Chapter - 1

RESEARCH DESIGN
1.1. Introduction

Transport combines different components and different sectors of the economy and affects the economy at all points of development. Apart from the administrative, social and cultural benefits of a good and efficient system of transport, it is recognised that an efficient and cheap transport system is a key factor in economic development of developing country like India. Economic development is so much affected by the transport system for a well developed transport system which has become a symbol of civilization.

In the surface transport system both for movement of passengers and goods, road transport is of crucial importance in India. The passenger buses have been progressively nationalized in the country, with the rationale such as to run service large scale and providing more economical service, better amenities, bringing effective co-ordination between rail and road services, etc. Thus fifty per cent buses are at present being run by the public sector undertakings in the country. But, it is distressing to note that all the State transport corporations are running under loss due to uneconomic fares, heavy interest burden, and heavy burden of taxes and to uneconomic routes.
1.2. Road Transport in Karnataka

The Mysore Government Road Transport (MGRDT) was established on 12th September 1948. By the end of the year 1948, the Department was operating services on 81 routes, with a fleet of 120 buses and with an invested capital of Rs. 17.77 lakhs. Nationalization of Road Transport was also initiated in Bombay State in 1948, and by State Transport buses. The urban and suburban services in Mysore City and Bangalore Metropolis were nationalised in October 1955 and October 1956 respectively. At the time of Reorganisation, the new State inherited 438 nationalised routes with 530 buses from Bombay State, 30 nationalised routes with 80 vehicles from Hyderabad State and 310 nationalised routes with 215 buses from Mysore State. In the wake of Reorganisation of States, the MGRTD grew overnight phenomenally and became the fourth biggest undertaking in the country.

Karnataka State Transport Corporation was statutorily established on 1-1-1961 under the provisions of the Central Road Transport Corporation Act of 1951 and was being managed as a Government Department, as a wing of the Home Department for nearly 13 years since its inauguration. The Objectives incorporated behind the establishment of the corporation are:

1. To provide the public with road transport facilities marked by high reliability, reasonable comfort and moderate cost within the existing technological and economic constraints.

2. To constantly explore the newest and the latest technological development in the field of road transport in order to provide
better, safer and cheaper mode of road travel to the traveling public, and

3. To build up and maintain a high technological capacity in the Corporation to keep the ever-growing fleet in an excellent condition.

At present, KSRTC has been divided into four sub corporations.

➤ KSRTC (Karnataka State Road Transport Corporation) with its head quarters at Bangalore to take care of the inter-State and inter-State services originating from Bangalore and the other adjoining southern districts.

➤ NWKRTC (North West Karnataka Road Transport Corporation) with its head quarters at Hubli to serve the northern and western districts.

➤ NEKRTC (North East Karnataka Road Transport Corporation) with its head quarters at Gulbarga to serve the Hyderabad-Karnataka region.

➤ BMTC (Bangalore Metropolitan Transport Corporation) with its head quarters at Bangalore to take care of the City services.

With these, KSRTC has ten divisions such as 1. Bangalore centre 2. Bangalore Rural, 3. Chikmagalure, 4. Davangere, 5. Hassan, 6. Kolar, 7. Mangalore, 8. Mysore Urban, 9. Mysore Rural, and 10. Tumkur. The performance of the government bus network improved in certain areas after these were created, although they were never really cash rich.
1.3. Statement of the Problem

Mobility has become a key concept in the modern Welfare State, so that it is almost regarded as a basic value in a modern society. Consequently, mobility rates alone sometimes taken as one of the performance indicators of an economic system. The workings of different transport systems in India especially for passenger transport have received considerable attention since the later half of 1950's.

State Transport Undertakings (STUs) in India have a special responsibility to provide road-based passenger mobility, as they are the biggest undertakings in the hands of the respective State Governments. It is believed that there are economies of scale in the size of undertakings. This leads to the assumption that STUs are operating on increasing returns to scale and their average cost declines with increase in the level of production. Providing such an undertaking with an exclusive franchise is then rationalized as a means of protecting it from unfair competition and thus of increasing its viability.

In Karnataka, KSRTC (Karnataka Road Transport Corporation) is such State transport undertaking to provide road-based passenger mobility throughout the State. Thus, the present micro-level study entitled "Performance of State Owned Road Transport Corporation - A Case Study of Davangere Division" intends to analyse the strengths and weaknesses in physical and financial performance. The study is also aimed at pointing out the quality of service of the Division.
1.4. An Overview of the Literature

The available literatures in Transport in India are mainly focussed on areas relating to public control and co-ordination, finance and taxation, and economics and development. Some of the studies on these areas are as follows.

Krishnamurthy (1969) presented a diagnostic study of the Andhra Pradesh Road Transport Corporation. He presented an outline of the genesis of the corporation and statistics relating to variable costs, fixed cost, gross income, net income, cancelled trips, and number of delayed trips for different districts in Andhra Pradesh. The review of the sector wise analysis of the Corporation made by him revealed the local factors that were responsible for the differences in the performance at different region.

Fronk H Mossman and Newton (1972) explained the relationship of transportation, wealth, government, marketing etc. They opined that transportation increases wealth, promotes territorial Specialisation and raises standard of living.

Howard L Ganthier (1973) views that if there is a relationship between capital formation and economic growth there must be a relationship between important components of capital formation and economic growth. Undoubtedly, transportation is an important component of capital formation.

Manjula Singh (1974) observed that in India the operating ratio (revenue expenditure) was always above 100 for rail and less than 80 for road transport and recommended a well coordinated road transportation system.
Venkaji Rao (1974) analysed the managerial problems of State transport undertakings with special reference to Mysore State. He identified some administrative problem to improve the performance of a State transport undertaking. They are (i) Balancing the transport requirements of the community as against other facilities served, based on costs, income and finance, (ii) peak-load problems (iii) the most efficient utilization of vehicles and staff on the basis of the moving of given loads of passengers, (iv) forecasting the picture of transport.

Santhosh Sharma (1976) has made a pioneering study in the productivity parameter in road transport system and also discussed economies and diseconomies in nationalised bus operations in the areas of cost components, fuel and tyre management, materials management, traffic management. He advocated a total system approach while searching for an optimal solution, the bus system is actually a part of bigger system, the total environment and it would be necessary for the bus company management to fully interact and integrate with the total system. In a transport system, the quality of service depends on the actions and interactions of four agencies, viz. operators, users, society and the government. Patnakar outlined a set of possible parameters to judge the quality of service in STUs. They are - punctuality and regularity of service, passenger amenities, passenger comforts in a bus waiting time, incidence of breakdowns and accidents, type of vehicle, environmental aspects and nature and number of public complaints. Based on the 1984-85 out of 8 State Transport undertakings, he found out that though the breakdown rate is getting reduced every year there is still a large variation amongst
different STUs and hence they have a scope to improve their own performance. The analysis indicated that about one-third of the total breakdowns are caused due to tyre punctures, one-third on account of engine system and the rest are mostly from transmission brake and suspension systems, the rate of accidents varied between 0.08 and 7.36 per lakh of kms.

Alwin Prakash (1977) attempted to analyse the performance of the Kerala State Road Transport Undertaking during 1959-1971. He analysed the operation, revenue, cost, social benefits and organizational and management structure of the Kerala Road Transport Undertaking. He concludes that the operation of the transport in Kerala was efficient because of the high vehicle staff ratio due to under utilization of staff and fall in kilometer per litre due to bad road, overloading and incidence of average buses.

Sinha (1978) considered Road Transport as an Industry of Mass Consumption. He opined that a more profit and loss evaluation would neither be fair nor give a correct picture of the Undertaking. Further, economic operation will be in relation to efficient use of the resources for the benefit of the society. He concluded that economic operation would be said to be one where the buses did not run either over crowded of empty.

Jain (1978) studied the economics of fleet maintenance. He explained the external factors which affect the efficiency of transport. He examined the causes of the break downs and said that to improve reliability, either stress is on components of buses and should be kept above the stress level. He concluded that bus
scheduling and repair and maintenance technique had a significant influence in the cost structure.

Hussumani (1978) attempt that to analyse the economic in planning and techniques which cut out wastages and increase revenue and effect economics by way of making optimum utilization of available resources for the purpose of achieving profitability. He viewed that there are concrete ways of measuring whether the routing is properly done, whether the vehicle duty schedules and the crew duty schedules scrupulously make use of every available movement, whether the gap between the spell of duty and the hours of duty not avoidable at large level whether the plan of operation and the actual operation are nearest to the ratio 1:1.

Kane (1978) advocates Scientific scheduling to improve the performance of the buses, proper scheduling, according to him, increases crew utilization and brings downs the cost per KM on crew. He has analysed the internal, external and legal constraints for proper scheduling.

Sudarshanam (1978) states that bus and crew scheduling is one of the most decisive factors in the performance of a transport undertaking. The ultimate profitability and popularity of transport operation depend upon the effective use to which buses and crew are put. He concludes that it is the duty of the management to take concerted efforts to tackle the problem of scheduling.

Lokesh Dhar (1978) studied the problems of road transport like heavy direct and indirect taxation, escalation in the cost, unrealistic fare structure inadequate maintenance, pilferage and
leakages of revenue and frequent damages of revenue and frequent damage and premature vehicles deterioration due to poor roads. The answer to these problems, according to him, lies in the creation of a climate for optimizing the utilization of their internal strength and resources. After examining the problems of the road transport, he concludes that the present managerial incapacity to effect significant improvements into a large extent due the overloading odds against which they are working.

Aiyaswamy (1980) classifies accidents into three stages and points out causes of accident like defects in roads and environment defects in road users and vehicle defects. He also analyses cost of accidents by dividing the cost as direct cost, which is a cost of property damage, compensation etc. and indirect cost which is cost of medicine, administrative cost and pain and sufferings.

Pandurangarao (1981) made an in depth study of passenger transport and goods transport in Vishakapatnam district in Andhra Pradesh. For the purpose of determining the selected transport indicators, he employed three statistical methods. They are (1) trend analysis, (2) forecasting through multiple regression and (3) projection under different growth rates of district income. He concludes that the mofussil passengers will increase by 1.73 percent and city bus passengers by six percent per annum during 1976-77 to 1988-81.

Raman (1982) states that the continuous losses of Road Transport Undertakings were due to oppressive taxation, uneconomic fare structure and limited financial resources. He analyses the Return on Investment and states that the Government
is getting reward from three sources namely-interest, taxes and profit. He concludes that the losses obtained are not at all actual losses if we consider the amount taken away by taxes. He calculated the gain obtained by the Government after considering tax, interest and profit/loss. He also pleaded for tax relief.

Mahajan B.B. (1982) studied the performance of mofussil buses and opines that the Government are the recipient of taxes and so the tax should be added to the profit/loss. His analysis shows that after tax revenues are added to profit/loss, 15 out of 21 State Transport undertakings get profit. Thus he concludes that though most of the undertakings were operating at losses majority of the undertakings were not at losses if tax is added to profit.

Mahajan (1982) studied the performance of city buses also. His treatment of the subject is the same as in the case of the performance of mofussil services. His conclusions are (1) all the city bus undertakings were operating at a loss. (2) They continue to involve losses even after revenues from taxes are taken into account. (3) Cost of operation is higher than mofussil undertaking and (4) Reason being higher fuel consumption and lower kilometer per bus.

Mahes Chand (1983) made a study of the performance appraisal of public Road Transport Undertaking with Special reference to Karnataka State Road Transport. He employed an econometric treatment of the subject by taking a number of performance indicators and analysed them. He made an inter firm
analysis of different public Road Transport undertakings and intra-firm analyses of Karnataka Road Transport Corporation.

The Planning Commission (1985) made an evaluation of the performance of the State transport undertakings in India. Financial and physical performances were evaluated for which tank system was followed, while ranking performance indicators have been treated equal and weightages were given. First five ranks and last five ranks in the financial as well as physical performance were made for 1980-81 and 1984-85(estimate). This analysis gives a real position of the State Transport undertakings.

Patankar (1985) made an indepth study of operational economics. Operational productivity and effective management of Road passenger Transport in India. He analysed rural and urban transport. According to him, operational economics are measured by the difference between the revenue and the cost. Operating cost has been taken as the cost before taxes and interest and the traffic receipts is taken as the operative revenue. Overall performance of the road transport undertaking has been evaluated. The problem of an economic fares and unlimited financial resources has been studied in depth. Total cost has been classified under different cost components and they were analysed individually. His analysis shows that a small reduction in the materials cost per km. Would result in significant savings in the over all cost accounts for the highest percentage of the total cost. He states that economy must be ensured in total fixed cost and variable cost per unit. He suggested various measures to economics cost. After analyzing incentive schemes, fleet maintenance, fuel conservation, tyre
economy, breakdowns, bus and crew scheduling, accidents, materials managements, inventory control etc., he concludes that it is possible to ensure high productivity through effective materials managements. It is crucial to recognize materials management activity as a high professional function. For materials management the store performance must be continually monitored through suitable norms. He concludes that transport system is the action of four agencies namely operator, user, society and Government.

P.G. Patnakar (1985) has studied the road passenger transport in all its dimensions since 1950s and analysed the operational economics, productivity and efficiency of STUs for the period 1973-74 to 1979-80. He was of the opinion that the future of road transport sector in India would brighten only with productivity oriented planning. Having classified the area of operation as plain and hilly regions and the State transport undertakings as corporations, companies and departmental units, a team under the leadership of ILO expert, Ali A. E. Mezawie (1982) made a thorough study of the performance, problems and prospects of STUs in India.

P.G. Patankar, in other macro study (1985) of the financial performance of STU's for the period 1976-77 to 1982-83 indicated that the operational cost as a whole has not increased in the same proportion as prices of major inputs, which means that transport operation in the nationalised sector were not in any way more efficient, if not better than the private operators. On the other hand the possibility of evasion of taxes by private operators for want of centralized control cannot be entirely ruled out.
By adopting rank criteria, the Planning Commission (1985) has made a comparative analysis of the physical and financial performance of STUs of the period 1980-81 to 1984-85. Basing on 1983-84 data, S. S. Murthy (1986) has made an inter-firm analysis of 15 State Transport Undertakings (11 Corporations from Tamil Nadu) in terms of parameters like fixed cost, variable cost, average fleet operated, traffic revenue, effective kms operated, rate of vehicle utilisation, cost per bus (CPB), cost per kilometer (CPK), Earnings per kilometer (EPK). A comparative study between Andhra Pradesh State Road Corporation (APSRTC) and the Thiruvalluvar Transport Corporation (TTC) Tamil Nadu shows that TTC occupied the last and 15th rank in terms of CPB while the APSRTC got the 4th rank. But in terms of CPK, EPB and rate of vehicle utilisation, TTC ranked first among the 15 transport corporations while APSRTC ranked 13th, 12th and 11th the respectively.

A.V. Raman (1986) highlighted that the conventional methodology of ratio analysis cannot be applied in isolation, as in the above study of the real situation or the characteristics of the industry.

After analysing the financial results of 09 State Road Transport Corporations in the States of Andhra Pradesh, Bihar, Gujarat, Rajasthan, Kerala, Karnataka, Uttar Pradesh, Madhya Pradesh and Maharashtra, A.V. Raman (1986) derived that the present capital structure is entirely debt in nature even in respect of the capital contributions by Central and State Governments on which STUB pay interest as a charge on expenditure and a restructured capital content would result in improving their financial performance.
The Planning Commission in its mid-term Appraisal of VII Plan (1987) has pointed out that there was a distinct improvement in the fleet utilization, vehicle productivity, staff productivity and fuel consumption of STUs as against the target set in the beginning of VII Plan.

Y. Satyanarayana (1988) focussed on some of the important measures in fuel conservation in road transport sector, like better fuel efficient engines, weight reduction through lighter bodies, better maintenance of vehicles, better roads, better driving habits, etc.

Shivaji Singh (1988) outlined a pragmatic approach to fixation of fares for luxury and express services in STUs. He opined that the intending passenger for these services has a high rate consumer's surplus since he is prepared to pay higher fare rather than go without the service. This is the reason contributing for the inelasticity of demand for luxury and express services. The higher fares proposed for these services might not act as deterrent for the intending passengers.

The Luthra Committee Report (1988) pointed out that there are wide differences in the performance, efficiency and productivity of the STUs. Most of them face series of financial constraints as they need capital contribution from Government for augmentation and replacement of their averaged buses and expansion of the fleet.

Analysing the trends in the operational aspects of STUs, P.G. Patanakar (1989) has pointed out what is urgently required is improvement in service quality and STUs must have come forward
to provide it, at least those who can afford to pay higher fares. The profits of these upgraded services can be mobilised for subsidising the transport of the poor, Public Transport alone can reutilise the mobility for all.

S.H. Gawhane (1989) elaborated various methods by which STUs can maximise their traffic revenue. His package included assessment of route and traffic behavior and economics, effective bus and crew scheduling, introduction of express services, night express services, luxury, semi-luxury and deluxe services, running special services to fairs and festivals, proper control over cash and ticket section, cash generation through reservation charges for scheduled buses and incentive scheme for drivers and conductors.

Mahesh Chand (1994) made an attempt to analyse the role and advantage of nationalization. A comparative analysis of performance of between public (Kerala State Road Transport Corporation) and private operators. He concludes that the performance of STUs is required to be viewed in the correct perspective and multiple performance indicators should be used to gauge the performance. In the area of quality of services STUs rank for better than private operators.

A study on 'Performance evaluation of SRTs in India; with Special reference to KSRTC by J. Madegowda (1995) that the economic development of a country is largely conditioned by the adequacy, efficiency, regularity, safety, and punctuality of the transport service, these study also analyse the profitability of the corporation can be to a greater extend improved through various concept; as follows.
The conscious efforts towards the better investment decisions and allocation of resources.

Identifying the unnecessary costs and eliminating the same

Improving the fares, annually in the light of cost hike

Plugging the leakages in the traffic revenue and

Enabling functional autonomy and enforcing accountability for results.

The study also included as an integral part of the over all policy of government and the corporation in making the corporation as an instrument of better services to the general public, the operative efficiency and the profitability of the corporation are bound to improve in future.

A committee appointed by government of Tamil Nadu, under the chairmanship of C.R. Pattabiraman (1997) on The Transport Sector in Tamil Nadu' reveals that the exits bigger transport magnet from the field the question of nationalization should be viewed not as a rigid policy of as a mean ideology, but as a means to the end a better public service provided this can be ensured by the public sector; the issue must be approached with determination and not vacillation. The committee also denotes that a pattern of co-existence must be worked out where there are mutual checks and balances, where there is a healthy competition between the private and the public sector and maximum rationalization. The displacement in the private sector would be minimal.
Rajendran S. (2003) mentioned that in Karnataka State, KSRTC plays a major role in creating the road transport with more than 24,000 buses during 2002-2003. Private operators ran around 8,000 buses for the above period catering to one-third of total bus service. He opines that KSRTC would be privatised gradually as it is running under loss in some divisions. KSRTC generated Rs 60.08 lakh as net profit in 1961-62 and during 1999-2000 the loss stood at Rs 2,105.63 lakh, a reason cited for privatisation.

From the above Review of Literature it emanates that the direction of economic studies or road transport sector is routed around cost studies, employment size and structure review progress and economics of the fleet utilization, vehicle productivity, staff productivity and fuel consumption.

1.5. Rationale of the Study

Till now, public attention in India has been focussed too much on the performance of the centrally-sponsored public undertakings with the result that the performance of innumerable units promoted and managed by the various State Governments went almost unnoticed. There are thousands of public enterprises attached to State Governments that interact more directly with the public, such as road transport corporations whose study has been neglected. It will be a good idea if research is initiated in the functioning of Government Companies under the control of different States. The studies of individual public enterprises in India have two-fold contributions to the research effort on the
subject. First, these studies have thrown up a good deal of closely relevant data not available, otherwise, particularly outside. Secondly, they pinpoint individual problem areas of different enterprises and suggest the way in which these problem areas should be dealt with. Performance review is a feedback device, which provides a documented log of experience that is highly valuable for future decision-making. Profitability is the conventional calculus used to assess the performance of business enterprises. But in the case of public sector enterprises, profitability as the criterion for measuring the performance is being discounted since there are decisions, which are made outside the enterprise to which the particular enterprise has to conform. The overriding social objectives and other environmental constraints are, therefore, stressed more often in the performance evaluation of public sector service-oriented organizations like State road transport undertakings.

There is thus a primary need to distinguish between the performance viewed from the narrow commercial angle and from the wider macro economic angle. In view of this, performance evaluation of a State transport undertaking sandwiched between service and trade is a complex process. A host of performance parameters are, often used to represent the physical, financial and social dynamics of Transport Corporation. There is usually some meaningful inter-relationship that exists between the various performance indicators. It is inappropriate to study each of these in isolation especially since an interpretation with respect to single indicator may occasionally give a misleading picture of the overall performance. So a single indicator approach is not sufficient to
evaluate the performance of State transport undertakings. Instead, the adoption of a package of multiple indicators would help us to understand the operational as well as the achievement levels of a transport undertaking.

Hence, taking all the above aspects into account, the present study makes an intensive performance evaluation of Karnataka State Road Transport Corporation by selecting Davangere Division as a case study.

1.6. Objectives

The Study is undertaken with the following Objectives:

1. To measure the extent of improvement in operation since its inception.
2. To analyse the financial viability of the division.
3. To examine the quality of service being extended by the division.
4. To examine the compatibility of the division with private sector in the present changing market scenario.
5. To offer suggestions for improving the performance of the division.

1.7. Hypotheses

The Study is undertaken with the following Hypotheses:

1. There is significant increase in operational efficiency over the years after the inception of the Davangere Division.
2. The Division showing positive financial viability and affording good quality in service.
1.8. Methodology

a. Area of the Study

The present study covers Davangere Division as a case study, which is one among the ten KSRTC divisions, for an intensive and in-depth analysis. The Davangere Division covers three districts such as Shimoga, Chitradurga and Davangere which is consisting totally 21 taluks (blocks) in it. This Division maintains total 328 buses (Rural-115, Express-211, and Semi-Luxury - 2) and nine mini buses. In addition to these, 30 private buses also acting together with this division for rent. It has nine major bus stop, two miner bus stop, and two control points in Honnali and Sagar. The Transport operators, commuters and crews of the system are in the focus of attention in the study.

b. Sources of Data

The study covers the period from the inception of Davangere Division from 1992-93 onwards and it is based on primary as well as secondary data. Further, the study covers the performance of the corporation considering before and after the bifurcation of the organization viz., 1992-93 to 1999-2000 and 2000-01 to 2006-07 so as to know the present status of the Corporation. The secondary data has been collected from Published Books, Journals, Periodicals, Newspaper, Government Records, KSRTC Annual Reports etc., to understand the composition of Road Transport Corporation and other information. The analysis of the efficiency of the services of the division is done on the basis of primary data. The primary data has been collected through the questionnaires
and interview schedules from different respondents' viz., commuters, Crews and the operators.

c. Sampling Design

A total of 210 Commuters (Transport Users) at random belonging to different users categories were interviewed across the Division for the purpose of the study. In all 90 (60 KSRTC and 30 Private) employees in the system were interviewed and whose prescriptions about the system were analysed in the thesis. 20 Private bus operators were interviewed in the Division to elicit their views on the various issues pertaining to the bus transport operation in Davangere Division.

d. Analysis of the Data

The data gathered were processed with the help of appropriate tables and interpreted with the use of Statistical Tools like ‘t’ Test, Arithmetic Mean, Weight Score Method, Ranking (Place) Method, Averages and Percentages. In order to make the study more reliable and trustworthy statistical tables, averages, graphic illustrations are used with the help SPSS software wherever necessary.

The Exponential Growth Model is used for the analysis of the secondary data. Particularly, the types of the Exponential Growth Model, which are used to estimate the Growth Rate of Selected Variables are Cost per kilometer, Earnings per kilometer, Fleet utilisation, Load factor and Fuel efficiency etc.
\[ Y = Ce^{bx} \]

where,

- \( Y \) = Dependent Variable
- \( C \) = Intercept
- \( b \) = Coefficient of Growth Rate
- \( x \) = Independent Variable (Time)

The Microsoft Excel software has been used to estimate the co-efficient of the equation.

**1.9. Chapter Scheme**

The entire work is divided into Seven Chapters as presented below following with a brief explanation of each of the Chapter.

1. Research Design
2. Transport - A General Outline
3. Karnataka State Road Transport Corporation – A Profile.
5. Performance of the KSRTC - An Inter-Division Comparison
7. Summary and Conclusion.

In the first chapter an attempt has been made to identify the major gaps that exist at present and the areas that need priority and emphasis with the help of an overview of the literature on passenger road transport in India till date. Objectives of analysis,
plan of the thesis and also the limitations of the study are included in this chapter.

The second chapter 'Transport – A general outline' deals with the meaning, importance and different modes of transportation, significance of transportation and transportation and economic development.

In order to tackle the challenges posed by the size of the corporation, it has adopted a well-defined decentralized system of management with three levels – Central office, divisions and depots. Besides analyzing this, the third chapter analyses the contribution of the Corporation to the generation of employment opportunities, inflows of tax revenue into the State exchequer and the various amenities provided to the traveling public.

An attempt is made in the fourth chapter to analyse the Physical and Financial Performance of the Corporation based on selected indicators like total cost, total revenue, cost per kilometer, earnings per kilometer, load factor, rate of accidents, rate of breakdowns, life of tyre and punctuality.

The fifth chapter is devoted to Inter-Division Comparison of Physical and Financial performance. The entire KSRTC divided into ten divisions viz., Bangalore centre, Bangalore rural, Chickmagalore, Davangere, Hassan, Kolar, Mangalore, Mysore urban, Mysore rural and Tumkur. The analysis in the present chapter is confined to the Davangere division which is taken for the case study.
Sixth chapter deals with the service efficiency of the Corporation on the basis of primary data's. The Primary data would be collected from the various respondents i.e. Passengers, Bus Conductors and Drivers, and Officials of The KSRTC and also same categories of selected Private Transportation firms in order to find out efficiency of KSRTC in providing service.

The final chapter deals mainly with the findings of the study and suggestions offered to improve both the physical and financial results of the Corporation.