Chapter-IV

Performance Audit relating to State PSUs (Other than Power Sector)

Rajasthan State Road Transport Corporation

Performance Audit on Acquisition and Utilisation of Buses

Executive Summary

This Performance Audit covers the acquisition and utilization of buses by Rajasthan State Road Transportation Corporation (Corporation) during 2014-15 to 2018-19.

Financial Performance

- **The Corporation incurred heavy losses during 2014-15 to 2018-19 and could not even recover its cost of operation. Resultantly, accumulated losses and negative net worth of the Corporation increased significantly from ₹ 2766.90 crore and ₹ 2127.94 crore in 2014-15 to ₹ 4975.52 crore and ₹ 4336.56 crore in 2018-19 respectively.**

Share of Corporation in the public transport

- **The Corporation was not able to keep pace with the growing demand for public transport as the Corporation's share in the bus traffic and per capita effective kilometers operated decreased from 10.36 *per cent* to 9.98 *per cent* and from 8.43 to 6.91 due to higher rate of increase in fleet of private stage carriage and lower fleet utilization by the Corporation.**

Policy/mechanism for assessment of requirement

- **The Corporation did not develop a mechanism to correlate the requirement assessed in bi-annual plan with the availability of buses to plan for procurement/hiring of buses on periodic basis.**

Hiring of buses without obtaining depot wise requirement

- **The hiring of buses was done at centralised level without obtaining specific requirement from the concerned depots. The Corporation did not even confirm the requirement from depots before allocation of hired buses. Resultantly, four to seven depots had surplus buses which ranged between 21 and 75 buses and five to eight depots faced shortage of buses which ranged between 60 to 183 buses during 2016-19. Besides, Kota depot (2016-17), Rajsamand and Dungarpur depot (2017-18) and Jaipur depot (2017-18 and 2018-19) held excess buses but the same were not shifted to other depots which were facing shortage of buses.**

Loss from operation of hired luxury/semi deluxe buses

- **The Corporation hired and deployed the luxury/semi deluxe buses without assessing proper requirement and feasibility of operating the buses on certain routes. Resultantly, the Corporation incurred net loss of ₹ 2.34 crore due to operation of buses on uneconomical routes. Despite suffering continuous loss, the Corporation did not make efforts to find alternate routes for plying these buses.**

Deficiencies in hiring of buses (2016-17)

- **The Corporation invited (December 2016) tenders for hiring of 800 buses, however, it did not reassess the requirement after getting the approval from the GoR for procurement of new 500 blue line buses. It went ahead and hired the buses for a period of five years. Thus, non-reduction in requirement of buses to be hired resulted in availability of excess buses than actually utilised.**

Fleet Strength and its Age Profile

- **The Corporation was not able to achieve the prescribed norms for condemnation of vehicles. The percentage of overage buses increased from 7.33 *per cent* in 2014-15 to 18.46 *per cent* in 2018-19.**

Fleet utilization

- **The average fleet utilization of the Corporation declined from 92 *per cent* in 2014-15 to 68 *per cent* in 2018-19 mainly due to curtailment of scheduled KMs on account of breakdowns, mechanical problems, non-allocation of buses etc.**

Vehicle Productivity

- **The overall vehicle productivity (including hired buses) of the Corporation had declined from 397 KMs to 392 KMs per day during 2014-15 to 2018-19. The vehicle productivity of the Corporation buses reduced from 390 KMs to 363 KMs per day, however, the Corporation did not initiate corrective action to improve the situation.**

Cancellation of Scheduled Kilometres

- **The percentage of cancellation of scheduled KMs increased continuously from 7.25 to 14.20 during 2014-19 mainly due to non-deployment of adequate number of buses, shortage of crew and other factors like breakdowns, accidents, low income etc. Due to cancellation of scheduled KMs for want of buses and crew alone, the Corporation was deprived of revenue of ₹ 72.95 crore during 2014-19.**

Load Factor

- **The performance of the Corporation remained poor as it could not achieve the targeted load factor during 2014-15 to 2018-19. The break-even load factor was quite high and ranged between 83.01 *per cent* and 102.55 *per cent*. Further it has continuously increased after 2016-17.**

Fuel Efficiency

- **The Corporation was not able to achieve the diesel average target during 2014-19. None of the selected 15 depots, except Rajsamand depot in 2015-16 and Karauli depot in 2017-18, could achieve the depots-wise targets of kilometer per liter (KMPL) during 2014-19. Non-achievement of KMPL was mainly attributable to operation of over-aged vehicles which increased from 322 to 749 i.e. 18.46 *per cent* of total buses of the Corporation as on March 2019.**

Performance of Central Workshop (CWS) Jaipur

- **The performance of CWS, Jaipur was poor as against 81 *per cent* timely repair of buses in 2014-15, only 65 *per cent* buses were repaired timely in 2018-19. Further, in 2017-18 and 2018-19, the position deteriorated significantly as CWS took 61 days to 365 days for repair of 145 buses.**

Monitoring of Performance Indicators

- **The system was deficient as the effectiveness and usefulness of information compiled on various parameters had not been reviewed as well as MIS did not provide information on schedules operating below variable cost. The depot-wise information of various performance indicators was not apprised to BoD.**

Recommendations

- **The Performance Audit contains five recommendations viz. the Corporation needs to look at improving its efforts (i) to enhance the Corporation's share in public transport; (ii) Evolving a system for assessment of requirement of buses to be procured/hired considering the planned schedule and availability of buses; (iii) Ensuring adherence to provisions of RTPP Act and Rules as well as contract agreements executed with the contractors/ suppliers; (iv) Taking concrete steps for optimal utilization of fleet, improvement of vehicle productivity; improving the load factor, reduction of fixed cost and fuel cost; and (v) Strengthening the internal audit and monitoring system.**

Further, in case the Corporation does not improve its operational and financial performance within a targeted time frame, the Government may take a final call on continuing the operations of the Corporation.

Introduction

4.1 Rajasthan State Road Transport Corporation (Corporation) was established (1 October 1964) under the Road Transport Corporations Act, 1950 with the mandate to provide efficient, adequate, economical and properly coordinated public road transport in the State. Apart from the Corporation, the Private Bus Operators (PBOs) are also allowed to provide public road transport in the State. The Corporation/PBOs need to obtain permits from the Transport Department, Government of Rajasthan (GoR) for operating the buses in the State. The Transport Department, GoR had reserved all the nationalised routes for the Corporation for operating stage carriage whereas other type of routes[1] were available for plying buses by the Corporation as well as PBOs. In September 2015, the GoR de-nationalised 476 routes and opened these routes for operation of buses by the PBOs also.

As on 31 March 2019, the Corporation had fleet strength of 5030 buses (including 973 hired buses). The Corporation carried on an average 8.51 lakh passengers per day and operated 14.90 lakh kilometers during 2018-19. As on 31 March 2019, the Corporation had 15279 employees. As per the latest audited accounts for the year 2017-18, the Corporation had negative net worth of ₹ 4177.02 crore as it had share capital of ₹ 638.96 crore[2] only against accumulated losses of ₹ 4815.98 crore. As per unaudited figures for the year 2018-19, accumulated losses and negative net worth of the Corporation further increased to ₹ 4975.52 crore and ₹ 4336.56 crore respectively.

Organisational Structure

4.2 The Corporation works under the administrative control of the Transport Department, GoR. The management of the Corporation is vested with the Board of Directors (BoD) comprising Chairman, Managing Director and Directors appointed by the State Government. As on 31 March 2019, there were seven Directors on the BoD of the Corporation. The Managing Director, who is chief executive of the Corporation, carries out the day-to-day operations with the assistance of Executive Directors (Administration, Traffic, Engineering and Law), Financial Advisor, General Managers, Chief Production Managers and Chief Managers (Depot In-charge).

As on 31 March 2019, the Corporation had one head office and 60 field offices. Category wise position of the field offices are detailed under:

Category of field office	Number of field offices	Nature of activity
Depots	52	Depots are the operational units of the Corporation. The Corporation has allocated its entire fleet among the depots which operate the buses and generate revenue from their operation. These depots include one Deluxe Depot, Jaipur which is unique in its nature as this depot owns and operates luxury buses only.

1 Inter State, Chapter V of the Motor Vehicle Act 1988, city and rural routes.

2 This includes share capital infused by the GoR (₹ 612.13 crore including share application money of ₹ 80 crore) and Government of India (₹ 26.83 crore including capital contribution of ₹ 2.05 crore).

Central Bus Stands (CBS) and Out of State Units	4	The Corporation owns two CBS at Jaipur and Ajmer and two other units which are located out of Rajasthan *i.e.* Delhi and Ahmedabad. All these units are non-operational as such none of these units own a fleet and provide booking facility to the passengers travelling through buses operated by the depots.
Central Workshops	3	Central workshop conducts the repair work of bus body, reconditioning of engines, fuel injection pump and other major repair and maintenance of buses. The Corporation has set up three workshops at Jaipur (Bagrana), Jodhpur and Ajmer.
Central Store	1	The Corporation has a Central Store for procurement and storage of major spare parts required for repair and maintenance of its buses.
Total	**60**	

The head office and the field offices of the Corporation prepare separate accounts except three operational depots (Karauli, Shahpura and Jaisalmer) accounts of which are merged along with three[3] other operational depots. Besides, the Corporation owns two tyre retreading plants at Jaipur and Ajmer and one driving school at Ajmer which was established with the help of Infrastructure Leasing and Finance Services Limited (IL&FS) for training of candidates.

Scope of Audit

4.3 The Performance Audit covered acquisition and utilization of buses by the Corporation during 2014-15 to 2018-19. Audit scrutiny involved detailed review of records relating to all the tenders/contracts executed for procuring chassis/fabricating bus bodies, hiring of buses and utilisation of buses maintained at Head Office as well as 15 selected depots[4] and one central workshop (Jaipur) of the Corporation. The 13 depots were selected by adopting random sampling method; one depot (Deluxe depot) was selected being unique in its nature and one depot (Hindaun depot) was selected on the recommendations of the management during the entry conference.

Audit Objectives

4.4 The Performance Audit was conducted to assess whether:

- the Corporation was able to keep pace with the growing demand of public transport in the State;
- requirement of buses was assessed properly and planning of procurement and hiring of buses was adequate;
- the laid down rules/regulations were adhered to in procurement/hiring of buses;

3 Accounts of Karauli, Shahpura and Jaisalmer depots are merged with the accounts of Hindaun, Kotputli and Barmer depot respectively.

4 Anoopgarh, Karoli, Lohagarh, Hanumangarh, Rajsamand, Ajaymeru, Sirohi, Tonk, Jaipur, Dungarpur, Sikar, Kota, Banswara, Deluxe and Hindaun Depots.

- utilisation of buses was done in an economic and efficient manner; and
- a robust mechanism for monitoring by top management exists.

Audit Criteria

4.5 The criteria for the audit objectives were drawn from the following sources:

- vision document/guidelines and directions issued by the State Government and policy of the Corporation;
- procurement procedure prescribed by the Corporation and Rajasthan Transparency in Public Procurement (RTPP) Act 2012/Rules 2013; and
- standard practices/guidelines issued by the State Government and Association of State Road Transport Undertaking (ASRTU) from time to time.

Audit Methodology

4.6 The methodology adopted for attaining audit objectives with reference to audit criteria consisted of:

- explaining audit objectives, scope of audit and audit criteria to the Government/Corporation during entry conference (12 March 2019);
- scrutiny of records at Head Office of the Corporation, 15 selected depots and one selected workshop;
- raising audit queries, seeking their replies and interaction with the management;
- issue (30 August 2019) of factual statement on draft Performance Audit Report to the Government/Corporation;
- discussion with the Corporation on the audit findings during exit conference held on 26 November 2019; and
- issue of draft Performance Audit Report to the Government/ Corporation after incorporating the views/replies (December 2019) of the Government on the audit findings.
- finalisation of the Report after incorporation of views/replies (June 2020) of the Government on the draft Performance Audit Report.

Acknowledgement

4.7 Audit acknowledges the co-operation extended by the Corporation and its field offices and the Government of Rajasthan in conducting the audit.

Financial Performance

4.8 Year wise financial performance of the Corporation during the last five years period ended 31 March 2019 is detailed under:

Table 4.1: Financial Performance of the Corporation during 2014-15 to 2018-19

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19*
1.	**Revenue**					
A.	Operating Revenue	1702.66	1661.89	1674.49	1845.30	1722.75
B.	Non-operating Revenue	131.13	45.67	98.76	348.06	437.27
	Total (A+B)	**1833.79**	**1707.56**	**1773.25**	**2193.36**	**2160.02**
2.	**Expenditure**					
A.	Operating Expenditure	2390.54	2199.54	3890.01	2307.87	2239.03
B.	Non-operating Expenditure	1.89	0.44	0.81	0.55	0.49
	Total (A+B)	**2392.43**	**2199.98**	**3890.82**	**2308.42**	**2239.52**
3.	**Operating Loss (1A-2A)**	**687.88**	**537.65**	**2215.52**	**462.57**	**516.28**
4.	**Net Loss before appropriation (1-2)**	**558.64**	**492.42**	**2117.57**	**115.06**	**79.50**
5.	Adjustment as per appropriation	69.84	210.20	-947.81	61.65	80.04
6.	**Net Loss after appropriation (3+4)**	**628.48**	**702.62**	**1169.76**	**176.71**	**159.54**
7.	**Accumulated Loss**	**2766.90**	**3469.51**	**4639.27**	**4815.98**	**4975.52**
8.	**Net worth (Negative)**	**2127.94**	**2830.55**	**4000.31**	**4177.02**	**4336.56**

Unaudited figures

The Corporation incurred heavy losses during 2014-15 to 2018-19 due to low load factor, substantial increase in employee cost and cost of fuel and recognition of employee retirement benefits of previous years in 2016-17 as per actuarial valuation. Even the Corporation could not recover its cost of operation. Resultantly, accumulated losses and negative net worth of the Corporation increased significantly from ₹ 2766.90 crore and ₹ 2127.94 crore in 2014-15 to ₹ 4975.52 crore and ₹ 4336.56 crore in 2018-19 respectively.

Audit Findings

4.9 The audit findings which broadly cover issues relating to operational performance of the Corporation, assessment of requirement, compliance of Rajasthan Transparency in Public Procurement (RTPP) Act 2012/Rules 2013, inspection, insurance and depot allocation for own buses, hiring of buses, utilisation of buses and internal control mechanism are discussed at subsequent paragraphs **4.10 to 4.36.**

These audit findings are based on Audit analysis of sample cases only and there is a possibility of more such cases occurring in the Corporation. Therefore, the Government/Corporation is expected to review all other cases having possibility of similar deficiencies/irregularities and required to take corrective action in cases where similar deficiencies/irregularities are found.

The replies of the Government (December 2019 and June 2020) on the audit findings have been included. Besides during discussion in 'Exit Conference', the Management of the Corporation informed about the steps taken by it in past few months *i.e.* preparation of perspective plan, action taken for implementation of SAP, rationalization of winter and summer schedules, procurement of new buses to replace the obsolete fleet and reduction in manpower cost to increase the revenue and share of the Corporation. As regards discrepancy/non-reconciliation of effective permits, it stated that problem arises as the Corporation did not have a proper IT enabled system to maintain such data. It further stated that the Corporation would overcome from all such type of problems after implementation of SAP.

Operational Performance

4.10 The operational performance of the Corporation for the last five years ending on 31 March 2019 as regards to schedules/kilometers planned, operated, curtailed, requirement and availability of buses *etc.* is tabulated below:

Table 4.2: Operational Performance of the Corporation during 2014-15 to 2018-19

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1.	Average schedules planned (No.)	4472	4327	4239	4542	4289	-
2.	Planned kilometres (in lakh)	6562.54	6384.63	6234.75	6619.16	6215.13	**32016.21**
3.	Planned routes (No.)	2741	2671	2623	2845	2489	
4.	Average schedules operated (No.)	4215	4003	3947	4184	3765	
5.	Operated kilometres (in lakh)	6086.72	5778.40	5687.77	6042.11	5332.39	**28927.39**
6.	Average operated routes (No.)	2503	2368	2267	2419	2268	-
7.	Buses required as per average planned schedules	4665	4516	4426	4722	4460	-
8.	Average availability of buses						
	(i) Own fleet	4493	4343	4284	4528	4270	
	(ii) Hired buses	211	186	351	916	1025	
	(iii) Total	**4704**	**4529**	**4635**	**5444**	**5295**	
9.	Average schedule curtailed	257	324	292	358	524	
10.	Kilometres curtailed (in lakh)	475.82	606.23	546.98	577.05	882.74	**3088.82**
11.	Routes curtailed	238	304	356	427	221	
12.	Percentage of routes operated	91.32	88.62	86.43	85.00	91.12	
13.	Availability of buses in excess of the requirement {8(iii)-7}	39	13	209	722	835	
14.	Cost per kilometres (in ₹)	38.20	34.50	36.83	36.89	41.33	
15.	Earnings per kilometres (in ₹)	29.28	28.93	30.52	35.46	41.00	
16.	Loss of earnings (₹ in crore) (10*15)	139.32	175.38	166.93	204.62	361.92	**1048.17**

Source: Annual Reports of the Corporation and information/data provided by the Corporation.

In the budget speech of 2014-15, it was stated (July 2014) that despite its best efforts, the Corporation could not provide convenient and adequate transport facility to the villages/cities connected with the nationalized roads which forces the population to use unsafe means of transport. It was further stated that the main objective of the Government is to provide legal and convenient transport facility and thus decided to de-nationalise the nationalised routes of the State. Accordingly, after modifying (May 2015) the schemes issued under the Motor Vehicle Act 1939/1988, the State Government notified (September 2015) 476 routes for private operators with limited number of vehicles and trips on these notified routes.

The operational performance of the Corporation was evaluated on various operational parameters as described below. It was also seen whether the Corporation was able to maintain pace with the growing demand for public transport and recover the cost of operations. Audit findings in this regard are discussed in the subsequent paragraphs.

The Government accepted the facts and stated that there was decline in various parameters of operational performance of the Corporation.

Share of Corporation in the public transport

4.11 An integrated/comprehensive Passenger Transport Policy is essential to ensure an economic and efficient public transport system in the State, so as to provide better/ adequate services to commuters at reasonable prices, eliminate operations of illegal passenger transport vehicles and reduction of congestion/pollution caused due to substantial increase in individual/private vehicles. Audit noticed that the Government of Punjab has notified (22 February 2018) its road transport policy with a view to provide an efficient, adequate, economical and properly coordinated transport service by reserving the percentage of movement of state carriages on all routes and/or roads in the State of Punjab and other states so as to curtail unhealthy competition among state carriages that results in over-speeding, unauthorized stoppage and sudden breaking causing discomfort to passengers on board and threatens road safety.

Audit, however, observed that the State Government does not have a documented transport policy. The public road transport in the State is provided by the Corporation and private bus operators. The Transport Department of State Government issues permits to Corporation/private bus operators for public transport mainly in two categories i.e. Stage Carriage and Contract service. The table below depicts the growth of public transport in the State:

Table 4.3: Growth of Public Transport in the State

S. No.	Particular	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Effective permits issued to Corporation under stage carriage	6696	6696	6696	6696	6696
2.	Corporation's buses including hired buses[5]	4704	4529	4635	5444	5295
3.	Private stage carriages	40699	43163	44563	46060	47757
4.	Total buses for public transport	45403	47692	49198	51504	53052
5.	**Percentage share of Corporation**	**10.36**	**9.50**	**9.42**	**10.57**	**9.98**
6.	Percentage share of private operators	89.64	90.50	90.58	89.43	90.02
7.	Estimated population (lakh)	722.45	734.71	746.92	759.09	771.21

5 This depicts number of vehicles held at the end of each financial year.

8.	Vehicle density per one lakh population (4/7)	62.85	64.91	65.87	67.85	68.79
9.	Vehicle density of corporation buses per one lakh population (2/7)	6.51	6.16	6.21	7.17	6.87
10.	Average passenger carried per day[6] (lakh)	9.81	9.26	8.72	9.37	8.51
11.	**% of average passenger carried per day to population (10/7)**	**1.36**	**1.26**	**1.17**	**1.23**	**1.10**
12.	Effective KM operated (lakh)	6086.72	5778.40	5687.77	6042.11	5332.39
13.	**Per capita KM per year (12/7)**	**8.43**	**7.86**	**7.61**	**7.96**	**6.91**

Source: Annual Reports of the Corporation and Transport Department, GoR.

The Corporation was not able to keep pace with the growing demand for public transport as the percentage share of the Corporation in average passengers carried per day to population decreased from 1.36 *per cent* to 1.10 *per cent* during 2014-19. The share of Corporation in public transport also declined from 19.59 *per cent* in 2005-06 to 9.98 *per cent* in 2018-19. Despite increase in the number of buses from 4704 to 5295 (12.6 *per cent*) during the review period, the Corporation's share in the bus traffic and per capita effective kilometers operated decreased from 10.36 *per cent* to 9.98 *per cent* and from 8.43 to 6.91 respectively due to higher rate of increase in fleet of private stage carriage and lower fleet utilization of the Corporation. Thus, the Corporation failed to provide adequate transport service to the growing population in the State.

The Government in reply accepted the fact that a transport policy like Punjab State was not issued which led to problems of road safety *i.e.* unhealthy competition, excess speed, unauthorised stoppage *etc.* It also agreed to the need of issuing a transport policy. It further stated that reduction in share in public transport and per capita effective kilometers of the Corporation was mainly due to not procuring new buses, increase in over-aged fleet and operation of buses under Lok Parivahan Services.

Routes and permits

4.12 The traffic manual of the Corporation stipulates about the requirement of detailed route survey for extension of existing bus services, new routes, assessment of load factor and extension of bus services on the demand of public.

The number of routes allotted to the Corporation for operation of buses and permission for operation of buses on new routes during the period of audit was not provided by the Corporation. Audit observed that the Corporation obtained 295 new permanent permits from the Transport Department, GoR during 2014-19, however details of carrying out requisite route surveys before obtaining these permits were not found on record. In absence of details relating to route surveys, it could not be assessed that the new permits were obtained after conducting proper route survey and assessing feasibility of plying buses on the route.

6 Total passengers travelled during the year/ 365 days.

4.13 Section 66 of the Motor Vehicle Act 1988 provides for operation of passenger vehicle. Accordingly, the Corporation has obtained permits under five categories[7] on permanent and temporary basis. The permanent permits are renewed after five years and temporary permits are renewed after the expiry of the permit period. The GoR issued permits to the Corporation under fleet permit category without mention of the bus number on the permit. According the figures provided by the Corporation, total number of permits at the end of March 2019 were 8074 (7997 permanent and 77 temporary) against the 6696 permits shown in the administrative report of the Transport Department, GoR. The difference in number of permits has been continuing since long; however the same was never reconciled.

During test check in selected depots, Audit observed that out of 143 permits in Hindaun/ Karauli depot, 21 permits were inoperative for more than five years. Similarly, in Kota depot, out of 224 permits, 12 permits were inoperative for more than five years. Besides, the Corporation was not able to operate the routes/ schedules planned during the period 2014-19 as evident from table **4.2.**

The Government in reply stated that as per policy of the Corporation, for operation of new routes and addition in old routes on the demand of public, the vehicles are operated only after conducting the route survey and assessing the expected load factor. It further stated that the Corporation did not consider requirement of route survey on the routes opened by the State Government. The Corporation sends proposals to the Transport Department for obtaining permits on new routes after conducting the route survey. The Corporation did not operate vehicles on various routes due to lack of resources/crew, lesser load factor and income *etc.*

The reply was not convincing as details of carrying out route surveys before obtaining the permits were not found in the records of the Corporation. Further, non-conducting route survey on the routes opened by the State Government and operation of vehicles on such routes without assessing feasibility was also not justified.

Assessment of requirement of buses

Policy/mechanism for assessment of requirement

4.14.1 Clause 7 of the Traffic Manual of the Corporation prescribed for preparation of bi-annual operational plan (April and September) in the form of timetable for operation of various schedules[8]. Accordingly, the Corporation was required to collect depot wise information of the proposed schedules and to finalise timetable on the basis of proposed schedules for the concerned half year.

Audit noticed that the Corporation prepared the bi-annual operational plan which contained planning of the schedules, trips and kilometers for the period and number of buses required for operating the planned schedules considering margin of four to five *per cent* over and above the planned schedules.

7 Nationalized routes, inter-state routes, 5th chapter routes (non-nationalized routes), city permits and rural permits.

8 Schedule refers to a planned trip where a vehicle is scheduled to operate between two places *i.e.* points of origin and completion of trip everyday during the plan period.

However, the Corporation did not develop a mechanism to correlate the requirement assessed in bi-annual plan with the availability of buses to plan for procurement/hiring of buses on periodic basis.

The Government in reply stated that the Corporation assesses the number of buses required on a route considering the expected load factor. Further, the Corporation decides the type of vehicle (owned/hired) as per its financial position. However, the reply was silent on the issue of devising policy mechanism by the Corporation for procuring/hiring the buses.

Hiring of buses without obtaining depot wise requirement

4.14.2 As per Clause 10 (Private Contracted Vehicle Branch) of the Traffic Manual, the Corporation hires buses on contract from PBOs from time to time. The Chief Managers of the depots were authorised for hiring of buses on contract which was not to be done beyond 20 *per cent* of the total scheduled services operated during the period. Later, the Corporation increased (5 December 2016) this ceiling upto 30 *per cent* of the total scheduled services. Besides, the Corporation started hiring of buses at Head Office level from 2015-16 and invited tenders for hiring of 400 and 800 buses in 2015-16 and 2016-17 respectively for a period of five years.

The requirement *vis-a-vis* availability of hired buses of the Corporation during 2014-19 is depicted below:

Table 4.4: Requirement *vis-a-vis* Availability of Hired Buses

(Figures in numbers)

Year	Number of schedules planned for the year	Buses required for operating the planned schedules	Buses owned at the beginning of the year	Buses to be hired	Availability of buses at the end of the year			% of hired fleet to total fleet	Buses hired in excess
					Own fleet	Hired fleet	Total fleet		
1	2	3=2*105/100	4	5=3-4	6	7	8=6+7	9=7/8*100	10=7-5
2014-15	4366	4585	4392	193	4395	211	4606	4.58	18
2015-16	4381	4601	4395	206	4303	186	4489	4.14	-20
2016-17	4260	4473	4303	170	4482	351	4833	7.26	181
2017-18	4633	4865	4482	383	4465	916	5381	17.02	533
2018-19	4349	4567	4465	102	4057	1025	5082	20.17	923

It could be observed that:

- During 2014-15 to 2018-19, Corporation's own fleet reduced from 4392 buses to 4057 buses whereas hired fleet increased from 223[9] to 1025 buses. Thus, dependence of the Corporation on hired fleet increased significantly as the Corporation could not purchase required number of new buses to replace its over-age fleet during this period.
- During 2016-17 to 2018-19, buses hired by the Corporation were significantly higher than its requirement as number of excess hired buses ranged between 181 and 923. The number of excess buses maintained/hired by the Corporation was even higher as a lot of schedules planned for the period had been curtailed during the concerned year as shown in table **4.2.**

9 Number of hired fleet as on 1 April 2014.

Audit observed that hiring of buses was done at centralised level without obtaining requirement of buses from the concerned depots whereas the bidders were to quote depot wise rates and quantity of the buses to be offered and also to deliver the buses on respective depots accordingly. Further, the Corporation did not even confirm the requirement from depots before allocation of hired buses which is evident from the fact that four[10] depots expressed their inability to operate the allocated buses due to absence of requisite schedules. Allocation of buses is also discussed in subsequent paragraph **4.14.3.**

The Government accepted the fact that the requirement of buses was not taken from depots before inviting tenders during 2016-17. It was, however, stated that tenders were invited for all the depots considering the operational requirement and information provided by the traffic section for obsolete fleet as per the norms. Further, during exit conference the management assured to take necessary steps in future.

Allocation of buses to depots

4.14.3 Analysis of depot wise requirement *vis-a vis* allocation of buses relating to the 14 selected depots (except Deluxe depot) for 2016-17 to 2018-19 is detailed in ***Annex-14.*** It could be seen that the Corporation did not ensure hiring of sufficient buses in time for 2016-17 to 2018-19 as these depots were provided 31, 144 and 282 hired buses against requirement of 70, 275 and 289 hired buses respectively. Further, allocation of buses was also defective as during 2017-18 and 2018-19, the Corporation allocated buses to three and seven depots respectively without having requirement/in excess of their requirement whereas it did not allocate buses/allocated lesser buses to eight and five depots respectively. Resultantly, four to seven depots had surplus buses which ranged between 21 and 75 buses and five to eight depots faced shortage of buses which ranged between 60 to 183 buses during 2016-19. Due to shortage of buses, four to eight depots had to curtail their schedules which ranged between 38 and 53 schedules. Besides, Kota depot (2016-17), Rajsamand and Dungarpur depot (2017-18) and Jaipur depot (2017-18 and 2018-19) held excess buses but the same were not shifted to other depots which were facing shortage of buses.

The Government accepted the facts and stated that the Corporation did not obtain requirement of buses from its depots before inviting tenders during 2016-17. It further stated that the Corporation, however, invited the tenders for all the depots considering its operational requirement and information provided by its traffic section for obsolete fleet as per the norms. The reply was, however, silent in respect of defective allocation of buses during 2017-18 and 2018-19.

Compliance of RTPP Act 2012/Rules 2013

4.15 Government of Rajasthan enacted (22 May 2012) RTPP Act, 2012 and notified (January 2013) the RTPP Act as well as the RTPP Rules 2013 thereunder to regulate public procurement. The RTPP Act 2012/Rules 2013 are effective from the date of their notification. Certain relevant provisions of

10 Jhalawar, Baran, Tonk and Deedwana depot.

the RTPP Act 2012/Rules 2013 are detailed in ***Annex-15***.

During review of records of the Corporation, following incidents were noticed where the Corporation did not ensure compliance with the provisions stipulated under the RTPP Act 2012/Rules 2013:

(A) Purchase of new chassis

Technical Evaluation Criteria not included in Bid document

4.15.1 Section 7 of the RTPP Act 2012 and Rule 36 of RTPP Rules 2013 were not complied as the bid document issued (August 2016) for procuring 500 chassis contained technical specifications relating to procurement but technical criteria for evaluation of technical bids was not mentioned.

The Government while accepting the fact assured to comply with the rules in the upcoming future tenders.

(B) Fabrication of Bus Bodies on new chassis

Issue of work orders without obtaining mandatory accreditation certificates

4.15.2 The Corporation invited (June 2016) bids for fabrication of 500 super express blue line bus bodies. As per the terms and conditions of the bid document, the bidders were required to furnish an accreditation certificate[11] for the prototype of bus body fabricated on the chassis[12] provided by the Corporation. The Corporation received (September 2016) bids from two bidders of which the first bidder was a joint venture/consortium of four fabricators. During review of records, Audit found that out of total five fabricators involved in the tendering process, only two fabricators of the joint venture/consortium submitted the requisite accreditation certificates. The Corporation, however, ignored this condition of the tender document and provisions of Section 7 of the RTPP Act 2012 and placed the work orders on both the bidders for fabrication of bus bodies on the chassis.

The Government stated that the bus bodies were fabricated by the firms having AIS052 certificate as per the tender. The reply was not acceptable in view of the fact that only two fabricators of joint venture firm had the requisite certificates and the Corporation did not furnish any document in support of the reply.

(C) Hiring of Buses

4.15.3 During 2014-15 to 2018-19, the Corporation hired various categories of buses *viz.* blue line express, star line, sleeper and luxury/VOLVO *etc.* through open/competitive tendering process. During review of records relating to tendering process for hiring of 400 buses in 2015-16 and 800 buses in 2016-17 incidents were noticed where the Corporation failed to adhere to specific provisions of RTPP Act/Rules which (i) Section 4- allowing one person to attend negotiation on behalf of three to five bidders; (ii) Section 5- inviting tenders without determining the quantity of requirement; (iii) Section 7- tendering without specifying technical and financial qualifying criteria and accepting bid from supplier who was not a registered company/society as specified in GCC; (iv) Section 7 and Rule 39- by awarding contract to a

11 AIS052 Accreditation Certificate.
12 TATA chassis (1512/52 IC BS-III ABS 5195 MM.

supplier different from that who submitted the bid; (v) Rule 56- opening seven bids and awarding of contracts without obtaining the required document and (vi) Rule 75(e)- accepting performance security in form of fixed deposit receipt without obtaining undertaking from the Bank. The details of the cases are given in ***Annex-15.***

The Government stated that the Corporation will ensure compliance of RTPP Act and Rules in the upcoming tenders. Further, the Corporation will incorporate necessary modifications in its bidding procedures keeping in view the observations raised by Audit.

Inspection and depot allocation for own buses

4.16 The deficiencies observed in carrying out inspection of chassis and bus bodies and chassis wise allocation of buses to depots during 2014-19 are discussed as under:

Subject	**Provision of bid document/ agreement**	**Audit Observation**
A. Purchase of new chassis		
Pre delivery inspection (PDI) of chassis	Clause 3 of the bid document provided that the chassis supplier shall offer the chassis for PDI and the chassis shall be inspected by authorised representative of the Corporation.	Neither there is a panel of regular inspectors available in the Corporation nor there is proper system in vogue for nomination of inspectors. Further, the chassis inspection reports (CIR) prepared by the Corporation had various deficiencies *viz.* the reports did not have dated signatures of members of the inspection teams, engraved marking of respective chassis numbers, mention of the place of inspection *etc.* In all cases, the purchase order (PO) numbers mentioned on inspection reports were same despite issue of two separate POs for purchase of chassis. While test check of 23 CIRs, Audit found seven instances where the inspections were carried out on holidays/ by the personnel availing leave without approval of the competent authority. The Government accepted the fact and assured to take corrective action.
Penalty for delay in delivery	As a prudent procedure/ system, delivery/supply schedule should be the essence of each purchase order (PO) and therefore, each PO should embrace provision for imposing penalty on supplier for deviation/delay in delivery of the ordered material.	The orders placed (January/February 2017) on TATA for 500 chassis did not contain any stipulation about penalty for delay in delivery. As a result, the Corporation could not impose penalty on TATA for delay in supply of the chassis which ranged upto two months. The Government did not furnish the reply on this issue.
B. Fabrication of bus bodies		
Two stage inspection	The fabrication agreement provided	• In 117 cases, first and second stage inspections were carried out by the same inspection team which is

	for carrying out two stage inspection *i.e.* after completion of the framework and inspection of finished bus.	against professional ethics and may lead to connivance with the fabricator. • There were three instances where the respective inspection teams carried out (6 and 11 February 2017 and 2 March 2017) second stage inspections of 30 buses, 46 buses and 53 buses at two, three and four locations respectively in a single day and also prepared the chassis inspection reports. As second stage inspection is a time consuming process and involves different tests/checks (including water leakage test), inspection of 30 to 53 buses in one day at different locations was either impractical or was done without adhering to the due procedure/ expected technical parameters. In reply, the Government stated that the inspections were carried out from early in the morning to late evening in prevailing circumstances of non-registration of BS-III vehicles after 31 March 2017. The reply was not convincing as the Corporation did not furnish any record/document that the inspections were carried out by adopting due inspection procedure and in compliance with the expected technical parameters.
Bus-body inspection report (BIR)	As a prudent procedure/ system, the inspection team should prepare BIR on the site of inspection and give one copy of the BIR to the fabricator and submit another copy of the BIR to the nominating authority at the earliest.	The bid document/fabrication agreement was deficient as it did not provide a timeline for submission of BIR by the concerned inspection team. During test check of records relating to 304 first stage inspections and 348 second stage inspections, Audit noticed that the inspection teams took upto 15 days in submission of reports. This indicates that absence of prescribed timeline led to inordinate delay in submission of the reports. In reply, the Government stated that after inspection, the inspection reports were deposited in scheduled time in bus body section. The reply furnished by the Government was factually incorrect as the Corporation neither prescribed any timeline nor ensured immediate submission of the reports with the concerned authority in all cases.
Allocation of depot	As per Traffic Manual/ practice in vogue, allocation of new buses to various depots must be done by the head of Traffic Section of the Corporation.	After second stage inspection, the concerned inspection teams prepared gate passes in favour of the Engineering Section for receiving delivery of finished buses and accordingly, the Engineering Section issued inspection note for all the inspected buses. Audit observed that both the gate pass as well as the inspection note contain depot name against each inspected bus. Thus, allocation of buses for the depots was done by the inspection teams/bus body section instead of the traffic section. The Government stated that number of buses to be allocated to each depot was decided by the traffic section of the Corporation and on the basis of allocated number of buses, the Engineering Section of the Corporation allocated chassis wise buses to the depots. However, no document relating to allocation of buses to depots by the traffic section was found in the record of the Corporation.

Hiring of buses

4.17 The Corporation hired both luxury and non-luxury buses during 2014-15 to 2018-19. During review of records relating to hiring of buses, following deficiencies were noticed:

A. <u>Hiring of Luxury Buses</u>

Non-forfeiture of Earnest Money Deposit

4.18 The Corporation invited (June 2016) tenders for 46[13] luxury/air conditioned (AC) buses and after completion of tendering process issued (2 December 2016 and 28 October 2016) Letter of Intents (LOIs) on Contractor A for 30 buses (20 Volvo Single Excel and 10 AC Sleeper buses) and Contractor B for seven buses (2*2 AC buses). As per Clause 48 of the contract, the bidder/contractor was to provide the buses within the schedule period of 120 days from the date of LOI or within next 30 days with late penalty at prescribed rates. Further, the Corporation on its discretion was entitled to forfeit the earnest money deposit (EMD) furnished by the contractor.

The Contractor A requested (January and March 2017) to extend the delivery period upto June 2017. Thereafter, the Contractor A delivered (April-May 2017) nine buses (five Volvo Single Excel buses and four AC sleeper buses) with delay ranging between 27 to 29 days and offered (May 2017) to deliver another 15 Volvo Single Excel buses beyond the delivery schedule. On this, the Deluxe Depot referred (May-June 2017) the matter to the Head office and informed that the remaining six AC Sleeper buses are not required. On the other hand, Contractor B could not commence delivery of the ordered buses within the stipulated delivery period and hence the Corporation forfeited the EMD.

Belatedly, the Corporation accepted (July to August 2018) delivery of remaining 15 Volvo Single Excel buses with penalty of delay at proportionately increased rates whereas it cancelled (August 2018) LOIs of remaining six AC sleeper buses. The Corporation refunded (December 2018) the entire EMD furnished by the Contractor A. In case of all the 24 buses delivered with delay, the Corporation charged penalty on the Contractor A upto actual date of delivery/date of offering the buses for delivery whereas it did not forfeit EMD of the Contractor A relating to six undelivered AC sleeper buses.

Thus, the Corporation not only inordinately delayed in deciding the case of hiring of these buses but also extended undue favour of ₹ six lakh to the Contractor A by non-forfeiting the EMD relating to undelivered buses.

The Government stated that the time extension was allowed as per administrative decision by the committee constituted for this purpose and EMD was released as the Contractor A has furnished the Bank Guarantee for 30 buses. The reply was not satisfactory as the Contractor A delayed the supply of all the 24 buses. Further, the Corporation did not initiate action against the Contactor A for non-supply of six AC sleeper buses.

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13 Six Volvo Multi Excel buses, 20 Volvo Single Excel buses, 10 AC Sleeper buses and 10 2*2 AC buses.

In subsequent reply, the Government further stated that in view of requirement, the Corporation accepted supply of two out of six remaining AC sleeper buses in April 2019. However, the reply was silent on the issue of inordinate delay in deciding the case and not taking action against the Contractor A for delayed/unsupplied buses.

Loss from operation of hired luxury buses

4.19 The Corporation deployed (April/May 2017 and July/August 2018) the 24 luxury buses[14] hired from Contractor A (referred in paragraph **4.18**) on various routes *viz.* Jaipur-Jodhpur, Jaipur-Lucknow, Jaipur-Dehradun *etc.* The Corporation worked out month wise profitability of ₹ 5 per km for each bus after considering the hiring charges paid to private bus owner/contractor, cost of diesel, salary of conductor/traffic section and taxes incurred. Of these luxury buses, month wise profitability of 10 buses during 2017-19 was analysed as detailed under:

Table 4.5: Profitability of the eight Volvo Single Excel buses operated on Jaipur-Jodhpur route

Bus Number	Month in which operation of the bus commenced	Months of operation	Profit earned during the period		Loss incurred during the period		Range of load factor on the route (in %)
			In months	Amount (in ₹)	In months	Amount (in ₹)	
7382	May 2017	9	0	0	9	1681388	51-57
7384		9	1	50676	8	1293804	47-60
7385		8	0	0	8	1100234	49-66
7387		18	4	732556	14	2485414	43-70
7519	August 2018	8	0	0	8	1929366	45-55
7520		8	0	0	8	1705581	45-62
7521		8	1	25564	7	1492179	46-61
7522		4	0	0	4	510158	53-66
	Total	**4 to 18**	**1 to 4**	**808796**	**4 to 14**	**12198124**	

Table 4.6: Profitability of the two AC Sleeper buses operated on Jaipur-Ahmedabad/Mount-Abu/ Lucknow route

Bus Number	Month in which operation of the bus commenced	Months of operation	Profit earned during the period		Loss incurred during the period		Range of load factor on the route (in %)
			In months	Amount (in ₹)	In months	Amount (in ₹)	
7395	May 2017	23	1	252170	22	3982654	34-76
7396		23	3	225562	20	4239214	31-83
	Total	**23**	**1 to 3**	**477732**	**20 to 22**	**8221868**	

It could be seen that the luxury buses (Volvo/Sleeper buses) deployed on above mentioned routes incurred heavy losses. Further, the only profit earning bus (Bus No. 7387 which earned profit for a period of four months) also incurred continuous losses after deployment of many luxury buses on the Jaipur-Jodhpur route from July-August 2018. Audit observed that the Corporation hired and deployed these luxury buses without assessing proper requirement and feasibility of operating the buses on these routes. This was evident from the fact that the load factor of these buses ranged between 43 *per cent* to 70 *per cent* and 31 *per cent* to 83 *per cent* on Jaipur-Jodhpur and Jaipur-Ahmedabad/ Mount-Abu/Lucknow route respectively. Resultantly, the Corporation incurred net loss of ₹ 1.91 crore (*i.e.* ₹ 1.14 crore + ₹ 0.77 crore)

14 Five Volvo Single Excel buses and four AC Sleeper buses delivered in April-May 2017 and 15 Volvo Single Excel buses delivered in July-August 2018.

due to operation of these buses on uneconomical routes. Despite continuous loss, the Corporation did not make efforts to find alternate routes for plying these buses.

The Government stated that the Corporation was incorporated with the objective to provide an economic, reliable and safe transport facility to the people of the State and not for earning profit. It further stated that the Corporation is making regular efforts to reduce the operational cost and to minimize the loss, however, due to some uncontrollable reasons like operation of buses on uneconomical routes on the demand of public representatives and directions of the State Government, increase in prices of diesel, oil, spares and tyres, losses of the Corporation have increased. The reply was not satisfactory as the Corporation did not carry out cost-benefit analysis before hiring and deploying these luxury buses on these routes. In subsequent reply, the Government further stated that load factor on the routes on which AC buses were operated, as pointed out by Audit, remained low mainly due to operation of parallel transport services by other means of transport. The fact thus remained that the Corporation operated the buses on these routes without assessing proper requirement and feasibility of operation.

B. Hiring of Non-luxury (Blue line, Star line and Sleeper) Buses

4.20 During review of records, shortcomings/irregularities such as unjustified time extension for delivery of hired buses for the year 2015-16, deficiencies in hiring of buses for the year 2016-17, non-forfeiture of security deposit of defaulting contractor and other irregularities relating to hiring of buses during 2016-17 noticed are discussed in ***Annex-16.***

Loss from operation of hired Semi-Deluxe buses (Non-luxury)

4.21 Ajmer Depot returned/transferred (June 2017) all the five allocated buses (2*2 Semi Deluxe buses) to the Deluxe Depot, Jaipur and the same were deployed on Jaipur-Mathura, Jaipur-Bidasar, Jaipur-Kaila Devi and Jaipur-Aligarh routes. Month wise profitability of these buses for the period from June 2017 to March 2019 was analysed as under:

Table 4.7: Profitability of the five Semi Deluxe (Non-luxury) buses operated by the Deluxe Depot

Bus Number	Period of operation	Months of operation	Profit earned during the period		Loss incurred during the period		Range of load factor on the route (in %)
			In months	Amount (in ₹)	In months	Amount (in ₹)	
4522	June 2017 to March 2019	22	1	6105	21	1733189	58-88
4523		22	6	173848	16	826706	49-94
4524		22	3	42778	19	899246	58-87
4526		22	8	192082	14	638892	65-93
4538		22	6	135130	16	774083	70-85
	Total	**22**	**1 to 8**	**549942**	**14 to 21**	**4872116**	

It could be seen that these buses incurred heavy losses for a period ranging between 14 months to 21 months during 2017-19. This indicates that the Corporation hired/deployed these semi deluxe (non-luxury) buses without assessing proper requirement and feasibility of operating the buses on these routes. This is also evident from the fact that the load factor of these buses ranged between 49 *per cent* to 94 *per cent*. Resultantly, the Corporation incurred net loss of ₹ 0.43 crore due to operation of these buses on uneconomical routes.

The Government stated that the Corporation was incorporated with the objective to provide an economic, reliable and safe transport facility to the people of the State and not for earning profit. It further stated that the Corporation is making regular efforts to reduce the operational cost and to minimize the loss, however, due to some uncontrollable reasons like operation of buses on uneconomical routes on the demand of public representatives and directions of the State Government, increase in prices of diesel, oil, spares and tyres, the operational cost could not be reduced. The reply was not satisfactory and the fact remained that the Corporation did not carry out cost-benefit analysis before hiring and deploying these semi-deluxe buses on these routes.

Excess payment/excess diesel to private bus owners/contractors

4.22 In case of hired buses, the agreements executed between the Corporation and the concerned private bus owners/contractors *inter alia* provided that:

- the private bus owner/contractor was to be allowed payment for the scheduled kilometers/actual earning kilometers. **(Clause 3)**
- diesel required for operating the hired bus was to be provided to the operator at per the diesel consumption norm specified in the agreement. In case of higher diesel average, benefit of the savings of diesel was to be passed on to the operator. Similarly, in case of lesser diesel average, recovery on account of excess consumption of diesel was to be made from the concerned operator at the prevailing market rate of diesel. **(Clause 4)**
- in case, any vehicle broke down on the way and failed to complete its schedule/trip, payment was to be made for the kilometers actually operated by that vehicle. However, the breakdown of a vehicle was to be accepted once in a month and on second breakdown, the kilometers operated for the schedule was not to be considered for payment. **(Clause 29)**

During test check of records of the 15 selected depots, Audit observed that the Corporation incurred excess expenditure of ₹ 29.13 lakh on hiring of buses as detailed in ***Annex-17*** as it allowed payment for the dead kilometers at one depot (S. No. 5), excess diesel/payment for excess kilometers to the private bus owner/contractor on account of second breakdown at nine depots (S. No. 1 to 4, 6, 7 and 9 to 11) and effected recovery of excess diesel consumption at rates lesser than the prevailing market rates at one depot (S. No. 8) against the stipulated provisions of the concerned agreements**.**

The Government stated that as per office order dated 9 January 2019 and order of the Finance Department dated 31 October 2018, diesel is reimbursable on hired buses for dead kilometre and upto the point of second breakdown and hence no excess payment was released. The reply was not acceptable in view of the fact that the pointed out recoveries pertained to the period prior to March 2018. In subsequent reply, the Government stated that the factual position in respect of release of excess payment/excess diesel is being sought from the concerned depots.

Utilisation of Buses

Fleet Strength and its Age Profile

4.23 The Corporation has its own fleet of buses as well as buses hired on contract. Audit findings in respect of hired buses have already been discussed above at paragraphs **4.17 to 4.22.** The paragraph below explains the position of Corporation's own fleet.

The Corporation fixed (2011) norms for condemnation of vehicles having completed eight years of life or eight lakh kilometres, whichever is higher. The table below shows the age-profile of the buses held by the Corporation:

Table 4.8: Fleet Strength and Age Profile

Sl. No.	Particulars[15]	2014-15	2015-16	2016-17	2017-18	2018-19
1	Number of buses at the beginning of the year	4392	4395	4303	4482	4465
2	Additions during the year	301	10	448	260	3
3	Buses scrapped during the year	298	102	269	277	411
4	Buses held at the end of the year (1+2-3)	4395	4303	4482	4465	4057
5	Of (4), No. of buses more than 8 years old	322	220	867	841	749
6	Percentage of over-age buses to total buses	7.33	5.11	19.34	18.83	18.46

Note: Addition during the year includes midi buses which were procured during the year 2013-14 for operation on village routes and subsequently included in the fleet of the Corporation (300, 150, 43 and 3 buses in 2014-15, 2016-17, 2017-18 and 2018-19 respectively).

It could be seen from the above table that the Corporation was not able to achieve the prescribed norms. During 2014-19, the Corporation added 525 new buses at a cost of ₹ 107.64 crore[16]. To achieve the age norm of buses at the end of 2018-19, the Corporation is required to buy 749 new buses. However, the Corporation could not generate resources through its operations to finance the replacement of buses as it incurred loss of ₹ 159.54 crore during 2018-19[17]. The percentage of over-age buses increased from 7.33 in 2014-15 to 19.34 *per cent* in 2016-17 and decreased to 18.46 *per cent* in 2018-19. Audit observed that the Corporation was not able to replace the over-age buses timely due to non availability of funds.

The over-age fleet requires high maintenance and results in extra cost and less availability of vehicles. Thus, the Corporation's ability to survive and grow depends on its efforts to remove operational inefficiencies, cut costs and tap non-conventional revenue avenues so that it can fund its capital expenditure and be self-reliant.

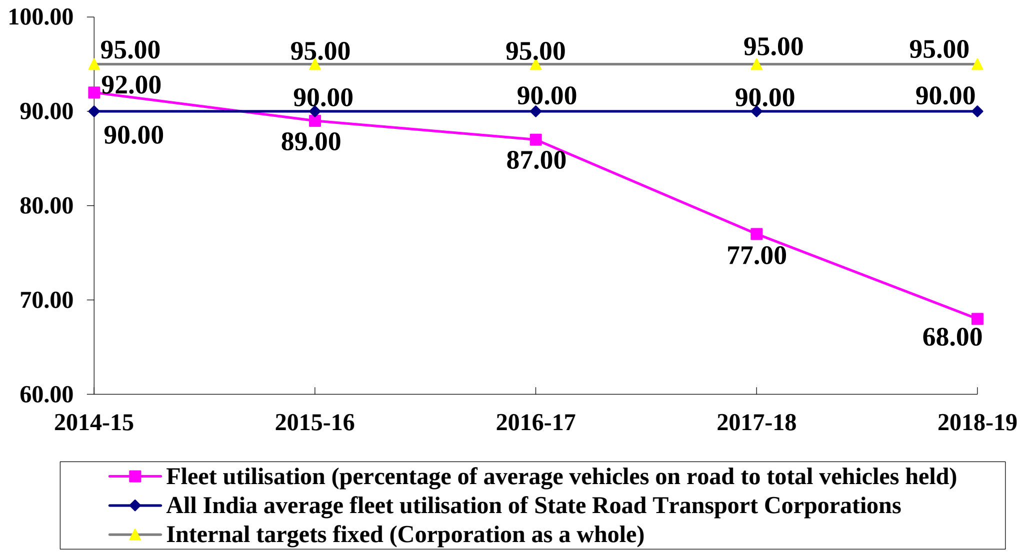
15 Excludes hired buses.
16 498 Blue Line buses for ₹ 81.31 crore and 27 Luxury buses for ₹ 26.33 crore.
17 Unaudited figure of Financial statements for 2018-19.

The Government in reply stated that the Corporation did not replace the over-aged fleet by procuring new buses due to its severe financial condition. It further stated that process of procuring new buses for replacing the over-aged fleet is under progress which will increase its fleet strength and reduce the average age of the fleet.

Fleet utilization

4.24 Fleet utilization represents the ratio of buses (excluding hired) on road to those held by the Corporation. The optimum fleet utilization is necessary for enhancing the operational performance. The Corporation fixed monthly targets ranging between 94 *per cent* to 96 *per cent* for its own fleet utilization at depot level for the period 2014-19 along with a target of 95 *per cent* for the Corporation as a whole. The particulars for the review period are indicated in the graph given below:

Chart 4.1: Targeted fleet utilisation *vis-à-vis* average fleet utilisation of the Corporation and All India average fleet utilisation



The average fleet utilization of the Corporation was above the All India average fleet utilization but less than its own target in 2014-15 and thereafter it continuously declined to 68 per cent in 2018-19. Audit observed that the fleet utilization of KSRTC, MSRTC and APSRTC was in the range of 90.57 *per cent* to 91.70 *per cent*, 91.50 *per cent* to 93 *per cent* and 99.20 *per cent* to 99.70 *per cent* respectively as compare to the fleet utilization of 92 *per cent* to 68 *per cent* of the Corporation.

Further, in selected 15 depots, the number of Corporation's buses and the operated KMs reduced from 1357 to 1146 (15.55 *per cent*) and 19.37 crore KMs to 13.09 crore KMs (32.42 *per cent*) respectively in 2018-19 as compared to 2014-15. On the other hand, there was significant increase in number of hired buses and their operation during 2014-19. The percentage increase in hired buses and operated KMs was 235 and 164 *per cent* respectively as compared to 2014-15.

The percentage of fleet utilisation deteriorated during 2014-19 due to increase in curtailment of scheduled KMs on account of breakdowns, mechanical problems, non-allocation of buses and other reasons *etc.* In selected 15 depots Audit observed that curtailment of scheduled KMs on account of these reasons ranged between 4.44 *per cent* and 6.30 *per cent* during 2014-18. The curtailment of scheduled KMs increased significantly to 12.27 *per cent* of total operated KMs in these depots during 2018-19 because of strike in the Corporation. Thus, the Corporation was not able to achieve an optimum utilization of its fleet strength in 2014-19, which in turn impacted its operational performance adversely.

The Government while accepting the fact of decline in fleet utilisation stated that this was because of the continuous decline in the financial condition of the Corporation which led to non-availability of the spare parts for repair and maintenance of vehicles. Besides, the fleet utilisation also declined due to non-availability of manpower, superannuation of technical staff, increase in over-aged fleet and decline in mechanical condition for which efforts are being made to improve the fleet utilisation at the level of top management.

Vehicle Productivity

4.25 Vehicle productivity refers to average kilometres run by each bus *per* day in a year. The optimum utilization of vehicle is very important to achieve the targets with minimum cost as certain elements of costs are fixed and there is a direct impact of these costs on the profitability of the Corporation. The vehicle productivity of the Corporation and selected depots is given in ***Annex-18.***

It could be seen from the Annexure that the overall vehicle productivity (including hired buses) of the Corporation had declined from 397 KMs to 392 KMs per day during 2014-15 to 2018-19. The vehicle productivity of the Corporation buses reduced from 390 KMs to 363 KMs per day whereas the productivity of hired buses reduced from 539 KMs to 486 KMs per day during 2014-19. In 15 selected depots, Audit observed that the vehicle productivity of the Corporation own fleet reduced significantly from 314-531 KMs per day in 2014-15 to 208-455 KMs per day in 2018-19. Further analysis in selected depots disclosed that the vehicle productivity in all the 15 depots was declining from 2016-17 onwards, however, the Corporation did not monitor the same and therefore no action was initiated to improve the vehicle productivity.

The Government accepted the fact and stated that the operated kilometers of the Corporation have declined due to increase in average age of its fleet, shortage of drivers/conductors and shortage of buses every year due to not procuring/hiring of new buses, obsolete fleet as per the norms. It further assured that the Corporation is introducing new vehicles in its fleet and making efforts to increase the per day operating kilometers of its each vehicle. The reply to be viewed in light of availability of buses with the Corporation as shown in table **4.8** and also due to the fact that the reasons for declining trend in selected depots even after deployment of newly procured/hired buses were not analysed.

Cancellation of Scheduled Kilometres

4.26 Scrutiny of records related to the operations disclosed that the planned scheduled kilometres were not fully operated during 2014-19. The details of scheduled KMs, effective KMs operated against scheduled KMs and cancelled KMs are furnished in the table below:

Table 4.9: Scheduled and Operated Kilometres

(in lakh KMs)

S. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Scheduled kilometres	6562.54	6384.63	6234.75	6619.16	6215.13
2.	Effective kilometres[18]	6086.72	5778.40	5687.77	6042.11	5332.39
3.	Kilometres cancelled	475.82	606.23	546.98	577.05	882.74
4.	Percentage of cancellation	7.25	9.50	8.77	8.72	14.20
	Cause-wise analysis					
5.	Allocation of buses	18.81	31.85	41.71	17.88	24.39
6.	Want of crew	62.00	70.73	76.88	96.98	54.26
7.	Others	395.01	503.65	428.39	463.02	803.88
8.	Contribution[19] per KM (in ₹)	13.01	15.70	15.32	14.79	14.20
9.	Avoidable cancellation (5+6)	80.81	102.58	118.59	114.86	78.65
10.	Loss of contribution (8x9) (₹ in crore)	10.51	16.11	18.17	16.99	11.17

It could be seen from the above table that the percentage of cancellation of scheduled KMs increased continuously from 7.25 to 14.20 during 2014-19 mainly due to non-deployment of adequate number of buses, shortage of crew and other factors like breakdowns, accidents, low income *etc.* In selected depots Audit observed that the percentage of curtailment of scheduled KMs due to allocation, mechanical problems and breakdowns ranged between 5.14 and 17.37, 12.61 and 45.13 and 10.05 and 16.84 respectively. Due to cancellation of scheduled KMs for want of buses and crew alone, the Corporation was deprived of contribution of ₹ 72.95 crore during 2014-19.

The Government accepted the facts and stated that the scheduled kilometres were curtailed because of shortage of crew due to superannuation every year, non-recruitment, non-maintenance of operational vehicles timely, over-aged vehicles and closure of loss making schedules *i.e.* revenue is less than ₹ 20 than the cost of operation. The reply was not convincing as these facts were well known to the Corporation, however, it did not consider them while preparing annual operational plan.

Load Factor

4.27 Capacity utilisation of a transport undertaking is measured in terms of Load Factor, which represents the percentage of passengers carried to seating capacity. The table below provides the details of targets fixed for load factor, actual load factor and break-even load factor (BELF) for traffic revenue worked out at the given level of vehicle productivity and total cost per KM:

Table 4.10: Targeted load factor, Actual load factor and Break-even load factor

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Targets fixed for Load Factor* (in %)	77	79	79	81	81
2.	Actual Load Factor (in %)	73	73	68	71	73
3.	Cost per KM (₹)	38.20	34.50	36.83	36.89	41.33

18 Does not include KMs run over and above scheduled KMs.
19 Traffic revenue per KM minus variable cost per KM.

4.	Traffic revenue per KM at 100 *per cent* load factor (₹)	37.25	39.82	44.37	43.49	45.16
5.	BELF considering only traffic revenue (in %) (3/4)	102.55	86.64	83.01	84.82	91.52

* Average of monthly targets fixed by the Corporation.

It could be seen that the performance of the Corporation remained poor as it could not achieve the targeted load factor during 2014-15 to 2018-19. Audit observed that the percentage of break-even load factor was quite high and has continuously increased after 2016-17. Despite continuous increase in break-even load factor, the Corporation neither analysed the reasons nor took steps to curb the gap between break-even load factor and actual load factor. Audit further observed that the Corporation incurred losses for the last two decades and hence the accumulated losses mounted to ₹ 4975.52 crore in March 2019. The reasons are discussed in paragraphs **4.28 to 4.31.**

The Government stated that for increasing the load factor and controlling the leakage of revenue, the Inspection Cell of the Corporation is arranging checking through (i) Central Flying Squads in the State as well as Inter-state areas; (ii) the Chief Managers on Saturdays and Sundays; and (iii) random checking system wherein inspectors randomly check the buses.

Operation of buses under obligatory services

4.28 Operation of buses on uneconomical routes under obligatory services is one of the reasons for heavy operational losses. The issue of increase in losses and financial crunch was discussed in various meetings of the Corporation since November 2011 and various directions were issued to bring the operations to the Break Even Point (BEP) with the help of financial restructuring by the GoR, closure of "D" category of routes incurring losses, re-scheduling of bus services generating income less than variable cost.

Audit observed that out of 52 depots, 32 to 40 depots of Corporation operated 189 to 302 schedules on uneconomical routes under obligatory services during July 2014 to March 2019 which resulted in loss of ₹ 179.95 crore to the Corporation as tabulated below:

Table 4.11: Operation of buses under obligatory services

Year	No. of depots operating obligatory services	Number of schedules	Total operated KMs (in lakh)	Operational loss (₹ in crore)
1	**2**	**3**	**4**	**5**
2014-15 (July 2014 to March 2015)	40	275-302	224.36	35.12
2015-16	37	250-280	285.28	40.64
2016-17	37	230-247	263.88	38.33
2017-18	34	212-241	234.75	33.46
2018-19	32	189-221	196.90	32.40
Total		**189-302**	**1205.17**	**179.95**

Source: Information as per monthly MIS of obligatory services provided by the statistics section of the Corporation for the period July 2014 to March 2019.

Audit also observed that the GoR has formed a Special Purpose Vehicle (SPV), Jaipur City Transport Services Limited (JCTSL) for city and urban areas bus services of Jaipur, however, the Corporation continued to operate local and obligatory routes under Vidhyadhar Nagar and Vaishali Nagar depots which also contributed to overall operational losses of the Corporation.

Operation of buses on uneconomical routes

4.29 Appropriate route planning is essential to tap demand and higher load factor. The Corporation plans and monitors schedule wise profitability instead of routes. The Corporation did not maintain records to ascertain route wise profitability, however, it ascertained the profitability of a schedule at depot level. Further, the Corporation has provided schedule wise profitability of 46 and 48 depots as against 52 depots for the period April 2014 to November 2017 and December 2017 to March 2019 respectively. The position of profitability of schedules during 2014-19 is given in the table below:

Table 4.12: Profitability of Schedules during 2014-19

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of schedules	4003	3836	3745	3990	3866
Profit making schedules	276	448	437	737	713
Loss making schedules	3727	3388	3308	3253	3153
% of profit making schedules	7	12	12	18	18

It could be seen that the Corporation could not recover the cost of operation on the maximum number of schedules during the review period. Audit analysis further disclosed that the Corporation suffered loss of more than ₹ five per kilometer on schedules ranging between 72 *per cent* and 83 *per cent* during 2014-19. The reasons attributed to non-recovery of cost of operation were decline in vehicle productivity, low load factor which ranged between 68 and 73 during 2014-19 and higher fuel cost. Further, out of 15 selected depots, 14 depots could not even recover the variable cost on 379 operated schedules *i.e.* six *per cent* of total operated schedule during 2014-19.

In reply to paragraphs **4.28 and 4.29**, the Government stated that the Corporation was incorporated with the objective to provide an economic, reliable and safe transport facility to the people of the State and not for earning profit. It further stated that regular efforts are being made to reduce the operational cost and to minimize the loss, however, due to some uncontrollable reasons like operation of buses on uneconomical routes on the demand of public representatives and directions of the State Government, increase in prices of diesel, oil, spares and tyres, the operational cost could not be reduced. The reply was not convincing in view of the fact that the Corporation had not analysed the reasons and accordingly it did not initiate action to rationalise the routes and schedules.

Fuel Cost

4.30 Fuel is a major cost element of total expenditure incurred by the Corporation every year and hence control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The Corporation sets monthly targets for per kilometer diesel consumption/average for each depot and the performance of each depot was assessed for diesel average in kilometer per liter (KMPL) against these targets. Target for the whole Corporation was not fixed, however, the target for the Corporation is worked out taking average targets of depots. The details of diesel consumption, mileage obtained per litre (*i.e.* KMPL) and estimated extra expenditure are shown in the table below:

Table 4.13: Diesel consumption and Mileage obtained

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Operated Kilometres (in lakh) Corporation buses	5879.82	5568.49	5172.38	4595.36	3842.17
2.	Actual Consumption (in lakh litres)	1173.62	1113.70	1022.21	901.05	762.34
3.	Kilometres obtained per litre (KMPL)	5.01	5.00	5.06	5.10	5.04
4.	Target of KMPL fixed by Corporation	5.11	5.13	5.15	5.22	5.17
5.	Consumption as per internal targets (in lakh litres) (1/4)	1150.65	1085.48	1004.34	880.34	743.17
6.	Excess Consumption (in lakh litres) (5-2)	22.97	28.22	17.87	20.71	19.17
7.	Average cost per litre (in ₹)	57.35	46.06	54.30	57.46	67.17
8.	Extra expenditure (₹ in crore)(7X6)	13.17	13.00	9.70	11.90	12.88

Audit observed that the Corporation was not able to achieve the diesel average target during 2014-19. Further, the Corporation reduced the targets of KMPL from 5.22 in 2017-18 to 5.17 in 2018-19. None of the selected 15 depots, except Rajsamand depot in 2015-16 and Karauli depot in 2017-18, could achieve the depots-wise targets of KMPL during 2014-19. Further, the performance of Dungarpur depot deteriorated continuously during this period as it decreased from 4.88 KMPL in 2014-15 to 4.52 KMPL in 2018-19. Audit observed that the reason of non-achievement of KMPL was mainly attributable to operation of over-aged vehicles which increased from 322 to 749 *i.e.* 18.46 *per cent* of total buses of the Corporation as on March 2019. The Corporation consumed 108.94 lakh litres of fuel valued at ₹ 60.65 crore in excess during the review period as compared to its internal targets, which had been fixed considering the local situation.

The Government stated that main reason for low diesel average is old fleet. It further stated that non-procurement of new buses to replace the over-aged fleet, shortage in manpower, non-availability of spare parts on time for regular maintenance caused non-achievement of diesel targets, however, regular efforts are being made to improve the fuel efficiency through repair and maintenance of engine and by providing training to the drivers. The reply was not satisfactory as the Corporation was aware about numbers of over-aged fleet at the time of fixing the targets of diesel consumption. Besides, even after deployment of newly purchased buses, the KMPL has declined to 5.04 in 2018-19 as compared to 5.10 in 2017-18.

Operation of buses for more than revenue kilometres

4.31 Dead kilometres arise out of operation of buses between bus stand and depot workshop or fuel filing point, kilometres operated to send buses for docking, repairing and reconditioning, kilometres operated for fitness certification of buses and diversion of routes etc. Dead kilometres are the difference of gross operated kilometres and effective revenue kilometres.

In selected 15 depots, Audit noticed that the buses were operated in excess of the revenue kilometres due to diversion of routes. In these cases, the diversion of route was not for a short period or for a specific reason but was due to operation of buses through bypass routes which resulted in operation of extra kilometres. These diversions were thus permanent in nature and the revenue kilometres should have been revised accordingly with charging of fare for extra kilometres. Audit, however, observed that the Corporation did not revise the fare which resulted in loss of revenue of ₹ 44.49 crore[20] in 15 depots during the review period.

The Government while accepting the fact stated that the fare is being charged as per the scheduled kilometres, however, at few places, due to administrative reasons, vehicles are being operated through by-pass or on other routes than the scheduled routes. It further stated that the fare is revised on receipt of information from the concerned depot and in general, fare is recovered as per actually operated kilometres. The reply was not acceptable as in selected depots these diversions were of permanent nature but proposal for revision in fare as per actually operated kilometres was not found on record.

Non-achievement of parameters of Reform Linked Plan

4.32 The Corporation was suffering losses since the year 1997-98 and the accumulated losses were to the tune of ₹ 1975 crore as on March 2014. The State Government agreed (March 2014) to provide further financial assistance linked with Reform Agenda (RA) of the Corporation. The RA was approved (April 2014) and the Reform Linked Plan (RLP) prepared under RA covered following parameters during 2014-15:

- Increase in month wise load factor ranging between 72 *per cent* to 82 *per cent* as compared to present level of 74 *per cent*.
- Rationalization of bus fleet, control fixed cost per km and strict review of operational routes and schedules to close/reschedule the routes giving income less than variable cost+ ₹ 5 per kilometre.
- Diesel average of 5 KMPL in 2014-15 with increase of 0.05 KMPL every year.

In the Budget Speech (July 2014), the State Government announced grant of ₹ 10 crore per month to the Corporation on achievement of parameters of RLP. Audit observed that the Corporation could get grant of ₹ 70 crore only during 2014-15 on achievement of parameters of RLP (100 *per cent* for the months of April to June 2014 and January 2015 and 50 *per cent* for the months July to December 2014 due to achievement of only one target of diesel average).

Similarly, the Corporation prepared (April 2015) RLP for 2015-16 with the parameters of average 73 *per cent* load factor, rationalization of bus fleet, maintaining the present fleet of buses by either hiring of buses or direct purchase with the approval of Government and diesel average of 5.01 KMPL. In the review meeting of Transport Department (TD) (11 May 2015), directions were given that the Corporation should come up with detailed action plan to plug the losses and improve performance. The RLP for the year 2015-16 submitted by Corporation reducing the targets in comparison to 2014-

20 ₹ 8.01 crore in 2014-15, ₹ 9.16 crore in 2015-16, ₹ 9.96 crore in 2016-17, ₹ 8.89 crore in 2017-18 and ₹ 8.47 crore in 2018-19.

15 was not accepted (May 2015) in the budget review meeting and the Corporation was directed to ensure performance in accordance with the RLP of 2014-15. The Corporation could not achieve the parameters in any of the months in the year 2015-16.

In the RLP for the year 2016-17, the Corporation proposed (February 2016) load factor of 74.25 *per cent* and diesel average of 5 KMPL apart from repeating other parameters. The TD accepted (April 2016) the same. The Corporation could get grant of ₹ 40 crore only (for April, May, June and August 2016) due to non-achievement of parameters set in the RLP of 2016-17. The RLP grant was discontinued by the State Government from April 2017.

Audit observed that the Corporation did not prepare an exhaustive action plan to achieve the parameters of RLP. Further, non-rationalization of bus fleet, not reviewing the route wise profitability to reschedule/close such routes and ineffective monitoring to take timely action on depots whose performance in diesel consumption was poor deprived the Corporation to get grant of ₹ 250 crore during 2014-15 to 2016-17.

The Government stated that the RLP parameters could not be achieved due to rainy season, shortage of staff, diesel average parameter, non-procurement of new buses and over-age fleet. The reply was not convincing as RLP parameters were proposed by the Corporation considering these factors and the same were approved by the Government.

In subsequent reply, the Government stated that due to non-achievement of RLP parameters, the Corporation has curtailed operation of schedules having lesser load factor from its winter schedule 2019. The fact remained that lack of adequate efforts to ensure achievement of RLP parameters deprived the Corporation from receipt of substantial financial assistance from the State Government.

Performance of Central Workshop Jaipur

4.33 The major repair or accidental repair of the buses is carried out at the Central Work Shop (CWS). The Maintenance Manual of the Corporation does not specify the days for which the CWS can keep a bus in the workshop for maintenance/ repair of bus; however, as per practice in vogue, no vehicle should be retained in central workshop for more than 30 days. The details about time taken by the CWS, Jaipur in repair of buses during 2014-19 are tabulated below:

Table 4.14: Repair of buses at CWS Jaipur

(Figures in Numbers)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Total bus repaired	336	173	42	322	272
Repair within 30 days	273	101	17	173	177
% of buses repaired timely	81	58	40	54	65
Buses repaired beyond 30 days:					
31-60 days	60	66	6	57	36
61-90 days	3	16	9	36	18
91-365 days	0	0	10	55	36
More than 365 days	0	0	0	0	4

Note: The Corporation did not provide the data for the period December 2015 to February 2017.

Audit observed that the performance of CWS, Jaipur was poor as against 81 *per cent* timely repair of buses in 2014-15, only 65 *per cent* buses were repaired timely in 2018-19. Further, in 2017-18 and 2018-19, the position deteriorated significantly as the CWS, Jaipur took 61 days to 365 days for repair of 145 buses whereas four buses were repaired even after more than 365 days.

The Government while accepting the facts stated that the buses could not be repaired timely due to acute shortage of staff and delay in providing spares/ reconditioned engines by the Central Store and the other CWS (CWS, Ajmer) against the demands raised. It further assured that the Corporation is making efforts for recruitment of technical staff and conducting the work on contractual basis. This showed that the CWSs and the Central Store did not have proper coordination.

Maintenance of vehicles

4.34 The Corporation has prescribed two preventive maintenance schedules *i.e.* (i) on completion of 16000 KMs/18000 KMs for Leyland/Tata buses respectively which includes change of oil, wheel alignment, cleaning of fuel injection pump, engine tuning, brake adjustment *etc.* and (ii) heavy docking maintenance on completion of 40,000 KMs wherein overhauling of engine, spring leaves, wheels, brakes, fuel injection pump, cooling system *etc.* and change of gear oil, body work *etc.* are being done at depot workshop.

Scrutiny at 15 selected depots disclosed that the heavy docking maintenance was not conducted as per the norms as detailed below:

Table 4.15: Heavy Docking Maintenance of Buses

Year	Total docking carried out	Docking timely done	Docking carried out with delay	% of docking carried out with delay	KMs range
2014-15	1523	523	1000	65.66	41288-84461
2015-16	2166	485	1681	77.61	43235-99902
2016-17	1784	481	1303	73.04	44888-98206
2017-18	1498	418	1080	72.10	42242-98846
2018-19	1551	320	1231	79.37	42772-84182
	8522	**2227**	**6295**	**73.86**	

Docking of 74 *per cent* buses was carried out after operation of more than 40000 KMs which ranged between 41288 and 99902 KMs during 2014-15 to 2018-19. The delay in docking resulted in poor fuel average, frequent breakdowns and requirement of sending the bus to the CWS for major repair.

The Government while accepting the facts stated that the docking could not be completed on time due to not procuring new vehicles for replacing old vehicles in previous years, continuous reduction in manpower, increase in mechanical work in old fleets every day and non-availability of spares and however, efforts are being made to execute the docking work timely. The fact remained that due to not carrying out the docking work timely the Corporation faced the problem of low fuel efficiency and frequent breakdowns.

Internal Control Mechanism

Internal Audit

4.35 The internal audit is a tool for internal control on the functioning of an organization. Chapter 9 of the Manual of Finance Department of the Corporation prescribes the functions of internal audit wing which *inter alia* includes audit of revenue side, expenditure side and audit of booking offices. The audit of operations and utilisation of buses and workshops was not entrusted to internal audit. Audit observed that out of 58 accounting units of the Corporation, as on March 2019, the internal audit of only two units was completed up to the year 2018-19. Of the remaining 56 units, internal audit of 4 units, 20 units, 22 units, 3 units and 7 units were pending for five years, four years, three years, two years and one year respectively. Further out of total 3052 outstanding paras of internal audit as on 31 March 2019, 222 paras in eight zones were outstanding for the period 1993-94 to 2002-03. This reflected ineffectiveness of the internal audit and also non-monitoring by top management.

The Government accepted the facts and stated that the work of internal audit is delayed due to acute shortage of accounting staff. Further, action for disposal of 222 outstanding paras pertaining to the period from 1993-94 to 2002-03, is under progress. Disposal of these cases is delayed as most of the matters involve legal disputes and recoveries pending against government organisations and retired/dismissed/expired employees.

Monitoring of Performance Indicators

4.36 For an organisation like a Road Transport Corporation to succeed in operating economically, efficiently and effectively, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The Corporation has a Statistical Cell headed by a Deputy General Manager under the control of Executive Director (Traffic). Statistical cell compiles monthly information received from depots for various performance indicators and communicates it monthly to the Executive Directors, Engineering and Traffic and Finance Advisor.

Audit observed that the system was deficient as the effectiveness and usefulness of information compiled on various parameters had not been reviewed. Further, MIS did not provide information on schedules operating below variable cost. Audit further observed that quarterly operational results in the summarized form only are placed before the Board of Directors (BoD) along with the comparison of results with the corresponding period of last year but depot-wise information of various performance indicators was not apprised to the BoD. In absence of which, the BoD was not in a position to recommend corrective action on operational underperformance of the depots. Besides, the Corporation did not utilize the data regarding fleet utilisation and vehicle productivity *etc.* while taking decisions on hiring of buses.

The Government stated that the Statistical Wing prepares the depot wise operational results every month and on the basis of it, the top management takes necessary action against the depots where comparative decline is noticed. As regards operated kilometres, load factor and fuel efficiency, comparative statement of operational results is also placed before the BoD as and when desired. The reply was not satisfactory as the Corporation placed the operational results in summarized form comparing it with previous year corresponding data only. A comprehensive MIS would have helped the BoD to take better informed decisions.

Conclusion and Recommendations

Conclusion

The Corporation was not able to keep pace with the growing demand for public transport in the State as percentage share of the Corporation in total stage carriage of the State (around 10 *per cent*) and average passengers carried per day (one *per cent*) remained quite low despite increase in fleet strength during 2014-19. The Corporation did not conduct route surveys and assessed feasibility of plying buses on the routes before obtaining new permits. The policy/mechanism relating to assessment of requirement/allocation of buses was deficient/defective as periodic plans for procurement/hiring on contract were not prepared. Further, the assessment and allocation of buses was done without obtaining depot-wise requirement. The Corporation did not ensure proper compliance of provisions of the RTPP Act 2012/Rules 2013. Further, purchase/fabrication orders issued for new chassis/buses were also defective/deficient. The Corporation granted undue favour to the contractors by non-forfeiting EMD/security deposit, allowing time extension without charging penalty *etc*. The Corporation hired/deployed luxury as well as non-luxury buses without assessing proper requirement and feasibility of operating the buses and operated the buses on uneconomical routes. The Corporation could not recover the cost of operation on the maximum number of schedules as the break-even load factor was quite high because of operation of schedules on uneconomical routes; under obligatory services; non-achievement of diesel average target. Operation of the buses in excess of the revenue kilometres due to diversion of routes without revising the fare affected the profitability adversely. The performance of CWS, Jaipur was unsatisfactory as timely repair of buses declined from 81 *per cent* in 2014-15 to 65 *per cent* in 2018-19. Internal audit system was weak and the MIS was not used effectively by the top management for monitoring key operational parameters. In nutshell, the Corporation failed to fulfill its objective of providing efficient, adequate and properly coordinated public road transport services in the State. Further, the accumulated losses have completely eroded the net worth as the management could not ensure operational and financial efficiency of the Corporation.

Recommendations

We recommend that the Government may issue directives to the Corporation to:

- **Improve its efforts to enhance its share in public transport;**
- **Evolve a system for assessment of requirement of buses to be**

procured/ hired considering the planned schedule and availability of buses;

- **Ensure adherence to provisions of RTPP Act and Rules as well as contract agreements executed with the contractors/suppliers;**
- **Take concrete steps for optimal utilization of fleet, improvement of vehicle productivity; improving the load factor, reduction of fixed cost and fuel cost; and**
- **Strengthen the internal audit and monitoring system.**

Further, in case the Corporation does not improve its operational and financial performance within a targeted time frame, the Government may take a final call on continuing the operations of the Corporation.