An Analytical Study on Physical and Financial Performance of State Road Transport Undertakings in India

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Abstract **- An affordable and easy method of transportation for all social strata, it saves fuel and cuts down on traffic congestion as well. It is critical to the country's growth and social cohesion. The State Road Transport Undertakings (SRTUs) are one such method of public transportation in India (SRTUs). SRTUs rise to the top of the country's list of institutions. In order to properly serve the public, the health and efficiency of SRTUs are critical. Additionally, SRTUs provide discounted services, such as free or discounted bus tickets for students and jounalists, as well as discounted fares for older people and the disabled. As SRTUs have a significant social and economic impact on the state , this research examines the current situation of SRTUs. This research compares the 19-20 financial year's physical and financial performance of India's 56 reporting State Road Transport Undertakings to the previous year's performance.**

Index Terms **- Physical performance, financial performance, State Road Transport Undertakings, India, etc.**

I.INTRODUCTION

Cities in developing nations are seeing an unprecedented surge in demand for mobility services, which has placed enormous strain on urban transportation infrastructure and services. Several budgetary and structural restrictions have made it difficult to increase the supply of public transportation services, and as a result, these services have fallen short of meeting the requirements of the metropolitan population.

Only 65 of the 7935 cities and towns in the United States with a population of 377 million or more (as of 2011) have government-provided public transportation, such as buses and trains. When it comes to developing countries, India isn't any different Almost everywhere else in the nation, people must rely on non-motorized transportation, personal automobiles, and unofficial public transportation to get about. There is a growing dependency on personal mobility alternatives and informal public transportation services to satisfy the mobility demands of the people in many places, even when public transportation is present.

As a means of transporting people from one location to another, public road transportation is critical to the growth of the country's economy. The State Transport Undertakings(STUs) provide this service . As a result of the industry's prominence, STUs throughout the nation were subjected to performance audits on a horizontal scale. An all-India picture is now possible thanks to this Compendium of findings from audits conducted by the Commercial States Wing, which was published in the States Audit Reports. The best and worst performing STUs under different operating factors, as well as all India averages, have been provided in order to emphasise the challenges involved.

II. THE ROADWAYS

There is relatively little information available on the financial performance and financial needs of private sector passenger road transportation. The Central Institute of Road Transport, Pune, India, regularly monitors the performance of State Road Transport Undertakings in India when it comes to Public Passenger Road Transportation. On the basis of this Institute's performance picture, the total fixed assets of State Transport Undertakings as of 31.03.2017 are estimated to be in the range of Rs.61.00 billion. Long-term funds of Rs.39.34 billion are utilised to finance fixed assets, while short-term funds of Rs.21.67 billion

are also employed. This is not a wise use of money. For the time being, around 38 percent of fixed assets are financed by government capital, while long-term loans make up 12 percent. Debentures (2%), the Industrial Development Bank of India under the bills discounting program (35%), the Life Insurance Corporation of India's plan distribution of loans (30%), and Commercial Bank Loans (5%) comprise the long-term loans (33 percent).

III. FUNDING OPTIONS AVAILABLE FOR LAND PASSENGER TRANSPORT IN INDIA

It is also possible to raise revenue by charging passengers when new or improved services are introduced. Taxes on non-users who gain from the development and upgrading of transportation options are justifiable in addition to surcharges for users. Taxes such as toll tax, an additional charge on private car road tax and a surcharge on property tax may all be imposed as a sort of levy.

Indian land passenger transportation is regarded as public utility because of its high initial capital investment and critical service to the common man. It is imperative that the federal and state governments, as well as the local municipalities, step up to fulfil the financial needs, since private money is unlikely to be attracted to such long-term infrastructure projects in a developing nation.

An effective institutional structure with a widespread commitment to execute is required for any of the financial possibilities to generate new resources. To plan and implement capital-intensive projects in both highways and railways, integrated transportation planning is needed. It is critical that transportation plans be developed in concert and that the accompanying infrastructure projects be implemented. Commercial land development by railroads and roads may also provide substantial money for capital finance. Commercial exploitation of railway land alone is anticipated to produce $400 million revenue.

A major source of financing for future passenger transportation projects and the sustainability of the current system is fare box income. According to the rise in input prices, the passenger fee should be able to be changed on a regular basis. Commercial exploitation of railroads and road transportation is necessary to complement this fare box earnings, as noted before.

As a result, such infrastructure projects need to be enticing to private investors via various options, such as BOOT (Build Own Operate Transfer), BOT (Build, Operate, and Transfer), etc. In order to get the project off the ground, any necessary changes to the Industrial Policy Resolution and other laws will have to be enacted. It is possible to change the Railways Act to enable private company to run commercial services on the BOOT concept and to establish the passenger prices on commercial lines without obtaining prior permission from the Government. Projects funded by the BOOT program will also be eligible for a number of tax and financial incentives. In all BOOT projects, the risk of depreciation of the Indian rupee in relation to foreign currency borrowings must be taken into account in the project cost.

It is necessary to draw on the equity contributions of various sectors to finance passenger rail and road transportation projects. Promoters, governments, contractors constructing projects and providing equipment, developers of real estate, and private investors, banks and other financial institutions will all contribute to this effort in various ways. When sponsored by the government, public offerings for capital projects may also garner a solid response from Indian investors.

Debt financing must be explored, even if it is restricted. These restrictions are a result of the lack of a successful track record, the absence of marketable assets during the development phase, and the significant initial risk associated with recruiting senior lenders such as the World Bank and the Asian Development Bank (ADB). The Indian setting necessitates the selection of debt instruments that qualify for tax exemptions. Debt securities, such as Deep Discount Bonds, may be sold to the general public with large tax advantages.

The participation and cooperation of both the federal and state governments is crucial for any form of financing initiative. The bulk of this assistance will come in the form of expedited completion of the many processes and formalities that must be completed before a BOOT project can begin. This kind of project must be classified as a matter of national significance by the government, and every concession and amenity feasible must be made available.

3.1 Historical evolution of State Road Transport Undertakings in India

Prior to the Road Transport Corporation Act (RTCA) of 1950, India's road passengers were transported by private operators. "Even if private operators were first thought to be competent, it became commonly accepted that the services supplied by the government were superior." Thus, the RTCA of 1950 allowed the State Transport Corporations to exert monopolistic control over major market sectors, rising several times over the following three decades and accounting for approximately 55% of the entire bus market. Politicization of the STUs that arose led to a rise in prices, as they were increasingly exploited to generate jobs and provide support for special interest organisations. Motor Vehicle Act of 1988 liberalised access into the private sector, which changed policy direction. Following the passage of the Motor Vehicle Act of 1988, the system for issuing permits was liberalised and the reserve of stage permits for State Transport Corporations was eliminated in 1994 by means of an amendment. While several states in eastern India depend on private operators, their proportion of the Indian bus fleet has dropped to only 8 percent, making the STUs less and less important. Only in the past ten years has formal bus contracting begun to take hold in India, and it's only now beginning to spread.

IV. GROWTH OF THE PUBLIC SECTOR IN PASSENGER BUS TRANSPORT

The growth of the public sector in passenger bus transport as evidenced over the years is given in the table below:

Table 1: Growth of SRTUs

Indicators	2019-20	2018-19	2017-18	2016-17	2015-16
STUs Number	62(56)*	47*	54	52	63
Number of Buses held	1,49,095	1,42,855	1,35,000	1,31,000	1,15,000
Total Employment (lakhs)	7.4	7.6	7.0	7.0	7.4
Passenger kilometers per unit of labour			773	831	587
Passenger traffic handled (Billion passenger kms BPKm)	566	570	541	582	434
% of total buses in the country	8	8	7	8	18

Source: Profile and performance of STUs, CIRT: various publications *: Number of SRTUs examined in the Report

V. PHYSICAL & FINANCIAL PERFORMANCE OF SRTUS

5.1 Combined Physical performance of SRTU's

The combined physical performance of the reporting 56 SRTU's during 2018-19 and 2019-20is summarized in Table 2.

Table 2: Combined physical performance of 56 SRTU's - 2015-16 & 2016-17

Item	2019-20	2018-19	% Age increase /decrease
Fleet Operated (Number)	1,33,770	1,32,753	0.77
Fleet Held (Number)	1,49,095	1,47,348	1.19
Passenger km Offered (in Crore)	81,88 6	81,740	0.18
Fleet Utilisation (%)	89.72	90.09	-0.41
Occupancy Ratio (%)	69.13	69.79	-0.95
Passenger km Performed (in Crore)	56,605	57,04 7	-0.77
Staff/Bus Ratio	4.97	5.14	-3.31
Staff Strength (Number)	7,40,831	7,57,161	-2.16
Vehicle Productivity (bus- kms/Bus/Day)	306.84	306.53	0.10
Staff Productivity (bus-kms/Staff/Day)	61.75	59.65	3.52

According to the 56 reported SRTUs, the number of 1,49,095 buses registered a 1.19 percent rise over the previous year. Fleet utilisation declined from 90.09 percent to 89.72 percent in 2019-20, indicating an increase in downtime for buses, even as the number of buses rose. There has been a 2.16 percent fall in staff strength, with the staff/bus ratio decreasing from 5.14 to 4.97 in 2019-20. Over the previous year, productivity among employees increased by 3.52 percent.

5.2 Combined Financial Performance of 56 SRTU's

The combined financial performance of the 56 reporting SRTU's during 2018-19 and 2019-20 is summarized in Table 3.

Table 3: Combined financial performance of 56 SRTU's - 2015-16 & 2016-17

Item	2019-20	2018-19	% Age increase /decrease
Total Loss (Rs. in crore)	-13,956.76	-11,256.28	23.99
Total Revenue (Rs. in crore)	55,821.95	54,747.69	1.96
traffic earnings as % age of Total Revenue	81.02	82.25	
of which total traffic earnings	45,226.91	45,032.60	0.43
Total cost (Rs. in crore)	69,778.71	66,003.96	5.72
Staff cost as % age of Total cost	44.58	44.41	
of which staff cost	31,109.86	29,312.54	6.13

There was a 1.96 percent rise in the overall income of the 56 reporting SRTUs from Rs 54,747.69 crore in 2018-19 to Rs 55,821.95 crore in 2019-20. Between 2018-19 and 2019-20, there was an overall 5.72 percent rise in the aggregate total cost of the 56 reported SRTU's. At Rs.13956.77 crore in 2019-20, the cumulative net loss of the 56 SRTUs was 24 percent more than in the previous year.

VI. CONCLUSION

Because rate increases have not kept pace with rising expenditures, it is clear that the costs of loss producing SRTUs are substantially larger than their revenues. In addition, private bus companies compete with public bus companies, and the government mandates that public buses run on routes that aren't profitable. "In order to cross-subsidize their operations, SRTUs need route simplification on a constant basis." For better fleet performance, vehicle technology must be improved and the fleet makeup must be changed by purchasing/hiring buses. The revenue and cost structure of SRTUs, as well as the physical and operational efficiency characteristics underpinning each SRTU, determines SRTU profits and losses. Physical characteristics that influence the performance of SRTUs include the size of the fleet, its vintage, the fraction of overaged fleet, the strength of the workforce, and more.

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