

SOCIAL RESPONSIBILITIES Vs COMMERCIAL OBJECTIVES IN STATE TRANSPORT UNDERTAKINGS (STUs)

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Passenger transport is an important part of the overall development of a nation and it affects in some how or other nearly all aspects of mobility in general. In other words, the efficient passenger transport helps to solve to some extent the basic problems of housing, education, employment etc. In passenger transport that too, bus transport plays a vital part than other modes because of its unique features of door to door services, low cost, flexibility in operation etc. In India, the bus transport became indispensable since it is meant for common man's conveyance. Before independence, the bus transport was not uniform i.e., they were different in different place and time in most of the stages. The differences were due to management of the service, operation of bus, fare etc. Further the only objective was then to maximize the profit of the operators. Even after independence but before nationalisation, the road transport had not made any significant contribution to the economy of the nation. The passenger road transport industry in India has been growing fast and has acquired considerable importance only after it had been taken over by the various State Governments, i.e., nationalisation. It is worthy to note that after nationalisation the management, operation, fare etc., of STUs have been unified at State level or district level as the case may be.

OBJECTIVE OF STUs

In order to fulfil the responsibility to the society, every business enterprise whether it is a public sector undertaking or a free enterprise system, requires certain objectives to be clearly spelt out. Peter Drucker says "Objectives are needed in every area where performance and results, directly and virtually affected the survival and prosperity of the business". These are the areas which are affected by every management decision and therefore have to be considered carefully by every management.

The objectives of the various Transport Corporations as laid down in the Road Transport Corporations Act 1950, are to provide efficient, economic, co-ordinated and adequate transport service to the travelling public with good amenities and at the same time to earn a reasonable return to the capital invested by running on 'business

principles'. These specified objective could be divided into two parts viz., (a) Social objectives, i.e., to provide efficient, and adequate service at low cost and (b) commercial objectives i.e., to earn reasonable rate of return. Let us see the twin objectives of STUs in depth.

SOCIAL OBJECTIVES

For business enterprise 'profit' is the prime objectives in order to grow and survive in the market. But in a public transport corporation, the prime objective is to provide statewise network of transport facilities, better service to the passenger with good amenities and provision of service with punctuality. The Former Union Minister for Transport, Rajesh Pilot¹ remarked that the image of STUs depends largely on the comfort, providing to the public and STUs should provide safe, comfortable and reliable service. Further the sense of discipline should be inculcated among the passengers. It is learned from his speech that providing safe, comfortable, frequent and reliable bus service is the responsibility of STUs and it is also understood that the passengers should be treated properly with utmost courtesy and they should be helped by crew in times of need.

It is to be noted that the responsibility of STUs is increasing year by year as directed by the respective State Governments and in this direction it is highly appropriate to mention the discussion of National Seminar² that besides concession extended to the blinds, handicappeds and the students, the STUs have to operate many uneconomic routes on socio-political consideration. Similarly, now the STUs are offering concessional permits to students, blind, handicapped and also others who are socially and economically backward in the country in order to assist them. Further the STUs should have responsibility of operating their bus service in the uneconomic routes which are not commonly operated by the private operators. It is gratifying to cite here that the Tamil Nadu Government has directed all STUs of the state to issue free passes to freedom fighters and to students of upto 8th standard, studying in the recognised institutions and in case of students of above 8th standard the concession is 50% of the fare.

The responsibilities of STUs are growing day by day and the survival of the corporation also is highly critical and they face many difficulties even to operate the services. It is a well known fact that almost all the STUs of India are facing financial crisis during past one decade mainly due to losses in the operation of buses. Even then the STUs are discharging their social responsibilities to the extent possible as directed by the respective State Governments. The STUs³ of India have been spending Rs. 40-60 lakhs every year for the purpose of discharging their social responsibilities. But it is doubtful whether the STUs would able to survive and discharge their social responsi-

ibilities in future at the juncture of continued losses. Hence it is felt that it would be desirable for the Government to allow subsidies or reduction from tax to the extent that to meet the expenses of discharging social responsibility such as concessional travel, passengers amenities, etc.

It is highly relevant to cite here that the Andhra Pradesh State Government ⁴ has levied a surcharge on the taxes, paid by the APRTC and returned this surcharge as capital contributions with a directive, that it is to be used fully for the purpose of provision of passenger amenities. This is, perhaps, the best way of tackling the financial problems of STUs. Hence, the STUs could be able to provide transport service more efficiently along with discharging their social responsibilities as the public expect and Government directs.

It is also appropriate to mention here that the Karnataka State Road Transport Corporation (KSRTC) and Maharashtra Road Transport Corporation (MRTC) have already taken over the obligation of providing the passengers facilities fully.⁵ It is learned from the foregoing discussions that the social responsibilities are growing day by day accordingly the STUs are also prepared themselves to discharge the same inspite of its continued financial crisis.

COMMERCIAL OBJECTIVE

It is relevant to spell out what is commercial objectives of STUs. As discussed earlier, the basic commercial objective of STUs is to earn reasonable return on capital invested after meeting all the costs. In this connection Mahesh Chand⁶ has viewed that STUs can simply rise the fare to cover the increased cost of operation. It is made very clear that the fare of STUs can be revised so as to meet the cost of operation but not for earning profit. But the commercial objective of other public sector undertaking is to run on business principle of earning of profit as the prime objective.

As far as STUs are concerned, it is not desirable to ignore the social responsibilities so as to achieve their commercial objectives, since the bus service is one of the public utilities services. In this connection Jagadish Gandhi and John Gunaseelan⁷ rightly stressed that STUs in India are expected to achieve many social goals besides the economic or commercial objectives. In such circumstance to achieve both social goals and commercial objectives, high productivity and economy of operation become the king-pin of the operational effectiveness.

The economy of operation refers that it is not only less spending of money but also spending wisely and efficiently, i.e., optimum output at minimum cost. When the gap between revenue and expenditure widens it is so common to take steps such as

- raising the fare to cover increased cost of operation and
- introducing austerity measures such as reducing the expenditure on telephone, stationary, tour etc.

Higher productivity means higher yield from the operation of buses at minimum use of resources. It can be known by testing factors like capital productivity, vehicle productivity, labour productivity and cost of operation.

The capital productivity refers to the rate of return on investment after discharging the social responsibilities. The committee⁸ on STUs of planning commission suggested to earn 6% of return on investment after meeting social needs of the people. But no STUs have achieved this norm.

The vehicles productivity is meant mainly the vehicle utilisation of the corporation and it can be measured with reference to passenger kilometers and/or with the number of bus operation.

The labour productivity refers to the efficiency of labourers of the transport corporations. The labour plays an important role in the transport industry and output generation of the corporation. Their efficiency can be measured by comparing cost of labour to the passenger kilometres operation.

Cost of operation is meant for efficient utilisation of resources and to find the efficiency of inputs, vehicles utilisation cost per passenger KM. The same model can be used for measuring individual input efficiency for fuel, tubes and tyres etc.

Thus, the commercial objective refers to earning reasonable profit i.e., reasonable return on investment by increasing their productivity in terms of capital, labour, vehicles, economy of operation etc. The economy of operation is in terms of less spending of money wisely and efficiently.

CONCLUSION

The simultaneous fulfilment of both social and commercial objectives is extremely difficult because the social responsibility refers to providing better service along with good amenities, concession to weaker section etc. While commercial objective is meant for earning reasonable return on investment. Further the STUs should have the social responsibility as prime objective and commercial objective as secondary one. At the same time the STUs should be able to earn reasonable return on investment atleast to justify their existence without impairing the social responsibilities. So it is suggested that the STUs should bear these twin objectives while they formulate their policies,

