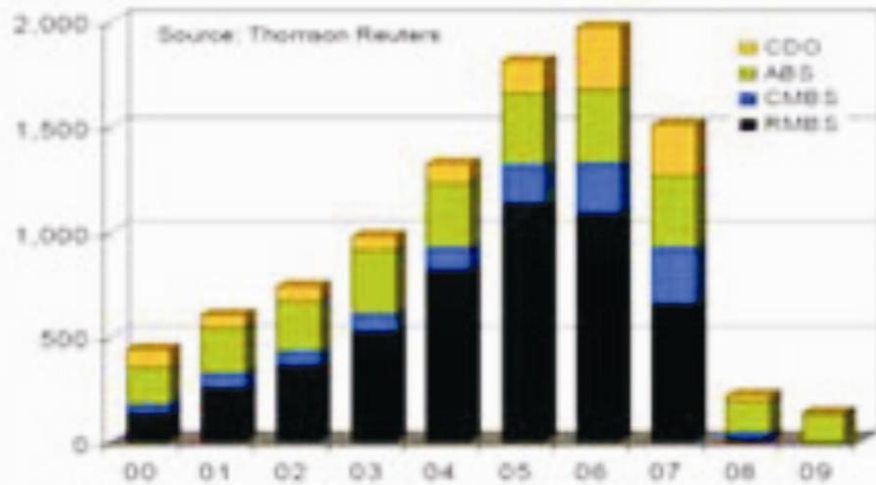


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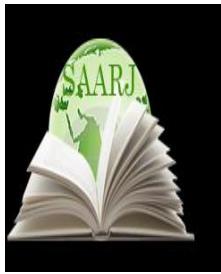
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THE FINANCIAL JOURNEY OF TSRTC FROM ITS BIFURCATION

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ABSTRACT

Transportation is life blood to any economy, as the availability of resources and its usage is not at one place. The transportation might be of the resources or the humans as the work place and residing place of individuals are different there exists a point of transportation. There are various means of transportation such as Railways, Waterways, Airways and Roadways. In the Journey of Road Transportation RTC has completed more than 75 years from its inception as Nizam's State Rail & Road Transport Department (NSRRTD). Andhra Pradesh State has got bifurcated as AP and Telangana on 02.06.2014, with this effect the RTC has also been bifurcated into two as APSRTC and TSRTC. Now the question arises how the Corporation is performing after its bifurcation, the present Article focuses on the financial performance of TSRTC after its bifurcation. The objective of the article is to analyze the financial performance of TSRTC after its bifurcation.

KEYWORDS: *Bifurcation, Financial evaluation, Effective management, Componential values, Comparative Study.*

INTRODUCTION :

Road Transport system is the most popular medium of transport in India. In fact, traveling in various parts of India is very easy, if you are aware about the transportation facilities offered by State Road Transport Corporations including undertakings or institutions authorized by the Ministry of Transportation, Government of India or by the State Government authorities. All the Government authorized transport organizations have their own operational style and they try their best to provide has free services to public. Almost all the Indian states have their own State Road Transport Corporation, providing transport facility within the state and the neighboring states. Apart from the public transport corporations, private operators also play a major role in fulfilling the needs of the public. Some of the State Transport Corporations offer city bus services provide comfortable, affordable and on-time service to the public.

Telangana State Road Transport Corporation: A Profile Vision of TSRTC

TSRTC is committed to provide consistently high quality of services and to continuously, improve the services through a process of teamwork for the utmost satisfaction of the passengers and to attain a position of per-eminence in the Bus Transport sector.

Corporate Philosophy of TSRTC is to provide safe, clean, comfortable, punctual and courteous commuter service at an economic fare. To provide employee satisfaction in financial and humanistic terms. To strive towards financial self-reliance in regard to performance and growth. To attain a position of reputation and respect in the society.

OBJECTIVES OF TSRTC

The TSRTC is to offer safe, clean, comfortable, Punctual and courteous commuting services at lowest possible fare. It also offers supports in terms of employee satisfaction by financial and other support. TSRTC strive towards constant performance and growth to attain reputation & respect in the society. As per the need and demand of passengers, the TSRTC is introduced and launched latest types of coaches. Vennela Ac Sleeper, Garuda Plus, Garuda A.C Coach (Inter-City), Indra, Meghdoot A.C, Super Luxury Coach (Inter-City),Mini Super Luxury Coach for Tirumalaghat road, Sapthagiri Express for Tirumalaghat road, Deluxe Coach (Inter-City),Express Coach (Inter-City), Pallevelugu Rural Bus, Metro Deluxe Coaches and Metro-Express.

OBJECTIVES OF THE STUDY

The objective of the paper is to understand the financial performance of TSRTC after its bifurcation. To see the componential values in proportion to total so as to know the individual componential importance. To suggest the areas of potentials for improvement. To analyze the financial position as compared to 2014-15 and 2015-16.

RESEARCH METHODOLOGY

The study is based on the secondary data provided by the corporation's web site and the data base of RTCWAN for the usage of employees. Basically the study is based on secondary data and is an explorative study, which brings the facts and figures of the corporation for the past two financial years

COMPARATIVE STATEMENT OF P&L ACCOUNT FOR THE YEARS 2014-15 &2015-16

Particulars	2014-15	2015-16	Increase/Decrease	% of Inc/Dec
Corp. Operated(km/lacs)	10728.04	10035.71	-692.33	-6.45
Hired Operated(Km/lacs)	1717.6	2345.71	628.11	36.57
Total Volume Operated	12445.64	12381.42	-64.22	-0.51
Income(Rs/Lacs)				
Corporation	289101.84	272195.69	-16906.15	-5.85
Hired	40690.99	57433.97	16742.98	4.11
Traffic Revenue	329792.83	329629.66	163.17	0.05
Other Revenue	16444.43	27089.03	10644.6	64.73
Reimbursement of Passes	52846.95	52845.18	-1.77	-0.003
Total Income	399084.21	409563.87	10479.66	2.63
EPK	32.07	33.08	1.01	3.15
Expenditure(Rs/Lacs)				
Stores	5845.82	5897.13	51.31	0.88
Lubricants	1948.6	1965.71	17.11	0.88
Workshop	5708.44	6386.07	677.63	11.87
Tyres & tubes	8127.52	7239.78	-887.74	-10.92
Power Oil(HSD)	124191.11	97342.77	-26848.34	-21.62
Depreciation	16483.77	12368.2	-4115.57	-24.97
Personnel Cost	168400.9	220286.87	51885.97	30.81
MV Taxes	22096.6	15240.65	-6855.95	-31.03
Miscellaneous	7666.1	14517.95	6851.85	89.38
Interest on Borrowings	15495.82	12983.89	-2511.93	-16.21
Hired Charges	44874.56	64124.69	19250.13	42.89
Overheads	18387.33	21392.45	3005.12	16.34
Total Expenditure	439226.57	479746.16	40519.59	9.23
CPK	35.29	38.75	3.46	9.8
Net P & L	-40142.36	-70182.39	30039.93	74.83
PPK	-3.23	-5.67	2.44	75.54

Observations on Comparative P & L Statement of TSRTC for the year 2014-15 and 2015-16

1. There is a net Decrease in the operational KMS by the corporation in 2015-16 to an extend of 692.33 lakhs KM's that shows a 6.45% of decrease as compared to 2014-15. Due to increase in the number of Hired Schedules there is an increase in operations in 2015-16 by hired vehicles to an extend of 628.11 lakhs KM's which is 36.57% more than operated in 2014-15.
2. Overall the Financial year 2015-16 shows a net reduction of 64.22 lakhs KM's as a whole as compared to 2014-15 which is 0.51% reduction in total operated KM's by the Corporation. As far as Income is concerned, there is a reduction of traffic generated revenue by the corporation operated vehicles to an amount of Rs.16906.15 lakhs in 2015-16 that comes to 5.85% reduction as compared to 2014-15.

3. Hired Vehicles shows an increase in traffic revenue in 2015-16 by 16742.98 lakhs as compared to 2014-15 which comes to increase of revenue by 4.11%. There exists a net increase in traffic by combined operations of corporation and hired vehicles of 163.17 lakhs in 2015-16 which is 0.05% more than 2014-15.
4. There exists a drastic increase in other revenues generated by the corporation in the year 2015-16 by Rs.10644.6 lakh as compared to 2014-15 that comes to 64.73% of net increase. The reimbursement of passes shows a downfall of 1.77 lakhs in 2015-16 as compared to 2014-15 which is 0.003% less.
5. After all, the total income generated in 2015-16 has increased by 10479.66 lakhs as compared to 2014-15 which is 2.63% more. Overall increase in earnings per KM shows a net increase of 1.01 lakh in 2015-16 as compared to 2014-15 that comes to an increase of 3.15%.
6. When comes to expenditure part, stores shows a net increase of 51.31 lakhs in 2015-16 as compared with 2014-15 which is 0.88% more. Lubricants utilized show an increase of 17.11 lakhs in 2015-16 as that of 2014-15 which is 0.88% more.
7. The utilization of workshop was also increased with 11.87% from last year and gives a net increase of 677.63 lakhs. As the operated KM's reduced from 2014-15 to 2015-16, so direct operational costs such as Tyres and tubes, Power Oil(HSD) and Depreciation decreased with a considerable percentage of 10.92, 21.62 and 24.97 respectively.
8. As revised pay scale was implemented there was a steep rise in the personnel cost by 51885.97 lakhs in 2015-16 as compared to 2014-15 that comes to 30.81% of increase. MV Taxes and Interest on Borrowings has decreased from past year with an amount of Rs.6855.95 and 2511.93 lakhs respectively which gives 31.03% and 16.21%.
9. Miscellaneous expenditure has got nearly doubled as compared from apst year with a net increase of 89.38%. Hired charges and Overheads also got increased from last year to current year with a percentage of 42.89 and 16.34 respectively.
10. The impact of all the expenditures as a whole increased the total expenditure in 2015-16 by 40159.59 lakhs as compared to 2014-15 with net increase of 9.23%. The net result out of the fluctuations in all the components of income and expenditure on net profit or loss as compared to last year is increase in the income by 2.63% whereas increase in the expenditure by 9.23% that in turn increases the losses to the corporation in 2015-16 by 30039.93 lakhs which is 74.83% more as compared to 2014-15.

FINDINGS AND SUGGESTIONS

1. It is observed that even though there is an increase of Hired vehicles operations by 36.57% and a decrease of 6.45% by the corporation owned vehicles the overall result of these changes are only 0.51% reduction in total operated KM's which is negligible.

2. The total traffic revenue generated after the adjustments of reduction in traffic revenue by corporation owned vehicles with 5.85% and addition of traffic revenue by hired vehicles, the net impact is positive i.e. increase in total traffic revenue.
3. With additional contribution from other revenues by 64.73% increase the total income of the corporation shows a positive result by 2.63% with which EPK of the corporation has increased with 3.15%.
4. There exists bi-lateral movements of various components of expenditure, some shows positive and other shows negative trend. But the personnel cost and Miscellaneous expenditure increased drastically, that in turn makes a negative impact on overall expenditure of the corporation.
5. Finally the EPK of the corporation shows an increase of 3.15% whereas the CPK increased with more than three times than that of EPK i.e. 9.8%, due to this the net result is negative and the overall financial position of the corporation got deteriorated and shows an increase in losses by 74.83%.

COMMON SIZE STATEMENT OF P&L ACCOUNT FOR THE YEAR 2014-15 AND 2015-16

Particulars	2014-15	% of each item	2015-16	% of each item
Corp. Operated (kms/lakhs)	10728.04	86.2	10035.71	81.05
Hired. Operated (Kms/lakhs)	1717.6	13.8	2345.71	18.95
Total vehicles	12445.64	100.00	12381.42	100.00
Income(Rs/lacs)				
Corporation Generated	289101.84	72.44	272195.69	66.46
Hired Generated	40690.99	10.2	57433.97	14.02
Total Traffic Generated	329792.83	82.64	329629.66	80.48
Other revenues	16444.43	4.12	27089.03	6.62
Reimbursement of Passes	52846.95	13.24	52845.18	12.9
Total Income	399084.21	100.00	409563.87	100.00
EPK	32.07	--	33.08	--
Expenditure(Rs/lacs)				
Stores	5845.82	1.33	5897.13	1.23
Lubricants	1948.6	0.44	1965.71	0.41
Workshop	5708.44	1.3	6386.07	1.32
Tyres and Tubes	8127.52	1.84	7239.78	1.5
Power Oil(HSD)	124191.11	28.28	97342.77	20.27
Depreciation	16483.77	3.75	12368.2	2.56
Personnel Cost	168400.9	38.34	220286.8	45.90

			7	
MV Taxes	22096.6	5.03	15240.65	3.16
Miscellaneous	7666.1	1.75	14517.95	3.25
Interest on Borrowings	15495.82	3.53	12983.89	2.7
Hired Charges	44874.56	10.22	64124.69	13.35
Overheads	18387.33	4.19	21392.45	4.45
Total Expenditure	439226.57	100.00	479746.1	100.00
			6	
CPK	35.29	--	38.75	--
Net P&L	-40142.36	--	-70182.39	--
PPK	-3.23	--	-5.67	--

Observation on Common size P&L statement of TSRTC for the year 2014-15 and 2015-16

- The Operated KM's by the corporation owned vehicles was 86.2% in 2014-15 and got reduced to 81.05 in 2015-16, with a net decrease of 5.15%. With the decrease in corporation operated KM's, the operated KM's by the Hired busses have increased from 13.8% in 2014-15 to 18.95% in 2015-16, with proportion remaining the same of 5.15%.
- The Income generated out of the corporation owned vehicles out of the total income stood at 72.44% in 2014-15 and it got reduced to 66.46% in the year 2015-16. With an increase in operated KM's by Hired busses the traffic revenue from them got increased from 10.2% to 14.02% in the financial year 2015-16.
- However, the Net traffic revenue out of the total income got reduced from 82.61% to 80.48% in current year. The other revenue sources have shown an increase from past year with a net increase of 2.4%.
- The reimbursement of passes got reduced from last year from 13.24% to 12.9% in the current year with a net decrease of 0.34%. When the matter of expenditure comes, different components gave different directions as compared to their proportion in total expenditure.
- Stores got reduced from 1.33% to 1.22% in the year 2015-16 as compared to 2014-15. Lubricants proportion also shows a decrease from 0.44% to 0.41% with a net decrease of 0.03% from last year. Workshop shows an increase from 1.3% to 1.32% as compared to previous year.
- Tyres and tubes shows a reduction of its proportion in total expenditure which stood at 1.84% in 2014-15 and got reduced to 1.5% in 2015-16. Power Oil(HSD) has reduced its proportion of expenditure in total from 28.28% in 2014-15 to 20.28% in 2015-16 with a net reduction of 2%.
- Depreciation and MV Taxes also reduced from 2014-15 to 2015-16 which stood at 3.75% and 5.03% respectively in past year now they came to 2.57% and 3.17%. Miscellaneous expenditure showed an increase from 1.75% to 3.25% out of all.
- Interest on borrowings got reduced from 3.53% to 2.7% from last year to current year with a net decrease of 0.83%. Hired charges shown an increase of 3.14% as compared to 2014-15 and 2015-16. The charges were 10.22% in the last year now they got to 13.36%.
- The Proportion of Overheads in total expenditure got increased to 4.45% from 4.19% in this year with a net increase of 0.26%. All these addition and reduction of individual components resulted in final increase of total expenditure from past year.

- The CPK of the corporation got increased from 35.29 to 38.75 resulting in increase of losses per KM from 3.23 to 5.67.

FINDINGS AND SUGGESTIONS

- It is observed that with the reduction in operated KM's by the corporation owned vehicles by 5.15% the total traffic revenue got reduced by only 2.16%, which gives a further scope of reduction in corporation operated KM's in future.
- Increase in operated KM's by Hired vehicles with 5.15% results in only 3.16% of increase in Hired Charges, which shows a positive impact on corporation revenue structure.
- Other revenue shows an increase whereas the reimbursement of passes amount has been decreased. Overall the Earning Per Kilometer (EPK) has increased from 32.07% to 33.08% with a net increase of Rs. 1.01 per KM which is a good sign for corporation.
- Some of the components of expenditure have decreased from last year such as Stores, Lubricants, Tyres and tubes, Depreciation etc. Whereas some components increased such as personnel cost, miscellaneous expenditure, Hired Charges and Overhead expenses.
- Finally, Due to a drastic increase in the personnel cost, the increase in revenue and decrease in some components of expenditure has been overcome and gives a net result of increase in the expenditure and the CPK of the corporation from 35.29 to 38.75 with a net increase of 3.46 rupee per kilometer operated.

CONCLUSIONS

- The Comparative Statement of P&L account shows reduction in operated kilometers by the corporation even though the total income has increased by 2.63%.
- The total expenditure has increased drastically by more than three times as that of income which resulted in increase of losses as compared to 2014-15.
- The common size Statement of P&L account shows a mixed trend of income components specially the other income part and the Hired buses traffic revenue increased with which the net EPK has increased from 32.07 to 33.08.
- There were slight decrease in some components of expenditure where as many shows an increasing trend particularly the personnel cost that increased from 38.34 to 45.9%.
- The overall matter is that the EPK has increased by 1.01 rupee and the CPK has increased by 3.45 rupee resulting in a net increase of 2.44 rupee loss per operated kilometer.

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Dated : 30-05-2017

Dear

MD. TAHERULLAH & DR. BADIUDDIN AHMED

I am very pleased to inform you that your article/research paper titled **THE FINANCIAL JOURNEY OF TSRTC FROM ITS BIFURCATION** has been published in **SAARJ Journal on Banking & Insurance Research (SJBIR)** (ISSN: 2319-1422) (Impact Factor: SJIF 2013=2.380) Vol.6, Issue:3 (May, 2017).

The scholarly paper provided invaluable insights on the topic. It gives me immense pleasure in conveying to your good self that our Editorial Board has highly appreciated your esteemed piece of work.

We look forward to receive your other articles/research works for publication in the ensuing issues of our journal and hope to make our association everlasting.

Thanking you once again

With Best Regards

Dr. BCM Patnaik

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