have increased at the linear rate of 30.45 lack per annum (refer figure 5.9) with the annual growth rate of 1.65% during the period under reference. (Refer table 5.7).

The description of the contributions to the total earnings from passenger service, cargo and other non-operational are portrayed in figure 5.10, 5.11 and 5.12 showing the annual growth rate of 1.51, 1.70 and 2.80 percentage points respectively. (Refer table 5.7).
Figure 5.7
TOTAL PASSENGERS CARRIED BY SRTC
1983-84 TO 1996-97

\[ Y = 145.701 + 8.421X \]
Figure 5.9
TOTAL EARNINGS

\[ Y = 1854.12 + 230.46X \]
Figure 5.12
INCOME ON NON-OPERATIONS IN SRTC
1983-84 to 1996-97

\[ y = 80.2174 + 3.351x \]
<table>
<thead>
<tr>
<th>Item</th>
<th>Linear Function</th>
<th>Log linear Function</th>
<th>Growth rate percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$a$ (In Lacs)</td>
<td>$b$ (In Lacs)</td>
<td>$a$</td>
</tr>
<tr>
<td>Income from Passengers Service</td>
<td>1060.955</td>
<td>16.210</td>
<td>1025.82</td>
</tr>
<tr>
<td>Income from Cargo</td>
<td>714.45</td>
<td>11.657</td>
<td>698.577</td>
</tr>
<tr>
<td>Earning from non-operational</td>
<td>80.217</td>
<td>3.351</td>
<td>61.074</td>
</tr>
<tr>
<td>Total Earning</td>
<td>1854.122</td>
<td>30.465</td>
<td>1804.204</td>
</tr>
</tbody>
</table>
The year-wise expenditure statement of all the operating and non-operative costs has been placed at annexure-XIII. A pursal of the annexure reveals that the operating and non-operating costs have remained constant in aggregate over the period under reference. However, there has been a significant dynamics within these broad cost descriptions. The personal costs which constituted 23.73% in 1983-84 has increased to 49.25% in 1996-97 with a leniar growth of 86.716 lacks per annum (see figure 5.13) giving the percentage growth of 7.90% (Refer table 5.8).

It is pertinent to mention here that although the number of personnel engaged in the corporation has shown a negative trend yet the increase in expenditure on personnel is primarily due to the increase in wage rates/salary rates to its personnel.

The other components of the operating costs viz., Fuel/diesel/mobil was 24.06% of the total costs in 1983-84 which has reduced to only 11.55% in 1996-97. The trend analysis however, potrays a marginal increase of 2.40 lacks per annum (figure 5.14) with a percentage growth of 0.40% only. (Refer table 5.8).

The figures referred to above also indicate the non-operation of the available fleet with the corporation. Similarly the materials and supplies including tyres and tubes portrays a negative trend of 0.523 lacks (Refer Figure 5.15) with a percentage decline of 0.113 points during the period under reference (Refer table 5.8). This also supplements the conclusion drawn above.

Regarding non-operating costs the provision of interest and provision for depreciation has increased (Figure 5.16 & 5.17), when taxes and other expenses show a marginal decline (Figure 5.18 & 5.19). The growth rates stand at 9.68% and 1.215% for the former and -0.201 and -0.319 for the latter (Refer table 5.8). The total expenditure as in 1996-97 has risen to 6063.65 lacks showing a leniar increase of 147.536 lacks per annum (Figure 5.20) with a growth rate of 4.427%. Comparison of the total financial short fall potrays an alarming situation as the short fall (earnings-
Figure 5.14
EXPENDITURE ON DIESEL
1983-84 to 1996-97

Y = 510.629 + 2.407X
Figure 5.15
MATERIAL AND SUPPLIES
1983-84 to 1996-97

\[ y = 37.982 + 0.523x \]
Figure 5.16
PROVISION FOR INTEREST IN SRTC
1983-84 TO 1996-97

[y = 513.014 + 42.828x]
PROVISION FOR DEPRECIATION IN SRTC 1983-84 TO 1996-97
Table 5.8
Linear and Log-Linear Description of Expenditure in SRTC
(1983-84 to 1996-97)

<table>
<thead>
<tr>
<th>Item</th>
<th>Linear Function</th>
<th></th>
<th>Log linear Function</th>
<th></th>
<th>Growth rate percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a (In Lacs)</td>
<td>b (In Lacs)</td>
<td>a</td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>Personal cost</td>
<td>1467.70</td>
<td>86.716</td>
<td>1227.035</td>
<td>1.079</td>
<td>+ 7.9</td>
</tr>
<tr>
<td>Diesel</td>
<td>540.829</td>
<td>2.407</td>
<td>530.236</td>
<td>1.004</td>
<td>+ 0.4</td>
</tr>
<tr>
<td>Material and Supplies</td>
<td>379.982</td>
<td>-0.523</td>
<td>374.973</td>
<td>0.993</td>
<td>- 0.113</td>
</tr>
<tr>
<td>Licences and Taxes</td>
<td>55.391</td>
<td>0.255</td>
<td>40.973</td>
<td>0.997</td>
<td>- 0.201</td>
</tr>
<tr>
<td>Provision for Interest</td>
<td>513.014</td>
<td>42.828</td>
<td>392.709</td>
<td>1.096</td>
<td>+ 9.683</td>
</tr>
<tr>
<td>Provision for Depreciation</td>
<td>299.117</td>
<td>4.319</td>
<td>290.402</td>
<td>1.012</td>
<td>+ 1.215</td>
</tr>
<tr>
<td>Other Expenditure</td>
<td>209.425</td>
<td>-0.840</td>
<td>203.068</td>
<td>0.996</td>
<td>- 0.319</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>3465.604</td>
<td>147.536</td>
<td>3246.598</td>
<td>1.044</td>
<td>+ 4.427</td>
</tr>
</tbody>
</table>
expenditure) amounts to Rupees 3476.69 lacks as on 1996-97. The State Government by the end of 1995-96 had made a total investment of Rs. 59.26 crores and continues to provide a budgatory support mounting from year-to year. The cumulative losses, ending the year 1993-94 in respect of which accounts have been finalized have been estimated at Rs. 137.74 crores. The annual losses suffered by the corporation during the last decade are as follows:—

Table 5.9
Losses of JKSRTC

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Losses</th>
<th>Commercial Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>140.99</td>
<td>821.43</td>
</tr>
<tr>
<td>1989-90</td>
<td>451.00</td>
<td>1296.96</td>
</tr>
<tr>
<td>1990-91</td>
<td>866.00</td>
<td>1577.50</td>
</tr>
<tr>
<td>1991-92</td>
<td>987.00</td>
<td>1810.00</td>
</tr>
<tr>
<td>1992-93</td>
<td>1140.18</td>
<td>2467.75</td>
</tr>
<tr>
<td>1993-94</td>
<td>1410.98</td>
<td>2523.01</td>
</tr>
<tr>
<td>1994-95</td>
<td>1574.32</td>
<td>2428.19</td>
</tr>
<tr>
<td>1995-96</td>
<td>1734.32</td>
<td>3130.43</td>
</tr>
<tr>
<td>1996-97</td>
<td>1741.85</td>
<td>3540.37</td>
</tr>
</tbody>
</table>

Sources:- Godbole committee report P.P. 249

The cash and commercial losses are potrayed in figure 5.21 and 5.22 and the breakeven point. Figure 5.23.
Figure 5.21
CASH LOSSES IN J&K SRTC (In Lakhs)
1988-89 to 1994-95
Figure 5.22
COMMERCIAL LOSSES IN SRTC (In Lakhs)
1988-89 to 1994-95
Figure 5.23  
BREAK EVEN POINT OF INCOME & EXPENDITURE
As shown in the figure 5.23, any assumption that the corporation will reach a break-even point in foreseeable future seems to be unrealistic. Some experts\(^{(9)}\) have opined that every effort to bring about improvements is likely to be overtaken by increase in the wage bill, most of which is unproductive. The objective underlying the existence of transport market is equally difficult to accomplish because, with the very insignificant market share it holds (about 7\%) it is not able to influence the operators in the private sector in terms of either frequency of services or fares.

The significant causes for the present state of the corporation have been listed as under:

(1) **Lack of adequate finances:**

Finance being the kingpin of a business enterprise particularly in the money oriented economy of today has been one of the prime factors responsible for the present health of the corporation. The stoppage of capital investment from the central government, has been one of the reasons for very poor fleet maintenance and upkeep. Besides, the funds earmarked for the corporation in the state development plan have not, by and large, been made available to it as and when required, resulting in heavy time and cost overruns. Financial institutions too have been averse to make investment in such a loss making corporation.

(2) **Short fall in Revenue:**

The revenue of the corporation has been showing a marginal increase of 1.65\% when the expenditure is increasing at an alarming rate of 4.42\%. Consequent to the aforesaid trends the corporation is subjected to continuous losses ad-infinitum. Some of the contributing factors for the revenue short fall are as follows:

(a) *Operation of un-economic routes as per the policy of the state government.*

(b) *Shortage of buses.*
(c) Increase in the prices of diesel and spare parts, chassis and body fabrication.

(d) Stiff competition from the private operators on almost all the routes operated by the corporation.

(e) Leakages on account of non issuance and non collection of tickets.

(f) Late placement of vehicles.

(g) Unsatisfactory condition of buses/trucks.

(h) Missed scheduled trips etc.

In aggregate most of these reasons can be attributed to administrative inefficiency and ineffective management which can inter-alia be corrected while injecting the management ethics in the corporation.

(3) Overstaffing:

The idle manpower is one of the main problems with the corporation. The bus staff ratio in J&K SRTC stands at 11.41 as against the national average of 7.95 during 1993-94 ranking 22nd with the All India level. The details at the national level are depicted in annexure XIV.

Although there is a clear downward trend in the number of employed staff with a growth rate -0.319 percent, yet the corporation has to go a long way in reducing the bus staff ratio, which however, seems difficult under the given liquidity crunch particularly the stoppage of capital requirements from the central government. The over staffing has a bearing also on the staff cost (per worker per day) and the staff productivity (revenue earnings kms per worker per day) the details of which are annexed at annexure XV & XVI.
Consequent upon the overstaffing in the corporation a number of workers unions have come into existance undoing the objectives underlying healthy trade unionism. Their activities are self defeating culminating in indicipline, reduced productivity and loss of man-days. Not infrequently these unions are reported to be thriving on the basis of political patronage\(^{(10)}\).

The other significant causes of its bad performance are placed as under:

(a) Long periods of detension caused by inadequate inventories and poor workshop facilities.

(b) Uneconomical routes operated by the corporation under various social and other compulsions.

(c) Uneconomical fare structure laid down by the government for the corporation to meet social obligations.

(d) Lack of operational flexibility with the management to run the affiars of the corporation on commercial lines.

(e) Lack of training facilities.

(f) Lack of public confidence and absence of workers participation in management.

In the present scenario, turning around of the corporation will require a massive effort involving substantial invesments. However, there seems little possibility of adequate resources becoming available to boost up the corporation financially, organisationally and operationally. The recent expert group committee under the chairmanship of Professor Godbole has recommended the following alternatives regarding the said corporation:

(a) Total closure of the corporation.

b) Privatization.
(c) Partial closure; and
(d) Management through employees-co-operatives.

After the expert group committee recommendations the JK SRTC management has strongly rejected the aforesaid options. Some of the recommendations thought of to reduce the increase of losses in the corporation stand as under:-

(a) Introducing scheme for VRS;
(b) Protect Nationalization of routes for the corporation;
(c) Bi-annual automatic fare/freight revision;
(d) Enforcement of time table for inter-district bus services or permit SRTC to operate from separate bus stand independent of the joint time table system;
(e) Speed up replacement of aged vehicles.
(f) Authorising JK SRTC to charge interest on delayed payments from government departments, and
(g) Commercial exploitation of immovable assets (Land etc) of the corporation and creation of way side facilities on the highways thereby increasing avenues and opportunities for enhanced earnings.

The arguments and counter arguments are expected to continue about the closure/continuation of the corporation. However, the fact remains that the organisation continues to be in red unless drastic measures are taken to overhaul the organisation in either direction. Besides the present state of affairs is expected to continue with all negative socio-psychological ramifications over its employees working at different achelons of its management.
REFERENCES:

01. Road Transport Corporation Act, 1950.

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