



**A STUDY ON PHYSICAL AND FINANCIAL PERFORMANCE OF TAMIL NADU  
STATE TRANSPORT CORPORATION IN VILLUPURAM DIVISION**

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**Abstract**

*The transport system in the state occupies an important position in the basic infrastructure facilities in India. Faster industrialization, urbanization and ever-growing state economy have triggered an unprecedented increase of vehicle population in the state. The transport department is one of the major revenue earning departments of the state government. The economic development of a country and the advancement of civilization depend, inter alia, on the road transport system. The importance of the road transport system came to be realized only in the recent years. In India for this purpose the Central Government passed the Road Transport Corporation Act in 1948, empowering State Government to undertake the Organization of Road Transport Service. It covers the period from 2000-01 to 2011-12. The financial performance of villupuram division earning is low level and cost is high and growth rate.*

*Key: Operational, Physical and Financial Performance of Growth.*

**Introduction**

The word "Transport" has been derived from the Latin word Transport. Trans means across and "Portage" means to carry. From this it is obvious that the word Transport refers to the carrying of goods of persons from one place to another. Provisions for a continuous and UN -interrupted mobility of persons and materials are a basic necessity of the society. It is a well-established truth that development of a country is largely conditioned by the adequacy, efficiency, regularity, safety, and partiality of the transport system. Transport plays a crucial role in the economic development of a nation and social and cultural life of its people.

History to a large extent has belittled the role of transport in the development of modern society. Transport has played a key role in the advancement of civilization and also it has virtually constitutes the nervous system, not only of an economy but also mobilization and migration of public. It is held that immobility progress. In the complex process of

modern economic development, transportation plays a special role in achieving various national goals, such as getting land into production, marketing of agricultural commodities, making forest and natural wealth accessible for developing industry, expending trade, planning and executing health and education programmers and above all exchanging ideas.

Economic and commercial importance of the greatest magnitude is now-a-days, attached to the development of transport. The transport industries which undertake nothing more than more movement of persons and things from one place to another have constituted one of the most important activities of men in stage of advanced civilization. It can never but be emphasized that the bagel, the haddock and backbone of a country's development lies in its efficient transport organization. The greater the emphasis on solving the transport problems and there by bridging distance and people the greater are benefits that accrue.

In the words of an economist, Jeremy Bentham, "Roads are the veins and arteries of a country through which channels every improvement circulates". It is interesting to quote here the observation made by a famous author regarding the general significance of roads in the modern world, "The road is one of the great fundamental institutions of mankind". It develops with man's advance; it retrogrades with the break downs of a social order. People without roads would be people without intercourse with outside world, without the attributer of civilization. Man-the road builder, thus cannot be separated from man-the builder of civilization. Road Transport is the basic and fundamental necessity of mankind. It can function in an unexceptionally flexible and diversified manner in relation to other means transport. It plays an important role in the passenger transportation of the country and is particularly suitable for all short and long distance travels. Road Transport plays an important role in the economy of the country and is particularly suitable for short and medium distance. Road Transport thus forms an indispensable element of the national transport system. The share of road transport in recent years to overall traffic has been continuously increasing.

#### **Transport Scenario in India**

Any attempt to develop the country or to improve the living standards of the people, must begin with the development of villages. But, these villages are physically spread throughout the length and breadth of the country, and no mode of transport other than road transport using buses can adequately and effectively meet the demand of transport arising out of the growing economic, social, health, cultural and religious needs of the villagers. Thus, an attempt to improve the transport system in our country has to give the highest priority to bus transport system. As said earlier, buses carry more than 80 per cent of public transport in India and rail transport carries less than a third of public transport passengers.

India has nearly 2.55 million kilometers of roads 1.45 million kilometers of surfaced roads and more than 1 million kilometers of roads constructed of gravel, crushed stone, or earth. More than two hundred and ten highways, just under 2000 kilometers in total length, are rated as national

highways, but they carry about 40 percent of the road traffic. The share of transportation investments in total public investment declined during the period from the early 1950s to the early 1980s; real public transportation investment also declined during much of that period because of the need for funds in the rest of the economy. As a consequence, by the early 1980s the transportation system was barely meeting the needs of the nation or preparing for future economic growth. Many roads, for example, were breaking up because of overuse and lack of maintenance.

To improve road transportation, significant efforts were initiated in the 1980s to build roads to link major highways, to widen existing roads from single to double lanes, and to construct major bridges. These road-building achievements represent an impressive expansion from the 1950s. However, even though a total of 400,000 kilometers of roads of all kinds have been laid, more than 25 per cent of villages still have no road link, and about 60 percent have no all-weather road link. These statistics, however, mask important regional variations. Almost all villages in Kerala, Haryana, and Punjab are served by all-weather roads. By contrast, only 15 per cent of villages in Orissa and 21 per cent in Rajasthan are connected with all-weather roads. The quality of roads, including major highways, is poor by international standards.

The central and state governments and some transport companies share responsibilities for road building and maintaining roads. The Ministry of State for Surface Transport administers the national highway system, and the public works departments of the respective states maintain state highways and other state roads. Municipalities, Districts, and Gram Panchayats maintain minor roads. Still other roads, about 22,000 kilometers in total in 1991, are under the jurisdiction of the Border Roads Development Board, a central government organization established in 1960 to facilitate economic development and defense preparedness, especially in the north and north east.

#### **State Transport Undertakings**

The Planning Commission publishes an annual study of the performance of STUs covering various aspects, both physical and financial. There

were, in all, 67 STUs in India, of which 21 were functioning as statutory corporations, 27 were incorporated as government companies, eight were run as departmental enterprises and 11 were being run as municipal undertakings. Their combined fleet strength, as at 31 March, 2004 was 117324, of which 53 per cent were Leyland buses and 41 per cent were Tata buses. Of the fleet, 35.6 per cent were with the STUs. The total distance covered by the STUs, during the year 20011-12, was 126486.72 crores, and nearly 7, 73,000 people were employed in these undertakings, as of 31 March 2012. In 2011-12 they carried on an average 346.54 crores of passengers daily.

While Andhra Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, West Bengal, Orissa, Rajasthan and Uttar Pradesh, wanted to set up public corporations, Tamil Nadu wanted government companies to handle road transport activity. Some union territories and north-eastern states organized the activity departmentally. The city transport services in some major towns are being run as municipal undertakings. The company was preferred to other forms in order to mobilize institutional finance. The Tamil Nadu Government set up all its 19 corporations in the form of government companies.

Presently, there is 67 State Road Transport Undertakings in India. The State Road Transport Undertakings do not enjoy a complete monopoly in the passenger bus transport. In terms of vehicle ownership, they account for only about 19 per cent. While there is total nationalization of stage-carriage operations in Maharashtra, Gujarat, Andhra Pradesh and Haryana and a huge presence in Uttar Pradesh and Karnataka, SRTUs play an insignificant role in states such as Bihar and Orissa. SRTUs concentrated on providing passenger bus services to the rural interior and backward areas, while private operators concentrated mainly on high-density profitable routes.

### **Tamil Nadu and its Road Transportation**

Tamil Nadu State Transport Corporation is the Government public transport bus operator of Tamil Nadu, India. It operates buses on intra and

interstate bus routes. It also operates on city routes. In the 2011-2012 budgets it was announced that 3000 new buses would be added to the corporations within 5 years. TNSTC is the second largest transport corporation in India and is well known for its route coverage almost too every remote area in Tamil Nadu. The Tamil Nadu State Transport Corporation was the first in India to introduce excellent paintings in buses. The school students get a pass to travel in the corporation's buses at free of cost from their school to their homes. These passes are issued by the Government of Tamil Nadu, Tamil Nadu State Transport Corporation operates buses of various classes to cater to different sections of the public.

### **Scope of the Study**

No system be said to have 100 percent perfection in all respect. It is practically impossible to offer such a system or organization, and every system has got its own merits and demerits. If a system or organization is not properly managed, inefficiency creeps this leads to heavy losses. The loss doesn't mean financial loss or personal loss of the individual, but in a large sense a loss to the society. Development is a progress of dynamic. In a progressive social and economic system, nothing remains constant. No progressive Government will like to ignore the fact that policy formulation is a continuous process and that an organization, which is too static and rigid in this regard, can hardly hope to figure in the list of successful enterprise.

India has registered an astonishing progress in the area coverage of bus transport owing to State Transport Undertakings (STUs). It is fair to note that the STUs had extended their services to every region having metal or Pokka roads, to the maximum extent. The social benefit that the STUs have produced in this regional is of high order and it cannot be disputed that this factor needs to be looked in to with due weight age when studying the performance of STUs. However, the maximum of social benefits cannot gain support forever for the STUs. Which are deplorably poor in performance taking profitability as the index of efficiency? There is a big have and cry for privatization of public undertakings all over the world on the plea that are wasted scarce resources due to operational efficiency. In spite of the passenger,

achieved, national passenger road transport in the country has been facing number of problems such as highest of operations, improper fare policy, social obligations and paucity of funds etc. it is observed in the recent years, there has been a declining trends in the efficiency in the working the STUs, when viewed in terms of the financial performance.

### **Nationalization of STUs in Tamil Nadu**

The nationalization of the bus Transport in Tamil Nadu has two distinct phases. During the first phase, the madras state transport corporation was formed on the basis of the Road Transport Corporation Act 1950 consequently during in 1970, up on the change of the name Madras State Transport Corporation (MSTC) it was covered in to Pallavan Transport Corporation (PTC) AND Thiruvalluvar Transport Corporation (TTC). The Pallavan Transport Corporation was totally earmarked to meet out of Public Transportation of Madras City. Thiruvalluvar Transport Corporation (TTC) started its service of the general public by connecting all the important thousand cities.

During the 1960's owning a single bus was considered as a great fortune and the operators were commanding a high social status and this was due to the gap between the demand and supply of Transport Service in Tamil Nadu. The landmark victory of Dravidan Munnetra Kazhagam in the general election of 1967, paved the way for nationalization of public road transport. With a view of extent the nationalization of bus transport by stages, the government decided in June 1967, that the following types of bus routes should be nationalized as and when the permits of the private operator expired. All routes of 75 miles and above, both ordinary and express services and All routes radiating from terming in the madras city irrespective of distance and.3.All routes in kanyakumari district which are radiating from or terminating in that district.

The government also decided that future development of the above side routes should be done exclusively by State Transport Department. In 1968

an amendment to certain provisions in the Motor Vehicle Act 1939 was made for effective and prompt implementation of the policy of nationalization. Making it obligatory on the part of the Transport Authority to take in to consideration the publication on the scheme of nationalization carriage permits and Making it obligatory on the part of Transport Authority permits to be valid till the puce permit is issued after approved of the scheme. As a result, the regional private Transport giants like T.V.S group operating in the Pandiya Mandalam (Covering southern districts of Tamil Nadu), were nationalized during the year 1970-1971. A public limited name Pallavan Transport Corporation Limited was established and it took over the Transport Corporation system in Madras and Chingleput districts with effect from 1<sup>st</sup> January 1972.

The second phase of in nationalization Tamil Nadu was carried out of lines with the companies Act of 1956. Actually, it is the second phase of nationalization of bus Transport in Tamil Nadu alone can be considered as the real nationalization because that bus Transport map of Tamil Nadu. From then onwards the spread and the speed of nationalization was rather very smooth and barrage a few routes, almost the entire state witnessed the total nationalization, with enlargement of the operation of the Transport Corporations. Mainly on the basis of bifurcation of relatively large Corporations had been functioning throughout the state.

### **Objectives of the Study**

1. To study the importance of transport in Tamil Nadu.
2. To analyze the physical and financial performance of TNSTC in Villupuram division.

### **Methodology**

The study is mainly based on secondary data. The data were collected from TNSTC Annual report in Villupuram division for the periods from 2003-04 to 2011-12 and compound growth rate also used.

Table -1Physical Performance of TNSTC in Villupuram

S.No.	Year	A.No of buses Held	%Fleet Utilization	Total Effective KM(in Lakhs)	Daily Bus Utilization (KM)(Per bus held)	Passenger Carried /Bus on Road /Day	Total Staff / Bus on Road	KM/oi diesd (KMPL)	Accident/ Lakh KM	TNSTC
1	2000-01	2463	93.2	3950.34	436.5	8816.87	18856	3.63	0.34	9720
2	2001-02	2459	94.8	3946.37	437.0	8236.61	15498	3.84	0.36	7217
3	2002-03	2480	94.1	4054.96	445.4	7844.28	18730	4.44	0.27	7460
4	2003-04	2493	94.3	4130.94	452.7	8132.23	18467	4.52	0.30	9347
5	2004-05	2529	95.9	4314.28	436.9	8537.47	18182	4.69	0.29	6663
6	2005-06	2548	96.0	4314.28	436.9	8972.50	17795	4.95	0.28	6869
7	2006-07	2603	95.5	4503.14	452.7	9482.71	17343	5.21	0.27	3054
8	2007-08	2898	96.1	5192.55	489.6	9638.35	21108	5.26	0.36	2374
9	2008-09	3096	96.2	5626.67	497.9	9685.44	20115	5.41	0.27	1768
10	2009-10	3108	96.0	5730.46	505.1	10330.13	21118	5.54	0.29	1525
11	2010-11	3188	96.1	5896.25	587.2	10706.21	21161	5.54	0.28	512
12	2011-12	3190	95.9	5915.30	506.6	9717.67	20872	5.50	0.26	296
<b>Mean</b>		<b>2752.33</b>	<b>95.39</b>	<b>4789.07</b>	<b>465.90</b>	<b>921</b>	<b>19103.8</b>	<b>4.87</b>	<b>0.29</b>	<b>4731.25</b>
<b>CGR</b>		2.97	0.21	4.53	1.13	0.27	1.98	3.81	-1.60	-25.85

Sources: compiled the annual report of the concerned Transport Corporation

The maximum of bus was utilized in the year 2008-2009 and minimum of bus was utilized in the year 2001-2002. In 2000-01, the fleet utilization was 93.2 percent and it has increased to 96.2 percent in the end of study period thus regarding a growth rate of 0.21 percent. The mean magnitude was 95.39 percent. The maximum number of bus was on road in (2011-12) and the minimum of bus on road in (2001-02) period. In 2000-01 buses 2480 on the road it increased to 3190 buses in 2011-12 in the end of period the growth was 2.97 percent. The mean was 2752.33 percent. In the period of (2001-02) minimum effective kilometers in 3946.37 lakh. It increased to end of study period (2011-12) was 5915.30 lakh kilometers. In thus regarding the growth was 4.53 percent. The mean was 4789.07 percent.

The initial period of study was (2000-01) bus utilization in 436.5 kms. It was increased to 587.2 kms in the period of (2010-11). In thus the study period growth was 1.33 percent and mean was 465.90 percent. . The maximum passenger bus on road 1052 in (2010-11) was passenger kilometers in

10706.21 lakh. The minimum passenger bus on road 714 in period of (2001-02) and the passenger kilometers was 7844.28 lakh in (2002-03). In thus study regarding growth was 0.27 percent and mean was 921 percent. The maximum staff strength was 21161 in the study period of (2010-11). The minimum staff strength was 15498 in the study period of (2001-02). In thus study regarding to the growth was 1.98 percent and mean was 19103.8percent. The initial period of study (2000-01) bus kilometer per liter was 3.63. In the of period of study (2009-10) bus kilometer per liter was increased in 5.54. In thus the study period maintain Growth was 0.34 percent and the mean was 3.81 percent.

In the study period of (2005-06) kilometer per accident in 0.27lakh. The study period of (2007-08) was increased kilometers per accident in 0.36 lakh. In thus study period growth was -1.60 percent and mean was 0.29 percent. The maximum bus breakdown study period of (2001-02) in 9720

buses in 0.76 kilometers and the minimum break down of bus study period to (2011-12) in 296 buses in 0.01 kilometers. In thus study Growth was -25.85 percent and mean was 4731.25 percent. The Maximum cancelled kilometer in the period study period of (2002-03) was 45.98 lackh. The minimum

cancelled kilometer in the study period was (2010-11) in 12.92 lackh and end of in thus study regarding a growth was -7.10 percent. The mea magnitude was 31.81.

Table-2 Financial Performance of TNSTC in Villupuram

sl. no	year	Capital	Cost per day per bus	Total Cost bus per year	Total cost per effective km	Total cost per effective Kilometer	Revenue earned per effective km	%Revenue earned per effective km	Total earnig	% Total earning	Actual Trips	% Autual traip
1	2000-01	85.92	5360	1956400	12.30	4489	11.79	4303	5149	1879385	78.47	28642
2	2001-02	66.1	5485	2002025	12.56	4584	12.49	4559	5459	1992535	78.31	28583
3	2002-03	66.1	5813	2121745	13.04	4759	13.18	4811	6002	2190730	80.95	29547
4	2003-04	66.10	6116	2232340	13.51	4931	13.67	4999	6187	2258255	80.84	29507
5	2004-05	66.10	6626	2418490	14.54	5307	14.90	5439	6810	2485650	81.56	29769
6	2005-06	66.10	7533	2749545	16.24	5927	15.51	5661	7533	2749545	82.74	30200
7	2006-07	72.10	7741	2825465	16.33	5927	16.41	5990	7741	2825465	87.95	32102
8	2007-08	72.10	7790	2843350	15.91	5808	15.93	5815	7797	2845905	90.55	33051
9	2008-09	77.60	8478	3094470	17.03	6215	15.96	5825	7949	2901385	91.06	33237
10	2009-10	77.60	8809	3215285	17.44	6365	16.29	5946	8231	3004315	93.76	34222
11	2010-11	86.75	10171	3712415	20.07	7327	16.87	6158	8550	3120750	95.09	34708
12	2011-12	102.02	11843	4322695	23.38	8532	19.51	7121	9884	3607660	97.60	35624
<b>Mean</b>		75.38	7647.08	2,791,185	16.02	5847.58	15.20	5552.25	7274.33	2655132	86.57	31599.33
<b>CGR</b>		2.33	6.99	6.99	5.29	5.29	3.83	3.83	5.42	5.42	2.17	2.17

Sources: complied the annual report of the concerned Transport Corporation

The maximum of capital in villupuram devision the study period (2011-12) was 102.02 crore. The minimum of capital villupuram division in the study period (2001-02) was 66.1 crores and end of regarding in thus study maintain a growth was 2.33 percent. The magnitude means was 75.38 percent. The initial period of study (2000-01) was the total cost per bus 5360.the end of the study period (2011-12) was increased total cost per bus 11843.and In thus study period a growth was 6.99 percent. The mean magnitude 7647.08 percent. The period of study (2000-01) was the minimum of cost per effective kilometer Rs 12.30. The period of study

(2011-12) was increased Rs 23.36 in cost per effective kilometer and end of study in thus regarding a growth was 5.29 percent. The mean magnitude 16.02 percent

The initial period of study (2000-01) was Rs 11.79 revenue earned per effective kilometer. The end of period of study (2011-12) was revenue earned per effective kilometer increased Rs 19.51 and in thus regarding the end study a growth was 3.83 percent. The mean magnitude 15.20 percent. The period from of (2011-12) was maximum of earning per day on road in 9884. The period of study 2000-01 was minimum of earning per day on road in 5149 and end

of in thus study regarding a growth was 5.42 percent. The mean magnitude 7274.33 percent.

The period of study (2011-12) was the maximum trips of 97.60 lakh kilometers in villupuram division. The study period of (2001-02) the villupuram division was the minimum trips of 78.31 lakh kilometers and end of in thus study regarding a growth was 2.17 percent. The mean magnitude 86.57 percent.

#### Conclusion

The economic development of a country and the advancement of civilization depend, inter alia, on the road transport system. The importance of the road transport system came to be realized only in the recent years. In India for this purpose the Central Government passed the Road Transport Corporation Act in 1948, empowering State Government to undertake the Organization of Road Transport Service. It covers the period from 2000-01 to 2011-12. For the purpose of analysis compound growth rate has been used. The study based financial performance of villupuram division earning is low level and cost is high and growth rate is negative.

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