CHAPTER - 8

SUMMARY OF FINDINGS AND CONCLUSION

8.1 SUMMARY OF FINDINGS

The performance evaluation of ASTC in the pre-restructuring and post-restructuring period has been made on the basis of both primary and secondary data which have been collected from the published documents, official records, etc. Besides these, the opinions of passengers and private bus-operators whose buses are running under the banner of ASTC and the managerial personnel and other employees of ASTC have been also collected in this regard. After analysing all the data and opinions the findings of the whole research work can be summarised under the following points:

1. The position of ASTC was deteriorating and far from satisfactory before its revival package was implemented. ASTC’s position became worst during the tail of nineties.

2. The reasons for the deteriorating position of ASTC were over-staffing, negative trade union activities, lack of profit motive, lack of link between productivity and remuneration, promotion, etc., mushroom growth of private buses, non-utilisation of available assets and infrastructures, un-economic bus services on social constraints, frequent bandhs, declining work culture, mis-management, lack of professionalisation in management, political interference, income leakage, etc.
3. High percentage of over-aged vehicles was also one of the main reasons for poor productivity of ASTC vehicles during pre-restructuring period. During this period 75% of ASTC vehicles were over-aged.

4. Low rate of fuel efficiency (K.M. / Litre of HSD), Low occupancy ratio (%), and low morale of employees were also responsible for poor productivity of ASTC buses during pre-restructuring period.

5. After the year 1991-92 there was continuous decrease in the fleet strength of ASTC. The fleet strength of ASTC which was 978 in the year 1991-92, came down to as low as 437 during the year 2000-2001. This decrease was mainly due to shut down of many ASTC vehicles on the one hand and non-purchase of new buses on the other hand.

6. There was continuous decrease in the staff strength of ASTC from 6846 in the year 1990-91 to 5129 in the year 2000-2001. However, the rate of decrease in the staff strength was very less in comparison to the rate of decrease in the fleet strength and ASTC was over-staffed during this period. During the pre-restructuring period the bus-staff ratio in ASTC was as high as about 1:40.

7. There was continuous decrease in the total number of passengers carried by the ASTC vehicles after the year 1991-92. ASTC vehicles carried as many as 1.55 lakhs passengers daily in the year 1991-92, which came down to as low as only as 0.45 lakhs in the year 2000-2001. During this period almost all the vehicles of ASTC ran half-empty and ASTC bus stations remained as deserts without the crowd of passengers.
8. In the pre-restructuring period under review there was continuous increase in the total cost incurred by ASTC accompanied by continuous decrease in the total revenue earned by it, resulting in continuous increase in the loss suffered by ASTC.

9. In the pre-restructuring period under review continuous increase is also noticed in the loss per k.m. incurred by ASTC vehicles. ASTC incurred loss per k.m. of Rs.6.90 in the year 1995-96, which increased to Rs.32.72 in the year 2000-2001.

10. During the tail of nineties the position of ASTC became worst and urgent need to revive it arose.

11. For the purpose of reviving ASTC from its worst position programme of restructuring through various revival schemes has been undertaken from the year 2001-2002.

12. After the implementation of various revival schemes the position of ASTC is gradually improving.

13. After the implementation of revival package specially the "Self-Employment Scheme of ASTC, 2001," the total fleet strength of ASTC increased to 933 in the year 2001-2002, which includes 406 number of ASTC’s own vehicles and 527 numbers of private operated vehicles which are running under the banner of ASTC. The total fleet strength of ASTC has rose from 933 numbers in the year 2001-2002 to 2124 numbers in the year 2006-2007.

14. The scheme of ASTC to run private buses under the banner of ASTC has helped in reducing the competition of ASTC with private bus operators. During the tail end of the nineties due to the cut-throat competition with the private bus operators it
became almost impossible for ASTC to survive. But with the implementation of “Self-Employment Scheme of ASTC, 2001,” many private bus operators are coming up to run their buses under the banner of ASTC, which has reduced the competition of ASTC with the private bus operators. At present more than 1800 number of private buses are running under the banner of ASTC

15. The “Self-Employment Scheme of ASTC, 2001,” has helped in solving the unemployment problem of Assam to some extent, for this scheme has helped the unemployed youths of Assam to start their own business by running buses under the banner of ASTC. Besides, ASTC has also constructed certain commercial complex in almost all stations for unemployed youths.

16. The “Self-Employment Scheme of ASTC, 2001,” has also helped in disciplining the haphazard/unruly bus system of private bus operators as they have come to run their buses under the banner of ASTC.

17. The percentage of over-aged vehicles have also decreased after the implementation of the revival package because of the purchase of many new buses by the ASTC and the policy of ASTC management to engage brand new buses and the buses of model with the registration from January 2001 onwards under the “Self-Employment Scheme of ASTC, 2001”. The percentage of over-aged vehicles reduced from 75% to 30% at present and it is expected to come down more in a few years.

18. Due to the implementation of the Voluntary Retirement Scheme (VRS) and increase in the fleet strength the bus-staff ratio in ASTC has reduced from 1:40 to 1:11. The
VRS has also helped in bringing savings in the gross monthly salary of the employees by about Rs.80.00 lakhs per month.

19. Implementation of various revival schemes has helped ASTC in increasing its revenue generation, which in turn is helping in regular disbursement of salaries to its employees and reduction of old statutory liabilities to the retired employees. This has helped in improving the work-culture among ASTC employees and also regaining the confidence of employees in ASTC which was almost declined during the tail end of the nineties.

20. The scheme to make commercial utilisation of available assets and infrastructures of ASTC has been also helping in increasing the earnings of ASTC. From this commercial utilisation, the earnings of ASTC has rose from Rs.1.00 lakhs per month to Rs.8.00 lakhs per month.

21. After the implementation of its various revival schemes ASTC has also regained the lost confidence of passengers in it. The ASTC vehicles which earlier ran almost half-empty, now have started to run at their full passenger capacity. Besides, the private operated buses which are running under the banner of ASTC are also carrying passengers almost in their full capacity. Now, heavy crowd of passengers is seen in ASTC bus stations which used to remain empty before the revival of ASTC.

22. In the post-restructuring period the staff strength in ASTC has also decreased. This is mainly due to the implementation of Voluntary Retirement Scheme and increase in the fleet strength. In the year 2006-2007 the staff strength of ASTC stood at 2763, which stood at 5129 in the year 2000-2001. This decrease in the staff strength has helped ASTC in getting rid of the problem of overstaffing to a great extent.
23. There is continuous increase in the percentage fleet utilisation after restructuring of ASTC. In the year 2006-2007 the percentage fleet utilisation stood at 86%, which came down to as low as 27% in the year 2000-2001. This increase in the percentage fleet utilisation has been made possible only due to the pushing out of ASTC vehicles from workshops after their repair and purchase of some new vehicles.

24. An increase in the fuel efficiency of ASTC vehicles has also been noticed in the post restructuring period. In the year 2006-2007, the fuel efficiency of ASTC buses stood at 3.62 k.m.s/Litre of HSD which came down to 3.23 k.m.s/Litre of HSD in the year 2000-2001.

25. Continuous increase in the occupancy ratio of ASTC has also been noticed in the post-restructuring period. This is mainly due to the regain of lost confidence of passengers in ASTC. The occupancy ratio of ASTC stood at 77.43% in the year 2006-2007, which was as low as 55.00% in the year 2000-01.

26. After the implementation of the various revival schemes, gradual increase in the total revenue generated by ASTC has also been noticed. In the year 2006-2007 the total revenue earned by ASTC stood at Rs.49.95 crores, which came down to as low as Rs.9.91 crores in the year 2000-2001. This increase in the total revenue earned by ASTC has helped in reducing the amount of net yearly loss incurred by it. The net loss incurred by ASTC came down to as low as Rs.9.78 crores in the year 2006-2007 in comparison to the net yearly loss of Rs.30.80 crores in the year 2000-2001. It is expected that within a few years this loss incurred by ASTC will come down to zero and it will start earning profit.
27. With the implementation of the various revival plans the passengers, the private participants whose buses are running under ASTC banner and the managerial personnel and other employees of ASTC are satisfied to a great extent. Inspite of having certain complaints against ASTC and its services (as discussed in chapter-7) 65% of the passengers surveyed prefer to travel through ASTC and under ASTC operated vehicles, and 70% of the private participants surveyed are in favour of running their vehicles under the ASTC banner. Moreover, all the managerial personnel and other employees of ASTC surveyed are in favour of implementation of the revival plan and are of the opinion that the revival of ASTC has not only benifitted the Corporation but it has also benifitted the managerial personnel and other employees of the Corporation as well as the general public at large.

Considering the above findings, it can be concluded that the implementation of the restructuring proposal of ASTC through various revival schemes has served as a panacea to the ills of the Corporation. The various revival schemes implemented by the ASTC management from time to time, good planning, dedicated services of workers and managers and specially the will and support of the Government functionaries has helped the ASTC in getting rid of the various problems being faced by it in the pre-restructuring period, such as, problem of overstaffing, continuous increase in net yearly loss, inability to compete with private bus operators, lose of passengers' confidence in the Corporation and its services, deteriorating work culture etc. and has brought in its all round improvement and revived it from worst position to better position. The
achievements of ASTC in the post-restructuring period in comparison to pre-restructuring period are summarised in the following table:

**TABLE 8.1**

Achievements and Present Profile of ASTC

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>a)</td>
<td>Average No. of Buses held</td>
<td>437</td>
<td>321</td>
</tr>
<tr>
<td>b)</td>
<td>Average No. of Buses on Road</td>
<td>118</td>
<td>276</td>
</tr>
<tr>
<td>c)</td>
<td>Fleet Utilisation = b / a %</td>
<td>27%</td>
<td>86%</td>
</tr>
<tr>
<td>d)</td>
<td>Average No. of Private Operated Buses under ASTC</td>
<td>NIL</td>
<td>1803</td>
</tr>
<tr>
<td>e)</td>
<td>Total Fleet Strength</td>
<td>437</td>
<td>2124</td>
</tr>
<tr>
<td>f)</td>
<td>Lowest Average Age of Fleet (years)</td>
<td>07</td>
<td>01</td>
</tr>
<tr>
<td>g)</td>
<td>Highest Average Age of Fleet (years)</td>
<td>21</td>
<td>06</td>
</tr>
<tr>
<td>h)</td>
<td>Percentage of Over-aged vehicles to Total Fleet</td>
<td>75%</td>
<td>30%</td>
</tr>
<tr>
<td>i)</td>
<td>No. of Employees</td>
<td>5129</td>
<td>2763</td>
</tr>
<tr>
<td>j)</td>
<td>Fuel Efficiency = k.m./litre of HSD</td>
<td>3.23</td>
<td>3.62</td>
</tr>
<tr>
<td>k)</td>
<td>Occupancy Ratio</td>
<td>55%</td>
<td>77.43%</td>
</tr>
<tr>
<td>l)</td>
<td>Earnings per k.m. (EPKM)</td>
<td>Rs.10.54</td>
<td>Rs.44.56</td>
</tr>
<tr>
<td>m)</td>
<td>Cost per k.m. (CPKM)</td>
<td>Rs.43.26</td>
<td>Rs.51.86</td>
</tr>
<tr>
<td>n)</td>
<td>Profit / Loss per k.m.</td>
<td>Rs.32.72 (-)</td>
<td>Rs.7.30 (-)</td>
</tr>
<tr>
<td>o)</td>
<td>Revenue from Private Operated Buses under ASTC</td>
<td>NIL</td>
<td>Rs.14.42 crores</td>
</tr>
<tr>
<td>p)</td>
<td>Total Revenue (Operating &amp; Non-Operating)</td>
<td>Rs.9.91 crores</td>
<td>Rs.49.45 crores</td>
</tr>
<tr>
<td>q)</td>
<td>Total Cost (Operating &amp; Non-Operating)</td>
<td>Rs.40.71 crores</td>
<td>Rs.59.23 crores</td>
</tr>
<tr>
<td>r)</td>
<td>Net Profit / Loss</td>
<td>Rs.30.80 (-) crores</td>
<td>Rs.9.78 (-) crores</td>
</tr>
</tbody>
</table>

Source: Data collected from Audited Annual Accounts of ASTC and ASTC Head Office, PaltanBazar, Guwahati.
8.2 CONCLUSION

The study on the "Restructuring as a Strategic Choice for viable Public Sector Management: A Case Study of Assam State Transport Corporation" has been taken up with a view to examine the success of one time sick public sector undertaking viz., Assam State Transport Corporation under the Ministry of Transport, Government of Assam. The Assam State Transport Corporation was in a very poor state of affairs before its revival package was contemplated. But, the implementation of the restructuring proposal through various revival schemes from the year 2001 really brought in all round improvement of the Corporation, although problems cropped up in the practical implementation of the various revival schemes. It is indeed a commendable job on the part of the Ministry of Transport, Government of Assam as well as the management people of the ASTC when a loss making public undertaking is converted into a successful service organisation. The secret of success of this organisation could be made an ideal instance for other public sector organisations of the country, which are in the verge of getting closed down owing to continued loss. The splendid success of the entire revival plan has resulted in making the organisation solvent. Regular payment of salaries to the employees, flow of funds and resources, regain of lost confidence of passengers in ASTC and its services, optimum use of resources, improved work culture, improved physical and financial performance are some of the glaring points of success for the organisation.

The implementation of various revival schemes by ASTC with dedicated management and strong Government support from the year 2001, have resulted into restructuring of one time collapsed ASTC and brought in it from its worst position to better position. But, inspite of achieving so much success, still the Assam State
Transport Corporation is incurring loss, although the amount of loss suffered by it is reducing year after year. Some of the important reasons behind this continued loss incurred by ASTC even after its restructuring are:

1. Operation of services in uneconomic routes on the grounds of social obligation at the cost of economic losses.

2. Unhealthy competition with the Private Tours & Travels Buses.

3. Damaged caused to vehicles due to poor road surfaces.

4. Numerous agitations and frequent bandhs.

5. Mis-appropriation of funds and leakage of income.

6. Lack of Professionalisation of management, and

7. Political interference in the day to day activities of the Corporation.

Hence, we cannot say revival scheme of ASTC as the most appropriate scheme. Infact, ASTC has scope for further development also. It is expected that within a very few years the annual loss suffered at present by ASTC would become zero and the accumulated loss suffered by the Corporation will also be written off gradually and it will start earning profit. In this connection, the following recommendations are worth mentioning for bringing a dynamic change in the horizon of the Corporation:

1. Operational loss in uneconomic routes should be subsidised as far as possible.

2. Strict measures should be taken to stop mis-appropriation of funds and leakage of income.
3. The Corporation should adopt scientific inventory management system for checking pilferage and wastage of its stocks and materials.

4. The Corporation should install computerised bus-tracking system so that the vehicles cannot violates the norms of operation.

5. The system of professionalism at all the levels of management right from the level of Board of Directors should be introduced to make the management of ASTC more effective. The Board of Directors of the Corporation should be constituted with the participation of eligible persons having adequate skills, expertise, knowledge and experience and also professionals from various economic, commercial and industrial areas.

6. Political interference in the activities of the Corporation should be minimised and greater autonomy at all the levels of management, particularly at the operational management level should be given. Besides, the present practice of appointing the Chairman of the Corporation from the political personality should immediately be discarded.

7. It is also very important that the Corporation should execute Memorandum of Understanding (MOU) with the sponsoring authorities so as to ensure a better relation and performance for the attainment of targets within the definite time frame.

8. The Ministry of Transport as well as the ASTC management should also insist on proper maintenance of accounts by the Corporation and preparation of Balance Sheet and Profit & Loss Account regularly so as to attain transparency in its accounting system.
9. The Corporation should introduce some more new income generating schemes and programmes for large scale diversification of its activities, which in turn will generate additional resources as well as utilise the services of its surplus staffs.

10. The Corporation should also make commercial utilisation of its lands and buildings still remaining unutilised or under-utilised to generate more revenue.

11. The Assam State Transport Corporation has a huge infrastructure in the mechanical sector but presently these mechanical infrastructures are lying under-utilised due to less number of ASTC’s own vehicles. Therefore, it will be a sound proposition if these infrastructures can be utilised for the repair of the private vehicles also, and this will fetch a huge revenue to the Corporation.

12. The Corporation should increase the number of its own buses by purchasing new model luxurious buses. Besides, it should also try to bring more and more number of Private Operated Buses under its banner so that its competition with the Private Tours and Travels Buses will decrease.

13. Efforts should also be made to bring up the percentage fleet utilisation of ASTC vehicles to 100 percent to increase the revenue of the Corporation from operation of the vehicles.

14. ASTC should also make more efforts to attract more and more passengers towards itself and to travel through ASTC and under ASTC operated buses by:

   a) Improving the passenger facilities in all the ASTC bus stations.

   b) Giving incentives to the passengers.
c) Replacing the old and out-dated buses with new model luxurious buses.

d) Increasing the number and frequency of buses.

e) Strict maintenance of time schedule.

f) Bringing politeness and decency in the behaviour of the bus drivers, conductors and employees at the counters.

15. Last but not the least, efforts should also be made by the Government as well as the ASTC management to keep the morale of its employees high by providing them more job security, regularity of pay and above all due recognition for their work.

In spite of having huge potential for development, the Assam State Transport Corporation is still running at loss, although the amount of loss incurred by it has been decreasing substantially after its restructuring. Under the present regime of Restructuring Strategy introduced in ASTC it is expected that the Corporation will soon be able to turn itself from a loss-making PSU to a profit-making PSU. **ASTC sets an ideal example to other ailing Public Sector Undertakings (PSUs) also as to how a sick undertaking can be revived from its worst position to better position by adopting various revival strategies, good planning, dedicated services of workers and managers, and specially the will and support of the Government functionaries.** The PSUs must not think of keeping themselves running only with Government support any longer, but should device means of their own to ensure how they can survive as self sustained. The PSUs should make serious efforts for their revitalisation through effective management, innovative ideas, checking of wastages, sincerity and dedication.

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205