

PUBLIC TRANSPORT SECTOR: FINANCIAL ANALYSIS OF TOTAL REVENUE AND PROFIT OR LOSS POSITION OF H.R.T.C.

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ABSTRACT

The purpose of this study is to evaluate the financial performance of HRTC based on the study of Profit or Loss position, total revenue relationships, and income and expenditure of the HRTC. The objectives of the study are mainly focused on analyzing the performance of finance, which is revealed through the profit/loss position of the concern for the study period. All the components which are influencing the financial strength could be analyzed. The study covers only the last six years statement which is 2014-2015 to 2019-2020. The data collected from the study were secondary data was collected from annual reports, department manuals, brochures mainly from the balance sheet and mainly from the website. From the analysis, findings and recommendations were drawn to improve the performance of public transport service in Himachal Pradesh (i) to analyze the total revenue and profit or loss position of the HRTC. (ii) To suggest appropriate measures for improvement in the overall financial performance of the HRTC. It reveals that the corporation's revenues have been increasing continuously during the study period. Transport is considered to be the lifeline of the economy of the country. An efficient the road transport sector, in particular, plays a crucial role in a transport sector influences the entire range of social and economic activities of a state. At present, HRTC is one of the better-run bus transport systems in Pradesh.

Keywords: Comparative Analysis, Financial Statements, Profitability, Profit, and Loss, Total Revenue.

INTRODUCTION

Transportation is the most important part of human life. It allows people to travel from one place to another. To make people feel convenient and comfortable with their position, different modes of the transportation system are found and it is evolved from the earliest stage to the present stage of the transportation system.¹ At present, with the upgraded technology different modes of transportation systems are developed. The primary mode of transport for most Indian citizens is public transport. The availability of a safe and comfortable passenger transport facility is an important index of the economic development of any Country. Public transport provides vital connectivity to different areas of society.² Himachal Road Transport Corporation (HRTC) is one of the oldest state-run public bus transport services in Himachal. It has an important role in the public transport system strengthening in the state. But today

the corporation is facing a huge crisis in its operation. The private bus operators, though they have a limited fleet are acting as change agents by bringing high technology and luxurious buses into the market and attracting passengers even in high competition routes. Whereas the public sector passenger transport corporations are struggling a lot, even in high remunerative routes. Gone are the days HRTC has enjoyed the perennial financial support and monopoly in business operations. Now the corporation is facing the real challenges of the business. Due to the increasing role of privatization and financial resource crunch with the state government, the corporation is forced to redefine its business objectives from time to time. The government is not in a position to tolerate the losses of the corporation and it is conveying the signals that the corporation should be self-sufficient. It is issuing directions to the HRTC that it has to compete with the private sector by improving operational and financial performance. It became inevitable for the corporation to increase its financial position to meet future needs and to stay in the competition. It is forced to generate sufficient revenues through all available means in the absence of a liberal lending hand.

ABOUT THE CORPORATION AND ITS GROWTH

Himachal Govt. Transport came into existence as a Govt. Transport in July 1949 and continued to function as such till 1st October 1974. During the year 1958, a Corporation was floated jointly by the Govt. of Punjab, Himachal, and Railways under the Road Transport Corporation Act., 1950 with a name as "Mandi-Kullu Road Transport Corporation" basically to operate on the joint routes in the States of Punjab and Himachal. With the re-organization of Punjab State in 1966, a few hilly areas of Punjab were merged Himachal and operational areas of Mandi-Kullu Road Transport Corporation came entirely in the expanded State of Himachal. This Corporation (MKRT) continued to function as such till 01.10.1974. On 02.10.1974, Himachal Govt. Transport was merged with Mandi-Kullu Road Transport Corporation and was renamed as a Himachal Road Transport Corporation under Section 3 of the Road Transport Corporation Act. 1950. Since then it is functioning as such.

The bus remains the sole mode of passenger transportation as the railways have a very marginal contribution in the State. At present, the road network is widely spread in Himachal which is a fairly strong indicator of the economic development of the state in the field of education, health, agriculture, horticulture, and other fields. On the formation of Himachal Road Transport Corporation on 02.10.1974, the total routes operated by HRTC were 379 which have risen to 2787 routes in 2018-2019 and the fleet strength has grown from 733 on 02.10.1974 to 3123 in 2018-2019. As the road length increased and basic infrastructure for development also kept pace with it, this had a direct relation to the growth of the HRTC. In the absence of any other suitable

and viable modes of transportation like railways and waterways, roads play a vital role in boosting the economy of the hilly State like Himachal Pradesh The growth of HRTC its formation is indicated as under:-

Table 1: Growth of HRTC

Particular	Status on 2.10.1974	2019-20
Number of Buses	733	3086+75 electric bus
Number of Routes	379	2930
Annual Coverage	3.03 Crore Kms.	22.56 Crore Kms.
Number of Divisions	Nil	4
Number of Units	15	27
Staff Strength	3500	10218(Regular-7605)& Contract-2613)
KMPL	2.90 Kms per liter	3.65 kms per liter
Accidents	0.17 per lakh Kms.	0.02 per lakh Kms.

Source: Annual reports of HRTC, shimla

HRTC has a fleet of 3161 buses & categorize its buses into 5 categories as³

- HIMSUTA- Volvo & Scania buses
- HIMGAURAV- Isuzu and Deluxe AC buses
- HIMMANI- Deluxe (Non-AC) buses
- HIM TARANG (Electric buses)
- Ordinary and mini/local city buses [that ply in association with JnNURM to fulfill urban transportation needs.]

THE CAPITAL STRUCTURE OF HRTC

The total liabilities and assets in 2014-15 were Rs. 15.33 crores and in 2018-19 are Rs. 22.40 crores. Between these years the increased liabilities are Rs. 70.17 crores. During these 5 years, every year the liabilities are increasing on an average of 200 to 300 crores.

TOTAL LIABILITIES OF HRTC

The table explains the total liabilities like capital, funds, loans, current liabilities, provisions, etc. in detail during 2014-16 to 2018-19.

CAPITAL

The equity capital of the corporation Rs.76404.71 lakhs was contributed by the state government. The equity capital of Rs. 1544.45 lakhs was contributed by the central government.

FUNDS

The corporation funds are 18.96 cores in 2014-15 and 36.45 crores in 2018-19. The funds are in the shape of depreciation fund, insurance fund, gratuity funds, and stores obsolete fund.

LOANS

The corporation raised loans for its purposes from different banks and financial institutions like LIC of India, government-guaranteed loans, state government loans, staff retirement benefit schemes, and HRTC staff benevolent cum thrift scheme. The total loans raised by the corporation in 2014-15 are Rs. 14.34 crores and it was Rs.13.43crores in 2018-19. The decrease of loans in the assessment period is approx. Rs.1 crore.

CURRENT LIABILITIES AND PROVISIONS

Among different liabilities and provisions, the revenue liabilities have a major share; after that deposits and non-dept. recovery has second and third places. The revenue liabilities in the year 2014-15 are approx. 8 lakhs and they increase to Rs. 6814.42 lakhs. The increase in revenue liabilities between 2014-15 and 2018-19 is very high.

Table 2: Total Liabilities of HRTC from 2014-15 to 2018-19

(Amount in Rupees)					
Liabilities	2014-15	2015-16	2016-17	2017-18	2018-19
Equity Share Capital	5813415852	6254915852	6642011342	7204915852	7794915852
Loans	1434899917	1127902917	1132902131	2012497461	1343305123
Funds & Reserves	1896844191	2209704616	2613514219	2931783837	3645285506
Deposits	24056677	30143611	35123215	40629346	33741558
Capital Reserve	1214346089	1958324951	1962324753	2031623197	1886496419
Liabilities	4481391449	4190265558	5019264432	5801867267	6814420182
Provisions	472400603	452762930	511120909	611180808	891395985
Grand Total	15338156532	16224020435	17916261001	20634497768	22409560625

Source: Annual report of HRTC

TOTAL ASSETS OF HRTC

The table demonstrates the total assets of the HRTC. They are fixed assets, current assets, financial assistance from the government, sundry debtors and receivables, and net revenue appropriation accounts.

FIXED ASSETS

Among the total assets of the corporation, the fixed assets are 44.63 crores in the year 2014-15 and they have increased to Rs. 76.22 crores in 2018-19. The fixed assets increased in these years were 29.59 crores. The fixed assets are in the shape of vehicles, buildings, plants, machinery, and land. Among these the share of vehicles was 79%, building 14%, plant and machinery 5% and land 2%.

CURRENT ASSETS, LOANS, AND ADVANCES

The current assets of the corporation are Rs.662.09 lakhs in 2014-15 and they have increased to Rs. 90.42 crore in 2018-19.

Table 3: Total Assets of HRTC from 2014-15 to 2018-19

(Amount in Rupees)					
	2014-15	2015-16	2016-17	2017-18	2018-19
Current Assets	4463977489	5500121464	6601212342	7666182204	7622873863
Fixed Assets	8429647	8652306	8751202	8991597	9667922
Investment	662098352	528854410	56084629	634524789	904229676
Current Assets	10203651044	10186392255	11012233464	12324799178	13872789164
Losses	15338156532	16224020435	17678281637	20634497768	22409560625
Grand Total					

NEED FOR THE PRESENT STUDY

Every organization has to carry out its activities with a sensitivity of maximizing the revenues and minimizing the costs to earn profits. Profit has an important role to play in the survival of the organization. Profits are taken as an effective measure of the use of economic resources by the organization. HRTC, one of the major public transport undertakings in India, has been facing many threats from internal and external factors. There has been an exacting criticism from the public that the corporation has been making losses due to its inefficiencies. The Corporation has been getting the signals that the State Government is adopting a lukewarm attitude in extending the financial support. The need has arisen for the HRTC to improve its financial viability by reducing the gap between revenue and cost of operation. It is impending to the corporation to follow the universal options available before it and one of such options is cost control. As there are so many barriers in maximizing the revenues from operations, it has to focus more on controlling the cost of operations and it is the only available option that paves the way for its future survival. Because of this background, there is an imperative need to study the costs and revenue aspects and the areas of cost control in HRTC. An attempt has been made in the present study to fill this research gap to some extent.

REVIEW OF LITERATURE

Anjaneyulu (1995) in his research attempted to evaluate the physical and financial performance of APSRTC in comparison with other major STUs in the country. The study focused on tax structure and tax burden, productivity and profitability aspects, cost–revenue relationships, quality of service aspects, and material efficiency. **Advani M. Et al., (2005)** a paper on "**Evaluation of Public Transport System: Case Study of Delhi Metro**", conducted a study on the Delhi metro system. The paper presents an evaluation of the Delhi metro in terms of capacity, travel time, and accessibility to the system and evaluation indices reflecting commuter's perspectives. It was concluded that these systems planned in India show cost overruns and underutilization of capacity. Methodology and arguments used to justify these systems need careful analysis. A high-capacity system does not necessarily generate high demand. Estimation of passenger demand for transit services should consider the complete journey of commuters including access time. **Naik (2005), "Performance appraisal of Andhra Pradesh state road transport corporation "**, The study of performance appraisal (APSRTS) would help to find out the loopholes in the functioning of APSRTS. Secondly, find out that due to lack of proper training of the personnel, their field, they are not able to perform satisfactorily. **Blanquart, Burmeister, (2009), "Evaluating the performance of freight transport: a service approach,"** this paper is to develop an alternative framework for evaluation of performance in freight transport, based on heterodox service economics. Traditionally, transport performance is analyzed through productivity measures, even though the conceptual, methodological, and practical problems of these indicators are well established in the literature. The paper develops and applies a typology of transport service configurations. The empirical analysis uses data from a large-scale transport survey and case studies in France. The result of this analysis is an array of performance indicators, each one corresponding to specific types of transportation services. **Daniel (2013)**, in his study "A Study on Financial Status of TATA Motors Ltd" stated the main objectives to analyzing the overall financial status of TATA Motors Ltd by using various financial tools. To analyze the financial status in terms of Profitability, Solvency, Activity, and Financial stability various accounting ratios have been used. It is clear from the study that 37 the company's financial performance is satisfactory. The company has stable growth and it shows a greater status in all the areas it works. The company has been suggested to reduce the expenditure as it increases every year. A decrease in expenses will increase the profitability. **Dharmaraj and Kathirvel (2013)**, in their study related to "Analyzing the Financial Performance of Selected Indian Automobile Companies", suggested that the financial performance of Atul Auto Ltd, Ashok Leyland, HMT Ltd, Tata Motors Ltd, and SML ISUZU Ltd are

highly improved as compared to the group average value for all ratios. In India, there is a huge scope for automobile companies. They are financially strong and they are growing at the rate of 17 percent per annum and contributing to the Indian economy reasonably. Finally, the study provides companies with an understanding of the activities that would enhance their financial performances. The results of this study imply that it might be necessary for all companies to take all required decisions to enhance their financial position.

OBJECTIVES

The objectives of the study are: -

- To analyze the trend revenue and profit or loss position of the HRTC.
- To suggest appropriate measures for improvement in the overall financial performance of the HRTC.

DATA AND METHODOLOGY

The study is primarily based on Secondary Data culled out from:

- Published Annual Reports of the HRTC
- The profile and performance reports of Nationalized Transport Undertakings published by " Central Institute of Road Transport" (C.I.R.T.), Pune, and
- Other published records, reports, journals, books, etc., Besides, on the published data, a series of discussions were held with the officials, leaders of the employee unions of the HRTC

ANALYSIS

Financial analysis of an organization brings out the significant relationship that exists between key figures contained in the financial statements. A study on the performance of the STUs conducted by the Planning Commission revealed a steady improvement in the overall indices of physical performance, namely, vehicle productivity, staff productivity, bus-staff ratio, fuel efficiency. However, the financial positions of the STUs have not shown any improvement. Passenger transport corporations have faced an inherent conflict between their role as public utility service and their commitment to economic efficiency and profitability. A large number of ratios and measures may be used to analyze the financial status of the enterprises like HRTC.

Table 4: FINANCIAL PERFORMANCE OF HRTC (2017 TO 2020)

Particulars	2017-18	2018-19	2019-2020
Grant in aid	Rs.305.00 Cr.	Rs.305.00 Cr.	329.70 Cr.
Capital contribution	Rs.50.00 Cr.	Rs.59.00 Cr.	79.30Cr.
Traffic revenue	Rs.726.79 Cr.	Rs.792.62 Cr.	800.98 Cr.
Misc. revenue	Rs.34.35 Cr.	Rs.18.99 Cr.	16.22 Cr.
Total revenue	Rs.761.14 Cr.	Rs.811.61 Cr.	817.20 Cr.
Total revenue, including grant-in-aid	Rs.1066.14 Cr.	Rs.1116.61 Cr.	1146.89 Cr.
Total expenditure	Rs.1184.71 Cr.	Rs.1271.41 Cr.	1293.32 Cr.
Loss	Rs. (-) 118.57 Cr.	Rs. (-) 154.80 Cr.	(-)146.43 Cr.
Per KMs total income excluding subsidy & Grant in Aid	Rs.31.90 per km.	Rs.35.10 per km.	35.50 Cr.
Per km expenditure	Rs.52.03 per km.	Rs.55.00 per km	57.32 Cr.

Source: Annual report of HRTC

INCOME OF HRTC:

For corporations, revenues minus cost of sales, operating expenses, and taxes, over a given period. Income is the reason corporations exist and are often the single most important determinant of a stock's price. Income is important to investors because they indicate the company's expected future dividends and its potential for growth and capital appreciation.

Table 5: Income of corporation for last 7 years (Figures in Cr. (Rs.))

Year	Traffic income	Misc. income	Total income	Expenditure	Loss before GIA	Grant-in-aid	Loss after GIA
2013-14	494.42	16.61	511.03	749.30	238.27	155.0	83.27
2014-15	562.45	23.99	586.44	924.13	337.69	165.0	172.69
2015-16	595.17	20.78	615.95	929.23	313.28	315.0	(+)1.72
2016-17	646.89	23.62	670.51	1040.78	370.27	275.0	95.27
2017-18	726.79	34.35	761.14	1184.71	423.57	305.0	118.57
2018-19	792.62	18.99	811.61	1271.41	459.80	305.0	154.80
2019-20	798.08	19.11	817.19	1293.32	476.13	329.70	146.43

Source: Annual report of HRTC

The table reveals that the income of the HRTC has increased in every financial year in different forms. The total revenue of the corporation has been increased by about 48 % from the financial year 2013-14 to 2019-20. This is a good sign for the corporation as the corporation is facing a financial crisis.

EXPENDITURE OF HRTC

Expenditure is a payment in cash or barter credits, or the incurring of liability of an entity, in exchange for goods or services. Organizations maintain tight controls over expenditures, to keep from incurring losses. An item of capital expenditure is expenditure for a high-value item that is to be recorded as a long-term asset.

Effectively, there is no difference between the two terms when expenditure automatically triggers the occurrence of an expense; for example, office supplies are typically charged to expense as soon as they are procured. Cost is a sacrifice made for something. The costs are incurred continuously to secure some benefits and for effective cost management it is necessary to know the cost structure, As the costs are indicative of the organizational health of an undertaking, the lower the cost the better the health of the organization at a given quality level of the services provided by the undertaking. The objective of the identification and analysis of the cost structure is to get a relative significance of various components/elements of the cost.

Table 6: Major Component of Expenditure (Figure in Cr.)

Head	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Salary	253.70	273.37	315.14	316.90	362.46	387.38	390.72
HSD	247.29	265.24	237.84	294.27	326.07	380.43	362.25
Welfare & Superannuation	39.03	136.24	110.97	153.72	149.64	165.43	194.84
Passenger Taxes	43.00	38.74	38.19	42.97	66.11	60.53	46.09
Store & Accessories	54.81	53.06	55.11	60.33	54.61	59.22	74.81
Interest on loans	14.32	24.67	24.16	22.24	26.04	28.80	23.61

Source: Annual report of HRTC

Table number 6 depicts that the corporation is expanding its huge amount of money on different items. As the corporation is increasing its income in every parallel the corporation is increasing its expenditure also. The efforts are not being made to minimize the expenditure.

PROFIT PERFORMANCE AND CASH GENERATION

Though profit is an important yardstick of productivity, yet cannot be accepted as the sole criterion because the profit of an enterprise is affected by factors such as the intensity of capital structure. The scale of operation, location of enterprise, area of operation, taxation policies, inflationary condition, the productivity of other factor inputs, besides objectives of the organization. Another important financial parameter to understand the financial performance of any organization is Cash Generation Capacity, which reflects the strength of the organization to generate marketable goods or services. This concept is arrived at when depreciation is added to the profit/loss of a given period.

Table 7: Profit and Loss Account

(Amount in Rupees)			
Particulars	2017-18	2018-19	2019-20
Opening Balance	11139136113	12324799178	13872789164
Add losses for the year	1324384350	1647486963	1615820581
Deduct profit for the year	138721285	99496977	15162424
Net loss(--)/Profit(+) for the year	-1185663065	-1547989986	-1464258157
Total	12324799178	13872789164	-15337047321

Source: Annual report of HRTC

The financial year from 01.04.2019 to 31.03.2020 closed with a loss of Rs. 14642.58 Lakh. The Corporation has incurred an accumulated loss of Rs 153370.47 lakhs as on 31.03.2020.

REVENUE TRENDS IN THE CORPORATION

Further analysis of sources of revenue of HRTC for the period under study also reveals many facts. There are three basic sources of revenue of the HRTC. These are operating revenue, non-operating revenue, and grants-in-aid from the state government.

OPERATING REVENUE

The basic source of the revenue of the HRTC is the operating revenue, which source is a result of its core activities. The operating revenue receipts include passenger income, goods carriage income and income from the postal department, and other insignificant revenues. Operating revenue receipts are a function of passenger fare, the extent of bus operating, and frequency of bus operation. These factors are not determined by the management of the HRTC and, therefore, in the best of opinion, should not strictly be seen as a parameter of productivity in absolute terms. At the same time, the operating revenue is of significance to the HRTC to know its financial status. The growth trend of operating revenue of the HRTC is reflected in the table:

Table 8: Operating Revenue

(Amount in Rupees)		
Income	2017-18	2018-19
Handling Charges	-----	0
Job Income	68447854	38038074
Sale of Scraps & Vehicles etc.	99859997	23713423
Subsidy (State Govt.)	3050000000	3050000000
Other Receipt	-----	25620
Sale of Lost properties	-----	-----

Profit on Sale/Transfer of Assets	-----	0
Receipt from Govt. against Term Loan sanctioned for working capital	-----	0
Misc. Income	14759297	30603790
Total	3233067148	3142380907

Source: Annual report of HRTC

NON-OPERATING REVENUE

Non-operating revenue of HRTC reflects the activities which are allied to its core activities of bus operation. Non-operating revenue sources of HRTC include advertisement on its buses and other premises, rent from buildings and stalls, job income, sale of scraps and old vehicles, lost property sales, interest on deposits, loans and advances, etc. Of all the sources of non-operating revenue of HRTC, job income has ample scope of its increase by simply offering repair and fabrication facilities to all the customers both in the public sector as well as the private sector at competitive rates. This will also ensure diversification of its core activities and will result in higher non-operating income besides ensuring optimum utilization of its capacity. Maybe this step will require HRTC to adopt the shift system, which is a common practice in the industrial world, to fully harness its potential. Workers have to be taken into confidence before initiating such a step. It will result in overall productivity improvements including physical on financial.

Table 9: Non-Operating Revenue

Income	2017-18	2018-19
Advertisement	20339313	9952316
Rent of buildings/Stalls	2679411	1889291
Interest on Loans/Advances	50322	43805
Miscellaneous Income (Non- Operating)	58905283	53378854
Old liabilities written back	58618762	12015883
Total	140593091	77280149

Source: annual report of HRTC

The gross revenue of the corporation was Rs.761.14Cr. In 2017-18 which went up to Rs.811.61 Cr. in 2018-19. During the same period, the cost also increased from Rs.1184.71 Cr. in 2017-18 to Rs.1271.41Cr. In 2018-19 which is marginally more than the increase in the gross revenue. This additional increase in the cost over the gross revenue has led the transport corporations to incur losses in recent years. Grant-in-aid is still the same in years 2017-18 and 2018-19 is Rs.305 Cr. During the same year total revenue, including grant-in-aid also increased from Rs.1066.14Cr. in 2017-18 to Rs.1116.61Cr. in 2018-19. The losses incurred by the HRTC during the period 2017 to 2019. It is noted from the table that during all these years the corporation has incurred losses through the amount of loss fluctuates over the period and ranges from Rs.118.57Cr. in 2017-18 to Rs.154.80 Cr. in 2018-19.

CUMULATIVE CAPITAL, GRANTS-IN-AID, AND LOSSES

Grants-in-aid are payments like the assistance, donations, or contributions made by one government to the other government, body, institution, or individual. Grants-in-aid are given for the specific purpose of supporting an institution, including the building of assets. The general principle of grants-in-aid is that it can be given to a person, a public body, or institution having a legal status of its own. Such grants-in-aid could be given in cash or in-kind used by the recipient agencies towards meeting their operating as well as capital expenditure required. Grants-in-aid are received by the HRTC by the Himachal Pradesh government to compensate its expense and consequent losses on account of social benefits schemes such as free travel concessions, subsidized travel facilities to students, police personnel, etc. the table below give the picture of Grants-in-aid as received by the HRTC. The Financial year from 01.04.2018 to 31.03.2019 closed with a loss of Rs.15479.90 Lakh. The Corporation has incurred an accumulated loss of Rs.138727.89 Lakh as of 31.03.2019.

Table 10: Grant in aid and losses

Year	Loss without Grant –in-Aid	Grant-in-Aid	Loss after deduction of Grant-in-Aid	A provision not paid	Net Cash loss
2015-16	31327.42	31500.00	172.58	3163.19	(+)3335.77
2016-17	37027.43	27500.00	9527.43	3615.16	(-)5912.27
2017-18	42356.63	30500.00	11856.63	5222.08	(-)6634.55
2018-19	45979.90	30500.00	15479.90	5368.24	(-)10111.66
2019-20	47612.58	32970.00	14642.58	5440.80	(-)9201.78

Source: Source: Compiled from Annual Financial statements of HRTC of the relevant years

The HRTC is not fully compensated by way of grants-in-aid for the losses it has to incur on account of such free or subsidized travel facilities. Fresh thinking is needed to contain the subsidies based on the merits of each kind and category of subsidy. Over the period, a certain section of society has become well off requiring no free travel or concession travel, for example, MPs and MLAs now neither need to be subsidized nor they any longer prefer bus travel.

FINDINGS AND SUGGESTIONS

- The corporation pays duty wages to the extent of double the amount of wages being paid to the regular employees due to this Corporation has to pay Rs. 9.45 Crore during the year 2018-19. Had sufficient staff been provided double the duty hours would have been available to the Corporation against the payment of

overtime paid by the Corporation. Moreover, the withdrawal of 48 hours duty roaster has further enhanced the Overtime allowance to the operational staff. It is recommended that, Himachal government as the owner of the corporation is responsible for the losses and may provide Rs.1000 crores financial support to reduce accumulated losses.

- Expenses hiked owing to defraying liabilities of Pension to the extent of Rs.110.26 Crore over and above employer's contribution @15% of basic pay (Rs. 11.28 Crore) due to liquidation of Pension Fund, which is now being paid out of the revenue of Corporation or being met from Grant in Aid received from the State Govt. This factor has also attributed losses under account head "**Welfare and Superannuation**" to the extent of Rs.165.43 Crore; The non-traffic, revenue like rents, sale of scrap vehicles, sale of scrap materials, advertising fees etc. shows negative trend and it is decreasing every year. It is suggested that, there is a large scope to improve non-traffic, revenue in HRTC through the launching of a major advertising campaign.
- Abnormal hike in expenses of HSD/Lubricant to Rs. 54.36 Crore during 2018-19 as compared to 2017-18 has affected the overall performance of the Corporation, which consumes a major chunk of the Corporation's revenue. During 2018, the total expenditure of Rs. 380.43 Crore incurred on HSD as compared to previous FY-2017-18 expenses of Rs. 326.07 Crore;
- The HRTC announces concessions by the direction of the government of AP to different groups of people like students, police personnel, physically challenged and others. It is the mere political interest of the government that has to be implemented by HRTC as a compulsion. The government always agrees to reimburse the total concessions cost to HRTC and hardly succeeds. The government never reimburses the subsidy properly. This is a big problem for the HRTC.
- Frequent change in the price of HSD & input services has also contributed to increasing expenditure. There is a non-cash loss on account of depreciation amounting to Rs. 53.68 Crore during 2018-19. During the FY-2017-18, it was Rs. 52.22 Crore which is higher by Rs. 1.46 Crore during 2018-19 which has also contributed to losses affecting the accounts of Corporation; Losses sustained by the HRTC are related to the damage and cancellation of buses during agitations, rallies and other social protests generally in response to particular government policies. The activists target public property, especially buses at the time of agitations etc. The other forms of losses that occurred for

HRTC buses for activities .It is proposed that, the RTC should impose severe cases of activists who is responsible for damage of the buses at the time of agitations. RTC should not provide buses for ruling party / government activities/meetings without receiving a total amount or sufficient advance for booking.

- Non-recruitment of Staff caused additional loss of revenue as the buses couldn't be utilized to an optimum level and increase in revenue is recorded only with the additional mileage covered by the buses of own fleet, wet lease, Electric Buses, Electric Vans, and JNNURM buses.
- Grant in Aid is not commensurate with services rendered to the various sections of society as a social obligation on behalf of the State Govt. I.e. concessional facility, Free transport facility to school children up to the class of 10+2 and other 23 categories as well as operation of uneconomical routes, on behalf of the State Govt. Due to this the losses accumulated to the extent of Rs. 1387.28 Crore up to 31.03.2019. Out of which loss due to depreciation to the extent of Rs. 580.77 Crore accumulated up to 31.03.2019 meaning thereby there is a net loss of Rs. 806.51 Crore. If the State Govt. Reimbursed full Grant in Aid as per the claim of the Corporation against social services rendered, then losses accumulated can be set off shortly.

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