

## Evaluation study of North East Karnataka Road Transport Corporation (Hubli)

### Transport Department

#### **Suggestions and Recommendations –**

After making a detailed study on various perspectives of the viz., organizational, operational and financial keeping in view the given objectives the following suggestions and recommendations were brought out by the study team which will enhance the performance of the corporation in the years to come.

These suggestions and recommendations are classified under the above said perspectives:

#### **Organizational:**

1. There are no professional directors from any of the leading transport sectors for suggesting any best practices being followed by those corporations/concerns. Hence it is suggested that the Government may take a view to appoint two professional directors in the concerned field.
2. It is also observed that there is no professional chartered accountant for leading the financial matters and also to suggest the best means for either procurement of moveable and immovable assets or capturing new markets for obtaining low cost finances.
3. It is also observed that the corporation is incurring more expenditure towards payment of interest on the borrowed funds either from the commercial banks or any financial institutions. This may be also taken care of from the above point.
4. It is observed from the employees details as given in Annexures I to VI that the key personnel like company secretary who takes care of all the board

matters and also to meet the statutory formalities and to maintain the linkage between the various Government and Non-Government Departments.

5. It is also viewed that the other key personnel as given below remains vacant:
  - a. Chief Traffic Manager
  - b. Chief Law Officer
  - c. Controller Stores and Purchases
  - d. Senior Divisional Controller
  - e. Chief Personnel Manager
  - f. Principal
  - g. Deputy Chief Mechanical Engineer
  - h. Deputy Chief Accounts Officer
  - i. Deputy Chief Traffic Manager
  - j. Chief Statistical Officer
6. This is effecting performance of the corporation. Hence, steps may be taken to fill-up the above posts.
7. Apart from the above, it is also observed that some of the line personnel are also vacant for which effective measures may be taken for filling up this gap.

It is also observed that managing director is managing the day-in and day-out affairs of the corporation. Hence, it is suggested that a second line of authority may be created and also designated as Executive Director for managing the affairs of the corporation in the absence of first line of authority and also to reduce the burden of the Managing Director in order to concentrate on more effective measures for improving the productivity of the corporation.

## **Operational:**

1. It is observed from the graphs 2.1&2.2 that the staff ratio which is being maintained at around 5 is satisfactory when compared to the other similar corporations in the country.
2. It is also observed that the line personnel working on the routes are also less when compared to the road corporations existing in the south.
3. From the table 2.2 the number of vehicles being run over and above six lakh kilometers have been showing a positive sign. In addition it is observed that maximum number of vehicles (789) have been added in the year 2009-10 while scrapping 367 vehicles in the same year.
4. This shows the corporation intends to mobilize more new vehicles to support the new routes/schedules to increase the efficiency of the corporation and also to discard the old vehicles which are not cost effective. (it is better to go for a micro analysis with respect to the age/life of the buses.
5. For reducing the number of break downs and cancellations etc. for which the organization need to take effective measures to bridge this gap in the near future.
6. In case of fuel efficiency comparing to the other corporation especially in south the results are satisfactory
7. In case of staff productivity the revenue earned is not sufficient to meet all the costs of the corporation in order to make it turnaround from red to green. Hence, the targets are to be set showing an higher growth of productivity and also to cut down the unproductive costs. The major task of the corporation is to identify wasteful expenditure by improving the performance rating of working personnel. This is more needed on the line personnel activities rather than staff functioning.

8. In case of occupancy ratio the corporation is loosing so much revenue because of the poor occupancy ratio. It is observed that schedules pertaining to rural areas are unable to mob passengers. This is due to the non frequency of bus timings, bad roads and also seasonal effects.
9. With respect to dead kilometres it is observed that there is a continuous increase in these kilometers which is a major loss to the corporation. As a result of which the total loss has also increased over the years.
10. It was informed that the corporation used to have direct linkage with the oil companies for getting the diesel in order to fill up the buses at the appropriate places without loosing any un effective kilometers. Hence, the corporation has to think of for a major change for a policy decision to review the above problem.
11. It is felt that the corporation may approach the state government for coordinating this activity either with the central government or directly with the oil companies
12. As far as part cancellation of scheduled kilometres is concerned It is observed that over the years the percentage of cancelled kilometers to scheduled kilometers has come down which is quite impressive.
13. In order to reduce the part cancellations it is suggested that a suitable incentive system may be designed to improve the morale of the crew staff. In this regard positive financial system may be effected.
14. If feel necessary threat also may be created for not attending the duty at the schedule time for carrying on the fleet. On the other side, financial incentive system shall cover all the major attractions for reducing the part cancellations.

15. It was informed that spare crew are available. But they were to be informed after knowing the concerned crew have not attended the duty for taking up the schedule. Hence there is a time gap between these two availabilities.
16. In view of this, if the concerned crew have been heavily penalized for not informing about his absence prior either by one/two days. There by effective planning can be done.
17. With regard to load factor in order to improve the load factor at least in some traffic routes a survey could be done for identifying the regular passengers.
18. In addition, the frequency of the buses could be enhanced at peak hours depending on the directions of path flow so that revenue may be increased.
19. More awareness shall be created giving all the details of the frequencies of the buses availability at the important locations. This shall be adhered for creating confidence levels of the passengers.
20. The corporation may utilize the scheme under JNNURAM to procure the buses for routing the buses under profitable schedules like express services etc. apart from this where ever the rural services are to be connected this may be better option for controlling the operational expenses since these being new buses.

**Financial:**

Every body is aware of the fact that the fuel prices are increasing day by day abnormally effecting the performance of the corporation. It can be viewed from the Graph that the fuel cost is contributing to 35% to 45% out of the total expenses incurred per kilometer rate.

1. In addition to the fuel cost, the staff cost is also contributing equal to that of fuel price which is indicated in the above graph.

2. It is a known fact that there is no authority for the corporation to increase the traffic rates as and when required depending upon the increase of fuel price as and when being effected. Hence the matter is being referred to the Government for obtaining the approval in order to enhance the traffic prices. This is taking a considerable time because of which the performance is mostly affected.
3. In view of the above it is suggested that the Government may think off for delegating the powers to the respective boards/special committee for taking effective measures to follow the best practices what ever could be done at that juncture.
4. As far as the staff cost is concerned detailed study could be done for placing the appropriate personnel at the right places and also to implement the best practices for reducing the work load on the line personnel. It is also recommended to appoint the key personal as given in **the first chapter**.
5. It is also viewed that the State Government is kind enough to permit the corporation for retaining the MV Tax till the corporation has made a turn around. It is recommended that this facility may be extended for further period of five to ten years to wipe off all the cash losses.
6. It is suggested that the cost break structure of the fuel price may be studied in detail in order to give provisions for reducing the tax structures if any as a major component. This will considerably make a good effect on the performance of the corporation.
7. There is a huge gap of Rs38,206 for the period 2011-12 to 2013-14 to be received by the corporation from the Government for which the details are given in table 2.12.

8. Hence it is suggested that the corporation may take efforts for obtaining the above funds from the government.
9. It is viewed that the earnings from operations of express services is much more when compared to other services like ordinary and sub-urban. Hence, the routes are to be studied in detail for making the effective transport distances and also to reduce/combine different stoppages in between in order to make an effective control on the operations as per the table 2.13

**General:**

1. It was informed by the passengers and also some of the officials that the scheduled are being effected in some of the seasons. Especially in the rainy seasons, part cancellations have become more and thus effecting the services of the passengers. It is reported that this is being happening due to the absenteeism of the respective crew. Some other services are effected due to the bad roads.
2. Especially in the summer season the traffic is much more than the number of schedules being maintained. Hence, it is appropriate to increase the schedules for attracting more passengers.
3. It is viewed the corporation is taking efforts for increasing number of schedules to fulfill the requirement of the passengers in case of special occasions like festivals, jataras etc. It was informed by the passengers the number of schedules being maintained are not meeting the full demand of the passengers. Hence, the corporation may take necessary steps to meet the growing demand.
4. Railways being a big entity meeting the demand for the whole country, the fare structure is entirely different considering the topology of the country.

The price structure is also different considering all the inputs. The railway fare is cheaper when compared to the bus services of every corporation in every state.

5. The following are the observations of the focused group and as well as students;
6. The number of schedules are not sufficient in case of peak timings
7. It was informed that during the peak timings the schedules are being taken on the opposite direction of the requirement of the passengers. Hence, more time lag is observed.
8. The amenities' in the buses may be modified to suit the comfort of the passengers.
9. Management may adopt sufficient measures for man power rationalization. Staff/bus ratio is much above than other SRTC. In fact, it should reach to 4.75 which can be achieved either by reducing the size of staff or increasing fleets.
10. The management may try to improve load factor achieved. It may think to find alternative vehicles like mini buses if possible or increase customer awareness to improve load factor.
11. The management may give due consideration that the profitable trips should not be cancelled due to the controllable reasons. They can take every measure to avoid such cancellation.
12. The management can take strong action for reducing operating expenses especially staff productivity, fleet utilization and occupancy ratio

13. The management may adopt scientific approach in major areas of Human resource Management namely recruitment, training, goal setting, performance appraisal and incentives plan etc.
14. Management can achieve high operational efficiency by effectively utilizing available resources, timely replacement of vehicles, and reduced breakdown by proper maintenance, appropriate route scheduling, punctuality and safety in operations.
15. Management may develop approach of customer orientation in terms of quality of service (punctuality and safety), appropriate pricing and an enhanced service. Management should develop strong monitoring mechanism for surprise checking.
16. The management may adopt principles of scientific management. It should also render the services of experienced professionals for managing its operations or policy decisions if felt necessary.

### **Action plan for employees**

1. The employees may develop professional attitude, approach and action rather than traditional or biased one.
2. The employees may prepare themselves to cope up with changing environment. They should be prepared to change in terms of adopting new technologies, developing new skills, adopting a set of new performance measures, developing professional orientations to work, and innovating ways of conducting business, flexible working hours. Variable compensation, customer focused actions, qualitative services etc.