CHAPTER VIII
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction:

The history of motor vehicle transport in Marathwada may be traced back to Nizam Regime. It seems from the Nizam office record that in the early development of Motor Transport in the Marathwada region, under the monopoly rights. The rights were granted by the Nizam authorities to individuals to ply vehicles and they, as virtue of this, used to occupy the monopoly status in operating vehicles on particular routes. Such sole authorization of operations of vehicles in particular area was not free from undue exploitation of passengers. Operators usually indulged in malpractices while facilitating services to the people. The right of monopoly had its own demerits making vehicle journey hazardous and uncomfortable. The scheduled bus timings were not followed and passengers were completely at the mercy of the drives and conductors. The condition of motor vehicles was not good because owners cared little for the comforts of passengers. The Nizam office had some enactment pertaining to motor transport operations, but these enactments were confined only to the issue of permits and taxation. They had almost nothing to do with general condition of vehicles and the comforts and the convenience of passengers.

The prospects of high profits in motor transport business fascinated new entrepreneurs to this business, and subsequently a large number of operators entered in the business of transport of passengers. On account of the large number of operators in the business, there emerged a cut-throat competition in favor of buyers and fares were reduced to
substantial level. Small entrepreneurs in the industry, who had no knowledge of the financial implications of the cut-throat competition, worsened the business further, causing much embarrassment to the public. The vehicles did not run to time and safety measures were ignored or disregarded.

A significant development in the transfer of passengers business has been taken place soon after the nationalization of passenger services in 1950. After that there was gradual take over of the routes by the State Transport Undertaking, displacing private operators. Some of these displaced operators had taken recourse to business of transporting passengers in and around the major cities of Marathwada with the help of taxi cabs. Prior to 1950, the number of taxies in Marathwada was small, not more than 300. After 1950, the number of taxies, most of them was as old as more than ten to fifteen years in the business has increased gradually.

A well nit transport system is a since -qua -non for all round and sound development of city. It combines different components and different sectors of the city and affects the economy at all points of development. It is the basic ground on which the edifice of urban development is erected. It is hard to expect anything in absence of a well organized transport system. The city development is so much affected by the transport system that a well developed transport system has become a symbol of civilization. The more the developed transport system, the more developed and civilized a city is. It is self evident or axiomatic that the city development requires an adequate and effective transport services.
In the surface transport system both for movement of passengers and goods, auto rickshaw transport is of crucial importance. Next to city bus, auto rickshaw transport plays a key role in the city's transport system. There is a wide variety of mechanized and non-mechanized vehicles in the city for road traffic which provides some choice to people to travel and transport goods according to their requirements and paying capacity. These vehicles include hand-driven and animal-drawn carts, bicycles and bicycle rickshaw, horse carriages, tonges, and different power driven two and three wheelers, like scooters, rickshaw, motor cycles, auto-rickshaws, mopeds, motor cars, buses, minibuses, trucks, tempos, trams, trolley buses, and articulated vehicles. The auto-rickshaw transport efficiency depends on a good road system, in addition to quality vehicles, adequate repair cover and supply of fuel. In view of the characteristics of easy availability and flexibility of operation, adaptability to individual needs, door-to-door service and reliability, auto rickshaw is ideally suitable for short and medium distances, except for bulk movement of goods and mass transit of passengers. Auto - rickshaw transport is also the main mechanized means of transport in congested urban areas and also in rural areas not served by motor or rail transport. Further, auto rickshaw transport provides one of the basic infrastructures for economic development of city and serves as a feeder service to rail traffic, city bus, ports, harbors, State Transport Terminal i.e. S.T. Stand

Significance of study:-

The development of villages into towns, towns into cities and cities into metropolitans has led to augment the demand for the urban passengers transport, and new modes of mechanized transport. This gives a birth to the system of mass scale public transport, mostly operated
by the publicly controlled organization. Though this system has reasonable cost advantage distributable on number of users, it sometimes entails inconveniences to the users. This inadequacy is met by the Auto-Rickshaw Passenger Transport (APT) & Auto-Rickshaw Goods Transports (AGT). The APT & AGT business provides two fold satisfactions to user i.e.

i. Firstly it provides expediency in the respect of privacy, mobility through narrow roads and time perception.

ii. Secondly, it has competitive cost advantage as against the mass scale public and goods transport under the circumstances when the vehicles are fully occupied by the users/passengers along with the luggage or goods.

As against the mass scale public goods transport, the APT & AGT business has much utility. The Indian cities would need unimaginable amount of investment for converting their narrow roads into wide enough sizes to carry heavy public passenger vehicles. However, if the government makes a small fraction of the above investment in the development of APT & AGT business, it would be benefiting to the old portion of cities having narrow roads (Kashi, Jaypur, Beed, Aurangabad etc.) on which the Auto-rickshaw and passenger vehicles are being operated. Looking the importance of the auto-rickshaw vehicle in urban passengers & Goods transportation, it has thought worth to study the APT & AGT business carried at important capital places of Marathwada i.e., Aurangabad, Nanded, Hingoli and Parbhan for studying this business under varying conditions. Thus, Aurangabad is chosen specially for estimating cost profitability of the business, since the auto rickshaws are being operated in this city under competing environment and by adhering
to prescribed fares. Moreover, this business in the city is more than two
decade old giving much information. In the rest of the cities, the trade,
commerce, industry and Socio-economic activities are not as brisk as in
Aurangabad and, hence they offer operator the cost -Volume -
profitability on the lower scale, not adhering to the prescribed fare rates of
RTO. The study has main concern to investigate cost/profitability of
business under varying conditions and find out how far the operators,
owners and passengers are satisfied.

Auto Rickshaw Transport plays an important part in the price
mechanism also, i.e. through the price equalization and stabilization.
When a large number of passengers are to be moved during festivals, it is
difficult to move in the absence of auto rickshaw transport facilities; and
this would cause a great rise in transport price. If an adequate auto
rickshaw transport facility exists, the passengers would necessarily be
transported as required areas. This would enable the local market to
maintain steady prices, and prevent the price spiral of the deficit area
from shooting up. If prices are stabilized, the producers are happy as they
are assured of getting fixed and reasonable rates throughout the year.
Thus, auto rickshaw transport helps in establishing and maintaining
interrelated prices of commodities for the benefit of both producer and
consumers. Looking to significant dimension of Auto rickshaw passengers
and goods transport it is decided to study this business by keeping in
sight the following objectives.

Objectives of Study:-

1. Review briefly the development Motor Transport with special
   reference to Auto-Rickshaw passengers & Goods Transport
   Business and the factor causing demand for the same.

3. Examining legal framework for development and utility of APT/AGT business

4. Investigating the operational aspects of Auto-Rickshaw passengers and Goods Transport Business and users' satisfaction.

5. Suggest remedial measures for the development of Auto-Rickshaw Passenger & Good Transport Business.

Reference Period:-

The reference period for study was kept different for different purposes as below:

(i) While collecting the information on the development of passengers transport, the reference period was for five years preceding to the year 2006

(ii) The data on receipts and costs of the APT/AGT business were collected for the year 2006 or 12 months preceding to September, 2006 when the interviews of the vehicle operators/passengers were conducted.

(iii) In order to know the effects of inflation or price rise of input in APT/AGT business the data on Investment, cost, revenue, profit and scale of operation was collected for 2001-02 and 2005-06. During both of these periods, the month of September and 12 months preceding to that, were taken as reference period for data collection.
Geographical area

The physical or geographical area of the study, for the purpose of micro observation was confined to Marathwada with special reference to the Aurangabad, Nanded, and Parbhani and Hingoli cities.

Research Methodology:

The research methodology of study is both exploratory and descriptive. The Exploratory Study consists of (a) Survey of Literature and (b) experience survey while the Descriptive Study consists of non probability sampling based on judgment selection. The same is of varying nature for different purposes as mentioned below:-

a) Survey of Operators of Passengers Auto-rickshaws
Since there was no listing of operators available readily and if available there would be numerous difficulties in contacting these operators. Hence the 50 operators (with their vehicles) from each of the cities were selected from the queues of their waiting for passengers at ST Stand. This selection was made through judgment - cum -purposive non probability sampling method.

b) Survey of Operators of Goods Auto-rickshaws
These operators fifty in number from each selected city were selected when they were waiting for customers, mostly at market yard or at Grain bazaar

c) Survey of passengers auto-rickshaws
Experience survey based on judgment sample selection was conducted during different period of the day /night to know the passengers scale of satisfaction or complaints or suggestions
Limitations of study

The study has the following limitations:

i) The study is confined to only selected cities and operators of vehicles and passengers selected by using the non-probability sampling methods and can only be made applicable where the similar environment exists.

ii) The operators of the vehicle do not have any written data about cost and receipts.

iii) The information so collected is either based on operators' experiences or experiences of experts having concern to business under question.

iv) The time and finance available with the researcher are limited.

Hypothesis:

(a) Pricing dynamics and conceptualities inherited in them are knowingly or unknowingly observed by the transport operators.

(b) Passengers and Goods Transport business is useful and economical to users.

(c) Government and legal framework increases the utility of public passenger transport and simultaneously safeguard the interest of users and operators.

(d) Cost, Profitability, Investment and Operational Aspects of Auto rickshaw Passengers and Goods Transport Business are in favor of transportation and city development.

(e) Users have no or little grievances against the transporter operators.
CHAPTER WISE GIST

Chapter I
Introductory Profile of thesis and Research Methodology

The chapter consists of introduction, objectives, hypothesis, research methods and limitations of the study; the same are covered in earlier text.

Chapter - II
Development of Motor Transport With Special Reference To Auto-Rickshaw Transport (Passengers & Goods) and Factors Causing Demand For The Same.

Before you begin to read this thesis, look around the room for a moment and see whether you can tell where some of the things were made, and how they were brought to us. You will be surprised when you find how far some of them have traveled. If they could talk, they could tell interesting stories about how their journeys began, and the different ways in which they have been carried.

Have you ever happened to think that every hour of the day and night, people all over the world are working to bring food, clothing, and other things that we use day-by-day. Trains rush along the rail-road tracks, motor trucks speed over the high-ways, steamships plough the ocean, and airplanes fly through the air.

We often experience that the world is a very small place and that now-a-days all countries are near neighbors. This means, of course, not that the earth is changing in size, but that the new ways of transportation are faster than the old ways. It means, too, that now people can go to
parts of the world which years ago they could not reach. It means also that travelers feel better acquainted with the people of far-away lands, and think of them as friends and not as strangers.

The chapter narrates the Importance of Road Transport in accelerating socio economics ends; the political and defense significance of the transport is noteworthy. It seems from the History of Motor Transport that the various Means of Transportation have been developed and each means of transport still exists due to its utility at given time and location. Similarly the Auto rickshaw, a means of transport invented after II world War still has utility in increasing scale, especially in the development of city, stabilization and equalization of transport prices, since it has Inherent Advantages.

Chapter III
Pricing Dynamics under Passengers and Goods Transport Service

Economist defines price as the exchange value of a product or service always expressed in money. To the passenger, the APT journey fare, which is referred to here-in onward as price is an agreement between operator of APT and passenger concerning what each is to receive. Price/fare is the mechanism or device for translating into quantitative term (Rupees and Paisa) the perceived value of the Journey expected by the customer/passenger at a point of time. The passenger is interested in the ‘price’ of the whole ‘package’ consisting of the journey product plus bundle of expectations or satisfactions. The passenger has numerous expectations such as to know how about the politeness in journey and after journey service, replacement if vehicle fails in the way, guidance in keeping luggage, extra services, credit and any other benefits. Thus price of journey must be equal to the total amount of benefits (physical,
economic, social and psychological benefits). Any change in the price/fare for given journey by vehicle operator will also bring about alternations in the satisfaction side of the equation. To the ultimate passenger, the price/fare he pays for a transport or service represents a sacrifice of purchasing power. Prices paid by resellers (Carriage contractor) are also sacrifices. Price is the only objective criteria (although an imperfect measuring rod) for the passenger for comparing alternative items and making the final choice. The price is Demand Regulator, competitive weapon, Profitability determinant and also important decision input.

It is interesting to know the Price determination of AGT/APT business under different competitive situations i.e. under pure competition, monopoly, monopolistic competition and oligopoly. So also Administered and Regulated Pricing practices for APT/AGT business are envisaged. In all such circumstances, the Behaviors of operators are rightly noted in the chapter.

The Pricing Objectives like Profit maximization Target return (ROI) on investment, market share, prevent competition, price stabilization, Expedite cash collection, Resource mobilization, Resource mobilization, Promotion of developmental activity and such other aspects delineated in the chapter.

Pricing Procedure and Methods of Price Determination in respect of APT/AGT are discussed in the last portion of the chapter.
Chapter IV
Factual Realities of Competition, Pricing Policies and their Consequences on Profitability/Operators 'Satisfaction

Neither perfect completion nor monopoly is to be met with in the real world. Instead, almost every market seems to exhibit characteristic of both perfect competition and monopoly. Mr. Joan Robinson, the well known English economist called this as the situation of imperfect competition while Professor Edward Chamberlain, the American economist called it as monopolistic competition.

As far as APT/AGT business concern, the hypothesis may be set that this business is carried at peak hours in situation somewhat similar to the perfect competition, since it satisfies chief characteristic of perfect competition i.e.

(i) Large number of buyers (Users/Passengers) and sellers (APT/AGT operators).
(ii) Homogeneous product (Transport Service by APT/AGT)
(iii) Free entry and exist of firm (APT/AGT operators is free to enter into or exist from business).
(iv) Buyer (Users/Passengers) and sellers (APT/AGT operators) have full knowledge of the market conditions.
(v) Factors of production have perfect mobility.
(vi) Uniform price.
(vii) Normal profits to operators
(viii) Absence of selling and transportation cost
(ix) No Government control

Excepting VIII and IX mentioned above, the APT/AGT business experiences more or less all the characteristics of perfect competition at given point of time and geographical location. All these distinctiveness
are discussed ahead in detail so as to bring out the profitability and investment realities of the APT/AGT business.

The APT/AGT operators, in competition are trying to generate a center of attention of the customers and increase their revenues through the following practices.

- Over-loading the vehicle and charging the less for extra load. The user is benefited as he has to hire separate vehicle for extra load.
- Charging at fixed rate per passenger/ per unit of luggage for the specific distance so as to make him feel (or enjoy consumer surplus) that he has saved the price of hiring rest of the seats/space in the vehicle.
- Offering the comfortable seating, audio-entertainment (Radio/Tape) while traveling.
- Hiring out the vehicle at the price less than fixed.
- Offering daily services at schedule time (carrying children to school or employees to office or daily carrying goods at the fixed charges at specific destination).
- Offering the services at odd time on exorbitantly soaring price.

**Pricing Policies of Auto-rickshaw Operators:-**

It is natural that the primary objective of any APT/AGT operator is to maximize his profit and therefore he tries in various ways which gives him maximum revenue and consequently the maximum profit. The APT/AGT operator can do it so by exploiting the users. Hence, the Government control is there in fixing the prices and subsequent profit to operator. As said already, the Government control has an element of initiating the perfect competition in APT industry so as to make available normal profit to the operator. The fare rates are, therefore, set. By keeping
in sight the set fare rates, the APT/AGT operators manipulate various pricing practices, though many of them are legally un-accepted. These are as:

(i) Offer the services as per rates prescribed or set.
(ii) Offer the services at odd time or for odd place of destination at the rates more than scheduled.
(iii) Carrying passengers/luggage more than prescribed and charge separately for such overloading.
(iv) Carrying heavy luggage or prohibited luggage at the heavy rates.
(v) Operating the services in between two fixed point at rates specified on their own.
(vi) Offering the services at lower price than what is shown in meter.
(vii) Offering the services on monthly basis for carrying passengers or luggage.

**Factors Influencing the Pricing Strategies by Operator:**

The factors governing the prices of fare charged by the APT/AGT operator may be alienated as outer and inner factors. Outer factors are Government control, elasticity of demand and supply, competition, goodwill of the operator, market trend, purchasing power of customers etc. Inner factors includes -

(a) Cost consideration and
(b) Owners' view-point.

Among the outer factors, Government control is crucial one which keeps operator knot with the pre-scheduled fares. While fixing the fare at any given time by the operator, cost consideration and his view-points are responsible in deviating from the Government's predetermined fare rates. Thus, it is rather difficult to end the discussion in one conclusion that the
Government fixed the price for public motor vehicle transport and the same is abide by the operator. However, there are number of ways of thinking which may be arrived at operators’ pricing policies. The same are as given underneath:

Satisfaction of Auto-rickshaw Operators:

Being dis-satisfied with a profit maximization models of economist, in 1955 H.A. Simon (the 1978 Nobel laureate in Economics’) has put forward the hypothesis that firm (i.e. APT/AGT operator in our case) run by single enterprise is likely to have many objectives. The Simon’s logic may be used for studying the case of APT/AGT operator contentment from his business. The APT/AGT operator in most cases has imperfect knowledge and inadequate information on the foundation of which to take decision. In fact, if perfect knowledge and complete information were available, the calculations involved in the decision making process would be too complex to be practicable; and that, given this and other inevitable uncertainties surrounding, the decision making process in reality, APT/AGT owner can never be confident whether he is maximizing profits or not. Instead APT/AGT owner “satisfies” rather than maximize as shown in Break-Even-Analysis. His aim is to earn just satisfactory profits with full or partial attainment of other motives.

Every APT/AGT owner has, as per Simon basically an “aspiration level” which he seeks to reach. In fact, what the satisfactory aspiration level of profits depends on past experience, uncertainties, and other achievements or expectations.

If actual benefits exceed the aspiration level, no corrective action is called for. However, the operator, in this case revises the aspiration level
with new performance model. For example, he may purchase another vehicle to meet New Aspiration level including higher profit. When, if actual receivables fall short of the aspiration level, the operator attempts to identify or search out the causes of discrepancy by spending time, effort and money.

Chapter-V
Cost, Profitability, Investment and Operational Aspects of Auto rickshaw Passengers and Goods Transport Business

Aggregate Cost of Operation:

It is observed from the table No. 5.12 that in 2006, the total cost of operation for DO-6 was Rs. 2,38,363/-, for DO-3 Rs. 1,14,011 /-, for PO-3 Rs. 1,13,732/- and for DOGAR it was Rs. 1,31,361 /-. The same were of small size in 2001.

Net Earning or Net Profit:

After deducting APT or AGT business cost from its receipts, one gets net profit or net loss. In 2006, annual net profit for DO-6 amounted to Rs. 2,03,837/-, for DO-3 to Rs. 51,589/-, for PO-3 Rs. 63,268/- per annum and for DOGAR it amounted to Rs. 1,21,239/- (Table No. 5.14) As against this in 2001 the same respectively were Rs. 1,35,970 for DO-6, Rs. 40,590 for DO-3, Rs. 72,940 for PO-3 and for DOGAR Rs. 74,800.
Table No. 1(A)
Annual earnings to APT/AGT operators from selected cities in Marathwada (2006)

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Investment in vehicle</th>
<th>Annual Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Aurangabad</td>
</tr>
<tr>
<td>DO-6</td>
<td>1, 84,857</td>
<td>2,03,837</td>
</tr>
<tr>
<td>DO-3</td>
<td>1, 27,950</td>
<td>51,589</td>
</tr>
<tr>
<td>PO-3</td>
<td>84,672</td>
<td>63,268</td>
</tr>
<tr>
<td>DOGAR</td>
<td>1, 32,162</td>
<td>1,21,239</td>
</tr>
</tbody>
</table>

Source: Field survey

Table No. 1(B)
Monthly earnings to APT/AGT operators from selected cities in Marathwada (2006)

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Investment in vehicle</th>
<th>Monthly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Aurangabad</td>
</tr>
<tr>
<td>DO-6</td>
<td>1, 84,857</td>
<td>16,986</td>
</tr>
<tr>
<td>DO-3</td>
<td>1, 27,950</td>
<td>4,299</td>
</tr>
<tr>
<td>PO-3</td>
<td>84,672</td>
<td>5,272</td>
</tr>
<tr>
<td>DOGAR</td>
<td>1, 32,162</td>
<td>10,103</td>
</tr>
</tbody>
</table>

Source: Field survey

The above table shows that APT/AGT business is brisk in A'bad, while in Hingoli it is sluggish.

Return on Investment
ROI i.e. Return on Investment is considered to be one of the reasons motivating the investor to decide the range of the venture in any given business and APT or AGT business is not exception to this.

Table No. 2
(Amount in Rs.)

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Investment in vehicle</th>
<th>Annual Profit (+)</th>
<th>Loss (-)</th>
<th>ROI % of Col. 3 as to Col.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>DO-6</td>
<td>1, 84,857 (+)</td>
<td>2, 03,837</td>
<td>110.26%</td>
<td></td>
</tr>
<tr>
<td>DO-3</td>
<td>1, 27,950 (+)</td>
<td>51,589</td>
<td>40.31%</td>
<td></td>
</tr>
<tr>
<td>PO-3</td>
<td>84,672 (+)</td>
<td>63,268</td>
<td>74.72%</td>
<td></td>
</tr>
<tr>
<td>DOGAR</td>
<td>1, 32,162 (+)</td>
<td>1, 21,239</td>
<td>91.73%</td>
<td></td>
</tr>
</tbody>
</table>

Source: - Field survey

The ROI level so estimated may be maximized by the operators by using old vehicle needing small investment, and by avoiding or postponing the fixed cost of operations.

Chapter VI
Legal Frame-Work for auto rickshaw passengers and Goods transport Business: and its effects on Investment, Cost, Profitability and utility of business

The legal frame work, for any business including passengers and goods transport is fundamental perquisite so as avoid the waste of human and material resources (Investment), their proper coordination and control for optimum utilization and thereby creating maximum profitability along with utilities to users/ and general public. In other words, the legal frame work for transport business is mandatory as an
essential angle and not evil for the advantage of society, operators, owners (Investors) and users so as to derive maximum satisfaction.

The chapter accounts the significant requirements of Motor Vehicle Act, 1988, applicable to APT and also to AGT Business. There is a call for the control this business for rationalization of cost, resources (Investment), to make able to owner to enjoy reasonable profits without the tears of general public and users. This naturally increases the utilities of trade from the eyes of owners, users and general public in the interest of national economy.

This legal framework directly or indirectly may impinge on the investment, utilities or profitability as described below:-

(i) Return obtainable to the public, trade and industry due to fair or freight price control, necessitating new or vehicle not more than ten years old, Obligation to abide the traffic rules and so on;

(ii) desirability of co-ordination with other means of transportation for rational use and utilities of resources

(iii) avoiding cut-throat competition amongst the operators so as to minimize waste of resources and investors qualms /losses;

(iv) Providing satisfactory measures for road safety for ensuring the general public and investors' smooth and hazardless performance.

Accordingly, the Government has introduced the legal framework for APT and AGT Business. The legal framework so created is not without persuading the operators to add into cost of operation and increasing their meticulousness. The chapter takes a critical examination of the same and also persists for improved measures on the basis of existing.
Control by State Government for Development of Business & Users Satisfaction:

Though Indian Constitution under Articles 19 (1) (9) permits anyone to engage APT Business, the State is empowered to regulate or restrict this business in the interest of public and their welfare. The motor Vehicle Act, 1988 restricts or regulates the right to ply auto-rickshaw on public roads for conservation, prevention of congestion, safety and public welfare. The freedom to operate auto-rickshaw vehicle for business is subjected to the provisions of Articles 302 to 307 of the Constitution.

Section 68 of Motor Vehicle Act of 1989 empowers a State Government to constitute State Transport Authority (STA) and Regional Transport Authority (RTA) for considering and deciding all questions relating to grant or refusal of permission to use an auto-rickshaw for trade or business. These transport authorities are semi-judicial in nature and they are empowered to make, amend or rescind the bye-laws for regulating APT Business. However, they have to get approval of the State Government for the same. Issue or refusal of permit to operate auto-rickshaw for business entails discretion based on bonafide and best interest of the society. In a way RTA or STA are the custodians of public trust and confidence, especially when it comes to the issue of permit to operate auto rickshaw. Also it owes an obligation in the society to select appropriate person to operate auto-rickshaw. While selecting person STA or RTA is guided by considerations such as public safety, public health, public peace, viability of operation, character of operator etc.
These authorities, while issuing permit for APT business, are also required to adhere to the principles of natural justice regarding every procedure they follow and every decision they make.

The State Government as per section 67 of the Motor Vehicle Act 1988 is empowered to control auto rickshaw operation having regard to following:

(a) the advantages offered to the public, trade and industry by the development of APT Business;
(b) the desirability of co-ordination with other modes of transport;
(c) the desirability of preventing the deterioration of the road system;
(d) the desirability of preventing uneconomic competition among holders of permits.

Chapter VII
Utility of APT/AGT Services and Users Satisfaction

The operator/owners frequently are unable to satisfy fully their passengers due to reasons mentioned below:

(i) There is one negative aspect which goes against the operator. While value of money invested in vehicle is appreciated due to gradual rise in price of new vehicle, the value of rupee comes down as a result of inflation, the value of investment losses much of its meaning. The dis-satisfied operator owing to inflation is an instrument for users dis-satisfaction caused out of rising fare rates on account of inflation.
(ii) As regards to services provided by auto-rickshaw operator, it may be stated without hesitation that there has been serious deterioration despite the control through Motor Vehicle Act of 1989. The service deterioration is attributed by operator to excessive issue of permits leading to over installed capacity resulting low industry profit shared by many. The situation of marginal or no profit has de-motivated the operators and subsequently it is being reflected in operator behaviour, which is alleged as arrogant. The Government is blamed because it has, as alleged by operators, never taken the interest of existing owner operators into account while issuing permits in a liberal way.

(iii) Rising fuel prices are great obstacles to operators while planning business profits. They disturb the viability of business and users feelings about consumer surplus while utilizing the APT/AGT services.

(iv) The “Market Building” or “Market Publicity” for APT/AGT services is difficult task due to the following complications associated with the production:

- APT/AGT services are perished or corroded as almost immediately as they are produced. Like tangible /touchable manufactured merchandise they cannot be stored and displayed.
- APT/AGT services are required to be offered to unambiguous purposes or to specific number of users or prescribed weights to be carried etc. by keeping in view provisions of Motor Vehicle Act of 1989. Moreover, these services are to be made available in diverse parts of the city and city sprawl.
• For Transmission of acquaintance of APT/AGT services to probable customers, there is no practice of setting time-table and route ways. On the contrary the availability of APT/AGT services depends upon saccharine weal of operators.

• If any group of operators schedules time-table, the same may be distorted in scene of squat goods or passengers load or earnings.

• Operators on their own by infringing the Motor Vehicle Act of 1989, may with-hold driving of vehicles for want of adequate revenue or safety at any time when he feels.

• Though some routes or some trips deserve to be catered by APT/AGT services under the aim of social objectives, the same, however, is not pragmatic by many operators who have yield hunting loom.

Because of above convoluted nature of APT/AGT services, the vehicle operator could not map out his services (and even profit!) in advance. There is likelihood of spill over of fixed cost for want of passengers.

We have seen already that APT/AGT operators market their services to different types of passengers. The care is taken by the market constituents that the general public should avail the APT/AGT services at realistic prices. While rendering these services, the operator has to incur costs and many of such costs are escaped or temporarily postponed by the operators either for profit or continued existence. The operator has to make his apprehension to costs and profit and consumer satisfaction receive low priority in above claims.
If operator has to take care of general public interest, and increase the satisfaction of users there is a need to build revolutionary model on par with Municipal Transport Service engaged in catering the transport needs even on unprofitable slack or drooping routes during slack hours. Infact the APT/AGT operator should be motivated to accord his preference of marketing its services to general public. If at all he tries to strive for that, he will suffer loss and he will have to liquidate his business.

APT/AGT services make possible directly or indirectly employment generation, reduction in geographical distance in terms of time, boosting of socio-economic, industrial and educational activities, effective link with several etc. In view of importance of APT/AGT services in urban economy and its potentiality to generate socio-economic linkage effects it is imperative to understand that under what scale of services or marketing operations the auto-rickshaw operator may function? In other words, what should be the sale if service/marketing operation and ROI? And where the passenger satisfaction should stand? In order to answer this, the use of Break-Even Analysis may be made.

**Chapter VIII**
**Conclusions and Suggestions:-**

The earlier text provides the nut shell summary of each chapter, however the following gives the pivot points which are not covered earlier

There are number of advantages of APT/AGT business, the same are summarized ahead:-

(a) Lower Rates: Per passengers fare rates or goods fright charges for auto rickshaw are lower than that of taxi or Tonga or cycle rickshaw. When the vehicle is overloaded, per passenger incidence of fare is further lower down.
(b) Quick Delivery: The auto rickshaw enables one to reach at any convenient or inconvenient place with speed along with luggage.

(c) Straight Journey: If one has to go by bus he has to walk down in search of Bus stop to get the bus for going near to proximity of his desired place of visit. If he uses auto rickshaw, he is carried straightly at the place he desired. In other words a route for auto rickshaw is scheduled as per direction of passenger, while route for bus- transport is already scheduled without considering the convenience of any particular passenger.

(d) No Need of special luggage packing: When one uses auto rickshaw for carrying luggage, he does not need any special stuffing. He may carry the same in the form in which he has. The Bus operator, however, does not permit the carriage of luggage in loose form.

(e) Speed and Certainty of journey in time are important consideration in favoring auto rickshaw. These two things are essential for meeting urgent needs. It is possible for passengers or users to have quick admittance to places or to persons through auto rickshaw.

(f) A personal touch in the service is sought by the vehicle operator. Public bus suffers from an impersonal approach to passengers, being a large scale business.

(g) Facilitate Social Contacts: The auto rickshaw enables the users to reach wide network of socio-economical and political assignment. The cost of such travel appears to be bare minimum, when its utility is envisaged on higher scale.
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(h) Availability on Busy Roads: Normally in busy area auto rickshaws are easily available while public transport buses are difficult to pick up.

(i) Safety and satisfaction, while Traveling: The carrier i.e. auto rickshaw operator when lifts passengers he takes maximum precaution for the safety and satisfaction of their passengers. The events of accidents are rare, may be perhaps one or two times in the entire life of operator or never in the entire life of most of the users.

(j) Reimbursement of Damages: Auto rickshaw operator normally ensures that they would carry luggage on their own risk. In the case of loss or damage to luggage, if operator is found defaulter the claims can be made by the passengers for compensation. The sweet will of the operator is ready to accept such claims when he realizes his fault.

(k) Free Transport of Luggage: Passengers may carry luggage along with them and keep the same under their personal supervision. Similarly, if passengers travel along with luggage, no separate charges are asked for luggage.

(l) Rural Service: If necessary, the auto rickshaw may go to nearby rural areas. Thus, the rural transportation demand can easily be met by an auto rickshaw.

(m) Flexibility: The flexibility is perhaps inherent advantage in favor of passengers. Door to door service is possible despite the roads are bad. Auto rickshaw vehicles are suited for pick-up and delivery purposes, handling small loads, carrying passengers and rendering services to rail or off-public transport bus routes.
(n) City Development: The development of city is facilitated by the auto rickshaw vehicle.

(o) Employment Generation: The APT/AGT business provides employment to many thousands people in any given city like Aurangabad or Poona.

(p) Convenient Mobility in Traffic Blockade: Auto rickshaw is found suitable in Marathwada since it can be operated conveniently on narrow and uneven roads. The traffic in the city is frequently obstacle by the slow-moving vehicles like Bullock carts and bicycles, which obstruct the traffic. In such traffic blockage the auto rickshaw successfully maintain its speed and makes convenient headway.

(q) Low Level of Entrepreneurial Prudence: The requirements of entrepreneurial prudence for APT business are almost zilch. Any healthy man completing education up to VII the standard and willing to undergo toil and moil can start business, if the finances are made available by the Bank. The legal restrictions required for carrying out this business can be met in short spell of time. Entry in and also withdrawal from AGT/ APT Business are more or less liberal.

(r) Comparatively Small Operational Cost: As compared to taxi or Tonga operations, auto rickshaw operation has small per kilometer cost and most portion of fixed cost of it, can be postponed for future without interrupting the routine business. An escapist operator at convenient time may incur or void the burden of fixed cost or even variable cost like repair to main body, cushion, hood etc. The incidence of fixed cost against per kilometer of run is low.
Access of Vehicle to Odd Places: Many intramural residential and commercial establishments in are housed along the Kaccha road. Similarly dispersal located habitats are often connected with Kaccha roads. From such roads auto rickshaw can conveniently be pulled out.

In what ways the net earning and ROI could be maximized in actual practice are discussed ahead:

- Avoiding To Pay Interest or Reducing Scale of Interest Payable:
- Operating old auto-rickshaw in business by purchasing it at lower price;
- Operating old vehicle procured sometimes in the past on loan, but the loan amount on it is duly paid;
- Utilizing the own savings for vehicle purchase;
- Postponing the payment of interest which is due;
- Borrow small amount for vehicle purchase.
- Avoiding to set aside the depreciation cost of vehicle
- Avoiding Rent of Garage:
- Avoiding paying Insurance and Taxes:
- Charging the passengers exorbitantly, whenever opportunities exist

Inflation Effect on Cost:

By inflation, in ordinary language we mean a process of rising prices. At present we face inflation because of two circumstances i.e. Demand Pull Inflation and Cost Push Inflation. The former is outcome of increase population anticipating more and more high level of consumption goods and services as against the small supply. While latter is outcome of rise in the cost of input on account of scarcities. Both the circumstances have given rise to the prices.
The increase scale inflation is also a cause to raise the cost of operation of auto-rickshaw. All the input of this business have been experiencing rising price situation. An analysis of cost profitability of this business cannot be visualized without knowing the implication of the inflation.

Recommendations:

- In order to facilitate the urban transport at cheap rates through auto-rickshaw, the Govt. may provide subsidies to operator for purchase of fuel, spare parts free medical services, and so on.
- RTO office shall minimize the procedure for allotment of new permits.
- There should be restricted issue of permit to ply auto-rickshaws.
- The operator of the vehicle shall be trained properly and be given perceptive to make savings for replacement of their old vehicle.
- An exorbitant charging by auto rickshaw operator during odd or night tie shall be curbed through policing.
- Old auto rickshaws shall be withdrawn through granting subsidies to owners or operators.
- An auto rickshaw sharing by different passengers shall be encouraged to curb the traffic congestion and to facilitate journey at lower rarest.
- A special traffic tracks shall be paved for three wheelers and two wheelers separately.
- School pupils may transported by the operators by notifying due information to Police and to the HOD of school.
- A Pension Fund for operator may be created where the Govt. shall at least contribute one third subject to limit of Rs. 1000 per annum. ESI facilities may be offered to operators.