FUTURE PROSPECTS OF KERALA STATE ROAD TRANSPORT CORPORATION

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Abstract: Nothing is more important to civilization than a well organized transport system. The role that it plays in the sustained nothing development of a region is cardinal. It forms the backbone of economic development of any region because, for any economic activity both passenger and goods 'mobility' is essential. Kerala State Road Transport Corporation has been serving the general public of Kerala for more than seven decades. It plays a crucial role in strengthening the public transport system in Kerala. But today the corporation is facing a big crisis. Mismanagement, hike in fuel price can be called as reasons for this crisis. Its present state of affairs is pitiable. Fact is, we cannot ignore such a sector which caters to the mobility needs of millions of people of Kerala. Through this study, an attempt is made to understand the major problems faced by the corporation and to analyze what all measures can be taken to revamp the present image.

Keywords: Financial crisis, KSRTC, Liability, Revamping

I. INTRODUCTION

With the increase in population and subsequent developments, the transport demand in our Kerala has also been increased exponentially. This headed the involvement of both State owned and private participants in bringing up transport facilities in our state. The journey of Kerala State Road Transport Corporation began from the year 1938. Travancore State Transport Department was constituted by Travancore King, Shri Padmanabhadasa Sree Chitira Thirunal Balarama Varma. This initiative was to reorganize the State’s transport system and to ensure an effective passenger mobility system. In 1965, Government of Kerala formulated Kerala State Road Transport Corporation Rules and the Transport Department was converted into an autonomous corporation on 1st April 1965. Following this Kerala State Road Transport Corporation was established by Government of Kerala in March 1965. The major objective of the corporation is to provide effective and safe commuter friendly solutions to the travelling public who use the services of KSRTC. This study mainly focuses on the problems that are faced by the Corporation and to understand its future prospects.

II. OBJECTIVES OF THE STUDY

- The primary objective of the study is to identify the major problems faced by the corporation.
- To understand the efficiency of KSRTC in serving the general public.
- To suggest remedial measures.

III. RESEARCH METHODOLOGY

This study uses both primary and secondary data. The employees (both permanent and temporary) have been interviewed to get necessary information. Major depot and sub depots in Ernakulum District have been visited to analyze the actual working environment. Researcher conducted both personal and telephonic interviews with some of the pensioners of KSRTC. The secondary data included in the research includes published information from magazines, other journals newspapers and websites.

IV. STATEMENT OF THE PROBLEM

In a state like Kerala, passenger transport assumes greater importance. KSRTC have been serving the passenger mobility needs of general public of Kerala for so many years. They played undoubtedly an incredible role in improving the public transport system of Kerala. Services of KSRTC have been extended to the remote areas of the State too. But still a big crisis is been faced by KSRTC. The quality and quantity of the services is not keeping pace with the rising demand. Here the study intends to find answers to the following problems:

- How important is the services provided by KSRTC in improving the transportation facilities of Kerala?
- How efficient is their services?
- What are the problems that hinder KSRTC in providing services to the public in an efficient manner?
V. IMPORTANCE OF THE STUDY

Passenger mobility is essential for every economy to become developed. This resulted in the emergence of State owned transport corporations. They were created with a view to ensure an effective transport system thereby supporting the social and economic development of the country. Kerala State Road Transport Corporation serves the same objective. Though serving the majority of Kerala’s general public, KSRTC fails to generate adequate financial resources. It resulted in operational inefficiencies and protracted expansion. Therefore there is a need to understand the areas of weaknesses and improve the efficiency. Then only it can cope up with the rising passenger transport demand and generate adequate revenue.

VI. ANALYSIS AND INTERPRETATION

Today discussions and debates are going as whether to close down or revamp KSRTC. The major question is: What will Kerala Government do to make this sector a meaningful one? Considering the financial crisis faced, Government of Kerala has come up with a revival package in order to prevent KSRTC from shutting down. The major problems that are to be addressed first are repayment of loans raised from various financial institutions by the corporation and huge pension liability. According to the reports, salaries of about 46000 permanent and temporary employees are delayed and outstanding. Most of them were given after more than a week. The present number of pensioners of the corporation is around 37000. Pension of these 37000 retirees are still in arrears. The mismanagement and inability to generate decent returns are the major reasons for this.

Table No 6.1

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Item</th>
<th>2008</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Schedule</td>
<td>4375</td>
<td>5744</td>
<td>5620</td>
<td>5988</td>
</tr>
<tr>
<td>2</td>
<td>Buses</td>
<td>4959</td>
<td>6213</td>
<td>6215</td>
<td>5902</td>
</tr>
<tr>
<td>3</td>
<td>Average Daily Collection (lakhs)</td>
<td>281</td>
<td>445</td>
<td>473</td>
<td>529</td>
</tr>
<tr>
<td>4</td>
<td>Average Scheduled Kms</td>
<td>1498956</td>
<td>1916279</td>
<td>1965125</td>
<td>1994006</td>
</tr>
<tr>
<td>5</td>
<td>Average Earnings/Km</td>
<td>21.75</td>
<td>27.81</td>
<td>30.23</td>
<td>33.76</td>
</tr>
<tr>
<td>6</td>
<td>District Office</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>7</td>
<td>Sub District Office</td>
<td>41</td>
<td>47</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>8</td>
<td>Central Workshop</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Regional Workshop</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Staff Training Centers</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>11</td>
<td>Ordinary Service Fare Rate/Km</td>
<td>55</td>
<td>58</td>
<td>58</td>
<td>64</td>
</tr>
</tbody>
</table>

The table no.6.1 shows the financial figures of KSRTC for the years 2008, 2012, 2013, 2014. The table shows that presently, the Corporation has about 5988 schedules, and around 1994006 kilometers per day. The average daily collection amounts to Rs.529 lakhs. Number of buses has reduced from 6215 to 5902 in the year of 2014. The average earnings per bus (EBP) as on December 2014 amounts to Rs.11029.73. The average monthly receipts of KSRTC amounts to 170 crore and the expenditure is about 270 crore. The Corporation has to pay 66.56 crore as salary and wages. 42.71 crore has to be paid as pension. Besides there is also cash outflow in terms of pension benefit fund, diesel and lubes etc. The Corporation is under great pressure to fill the Revenue-Expenditure gap which remains above 100 crore mark.

The major problems that are faced by KSRTC today is the payment of pensions and repayment of dues owed to KTDFC, HUDCO, and LIC etc. As per the reports, KSRTC has an outstanding loan that amounts to 1300 crore which is raised from the above institutions. Around 665 crores are owed to Government. The monthly repayment on account of these liabilities amounts 50.18 crores to KTDFC and 3.18 crore to HUDCO. As a part of the revival package KSRTC has negotiated with LIC for swapping 14.5% KTDFC loan. LIC has also agreed to take over the loan @10% interest. This move will cheer the Corporation to some extend thereby enabling to reduce the monthly repayment of loan to 15 crores.

Recently KSRTC was in the news because of failure to make pension payments. The fact is they ran out of cash to make payment. The transport department of Kerala points out that this crisis is mainly due to the introduction of pension scheme at par with Government to employees of KSRTC in the year 1984. It also underlines that the huge borrowings is made by the Corporation to meet this non-operating expenditure. In the financial crisis revival package issued by the transport department, they stresses on the formation of a ‘KSRTC Employees Pension Fund Trust’ to tackle the issue. They also emphasizes that the responsibility of pension fund management of KSRTC is to be entrusted with SBI Life or LIC or jointly by both because of their competence and expertise in the area.

Increase in fuel price, unhealthy competition from private bus operators, non-availability of workers, trip cancellation by the workers, non-utilization of the available capacity are the other problems which reduces the fitness of KSRTC. Transport Ministry has recently announced to ensure 1900 new buses in to service besides
retiring an equal number of vehicles. A complete rescheduling of routes will be done to accelerate the non-operating income. There is also a complaint that proper maintenance of buses is not done. This creates dissatisfaction among the commuters and makes them reluctant to avail the services. More technological advancements are yet to happen in the sector. Not long ago, some Government buses labeled KURTC is operating in and around the cities creating a room for confusion among the general public. People may misconceive that the change in name is because of the tough war between Kerala and Karnataka over the name “KSRTC”. But no. The buses that were bought with the financial assistance from Jawaharlal Nehru National Urban Renewal Mission (JNNURM) operated by KSRTC is named as KURTC (Kerala Urban Road Transport Corporation). This is considered to be a subsidiary of KSRTC.

VII. FINDINGS, SUGGESTIONS AND CONCLUSIONS

At present KSRTC have 5988 schedules and 5921 buses. The average earnings per kilometer works out to round about 35.22 crores and average earnings per bus works out to Rs.11509. Eventhough the State Government has reserved more than 30 routes exclusively for KSRTC, it is still running on losses. Government expects to make good of these losses by a revival package that is put forward by the transport department. The pension burden can be reduced to an extend by the creation of a separate ‘KSRTC Employees Pension Fund Trust’ and entrusting the responsibility of pension fund management to LIC or SBI. Negotiating the loan terms will also enable the Corporation to lessen the loan liability to 15 crores. The computerization process is still backward and lagging in the sector. Therefore a greater amount of Technological intervention is needed. Now KSRTC is providing free travel to pensioners. Recently it has reported that students up to 12th Standard will be allowed to travel free in KSRTC buses. The daily income from student passes works out to 4 lakhs. This scheme of free travel will reduce the monthly income by more than 1 crore. Ticket ceases to provide insurance coverage to its commuters is also yet to be implemented. Building market share by adding new services is good. But we should also consider how worthy it is. It often costs more than the extra revenue that is currently earned by the Corporation provided by the fact that 37000 pensioners are yet to be paid. Worthless policies are to be ignored because a pleasant life is yet to bloom for the Corporation. Policies that should energize and multiply revenue should be exercised. Government’s policy to put more buses is with the expectation of earning more revenue. But it works only when the public avail the services of these extra added buses. Quality of services is also a factor which assumes greater importance. Because every individual wants to get value for a single penny he pays. No policy can alter this fact. So the revival package put forth by the department should not remain in papers. It has to be implemented. Otherwise a huge institution that serves the mobility needs of Kerala will become a history just like Kingfisher Airlines.

REFERENCES