Chapter III

FORMS OF ORGANISATION IN STATE TRANSPORT UNDERTAKINGS
Nationalisation of passenger transport has registered, since independence, a slow and steady progress. Inspite of an equivocal policy and lack of sufficient financial support and political will, if the nationalised sector today holds more than half of the market share, it must indeed be creditable. The only noteworthy nationalised organisation in the pre-independence days was the Road Transport Department of the Hyderabad State. It was formed as a wing of the Nizam State Railway in 1932 with a fleet of twenty-seven buses and grew in size by 1949-50 to a total fleet strength of 567 buses. There were other small state enterprises in the princely India, but their size and coverage were negligible.

The fleet strength of State Transport Undertakings and growth from 1956 to 1980 reveals that there were only five undertakings in 1956 with a fleet strength of over 500 buses; by 1950 their number increased to twenty-five. Today, while there are only eight undertakings with a fleet strength of less than 100, there are ten undertakings with a fleet strength of more than 2,000 buses. These figures are indicative of the tightening grip of the public sector in the field of passenger road transport in the country.
concept of ‘controlled monopoly’ which was first mooted by the Mitchell-Kirkness Committee in 1932 for effective control of road transport had to be modified into government-owned monopoly to achieve the goals of unification and organisation fifty years later.

As noted earlier, one of the reasons why the private operator was unwilling to merge into a larger - or viable - unit of operation was the lack of, or reluctance to put in, managerial skills necessary to handle larger networks of operation. It was precisely these skills that the nascent State Transport Undertakings needed, and indeed developed - over the last thirty years. The successes and failures of these undertakings should be judged on the basis of their measuring up to the challenges of growth and survival during this crucial period of their history.

The Rise of the Big Corporation

The rise of the big corporation in road passenger transport, brought in its wake the need for designing an organisational set-up to suit the business the industry has had to undertake. From the early days, urban transport was looked upon as part of the concerned city’s civic amenities, and there were several cities where municipalities were operating the local bus services. In the case of rural transport operations, Government intervention and the consequent nationalisation, resulted in organising transport
services as Government departments. Over a period of time, the various forms of organisation acquired a rationale for each, depending upon the years of experience. There has also been frequent changes in the organisational pattern.

There are basically four organisational types coming under the description of State Transport Undertakings. The Motor Vehicles Act, in Chapter IV-A which was added in 1956 to incorporate special provisions relating to State Transport Undertakings, defines that -

"State Transport Undertaking means any undertaking providing road transport service, where such undertaking is carried on by,

"(i) the central Government or a state Government;

"(ii) any Road Transport Corporation, established under Section 3 of the Road Transport Corporations Act, 1950 (64 of 1950);

"(iii) any municipality or any corporation or company owned or controlled by the Central Government or one or more State Governments, or by the central Government and one or more State Governments."

From the above definition, there can be - as indeed there are - four forms of organisations under the omnibus name of State Transport Undertakings. There are (i) departmental undertakings directly under the State Governments, (ii) municipal undertakings owned and controlled by the
municipal corporations, (iii) companies or corporations formed under the Indian Companies Act (1956), and (iv) Road Transport Corporations formed under the Road Transport Corporations Act of 1950. The salient features of these four organisational forms are given below. It should be stated here that there are no organisational forms under public sector in the country except as defined under the State Transport Undertakings.

**Departmental Undertakings**

Government ownership traditionally meant formation of a department such as any other department of the Government. The corporate and company forms are later innovations. In the former Hyderabad (Nizam) State, both Railways and Road Transport were run departmentally. Before the formation of the Bombay State Road Transport Corporation in 1949, bus services in the Bombay State were nationalised and run under a separate department. Given today, departmental undertakings are operating in the States of Punjab, Haryana, Sikkim, Nagaland, etc.

What are the characteristics of the departmental form of administration of an enterprise? They are defined by the Rangoon Seminar of 1954 as follows:

(i) The enterprise is financed entirely by appropriation from the treasury and all or a major share of its revenues are paid into the treasury;
(ii) The enterprise is subject to the budget, accounting and audit controls applicable to other Government activities;

(iii) The permanent staff of the enterprise are civil servants and the methods by which they are recruited and the conditions of service under which they are employed are ordinarily the same as for other civil servants;

(iv) The enterprise is generally organised as a major sub-division of one of the departments of Government and is subject to the direct control of the head of the department; and,

(v) Where this applies in the legal system of the country concerned, the enterprise possesses the sovereign immunity of the State and cannot be sued without the consent of the Government.

The qualities mentioned above do not allow flexibility and dynamism and may therefore impede progress and efficiency. Recognising this, the Krishna Menon Report observes: “Some of the limitations in having a purely departmental form of management may be set out as follows: (a) permanent staff is subject to rules and regulations applicable to civil servants, thereby preventing both promotion on merits and prompt disciplinary action where necessary; (b) tardy procedures for arranging funds, for instance, the necessity of getting sanctions for expenditure and other matters in every single case; (c) cash receipts have be put into Government account
and cannot be taken out without special sanction; (d) the system of accounting; (e) the departmental methods of purchase of raw materials and sale of products and so on.\(^*\)

It is, however, not that the departmental administration can be all that inflexible. In our own country, the Railways are run as a department, and so are the Posts and Telegraphs. Both are service industries. To further quote A.H. Hanson, "I was reading the other day an article about transport administration in Uttar Pradesh, by Mr. Jagdish Prasad, in the Journal of the Indian Institute of Public Administration. In Uttar Pradesh, according to Mr. Prasad, nationalised transport is managed on the departmental pattern. 'In spite of the shortcomings inherent in departmental operations,' has he writes, 'this form of management has been a success in the case of the nationalised transport.' He then makes it clear that the reason for this success is that the normal type of departmental administration has been very considerably modified. 'The Transport Commissioner,' he writes, 'has been delegated adequate powers with regard to the reduction of fares up to a limit, to attract more traffic appointment of temporary and work-charged staff, sanctioning building estimates, the grant of rewards to staff, etc. All major decisions to carry out Government road transport policies are taken on behalf of the Government by a Roadways Board consisting of the Minister of Transport as Chairman, the Chief Secretary, Finance Secretary, Secretary and Deputy Secretary
of the Transport Department, and the Transport Commissioner as members. The Board type management and control facilitates quick decisions and prompt action."

"He then goes on to illustrate. When, for instance, diesel chassis were urgently required, the decision regarding types and numbers came before the Board which was also authorised to place orders with the manufacturers. If the proposal had gone through the normal government channels, it would have taken a long time to obtain approval of the government and replacement of unserviceable buses would have been delayed. These facts led Mr. Prasad to the conclusion - a conclusion with which I am by no means in entire agreement - that the form of public enterprise is immaterial and what matters is the spirit in which it is run." 5

The Rangoon Report, quoted by Mr. Hanson, adds that, "So long as the enterprise is not clearly differentiated from other types of Government activities, strong pressures will be brought to bear to make it conform to the standard government regulations and procedures, since emphasis on uniformity is a common characteristic of bureaucratic administration."

There are several difficulties in modifying government departments to suit the needs of a public enterprise. "Sometimes, the difficulty is so serious that it is better to cut your traces and establish an entirely new and separate form
of organisation. Then, to change the metaphor, you can build from the ground level. That view is confirmed by a good deal of experience.

The fact that departmental transport undertakings, have over a period of time converted themselves into corporations, proves that there are certain insurmountable limitations for a public enterprise to function as a department. The recurrent theme in the Indian Parliament to convert the Railway Board and the Posts and Telegraphs Board into public corporations, inspite of various measures taken to delegate authority to lower levels and providing for flexible sets of rules, points to the desirability of corporate form of organisation for public enterprises.

Transportation is essentially a network and road transport is a part of it. In order to provide for adequate, efficient coordination and elimination of meaningless competition resulting in wastages, it is provided in the Road Transport Corporations Act that there should be capital participation from both Central and State Governments. Apart from the other inflexibilities that a departmental form is subject to, specially in the field of transportation where coordination is of prime importance, the country could ill-afford formation of undertakings which isolate one mode of transport from another mode. It is for this reason that the Planning Commission, as far back as in 1956, gave a directive to the State Governments that they should convert the
existing departmental undertakings into Road Transport Corporations. The reason why the Central Government's share of capital is channelled through the Railways is also for the achievement of greater coordination.

As per the Committee on Transport Policy and Coordination, with the gradual expansion of passenger road transport services in the corporate sector, the question of the form of management of the nationalised undertakings has drawn repeated comments. In its preliminary report, the Committee studied this question in some detail and recommended that Corporations should be constituted by State Governments and that the Railways should be enabled to participate in the share capital. The most important consideration which weighed with the Committee in making this recommendation was that as a form of management, Corporation would facilitate coordination through mutual agreement between State Road Transport Undertakings on the one hand and the Railways on the other. In the view of the Committee, experience of the working of the corporations, with which the Railways had been associated, had demonstrated this proposition.

"We adhere to the conclusion reached in the preliminary report and consider that, in addition to bringing about greater coordination in services, Corporations are essential for mobilising the internal resources needed for the continuous expansion of road transport undertakings and for measuring and enforcing standards of efficient management. Corporations
would have much greater autonomy in the management and operation of commercial services, in the use of internal resources and in mobilising resources for future development than obtains in the case of departmental undertakings. The Road Transport Corporations Act (1950), under which Corporations are set up, provides considerable scope for Corporations to function on commercial lines and enables them to take and implement decisions speedily without being tied down by rigid procedures."

State Governments, according to the Committee, sometimes take the view that in as much as departmental undertakings are not liable to income tax and corporation tax, which accrue mainly to the Central Government, this form of organisation is more profitable to them. If this argument was to be considered really valid, all enterprises established by State should be organised departmentally and the State Government should set up a corporate body to operate on its behalf. Road transport undertakings should be thought of as an important ingredient in that part of the public sector activities in which State Governments have the largest share. As such, the Committee felt, precedence should be given to sound and economic management, attainment of the highest standards of efficiency and continuity of growth and expansion from within rather than to the short term consideration of enlarging receipts through not having to pay such central taxes as are borne by all enterprises, public or
private, under the appropriate legislation. Clearly, according to the Committee, the issue should be looked upon in a broader frame of reference than has been done in some States in recent years.

There are now left only six undertakings out of the total number of forty-six state transport undertakings which are being operated as departmental undertakings. Of these six, only Punjab Roadways with a fleet of 1878 buses and Haryana Roadways with a fleet of 2297 buses are the larger undertakings. In Punjab, PEPSU Road Transport Corporation, formed under the Road Transport Corporations Act, operates 898 buses. The other four are: Sikkim Nationalised Transport (60 buses), Nagaland State Transport (119 buses), Chandigarh Transport Undertaking (168 buses), and Mizoram Government Transport (59 buses). The total number of buses in the nationalised sector (as on 31.3.1980) are 65,428. Of these, departmental undertakings have a share of 4,581 buses. In other words, the departmental undertakings hold hardly seven per cent of the total fleet under the nationalised sector. As mentioned by the Committee on Transport Policy and Coordination, these Undertakings may be able to get some short-term gains from the departmental form, but in order to play an increasingly developmental role, they are likely to find their present form rigid and stifling.

**Municipal Undertakings**

Municipalities providing transportation within the city
limits along with other municipal services is no new innovation. In almost all European cities this practice exists. The Greater London Council operates London Transport services, both the buses and the underground railway. Conceptually, provision of intra-city transportation by municipalities has a sound logic behind it. Mobility is one of the most determining factors of the quality of life people lead, especially in urban areas where for almost everyone there is an inevitable twice-a-day commutation between residence and place of work. It is therefore ideal for a municipality to provide transportation as a facility, along with other civic amenities, water supply, road maintenance, etc. In order to make the city livable such facilities are essential.

Municipal transport undertakings, by their very nature, are city/urban transport undertakings, catering mainly to those living in the municipal area. These undertakings are managed by a sub-committee, called Transport Sub-Committee, of the main municipality or municipal council, headed by one of the councillors or members as chairmen. It is expected that the municipality will be able - with the assistance and guidance of the elected members - to respond to the needs of the travelling public and provide for the financing of the services as part of its overall responsibility.

It is a universal phenomenon that city and urban transport operations are not profitable, requiring heavy subsidi-
sation from the local or central authorities. The uneconomical operations are mainly due to the reluctance of the urban passenger to pay an economic fare, abetted by the lack of political will to face unpopularity by raising fares to economic levels. In most European cities, the fares cover hardly 50 per cent of the costs, and the Italian city passenger pays as low as 20 per cent, the rest 80 per cent of the costs to be borne by the local and other governmental authorities.

In this country, it has been argued that state Transport Undertakings, which operate both city and rural bus services, are cross-subsidising their losses in city transport by the surplus generated in rural transport. While cross-subsidisation is an anticipated phenomenon in any monopoly, the point here is that a city dweller with higher per capita income is likely to get his transportation costs subsidised by the rural passenger with a lower per capita income. Even admitting that the per capita transportation costs of urban dwellers are higher than those of rural residents, it is hardly fair to expect the latter to subsidise the former.

Even the State Transport Undertakings which operate both city and rural services, have a tendency to give a left-handed treatment to city operations because of the inherent losses. They try to minimise their costs by assignment of overaged buses and by halting expansion for fear that such
expansion will increase the losses. This half-hearted involvement has considerably worsened the quality of urban life in several cities, where the rural transport undertaking simultaneously operates city services. The justification of municipal undertakings comes in this wake. The municipality being the custodian of people's will, it is expected that the transport undertaking working within its purview should be able to respond to people's transport needs and demands in a quicker and positive manner.

Against this backdrop of justifying municipal transport in city areas, municipal transport undertakings however are prevalent only in the States of Maharashtra and Gujarat. There are seven municipal undertakings, which are members of the Association of State Road Transport Undertakings. They are: Bombay Electric Supply & Transport Undertaking (1929 buses), Ahmedabad Municipal Transport (593 buses), Poona Municipal Transport (407 buses), Kolhapur Municipal Transport (62 buses), Sholapur Municipal Transport (50 buses), Pimpri-Chinchwad Municipal Transport (65 buses), and Jamnagar Municipal Transport (26 buses). These seven undertakings hold 3,132 buses out of the total of 65,428 buses in the public sector, thereby accounting for roughly 4.8 per cent of the fleet.

Although the municipal transport undertakings are expected to respond better to the transportation needs of the
community, in view of the general lack of resources and impoverishment of municipalities, the transport undertakings are also languishing. The case of the Bombay Electric Supply & Transport (BEST) Undertaking which caters to the city and certain suburbs of Bombay, is an exception. The BEST Undertaking is able to subsidise the losses in passenger bus operations by the surpluses made in electric supply and is able, by and large, to break-even. The other municipal undertakings do not have this type of advantage, nor are the parent municipalities able to subsidise the losses adequately. The result is that several of them are running fleet which has long outlived its utility, resulting in poor quality of operations. They are unable to augment services on existing routes, much less expand and take over more routes.

Even in respect of management at the top level, in view of the fact that only municipal councillors could constitute the transport sub-committee, there can be no professional expertise at the policy level. Further, there is a scope for baneful political interference at all levels, eroding managerial morale. The recent controversy regarding the finances of Poona Municipal Transport and the suggestion by its chief executive to form this undertaking into a Road Transport Corporation, is the result of the failure of this type of set up to realise the expectations of greater responsiveness to growth and financial stability.
In the overall context of nationalised sector, the share of municipal undertakings (4.8 per cent) is indeed negligible. However, the basic premise on which these undertakings are founded is sound. More than the mere lack of resources, it is the absence of understanding, on the part of the city fathers, that these undertakings are meant for providing a service vital to the quality of life of the people living in the area and are not to be interfered with for political expediency, that has been causing harm to this concept.

Companies/Corporations formed under the Indian Companies Act of 1956

A government company, according to Sec. 617 of the Indian Companies Act, is that in which not less than 51 per cent of the shares are held by the Central or State Governments. Apart from the fact that such companies are governed by the Indian Companies Act, the other basic features of this form of organisation are that (1) their employees, excluding those on deputation, are not civil servants, and the personnel policies are subject to the limitations in the Articles of Association; (2) they are exempted from the accounting and audit laws and procedures applicable to government departments; (3) though their funds are obtained from the government, they need not be fully owned by the government, being also funded by private shareholders and internal revenues; (4) their accountability to legislature
is secured as provided under Sections 619 and 619A of the Companies Act, which relate to audit and submission of the annual report, respectively; (5) they are bodies corporate created under a general law and can sue and be sued, enter into contracts and secure or acquire properties in their own name; (6) they are governed by their Memorandum and Articles of Association which lay down the objectives and rules of internal management, respectively; and (7) unlike the public corporations, they are created by an executive decision without any specific charter of their own as approved by the legislature. The last point constitutes the major difference between a company and a corporation formed under an act of legislature.\textsuperscript{12}

The advantages of the company form consist of (1) combining government ownership with business characteristic of private enterprise, (2) result oriented as against bureaucratic approach at managerial levels, (3) easy take over of private enterprise by acquiring majority shares, (4) enabling private participation, including that from its own employees, in capital, and (5) comparative autonomy in financial, personnel and other matters.

This form of organisation for public enterprise has been criticised by Professor Robson charging that it is "in no way an instrument of democratic socialism but is rather a device for avoiding public accountability and control."\textsuperscript{13} It is also looked upon as a device to escape
legislative scrutiny. However, there are several similarities between the company form and the public corporation. In both the cases, the government appoints the boards of directors, lays down the personnel policies and decides on capital financing and other financial matters. Parliament and legislatures also do not restrict themselves in questioning the various aspects of their working. "Much of the difficulty involved in the company form of organisation can be taken care of, if a separate government companies act, taking into account the peculiar needs and requirements of these companies is enacted."  

Of the 46 State Transport Undertakings, there are eleven undertakings which have adopted the company form. Of these eleven, nine are located in the state of Tamil Nadu. The other two - Bombay Metropolitan Transport Corporation and India Tourism Development Corporation - account for 165 buses. The Bombay Metropolitan Transport Corporation has till recently been a division of the City and Industrial Development Corporation, which was entrusted with the responsibility of developing New Bombay, and it operates transport services within New Bombay and between New Bombay and Bombay city. The India Tourism Development Corporation (transport wing) operates only contract carriages and does not operate stage carriages for regular passenger travel.

The company form has been mainly patronised in the State of Tamil Nadu. Beginning in the early '70s there are now
nine corporations formed under the Companies Act. Though
the Planning Commission was in favour of Road Transport
Corporations formed under the Road Transport Corporations
Act, the decision to form companies in Tamil Nadu was taken
presumably because the then Dravida Munnetra Khazagam
government thought that it would amount to surrendering a
part of the State's autonomy to the Central Government which
is made a part of these undertakings. These corporations
therefore have no capital participation from the Central
Government and have canvassed for share capital from public
and their own employees. The contribution from these two
external sources, has, however, been marginal and the com-
panies are almost entirely government-owned.

The total number of vehicles under the control of the
company form of public undertakings is 6,447, accounting for
9.85 per cent of the total nationalised fleet. The share of
Tamil Nadu undertakings, with 6,282 buses, accounts for
9.6 per cent.

The Tamil Nadu experiment is a bold, new idea. There
for is no single corporation in the entire state. The ultimate
aim is to have a separate corporation for each district.
They are, however, united by a holding company at the State
level, which is meant to coordinate policy and maintain a
common cadre of senior managers; these small, separate com-
panies have done far better than most big corporations.
Except in a few cases, these companies, however, operate in competition with other private operators, and also have the option to discontinue any of their uneconomical operations. Whereas, in the case of area-wise nationalisation, to the complete exclusion of other private operators, as in the Corporations formed under the Road Transport Corporations Act in Maharashtra, Gujarat and Andhra Pradesh, it is not only not possible to shed uneconomical operation, but there is also the added responsibility to cater to the total transportation needs. There is thus a qualitative difference between the company form as practised in Tamil Nadu and the Corporation form as is obtaining in states like Maharashtra.

The primary concern of the Government of India in persuading States to form undertakings within the purview of the Road Transport Corporations Act was to facilitate inter-modal coordination and prevent road transport from insulating itself. The company form, in this context, is a total negation of the wishes of the Planning Commission and the Central Government.

In the words of A.H. Hanson, "it does not really matter whether you classify the enterprise as a public corporation, a public company or a government department. But the rules governing the operation of the enterprise — whether they are embodied in law of decree or articles of association or terms of agreement — are very important indeed, because to a considerable extent they determine the practices which the
The comparative success of the Tamil Nadu companies is mainly because of the following reasons: (1) they do not have as much responsibility to provide for the total transportation needs in the areas of their operation as, say, Maharashtra State Road Transport corporation, and can therefore tilt the balance in favour of profit-orientation against service orientation. The company is one of several other operators operating in the area. (2) They are new companies; compared with some formed under the Road Transport Corporations Act with over thirty years of history obliged to carry forward certain bureaucratic traditions and with comparatively high wage structures snowballed over a period of time. (3) They are small, manageable units confined to compact geographical areas with greater decentralisation at the unit level. (4) They are not committed to provide highly-capital-intensive passenger amenities in the shape of bus stations, etc., because they have no area-wise responsibility and, though they are major bus operators, they still are among several other operators. (5) Lastly, and more importantly, these companies are all professionally managed, encouraging internal leadership to develop. Being small units by their very nature, they have not - to their good fortune - attracted the typical civil servant-bureaucrat to retain the top post.
Road Transport Corporations

Corporations formed under the Road Transport Corporations Act of 1950 are the most popular form of organisation in the country. The attraction of half capital contribution by the Central Government was perhaps too tempting for the State Governments, which have always lacked sufficient resources. Though only 21 out of 46 State Transport Undertakings are formed under the Road Transport Corporations Act, they account for 80.73 per cent of the total nationalised holding. They own 52,825 buses out of a total of 65,428 buses in the nationalised sector. The operations of most of the Road Transport corporations cover the entire state, having grown giant-sized over a period of time.

"The public corporation," according to professor Robinson, "is the most important invention of the twentieth century in the sphere of government institutions. Public authorities enjoying various degrees of autonomy have existed for centuries, but the public corporation of today has special characteristics which distinguish it from these older bodies. It has specially designed, as an organ of public enterprise, and it has become the chosen instrument for this purpose in many lands." 16

The basic characteristics of a public corporation are defined by the Report of the Rangoon seminar 17 as follows: (1) It is wholly owned by the state; (2) It is generally
created by, or pursuant to, a special law defining its powers, duties and immunities, and prescribing the forms of management and its relationship to the established departments and ministries; (3) It is a body corporate. It is a separate entity for legal purposes and can sue and be sued, enter into contract, and acquire properties in its own name. Corporations conducting business in their own names have generally been given greater freedom for making contracts and acquiring and disposing of property than ordinary government departments. (4) Except for appropriation to provide capital or to cover losses, a public corporation is usually independently financed, and obtains its funds from borrowings, either from the treasury or the public, and from revenues derived from the sale of goods and services. It is authorised to use and reuse its revenue. (5) It is generally exempt from most regulatory and prohibitory statutes applicable to the expenditure of public funds. (6) It is ordinarily not subject to budget, accounting and audit laws and procedures applicable to normal governmental agencies. (7) In a majority of cases, employees of public corporations are not civil servants and are recruited and remunerated under terms and conditions which the corporation itself determines.

As noted earlier, the reason why the public corporation form has been chosen for passenger road transport and has effectively been canvassed by the central Government and the
Planning commission with the bait of capital participation, is to achieve much more than the flexibility and autonomy this form of organisation is expected to provide. While a business approach is required, there is an equally pressing need to achieve proper coordination with other modes of transport, especially the railways. Unhindered, haphazard and insulated growth of road transport had, in the pre-Independence days, threatened the viability of the Railways. The Railways being a highly capital intensive affair, the country can ill-afford any competitive attack on their viability. Moreover, there is such a tremendous transportation need in the country that there is scope for all modes to exist without cutting into each other’s market.

The formation of Road Transport Corporations, with capital participation and representation on the boards of Management of these corporations (from the Railways on behalf of the Central Government), is manifestly to avoid the diseconomies of harmful competition and to enable development of regional transportation networks to be fed by and to feed the railways. This was also necessary in view of the imperatives of a developing economy which requires an adequate transport infrastructure for growth and development. Taking advantage of the flexibility and dynamism that public corporations were intended to bestow, the public sector road transport industry was expected to play a very important role in improving mobility and effectively bridging the
transportation gaps in the rural areas.

While discussing the merits and demerits of the departmental form of organisation — to which the corporate form is successor — the concern of the Planning Commission and the Committee on Transport Policy and Coordination in favour of forming Road Transport corporations was mentioned in detail. The fact that more than 80 per cent of the buses in the nationalised sector are today under this form of organisation amply demonstrates the success of their persuasive skills.

Road Transport Corporation, as a form of organisation, is chosen for an in-depth study in this thesis because of its lion’s share of buses in the nationalised sector and the stated bias of the Central Government to develop these Corporations as instruments of effective transport coordination. The study will proceed to examine the organisational structure and performance of this form of organisation with reference to four major Corporations: Andhra Pradesh State Road Transport Corporation, Maharashtra State Road Transport Corporation, Gujarat State Road Transport Corporation and Karnataka State Road Transport Corporation. The reason for choosing these four Corporations is that they have been existing for over thirty years in one form or another, and together hold 42.29 per cent of the total fleet under the nationalised sector. Within the Road Transport Corporations, these four Corporations hold, between themselves, more than half of the fleet (52.39 per cent).
These four corporations together hold a fleet of 27,676 buses, the total nationalised fleet being 65,428 buses, and those buses under Road Transport Corporations being 52,825. The following Table will show the position of each of these Corporations in respect of their fleet strength and percentage share of buses.

<table>
<thead>
<tr>
<th>R.T.C</th>
<th>Fleet strength</th>
<th>% of STU fleet</th>
<th>% of RTC fleet</th>
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<tr>
<td>1. Andhra Pradesh</td>
<td>6,994</td>
<td>10.68</td>
<td>13.23</td>
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<td>2. Maharashtra</td>
<td>9,370</td>
<td>14.32</td>
<td>17.73</td>
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<td>4. Karnataka</td>
<td>4,908</td>
<td>7.50</td>
<td>9.29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,676</strong></td>
<td><strong>42.29</strong></td>
<td><strong>52.39</strong></td>
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</tbody>
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Source: Report on the Performance of Nationalised Road Transport Undertakings 1978-80

The organisational structures of these four undertakings and their performance during the years 1970-71 to 1979-80 will be closely studied. Before taking up this scrutiny, the general organisational set up under the Road Transport Corporations Act with reference to broad principles of organisation, and the performance parameters for measuring internal efficiency of these organisations, will be examined.
References

1. Twenty-five Years of State Transport, M.S.R.T.C., Bombay, 1974, pp. 4-5.


3. Quoted in Hanson, A.H., Managerial Problems in Public Enterprise, Asia Publishing House, Bombay, 1962, p. 17.

4. Ibid., pp. 17-18.

5. Ibid., pp. 19-20.

6. Ibid., p. 21.


11. Poona Herald (Poona Daily Newspaper), 4-6 April 1981.


15. Hanson, A.H., op. cit., p. 27.


17. Quoted in Hanson, A.H., op. cit., pp. 21-22.