

Chapter - III

Performance audit relating to Statutory Corporation

Andhra Pradesh State Road Transport Corporation

3. Performance audit on the functioning of Andhra Pradesh State Road Transport Corporation

Executive Summary

The Andhra Pradesh State Road Transport Corporation (Corporation) provides public transport in the State through its 202 depots. The Corporation had fleet strength of 20704 buses as on 31 March 2009 and carried an average of 1.40 crore passengers per day. It accounted for a share of 80.34 per cent in public transport while the remaining came from private operators. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Corporation earned a profit of Rs 110.78 crore in 2008-09. Its accumulated losses and borrowings stood at Rs 1151.84 crore and Rs 1404.47 crore as at 31 March 2009, respectively. The Corporation earned Rs 18.84 per kilometre and expended Rs 18.43 per kilometre in 2008-09. Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn more profit and serve its cause better.

Declining Share

Of 24,877 buses licensed for public transport in 2007-08, about 80.34 per cent belonged to the Corporation. The percentage share declined marginally from 84.36 per cent in 2004-05. The decline in share was mainly due to procurement of lesser number of buses

than planned on account of non-availability of adequate funds to replace/add new buses. Nonetheless, vehicle density (including private operators buses) per one lakh population increased marginally from 28.88 in 2004-05 to 29.69 in 2007-08 due to increase in number of private buses indicating stability in the level of public transport in the State.

Vehicle profile and utilisation

Corporation's buses consisted of own fleet of 17,096 buses and 3,279 hired buses. Of its own fleet, 12,576 (72.76 per cent) were overage, i.e., run for more than five lakh kilometres. Corporation's fleet utilisation at 99.52 per cent in 2008-09 and its vehicle productivity at 360 kilometres per day per bus was above the AIA. Similarly, its load factor at 72.27 per cent remained above the AIA of 63 per cent. The Corporation did well on operational parameters as 40 per cent routes were profitable and preventive maintenance was appreciable as backlog declined from 3.71 per cent to 2.31 per cent during review period.

Economy in operations

Manpower and fuel constitute 68.24 per cent of total cost. Interest, depreciation and taxes account for 12.50 per cent and are not controllable in the short term. Thus, the expenditure control has to come from manpower and fuel. The Corporation succeeded in reducing the manpower per bus from 6.14 in 2004-05 to 5.59 in 2008-09. However, the expenditure on repairs and maintenance was Rs 550.01 crore (Rs 3.18 lakh per bus) in 2008-09, of which nearly

39.32 per cent was on manpower. The Corporation could not attain its own fuel consumption targets resulting in excess consumption of fuel valued at Rs 222.91 crore during 2004-09.

The Corporation has 3279 hired buses where bus owners provide buses with drivers and incur all expenses. The Corporation provides conductors and makes payment as per kilometres operated. The Corporation saved an amount of Rs 245.62 crore towards cost by operating these hired buses during the period 2004-09. As this arrangement has the potential to cut down the cost substantially, the Corporation needs to explore possibility to replace overage buses by hired buses in future.

Revenue Maximisation

As it mainly utilises ground floor/ land for its operations, the space above can be developed on public private partnership basis to earn steady income which can be used to cross-subsidise its operations. The Corporation has not framed any policy in this regard. The Corporation however identified vacant sites at 133 locations of which 11 projects covering 71,575 Sq. mtrs area were given for development. The anticipated revenue was Rs 2,309 crore over a period of 30 to 33 years.

Need for a regulator

Though the Government approves the fare increase, there is no scientific basis for its calculation. The Corporation has also not formed norms for providing services on uneconomical schedules. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes

Monitoring by top management

There is effective Management Information System (MIS) for obtaining feedback on achievement. The Board of Directors regularly monitors the operational parameters.

Conclusion and Recommendations

Though the Corporation is earning profits for last two years ending 2008-09 it can still improve its performance i.e. by hiring more number of buses. This review contains six recommendations to improve the Corporation's performance. Hiring of buses and creating a regulator to regulate fares and services are some of these recommendations.

(Chapter 3)