Chapter VI

Performance Audit

State Public Sector Undertakings

CHAPTER VI

PERFORMANCE AUDIT

Transport Department

Jammu and Kashmir State Road Transport Corporation

6.1 Working of the Jammu and Kashmir State Road Transport Corporation

The Jammu and Kashmir State Road Transport Corporation (the Corporation) a transport undertaking wholly owned by the Government, with the aim to cater to the transport needs, both of passengers and goods for the public in the State was setup in September 1976. A Performance Audit of the Corporation for the period 2014-15 to 2018-19 brought out instances of certain deficiencies in planning, operational performance, internal controls etc. While the total financial implication of this Performance Audit is ₹ 737.57 crore, some of the highlights of the Performance Audit are as under:

Highlights

- **Despite 20 *per cent* increase in Paid up Share Capital from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, there was a 33 *per cent* increase in accumulated losses from ₹ 1,229.56 crore to ₹ 1,639.01 crore which indicated that capital infused by the Government was not efficiently utilised by the Corporation.**

  (Paragraph: 6.1.6)

- **The Planning Wing of the Corporation had not prepared any perspective plan or long term plan for its revival.**

  (Paragraph: 6.1.7)

- **Shortfall in achievement of targets of operative fleet and revenue collection targets during the period from 2014-15 to 2017-18 ranged between 28 *per cent* to 33 *per cent* and 31 *per cent* and 37 *per cent,* respectively. The overall shortfall in achievement of target of revenue during the period from 2014-15 to 2017-18 was ₹ 165.22 crore.**

  (Paragraph: 6.1.7.1)

- **The Corporation failed to earn its operational revenue, as operation loss ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019.**

  (Paragraph: 6.1.8)

- **The Corporation could not improve on the availability of vehicles as the overall fleet strength during the period from 2014-15 to 2018-19 decreased by 133 vehicles (14 *per cent*), despite addition of 142 vehicles during the same period.**

  (Paragraph: 6.1.9)

- **Fleet Operations during the period from 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* to 44 *per cent.* Percentage of idle vehicles increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.**

(Paragraph: 6.1.9.2)

- **Scrutiny of records in sampled units, Depot and Sub-depots revealed that even after allowing the prescribed provision for detention, there was excess detention of vehicles in workshops, which impacted the revenue generation of the Corporation by ₹ 135.88 crore, during the period from 2014-15 to 2018-19.**

(Paragraph: 6.1.9.2)

- **Failure to acquire the ownership title of properties, non-valuation of properties, non-recovery of compensation of land transferred, non-utilisation of properties, non-renewal of leases, indicated inadequate initiative of the Corporation to optimally manage its assets.**

(Paragraph: 6.1.13)

- **Services of drivers/ conductors were not utilised effectively, as the drivers/ conductors remained attached with the vehicles detained at workshops despite the required staff available at the workshops, resulting in payment of ₹ 44.95 crore to staff remaining idle.**

(Paragraph: 6.1.14)

- **Internal control mechanism of the Corporation was inadequate, Board meetings, monthly meetings, administrative inspections and vigilance checks were not conducted regularly.**

(Paragraph: 6.1.15)

6.1.1 Introduction

The State Government of Jammu and Kashmir (GoJ&K) established the Government Transport Undertaking (GTU) in June, 1948 which was subsequently converted into Jammu and Kashmir State Road Transport Corporation (JKSRTC) under the Road Transport Corporation Act, 1950 in September 1976. The aim of the Corporation was to cater to the requirement of transport of both passengers and goods in the State. The Corporation is a transport undertaking wholly owned by the Government of Jammu and Kashmir State. As per information provided by the Department, the Corporation has around one *per cent* share of vehicles in Public Transport[1] in the State of Jammu and Kashmir, during the period 2014-15 to 2018-19. The requirement of State was therefore being catered mainly through privately owned buses/ mini-buses and load carriers.

[1] Public transport includes passenger vehicles like buses/ mini-buses and load carriers like trucks/ tippers.

6.1.2 Organisational structure

The Managing Director is the Chief Executive Officer of the Corporation who is assisted by a Joint Managing Director and Financial Advisor and Chief Accounts Officer. There are five General Managers (GMs), five Deputy General Managers (DGMs) and 17 Managers looking after the day to day operations of the Corporation. The organisational structure is given in ***Appendix 6.1.1***.

6.1.3 Audit objectives

The main objectives of the performance audit were to assess whether:

- Financial and operational planning activities at apex level to provide adequate transport service across the State, improved the performance and optimise the operating costs of the Corporation.
- Purchase of spares and other materials were made according to State Financial rules in an economical manner.
- The assets of the Corporation, *inter alia*, including fleet, land, buildings, workshops, human resources, etc. were utilised effectively.
- The Corporation has an efficient and effective internal control and monitoring system in place.

6.1.4 Audit scope and methodology

A Performance Audit on the working of the Corporation covering the period from the year 2014-15 to 2018-19 was conducted during 2019-20. The Corporation had 50 operational units[2] out of which a sample of 18 units[3] (as detailed in ***Appendix 6.1.2***) and the Corporate Office were selected for the Performance Audit. The sample for Audit was selected on the basis of volume of operations, fleet held and revenue generation by the respective units.

A Performance Audit on the working of the Corporation for the period 2003-04 to 2007-08 was earlier reviewed and incorporated in the Report of Comptroller and Auditor General of India, Government of Jammu and Kashmir for the year ended March 2009, which was partially discussed by the Committee on Public Undertakings (COPU) of the State Legislature. The COPU had not given any recommendations on the above performance audit, but had issued certain directions to the Department in its 47th Report. However, as per 49th Report of the COPU compliance on these directions (February 2018) had not been provided by the Government.

The audit objectives were discussed with the Management in an Entry Conference held on 16 May 2019. The audit findings were reported to Management and discussed in an Exit Conference (10 November 2020). The replies of the Corporation received in January 2020 and in the Exit Conference have been suitably incorporated in this report.

2 Which includes 16 main units, 13 Depots and 21 sub-offices/ Traffic Control Points (TCPs).
3 Which includes 13 main units, three Depots and two booking offices.

6.1.5 Audit criteria

The audit criteria was fixed on the basis of the principles adopted by the Corporation which *inter alia,* included:

- Jammu and Kashmir Financial Code,
- Road Transport Corporation Act, 1950,
- Manual of the Corporation on Operations, Manual on Purchases in JKSRTC, and
- General Financial Rules along with Budget documents of Corporation including other sanctions and orders issued from time to time.

AUDIT FINDINGS

6.1.6 Financial issues

The Paid up Share Capital[4] of the Corporation increased from ₹ 204.74 crore as at the end of financial year 2014-15 to ₹ 245.57 crore at the end of financial year 2018-19 as given in Table 6.1.2. However, the Government of India (GoI) has not made any contribution towards Share Capital during the last five years ending March 2019. The Financial Position of the Jammu and Kashmir State Road Transport Corporation for the period from 2014-15 to 2018-19 is given in Table 6.1.1:

Table 6.1.1: Receipts of Corporation during 2014-19

(₹ in crore)

Year	Grants/ financial assistance received from			Operating revenue	Other receipts[5]	Total receipts
	GoI	State Government				
		Plan	Non-plan in the form of loan			
1	**2**	**3**	**4**	**5**	**6**	**7=(2+3+4+5+6)**
2014-15	-	-	35.54	83.09	14.34	132.97
2015-16	-	5.95	35.54	78.53	22.20	142.22
2016-17	-	5.00	30.00	79.45	18.60	133.05
2017-18	-	3.75	30.00	80.09	25.17	139.01
2018-19	4.49	17.90	30.00	79.71	17.09	149.19
Total	**4.49**	**32.60**	**161.08**	**400.87**	**97.40**	**696.44**

(Source: Records of the Corporation)

The operating revenues declined from ₹ 83.09 crore in 2014-15 to ₹ 79.71 crore in 2018-19 and comprised about 58 *per cent* of total receipts during the period from 2014 to 2019. The non-plan grants received from the State Government which decreased from ₹ 35.54 crore in 2014-15 to ₹ 30.00 crore in 2018-19, comprised around 23 *per cent* of total receipts during the period from 2014 to 2019; showed a decline of 16 *per cent*. The State Government provided Non-plan budgetary support in the form of loans for which no repayments were made by the Corporation. As the Corporation was running in losses, no dividend was paid to the State Government against its investments.

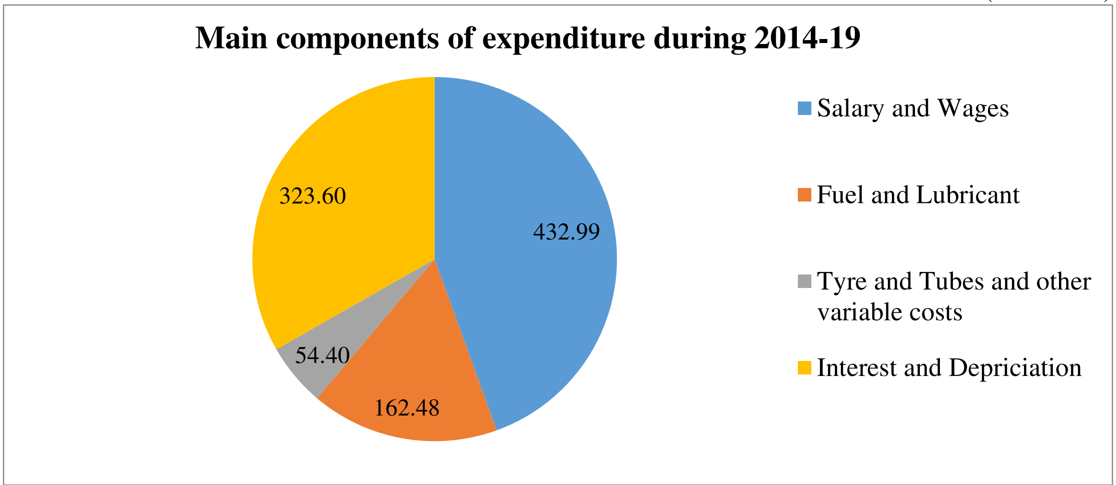
The revenue earned was spent on salary, allowances and other operational expenses, while the financial assistance received from GoI was utilised for purchase of buses

4 Includes share of ₹ 15.01 crore of the Government of India (GoI) as of March 2015.
5 Other receipts include rent, interest on FDRs and other miscellaneous receipts.

under different schemes[6]. The main components of the expenditure during the period from 2014 to 2019 (Chart 6.1.1) were Salary and wages ₹ 432.99 crore (44 *per cent)*, overheads, interest and depreciation ₹ 323.60 crore (33 *per cent)*; Fuel and Lubricant ₹ 162.48 crore (17 *per cent),* tyres/ tubes/ spares, Motor Vehicle tax and Passenger tax and other variable costs of ₹ 54.40 crore (six *per cent).*

Chart 6.1.1: Components of Expenditure

(₹ in crore)



(Source: Records of the Corporation)

The Annual Accounts up to the year 2013-14 prepared by the Corporation had been audited by the Principal Accountant General (Audit) as of March 2019. The Annual Accounts for the years 2014-15 to 2018-19 were not prepared and finalised on time. The audit of these accounts is completed and Separate Audit Reports for the period from 2014 to 2019 are under finalisation.

Position of the Assets and Liabilities as reflected in the provisional accounts prepared for the period from 2014-15 to 2018-19 is given in Table 6.1.2

Table 6.1.2: Position of assets and liabilities

(₹ in crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Liabilities					
Paid up Capital	204.74	210.69	217.92	223.18	245.57
Borrowings	550.48	586.02	616.02	646.02	676.02
Other Liabilities	621.98	679.15	751.74	821.39	872.11
Accumulated Loses	(-) 1,229.56	(-)1,311.83	(-) 1,415.23	(-) 1,518.30	(-) 1,639.01
Total	**147.64**	**164.03**	**170.45**	**172.29**	**154.69**
Assets					
Gross Block[7]	67.97	64.05	64.53	77.06	74.45
Depreciation	06.61	06.10	6.28	06.61	7.09
Net-block	61.36	57.95	58.25	70.45	67.36
Current Assets,	86.28	106.08	112.20	101.84	87.33
Total	**147.64**	**164.03**	**170.45**	**172.29**	**154.69**

(Source: Information provided by the Corporation)

[6] Atal Mission for Rejuvenation and Urban Transformation and Intelligent Transport Management system scheme.

[7] Cost of fixed assets (land, buildings, fleet, tool plant, machinery etc.).

Although the paid up capital increased by 20 *per cent*, from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, the accumulated losses during the same period increased by 33 *per cent*, from ₹ 1,229.56 crore to ₹ 1,639.01 crore. This indicates that funds infused by the State in the Corporation could not generate adequate revenue. Further, due to persistent losses, the Corporation even failed to deposit its share of contribution towards Provident Fund of employees with the Provident Fund Office and had to pay penal interest amounting to ₹ 1.46 crore during the period from 2014 to 2019 which could have been avoided through timely payments.

6.1.7 Planning

To sustain the public utility in the times to come, adequate Planning for long term as well as short term strategies are essential for running the utility effectively. It is therefore, necessary to frame a long term perspective plan as well as annual plans based on market input/ survey and other parameters. The Corporation had a Planning Wing headed by an Assistant Director. The main aim of Planning Wing was to conduct survey of passengers from origin to destination, prepare feedback reports, cross check the revenue earned and revenue realised and report to higher management for review and corrective action. The Planning Wing was also entrusted to fix the target and monitor the achievements.

The Planning Wing of the Corporation had not prepared any perspective plan or long term plan. It was stated by the Assistant Director (Planning) that no instructions from the Management were received in this regard. Further, the Managing Director stated that a revival plan was under consideration of the higher management/ Administrative Department. However, as seen from the records the revival plan was under consideration since June 2018 only.

Further, no survey was conducted regarding passenger feedback, quality of services, cross check of revenue earned and other[8] parameters as prescribed in the Operational Manual. In addition, analysis for losses in operations and non-achievement of targets fixed for fleet operations and revenue generation was not carried out.

Audit scrutiny (May 2019) revealed that the targets were fixed for 2017-18 based on previous year achievements (2016-17). The basis of fixing the targets for remaining years was not available on record. Planning Wing was only associated with compiling of the progress reports of the units. However, directions based on inputs for improving the services from the Planning Wing and any plan to minimise the losses was not available with the Corporation.

On this being pointed out (May 2019), the Managing Director stated (January 2020) that due to shortage of manpower survey, passenger feedback, cross check of revenue earned/ realised, etc. could not be undertaken. It was also stated that introduction of Intelligent Transport System, fresh survey, classification and rescheduling of bus

[8] Position of reporting time and actual time of departure, research data pertaining to improving the services, status of loss making vehicles, reporting and departure time of vehicles, researching of data regarding viability of routes, vehicles performance, etc.

services, utilisation of manpower, etc. was under process in the Corporation as of January 2020.

6.1.7.1 Targets for fleet operations and revenue collection

The yearly targets are fixed by the Planning Wing of the Corporation based on the monthly performance reports which are received from the operating units. However, the Corporation fixed these targets without consulting the unit heads. The target and achievement with respect to revenue and operations during the period 2014-15 to 2017-18 is depicted in the Table 6.1.3.

Table 6.1.3: Targets and achievement during 2014-15 to 2017-18

(Figures in bracket represent per cent)

Year	Available Fleet	Fleet Operation as per targets	Achievement of fleet Operated	Shortfall	Targets of revenue collection (₹ in crore)	Achievement of revenue collection (₹ in crore)	Shortfall in revenue collection (₹ in crore)
(1)	(2)	(3)	(4)	(5)= (3-4)	(6)	(7)	(8)= (6-7)
2014-15	934	664 (71)	469	195 (29)	131.43	83.44	47.99 (37)
2015-16	819	614 (75)	443	171 (28)	115.79	79.74	36.05(31)
2016-17	776	655 (84)	436	219 (33)	123.53	79.95	43.58(35)
2017-18	786	642 (82)	442	200 (31)	117.69	80.09	37.60 (32)
2018-19	Targets were not fixed						
Total					**488.44**	**323.22**	**165.22 (34)**

(Source: Based on information provided by planning wing of the Corporation)

The targets fixed during the period 2014-15 to 2017-18 for operation of the fleet ranged between 71 and 84 *per cent* of the available fleet. Even these targets for the operative fleet were not fully achieved. Shortfall in achievement of targets of the operative fleet during the period 2014-15 to 2017-18 ranged between 28 *per cent* and 33 *per cent.* Accordingly, the shortfall in revenue collection also ranged between 31 *per cent* and 37 *per cent* against the fixed targets. The overall shortfall in achievement of target of revenue collection during the period 2014-15 to 2017-18 was ₹ 165.22 crore, although targets were set after keeping into consideration the detention of vehicles for repair and maintenance in workshop. Targets for 2018-19 were not set.

In reply, the Managing Director stated (January 2020) that due to over aged fleet, frequent off roadings, shortage of manpower and turmoil in valley, the operational and financial targets were not achieved.

The fact remains that before fixing the targets the Corporation should have taken into consideration the constraints like over aged fleet, shortage of manpower etc.

Scrutiny of records in sampled units and Depot (including Sub-depots) revealed that the targets fixed during the period from 2014-15 to 2017-18 ranged between 65 *per cent* and 87 *per cent* of the common fleet available for these units and the shortfall in achievement of targets of operative fleet during the same period ranged between 15 *per cent* and 69 *per cent* with overall shortfall[9] in projected revenue collection to the extent of ₹ 119.20 crore as detailed in ***Appendix 6.1.3***. The highest shortfall in

[9] Difference between Projected Revenue by the Company during fixing of Targets for the year less Actual Revenue realised.

achievement of targets of operative fleet was observed in Doda Depot, where the shortfall ranged between 64 *per cent* and 69 *per cent*.

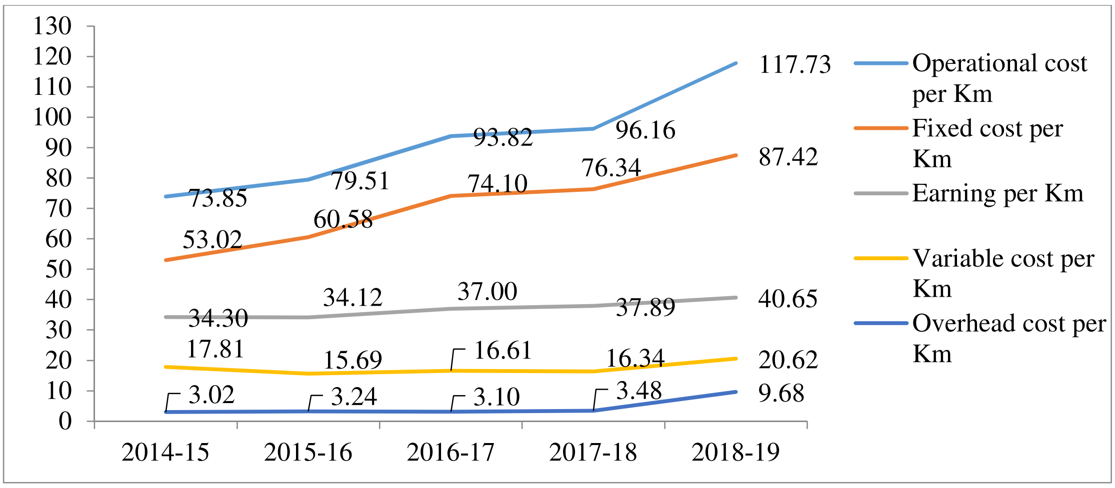
The Managing Director stated (January 2020) that buses are kept parked to meet the Government's demand on special/ emergent occasions. It was also stated that on intra-district routes, Corporation faces stiff competition from Light Commercial Vehicles (LCVs)/ private operators, however, transport facility was provided on unproductive routes for convenience of public. Reasons for parking of buses were also attributed to frequent *hartals*, aged fleet unable to compete with new good quality LCVs/ buses and detention of vehicles/ manpower. The reply is not tenable as the Corporation is a commercial organisation and it is bound to face competition from private entities. Further, the Corporation needs to upgrade its fleet by proper funding either by borrowing or seeking assistance from the Government.

6.1.8 Operating Issues

The working results depicting the outcomes of the operations of the Corporation on the basis of its provisional accounts for the period from 2014-15 to 2018-19 are given in ***Appendix 6.1.4***. Operating revenue of the Corporation which included traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under Kilo Metre (KM) Scheme etc., had decreased from ₹ 83.09 crore in 2014-15 to ₹ 79.71 crore in 2018-19 (four *per cent*) with the lowest being ₹ 78.54 crore in 2015-16. However, the operating expenditure which included fixed cost (personnel, depreciation, interest), variable cost (fuel/ lubricants, tyres/ tubes, spares) and overhead cost, during the same period had increased by 24 *per cent* from ₹ 119.48 crore in 2014-15 to ₹ 147.71 crore in 2018-19. Though effective Kms[10] of operations decreased by 46.15 lakh Km (19 *per cent*) from 242.23 lakh Km in 2014-15 to 196.08 lakh Km in 2018-19, year-wise trend of costs and earnings per Km is depicted in Chart 6.1.2:

Chart 6.1.2: Year-wise trend of costs and earnings

(In ₹)



(Source: Records of the Corporation)

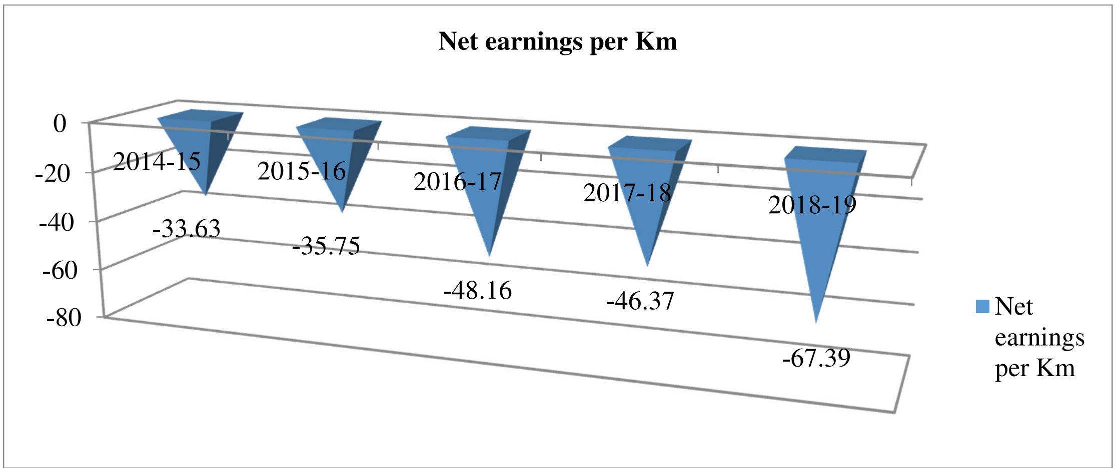
10 Distance run by the fleet of the Corporation.

Although the operating revenue per Km of the Corporation had increased from ₹ 34.30 in 2014-15 to ₹ 40.65 in 2018-19 (18.51 *per cent*), the fixed cost per Km increased from ₹ 53.02 to ₹ 87.42 (64.88 *per cent*) and the operational cost increased from ₹ 73.85 to ₹ 117.73 per Km (59.42 *per cent*). This impacted the operational net earnings per Km which decreased from (-) ₹ 33.63 to (-) ₹ 67.39 (Chart 6.1.3). The operating cost (excluding depreciation and interest) per Km also increased from ₹ 49.33 in 2014-15 to ₹ 75.33 in 2018-19 (***Appendix 6.1.4***) and the operating net earnings per Km decreased from (-) ₹ 15.03 to (-) ₹ 34.68. This had contributed to the increase in accumulation of losses which went from (-) ₹ 1,229.56 crore in 2014-15 to (-) ₹ 1,639.01 crore (33 *per cent*) in 2018-19. Year-wise decrease in the net earnings of the Corporation are depicted in Chart 6.1.3 and the reasons for losses have been discussed in the succeeding paragraphs.

Chart 6.1.3:

Decline in net earnings per Km of the Corporation during the period from 2014 to 2019

(In ₹)



(Source: Records of the Corporation)

6.1.9. Operational Performance of the Corporation

6.1.9.1 Fleet strength

Management is required to manage and augment its assets to run the business operations efficiently in order to obtain optimal output of its available resources. The Corporation was not able to add adequate number of vehicles to improve its fleet strength during 2014-15 to 2018-19. On the contrary, the number of vehicles decreased by 14 *per cent* (from 964 to 831) despite adding 142 new vehicles[11]. The fleet strength of the Corporation, during the last five years including over aged vehicles, is given in Table 6.1.4.

[11] Trucks: 76; Buses: 66.

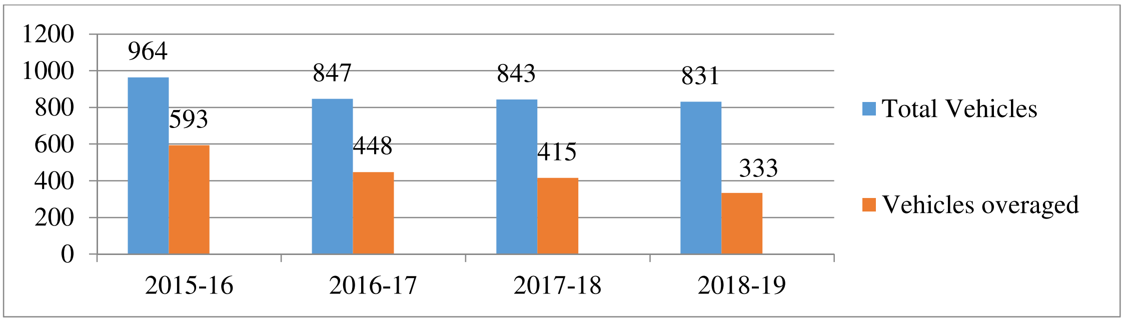
Table 6.1.4: Fleet strength of Corporation

Year	Buses	Trucks	Total	No. of over age vehicles			Percentage of over aged fleet
				Buses	Trucks	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (7/4)*100
2014-15	610	354	964	NA[12]	NA	NA	NA
2015-16	610	354	964	340	253	593	62
2016-17	529	318	847	244	204	448	53
2017-18	525	318	843	213	202	415	49
2018-19	512	319	831	191	142	333	40

(Source: Performance Reports of Corporation for the years 2014-15 to 2018-19/ data provided by the Corporation)

As per the norms[13] fixed (January 2011) by the Administrative Department, buses plying above four lakh Km or are 10 years old and trucks plying above five lakh Km or are 12 years old whichever is later, are due for condemnation. Despite the defined norms, the over-aged vehicles run by the Corporation ranged between 40 *per cent* and 62 *per cent* during the period 2015-16 to 2018-19 as can be seen from the Chart 6.1.4.

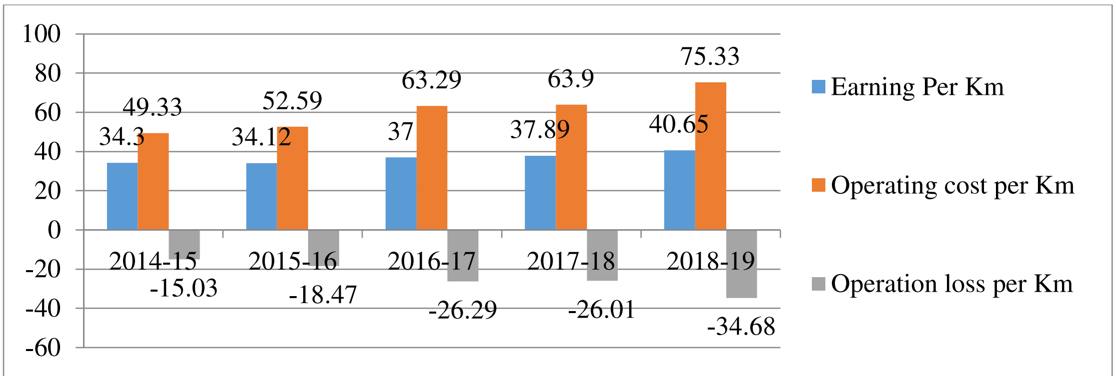
Chart 6.1.4: Year wise fleet strength and over age vehicles of Corporation



(Source: Performance Reports of the Corporation for the years 2014-15 to 2018-19/ data provided by the Corporation)

The Corporation also failed to recover operational revenue, and the operation loss[14] per Km ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019 as shown in Chart 6.1.5.

Chart 6.1.5: Earnings per Km *vis a vis* Operating cost per Km



(Source: Records of the Corporation)

12 Not available.
13 Fixed vide Order No. 6 TR-2011 issued by the Transport Department.
14 Revenue Earnings per Km run of vehicles during the year less the operational cost per Km run (fixed and variable cost excluding depreciation and interest) during that year.

6.1.9.2 Utilisation of vehicles/ fleets

The year-wise operative strength of vehicles held by the Corporation is given in Table 6.1.5.

Table 6.1.5: Operative strength of vehicles

Year	Commercial Fleet held	Fleet Operated		Idle fleet		Detention	
		Vehicles	*Per cent*	Vehicles	*Per cent*	Vehicles	*Per cent*
(1)	(2)	(3)	*(4)*	(5)	*(6)*	(7)	*(8)*
2014-15	914	469	51	45	5	400	44
2015-16	820	443	54	41	5	336	41
2016-17	786	436	55	60	8	290	37
2017-18	746	442	59	63	8	241	32
2018-19	797	416	52	148	19	233	29

(Source: Records of the Corporation)

Operation of fleet held during the period 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* and 44 *per cent.* Therefore, the number of vehicles lying idle in the Corporation had increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.

Scrutiny of records in sampled units, Depot and Sub-depots revealed that the detention of vehicles in the workshops was higher than the projected detention of 15 *per cent* to 35 *per cent* during the period 2014-15 to 2018-19. The actual detention of vehicles in workshops during 2014-15 to 2018-19 ranged between 26 *per cent* to 80 *per cent* and exceeded these provisions, which had implication on revenue generation to the extent of ₹ 135.88 crore as detailed in ***Appendix 6.1.5.***

The Managing Director stated (January 2020) that a small number of vehicles have been replaced which resulted in non-replacement of old age fleet of the Corporation. Further, it was stated that due to *hartals/ bandhs* and other security issues, shortage of technical manpower in workshops has also resulted in low utilisation of fleet.

However, the fact remains that Corporation could not improve on utilisation of vehicles/ fleet effectively. Audit analysis in ten sampled units[15], revealed that the average operative fleet was in the range of 20 and 79 *per cent* during the period 2014-15 to 2018-19 as compared to the All India Average (AIA)[16] of 88.7 *per cent.* As detailed in ***Appendix 6.1.6***, the less utilisation of the fleet in the sampled units as compared to the All India Average, had revenue earning potential of ₹ 284.75 crore.

6.1.9.3 Viability of Routes

In order to ensure the economic viability of operations, the cost benefit analysis of routes was to be carried out before starting a new route. Audit carried out the analysis of 13 out of 22 routes in the jurisdiction of Manager Passenger Service, Jammu and Manager Tourist Service, Jammu. It was noticed that:

[15] MPS, Jammu; MPS, Srinagar; MTS, Srinagar; MTS, Jammu; TM Load, Jammu; TM Load, Srinagar; Doda Depot; Sub-depot, Kishtwar; Sub-depot, Ramban; Manager City Service Division, Srinagar.

[16] AIA of fleet utilisation (Operative fleet of the total fleet held), as per report of Central Institute of Road Transport for the year 2016-17.

(I) Operations on nine routes (Table 6.1.6) were started either without any cost benefit analysis or on the instructions of higher authorities.

Table 6.1.6: Routes operated *vis-a-vis* revenue earned and expenses incurred on oil

(₹ in lakh)

Sl. No.	Name of route	Period	Journeys executed (in Nos.)	Cost of Fuel	Revenue earned	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5-6)
1.	Banihal-Jammu-Banihal	July 2017 to May 2018	149	3.96	1.88	2.08
2.	Jammu-Rabita Burgani	September 2018 to February 2019	59	0.92	0.70	0.22
3.	Jammu-Shivkhori	May 2014 to February 2018	75	2.30	1.55	0.75
4.	Jammu–Bamyal	April 2014 to February 2018	163	1.78	1.38	0.40
5.	Jammu-Chigyal-Jammu	March 2018 to August 2018	180	1.95	1.48	0.47
6.	Ladies special	April 2016 to September 2018	1,557	5.17	1.02	4.15
7.	Secretariat services	April 2014 to March 2019	2,845	9.61	5.69	3.92
8.	Jagti Ladies special	October 2014 to March 2019	1,468	7.96	4.33	3.63
9.	Jammu-Katra Srinagar	April 2014 to March 2019	12,067	7.59	1.92	5.67

(Source: Records of the Corporation)

As seen from the Table 6.1.6, the Corporation could not even recover the cost of fuel from the operations on these nine routes.

Further, a few instances on composite cost of journey *vis-à-vis* revenue earned is mentioned in Table 6.1.7.

Table 6.1.7: Revenue earned and expenses incurred on oil, driver/ conductor and incidentals

(₹ in lakh)

Sl. No.	Name of service	Days of service	Period of operation	Journeys executed (in Nos.)	Incidental expenses	Cost of fuel and expenditure on Driver/ Conductor	Total	Revenue earned	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)=(8-9)
1.	Chamba Mandi	2 days	May 2015 to April 2016	235	0.09	7.22	7.31	7.30	0.01
2.	Batote	2 days	July 2017 to August 2017	22	0.01	0.62	0.63	0.56	0.07
3.	Farori Dartal	2 days	August 2015 to October 2015	73	0.03	2.66	2.69	2.22	0.47
4.	Gajansoo Chargali	1 day	July 2017 to October 2017	53	0.02	0.28	0.30	0.23	0.07
Total					**0.15**	**10.78**	**10.93**	**10.31**	**0.62**

(Source: Records of the Corporation) (Journey incidentals calculated on basis of Driver ₹ 25 per journey: Conductor ₹ 15 per journey)

In the instances mentioned in Table 6.1.7, the composite cost of journeys which includes the cost of fuel, expenditure on driver/ conductor and journey incidentals amounting to ₹ 10.93 lakh could not be met from the revenue of ₹ 10.31 lakh earned through these operations.

On this being pointed out, the Manager Passenger Services (MPS), Jammu confirmed (August 2019) that cost analysis of routes shall be done in future before starting the operations. However, the Manager Tourist Service (MTS), Jammu stated that the profitability of the routes is not monitored by his office as the operation of buses was directed from the GM office. The fact remains that the Corporation operated non-viable routes and also did not carry out prudent cost benefit analysis.

(II) In the sampled units[17] the running operation cost of vehicles[18] of ₹ 178.55 crore exceeded the revenue earned of ₹ 154.16 crore, resulting in deficit of ₹ 24.39 crore during 2014-19.

The MPS, Jammu stated (August 2019) that the unit shall take effective steps to reduce the running cost. However, the MPS, Srinagar stated that the JKSRTC is a Government undertaking as such it needs to run the buses even on those routes which are not run by the private sectors.

(III) In relation to the Manager Tourist Services (MTS), Srinagar and City Service Srinagar, fleet remained idle either for want of demand or for want of drivers. In City Service, Srinagar four to seven vehicles remained idle daily on an average, while in MTS, Srinagar about 13 to 43 vehicles on average remained idle per day during the period from 2014 to 2019. Further, in City Service Division, Srinagar, each bus performed about one journey per day within the city, which indicated gross under utilisation of buses in the unit. Thus, under utilisation/ idling of vehicles has impacted the overall revenue earnings of these two units by ₹ 19.43 crore[19] during the period from 2014 to 2019.

The Manager City Service Division, Srinagar intimated that buses remained idle for want of demand, while the MTS, Srinagar stated that due to prevailing situation in the valley, inadequate crew and low inflow of tourists, the vehicles remained idle.

The Managing Director stated (January 2020) that JKSRTC deployed its services to meet social obligations towards society being a Government Organisation. JKSRTC deploys vehicles on unproductive and rough routes to meet demand of local population, emergency conditions etc.

However, the fact remains that adequate survey of new routes needs to be conducted before start of the operation in order to control losses.

6.1.9.4 Scheduled operations

It was noticed during the period of review, that out of five major Depots of the Corporation only MPS, Srinagar, Jammu and Doda had schedules for operation of

[17] Manager Passenger Service, Jammu (Inter-State Division): ₹ 8.93 crore; Manager Passenger Service, Jammu (District service): ₹ 1.79 crore; Manager Passenger Service, Srinagar: ₹ 9.17 crore; Traffic Manager City Service, Srinagar: ₹ 4.50 crore.

[18] Cost of HSD, salary of driver and conductor, taxes and trip money etc.

[19] City Service, Srinagar: ₹ 1.60 crore; MTS, Srinagar: ₹ 17.83 crore.

buses, while in case of MTS both at Srinagar and Jammu, there was no regular schedule prepared for operation of buses. Audit also observed that Corporation could not perform the scheduled journeys either due to non-availability of vehicles or other infrastructure issues. During test check of two divisions; MPS, Srinagar and Doda, following points were noticed:

- In MPS, Srinagar during the period from 2014 to 2019, non-performance of scheduled operations ranged between 24 *per cent* (5,809 journeys) and 51 *per cent* (12,059 journeys) which had a potential financial implication of ₹ 10.47 crore. The MPS, Srinagar stated (September 2019) that due to heavy detention of vehicles and non-preference of Corporation vehicles by passengers, the unit could not ply the buses. It was also stated that aged and downgraded vehicles from interstate operation were provided to this unit which resulted in their frequent breakdown causing skipping of scheduled journeys and consequently low flow of passengers in JKSRTC Buses.
- Similarly, in the Doda district 38,478[20] scheduled journeys were missed during the period from 2014 to 2019, impacting the revenue earnings by ₹ 7.40 crore. The Depot Manager, Doda stated (September 2019) that due to non-availability of vehicles and adequate workshop facilities, the schedule journeys could not be performed. This is indicative of the fact that despite availability of fleet at other units, the Corporation failed to ply vehicles on these routes.
- The Corporation plied buses in neighboring States of Punjab, Himachal Pradesh, Rajasthan, Uttar Pradesh (UP), Uttarakhand, Haryana and UT of Chandigarh as per the reciprocal MoUs/ agreements/ Temporary Permissions. The schedule of journeys performed is regulated as per the Kilometer run/ passenger basis/ fare basis, etc. These MoUs/ agreements/ temporary permissions were 13 to 30 years old[21]. The Corporation could not avail the opportunity fully as per the MoUs/ agreements/ temporary permissions as it was not able to undertake a total of 65,411 journeys on these routes. The potential operating revenue of ₹ 61.15 crore could not be generated during the period from 2014 to 2019 as detailed in Table 6.1.8.

Table 6.1.8: Year-wise non-execution of scheduled operations on Interstate routes

Year	Schedule Journeys	Journeys Performed	Journeys not performed	Revenue loss[22] due to non-performing of journeys (in ₹ crore)
1	2	3	4	5
2014-15	24,741	12,649	12,092	9.78
2015-16	24,741	11,865	12,876	11.57
2016-17	24,741	11,240	13,501	13.01
2017-18	24,741	10,992	13,749	13.42
2018-19	24,741	11,548	13,193	13.36
Total	**1,23,705**	**58,294**	**65,411**	**61.15**

(Source: Records of the Corporation)

[20] Doda: 13,101; Kishtwar: 12,276; Ramban: 13,101

[21] Punjab: June 1983/ September 1988; Himachal: November 1986/ November 1999; Haryana: June 1976/ November 2005; Rajasthan: December 2000; Uttarakhand: August 2004; UP: Not available.

[22] Worked out on the basis of average revenue earned from a journey on each route during each year.

- Scrutiny of records also revealed that the Corporation paid advance tax to other States[23] on the basis of criteria fixed in the MoUs or mutual agreements. Audit analysis revealed that the Corporation did not ply the required number of buses in four States which resulted in non-performance of scheduled journeys for which Passenger Tax of ₹ 82.59 lakh[24] was paid.

The Managing Director stated (January 2020) that due to non-availability of fleet, blockade and *hartals*, the scheduled journeys were missed and the matter regarding payment of Passenger Tax shall be probed to avoid unnecessary payments. The reply is not acceptable as the Corporation not only missed the scheduled journeys but also non-renewal of old agreements resulted in infructuous payment of ₹ 82.59 lakh as Passenger Tax.

6.1.9.5 Operation in remote areas

The Corporation is mandated to cater the transport needs of the remote areas so that population therein are connected to main urban areas. Test check of two units MPS, Jammu and Traffic Manager, Doda revealed that out of eight remote routes allotted to MPS, Jammu only one route was operated during the period from 2015 to 2018. However, none of these remote routes was operated during 2018-19. Similarly, out of 45 remote area operative routes under Manager, Doda District, only 11 were operational. In reply to the audit observations, the MPS, Jammu stated that these routes were operated on the instructions of higher authorities and later on closed due to non-profitability. The Traffic Manager, Doda stated that 24 to 29 routes could not be operated during the period from 2014 to 2019 due to non-availability of fleet in the Depot and heavy detention of vehicles.

The Managing Director stated (January 2020) that operations in remote areas were affected due to non-availability of mechanically fit fleet capable of operating on rough roads. It was also stated that after observing passenger flow in these areas, private operators started operating their vehicles on these routes, therefore services were withdrawn.

The Corporation, therefore could not fulfill the objective of regular operations to remote areas due to lack of mechanically fit fleet capable of operating on rough roads.

6.1.9.6 Consumption of fuel

An expenditure of ₹ 159.77 crore out of a total expenditure of ₹ 986.02 crore was incurred on High Speed Diesel (HSD) and lubricant during the period 2014-15 to 2018-19 which comprised about 16 *per cent* of the overall expenditure. Audit compared the consumption of HSD with reference to All India average of 4.95[25] Kilometer per litre (Kmpl) as detailed in Table 6.1.9.

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[23] Punjab, Rajasthan, Uttar Pradesh, Uttrakhand.
[24] Punjab: ₹ 71.76 lakh; Rajasthan: ₹ 2.67 lakh; Uttar Pradesh: ₹ 5.29 lakh; Uttarakhand: ₹ 2.87 lakh.
[25] Report on Performance of State Undertakings for 2016-17, Central Institute of Road Transport.

Table 6.1.9: Excess consumption of HSD as compared All India average

Year	Total Km covered (in lakh)	Fuel issued (in lakh liters)	Cost of fuel (₹ in lakh)	Average KMPL	Fuel to be consumed as per AIA (in lakh litres) (Col 2/4.95)	Excess Consumption of fuel (in lakh litres) (Col 3-6)	Average cost of fuel per litre (In ₹) (Col 4/3)	Revenue Implication (₹ in lakh) (Col 7x8)
1	2	3	4	5	6	7	8	9
2014-15	244.53	60.01	3,652.28	4.07	49.40	10.61	60.86	645.72
2015-16	233.28	56.26	2,837.66	4.15	47.13	9.13	50.44	460.52
2016-17	217.31	52.42	2,903.89	4.15	43.90	8.52	55.40	472.01
2017-18	213.60	51.77	3,134.65	4.13	43.15	8.62	60.55	521.94
2018-19	199.34	47.77	3,448.17	4.17	40.27	7.50	72.18	541.35
Total						**44.38**		**2,641.54**

(Source: Performance Report and Balance sheet figure for the year 2014-15 to 2018-19)

As seen from the Table 6.1.9, the average fuel consumption in the range of 4.07 to 4.17 Kmpl during the period 2014-15 to 2018-19 was lesser than the All India average of 4.95 Kmpl which resulted in consumption of 44.38 lakh liters of excess fuel costing ₹ 26.42 crore.

Scrutiny of records of seven sampled units[26] revealed that the scale of fuel consumption on different routes was not fixed by the Corporation. The average fuel consumption in respect of bus fleet in these units ranged between 3.71 Kmpl and 4.51 Kmpl, while in respect of truck fleet it ranged between 3.44 Kmpl and 3.90 Kmpl as detailed in ***Appendix 6.1.7.*** The Corporation also has not made any serious efforts to standardise the scale for consumption of fuel.

In reply, the Managing Director stated (January 2020) that due to old age of the fleet and hilly terrain, fuel scale could not be maintained. It was further stated that matter will be reviewed for minimising the consumption of fuel. The reply is not tenable as the Corporation should have standardised the scale of consumption for each vehicle of different make on different route in order to ensure economy, accountability and efficiency in consumption of fuel.

6.1.10 Operation of truck fleet

The Corporation has two main units, one each at Jammu and Srinagar which overlook the operation of trucks. The position of truck fleet during the years 2014-19 is given in the Table 6.1.10.

Table 6.1.10: Position of truck fleet

(Number of trucks)

Year	Commercial fleet available for operation	Average fleet operated	Average fleet idle	Detention for want of repair
(1)	(2)	(3)	(4)	(5)
2014-15	334	211 (63)	16 (5)	107 (32)
2015-16	306	203 (66)	15 (5)	88 (29)
2016-17	299	200 (67)	31 (10)	68 (23)
2017-18	263	193 (73)	27 (10)	43 (16)
2018-19	315	185 (59)	85 (27)	45 (14)

(Source: Planning wing of the Corporation, figures in parenthesis are in per cent)

26 City Service, Srinagar; MTS, Srinagar; MTS, Jammu; MPS, Jammu; MPS, Srinagar; Traffic Manager Load, Jammu; Traffic Manager Load, Srinagar.

Average trucks operated during the period 2014-15 to 2018-19 ranged between 59 *per cent* and 73 *per cent* of the fleet strength, while the detention for want of repairs during the same period was between 14 *per cent* and 32 *per cent.* Trucks remaining idle increased from five *per cent* in 2014-15 to 27 *per cent* in 2018-19.

The Targets and Achievement of the truck units for the period from 2014-15 to 2017-18 is given in Table 6.1.11.

Table 6.1.11: Unit-wise targets and Achievement in respect of truck fleet

Name of unit	Year	Common fleet held	Targets fleet operative	Achievement of operative	Less operative (*per cent*)	Targets of revenue (₹ in lakh)	Achieve-ment of revenue (₹ in lakh)	Shortfall in revenue (₹ in lakh) (*per cent*)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
T.M[27]. (Load) Jammu	2014-15	112	84 (75)	63 (75)	21 (25)	1,326.51	1,075.21	251.30 (19)
	2015-16	110	83 (75)	57 (69)	26 (31)	1,374.30	985.59	388.71 (28)
	2016-17	106	90 (85)	67 (74)	23(26)	1,664.52	1,160.09	504.43 (30)
	2017-18	112	95 (85)	70 (74)	25 (26)	1,634.04	1,183.87	450.17 (28)
	2018-19	Targets were not fixed						
	Total					**5999.37**	**4404.76**	**1,594.61**
T.M. (Load) Srinagar	2014-15	222	167 (75)	148 (89)	19 (11)	2,807.60	2,289.04	518.56 (18)
	2015-16	196	147 (75)	142 (97)	2 (01)	2,372.68	2,302.10	70.58 (3)
	2016-17	193	164 (85)	133 (81)	31 (19)	2,777.97	2,359.32	418.65 (15)
	2017-18	187	159 (85)	123 (77)	36 (23)	2,668.24	2,254.20	414.04 (16)
	2018-19	Targets were not fixed						
	Total					**10,626.49**	**9,204.66**	**1,421.83**
	Grand Total					**16,625.86**	**13,609.42**	**3,016.44**

(Source: Progress Reports of units, figures in parenthesis are in per cent, targets of 2018-19 not fixed)

Shortfall of target of revenue from operation of the truck fleet during the period 2014 to 2018 ranged between one *per cent* and 31 *per cent*, despite the fact that targets were fixed on the basis of 75 *per cent* to 85 *per cent* of the total available fleet. This led to overall shortfall of ₹ 30.16 crore in revenue targets during the period from 2014 to 2018.

On this being pointed out (June 2019), the Traffic Manager (Load), Srinagar stated that due to abolition of SRO (*Sadriya Riyasat Order)* 157[28] the demand has reduced and revenue earning got affected to a large extent. It was also stated that 44 trucks are lying idle for want of drivers. The Traffic Manager, Jammu stated that shortfall in achievement of targets is due to heavy detention of vehicles at the workshop.

The Managing Director stated (January 2020) that targets were fixed on basis of age of fleet and detentions. However, targets could not be achieved due to decline in trained manpower in workshops, prevailing situation in the valley, shortage of drivers, etc.

The reply is not acceptable as the Corporation is hiring trucks from other private agencies for carriage and simultaneously keeping its own trucks idle. This indicates that

[27] Traffic Manager.

[28] As per SRO 157, it was mandatory for the Government departments to utilise services of JKSRTC.

despite demand, the Corporation failed to effectively utilise its truck fleet. In addition, the Corporation could have utilised the drivers attached to vehicles undergoing maintenance and repairs, effectively on fleet duty.

6.1.10.1 Detentions in respect of truck fleet

Scrutiny of records in two units handling the truck fleet revealed that despite keeping provision[29] for detention of 15 *per cent* to 25 *per cent* of net fleet strength during the period from 2014 to 2019, there was excess detention of vehicles at workshops. It was noticed that during the period from 2014 to 2019, the average excess detention of vehicles ranged between four to 13 vehicles per day of the truck fleet as detailed in Table 6.1.12.

Table 6.1.12:
Unit-wise detention of truck fleet at workshops for repair and maintenance during 2014-15 to 2018-19

Name of units	Year	Average Net Fleet[30] held	Average Fleet operated	Average Fleet detained (*per cent*)	Provision of detention for the year	Average Excess detention above the provision	Average net revenue earned per vehicle/ Day (₹)	Revenue impact due to excess detention (₹ in lakh)
1	2	3	4	5	6	7	8	9=7x8x365
T.M. (Load), Jammu	2014-15	109	63	38 (35)	27 (25)	11	4,631	185.93
	2015-16	108	57	40 (37)	27 (25)	13	4,705	223.25
	2016-17	107	67	27 (25)	16 (15)	11	5,333	214.12
	2017-18	107	70	24 (22)	16 (15)	08	5,512	160.95
	2018-19	112	75	23 (21)	17 (15)	06	5,743	125.77
(A) Total								**910.02**
T.M. (Load), Srinagar	2014-15	216	148	63 (29)	54 (25)	09	4,196	137.84
	2015-16	206	142	55 (27)	51 (25)	04	4,503	65.74
	2016-17	185	133	35 (19)	28 (15)	07	4,822	123.20
	2017-18	156	123	20 (13)	23 (15)	No excess detention	5,260	0
	2018-19	198	110	16 (08)	30 (15)		5,991	0
(B) Total								**326.78**
Total (A+B)								**1,236.80**

(Source: Progress reports of units, figures in parenthesis are in per cent, targets of 2018-19 not fixed)

As is clear from Table 6.1.12, the detention of truck fleet in excess of the norms fixed for each year had an overall impact of ₹ 12.37 crore[31] on the revenue earnings of the Corporation during the period from 2014 to 2019. Despite the fact that there were two full-fledged workshops catering to the requirement of repair and maintenance for truck fleet, the Corporation failed to limit the extra idle detention period of truck fleet due to lack of spares, tyres, etc.

It was further noticed that the detention was also not only on account of repairs at workshops but also vehicles were grounded due to non- availability of drivers as described hereunder:

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29 As indicated in the targets for the years 2014-15 to 2017-18. Since targets for 2018-19 were not fixed provisions of 2017-18 have been indicated.

30 Total fleet except those kept for auction or transferred to other units.

31 Traffic Manager (Load), Jammu: 2014-15: ₹ 185.93 lakh; 2015-16: ₹ 223.25 lakh; 2016-17: ₹ 214.12 lakh; 2017-18: ₹ 160.95 lakh and 2018-19: ₹ 125.77 lakh and Traffic Manager (Load), Srinagar: 2014-15: ₹ 137.84 lakh; 2015-16: ₹ 65.74 lakh; 2016-17: ₹ 123.20 lakh; 2017-18: NIL and 2018-19: NIL.

Scrutiny of records (July 2019) in the office of Traffic Manager (Load), Jammu revealed that drivers were not available for an average of six vehicles during the period January 2019 to March 2019, which had a revenue implication to the extent of ₹ 35.48 lakh. It was stated that maximum drivers retired in the period from 2018 to 2019, as a result of which the vehicles were grounded.

Similarly, in the Office of the Traffic Manager (Load), Srinagar, 17,671 vehicle days were lost due to non-availability of drivers which resulted in loss of potential revenue of ₹ 10.80 crore during the period from 2018 to 2019. Although drivers were available at workshops with detained vehicles, they were not deployed by the Corporation.

In reply, the Managing Director stated (January 2020) that due to shortage of adequately trained manpower at workshops, non-availability of spare parts and financial crunch, there was detention of vehicles.

6.1.10.2 Non-fulfillment of demand of goods carrier vehicles

As per *Sadriya Riyasat Order* (SRO) 157 of 26 April 2001, the Government Departments had to hire trucks from JKSRTC only, as per need. The Government Departments were required to obtain No Objection Certificate (NOC) from JKSRTC before hiring from Private entities. The Corporation also had the flexibility of Contract Hiring of Trucks (CHT) from private transporters based on the demand of goods carriage vehicles. This SRO 157, was however, abolished on March 2018.

Test check of Traffic Manager (Load), Jammu revealed that the Corporation had not assessed the requirement of trucks for carriage of goods for the period from 2014 to 2019. Even the total demand could not be furnished to Audit by the unit in Srinagar.

The demand and supply of operation for goods carriage including Contract Hiring of Trucks (CHT) from Private transporters is given in Table 6.1.13.

Table 6.1.13: Demand and supply of trucks required on various occasions for goods carriage

(Unit number of occasions)

Year	TM, Jammu				TM, Srinagar			
	Demand	Supply		Shortfall	Demand	Supply		Shortfall
		JKSRTC	CHT			JKSRTC	CHT	
2014-15	46,655	7,805	31,639	7,211	The Srinagar Unit had not maintained this data	-	-	Could not be assessed due to non-provision of information by the unit
2015-16	62,758	10,434	41,274	11,050		26,925	26,777	
2016-17	70,830	12,378	56,720	1,732		39,803	28,995	
2017-18	64,101	13,426	49,851	824		38,558	34,049	
2018-19	66,936	14,679	50,041	2,216		36,805[32]	--	
Total	**3,11,280**	**58,722 (19)**	**2,29,525 (74)**	**23,033 (7)**				

(Source: Records of the Corporation)

As observed in Audit, despite purchase of new 63 trucks during 2018-19, the Traffic Manager (Load), Jammu could not supply adequate vehicles as per the demand in Jammu Division. It was also, noticed that on one hand, the Corporation was hiring trucks from private entities in Jammu while keeping its trucks idle at Srinagar as detailed in paragraph 6.1.10.1. The Jammu unit of the Corporation could cater only to

32 Total deployment was made only on 1,211 occasions.

19 *per cent* demand from its own fleet during period from 2014 to 2019 for supply of trucks required for carriage of goods. Despite engaging private contractor for meeting the bulk requirement (74 *per cent*), there was a shortfall of seven *per cent* in meeting the overall demand. Demand of trucks was not assessed at Srinagar, as a result the rationale for allocation of trucks among the two units could not be assessed in Audit. It was seen that although 36,805 truck days were available, only 1,211 were deployed by JKSRTC in Srinagar in 2018-19.

On this being pointed out (June 2019) in Audit, it was stated by the Traffic Manager (Load), Jammu that the fleet strength of JKSRTC is less as compared to CHT Contractor, due to which share of CHT Contractor is higher in meeting the demand of the Food Civil Supplies and Consumer Affairs (FCS&CA) and other Government Departments. This also indicates that actual requirement was not assessed at the Corporate level. It is to mention that 36 to 100 trucks of Corporation remained idle for want of drivers (April 2018 to March 2019) in office of the Traffic Manager (Load), Srinagar which comprised 19 to 50 *per cent* of available operative truck fleet of 201 in the unit.

The Managing Director accepted (January 2020) the findings of Audit and stated, that every effort shall be made to meet the demand.

The non-supply of adequate trucks as per demand of goods carriage vehicles by the Corporation, despite a provision of hiring from private sources, led to an opportunity of generating revenue being lost.

6.1.10.3 Non-recovery of outstanding amounts

The Corporation transports goods of Government Departments and gets a receipt (Challan) as a proof of delivery of goods at destination, based on which bills are raised against each Department. The amounts outstanding from Government Departments was ₹ 16.64 crore as on 31 March 2019 in respect of 52 offices as detailed in ***Appendix 6.1.8***. Scrutiny of records (July 2019) in the office of Manager (Load), Jammu, revealed that out of the ₹ 16.64 crore outstanding as on 31 March 2019, an amount of ₹ 10.16 crore[33] was outstanding against Food, Civil Supplies and Consumer Affairs Department alone since last three to six years. Included in this amount was ₹ 45.58 lakh[34] which has not been received due to non-production of goods delivery challans.

The Managing Director stated (January 2020) that matter is being pursued regularly to clear the outstanding amount.

Although the Corporation was running at a substantial loss, the efforts to recover outstanding amounts from the concerned Departments/ agencies was inadequate.

6.1.11 Procurement

The Corporation purchases its buses and trucks out of grants provided by the Government under different schemes as there are no internal resources to fund

[33] 2013-14: ₹ 2.29 crore; 2014-15: ₹ 1.65 crore; 2015-16: ₹ 5.89 crore; 2016-17: ₹ 0.33 crore.

[34] 2014-15: ₹ 2.52 lakh; 2015-16: ₹ 1.95 lakh: 2016-17: ₹ 7.83 lakh; 2017-18: ₹ 11.75 lakh; 2018-19: ₹ 23.53 lakh.

the capital expenditure. The Corporation auctioned 348 condemned vehicles (234 buses and 114 trucks) during the period from 2014-15 to 2018-19, against which it could replace only 142 vehicles (66 new buses[35] and 76 new trucks[36]).

In its vision document (July 2018), the Corporation projected a requirement of 1,500 buses and 1,000 trucks. However, it did not initiate any major action to purchase new vehicles by financing from its own resources, other financial institutions or from the Government. This was indicative of the fact that neither the Government nor the Corporation was taking effective steps in enhancing its fleet strength. Due to inadequate fleet strength, the operational revenue of the Corporation did not increase and it was solely dependent on Government grants even for meeting its establishment expenditure.

6.1.11.1 Short deduction of penalty

The Corporation placed (December 2017) supply orders for purchase of 32 fully built up, 44 seater BS IV buses. As per the supply order, the buses were to be delivered within a period of 60 days from the issue of the order. Penalty of ₹ 800 and ₹ 1,600 per vehicle per day was to be deducted from the final bill, for delays in delivery upto 15 days and beyond 15 days respectively.

Scrutiny of records revealed that Corporation had received 32 buses and deducted ₹ 12.48 lakh from the final bill on account of delays ranging between 30 and 33 days. However, the actual delay in receipt of these buses had ranged between 44 days and 47 days[37] and the supplier was liable to pay ₹ 23.49 lakh. Non-recovery of penalty at prescribed rates, resulted in short deduction of ₹ 11.01 lakh.

On this being pointed out (February 2019) it was stated that (August 2019) the recovery shall be affected after consultation with the General Manager (Passenger and Services).

6.1.11.2 Purchase of other parts

As per the Purchase/ Operational Manual, the Corporation was required to categorise the components of purchase in to ABC category[38], periodically review the stock level at the Headquarters, carryout the stock verification of stores and carryout Vital Essential Desirable (VED) analysis of the consumption/ wear and tear of vehicle parts. The purchase of tyres, batteries, other spares parts is made through designated Committees; Departmental Purchase Committee (DPC) I for bulk purchase and DPC II for small purchases. An expenditure of ₹ 28.47 crore[39] was incurred on procurement of tyres, tubes, accessories, batteries and spares during the period 2014-15 to 2018-19.

Audit examined the process of raising of requirement and purchase of tyres and batteries. To assess timeliness and efficiency of supply of tyres and batteries, the details

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[35] 2014-15: Nil; 2015-16: 02: 2016-17: 16; 2017-18: 32; 2018-19:16

[36] 2014-15: Nil; 2015-16: Nil: 2016-17: 13; 2017-18: 63; 2018-19: Nil.

[37] Eight buses: 44 days; 12 buses: 46 days and 12 buses: 47 days.

[38] Category A Vehicles/ Engine complete built up, Category B Bus tyre, battery, HSD and Category C spares and other small parts.

[39] Tyres/ Tubes/ Flaps: ₹ 11.45 crore; Battery: ₹ 1.08 crore; Spares: ₹ 15.94 crore.

of requirements and purchases of tyres and batteries made by the Corporation during the period from 2014 to 2019 is given in Table 6.1.14.

Table 6.1.14: Year-wise purchase of tyres and batteries

(*unit in numbers*)

Year	Requirement		Actually purchased		Shortfall	
	Tyres	Batteries	Tyres	Batteries	Tyres	Batteries
(1)	(2)	(3)	(4)	(5)	(6)= (2-4)	(7)= (3-5)
2014-15	1,460	488	1,110	430	350	58
2015-16	2,090	585	1,686	483	404	102
2016-17	1,453	360	1,222	82	231	278
2017-18	1,332	492	886	207	446	285
2018-19	696	Not assessed	536	Nil	160	-
Total	**7,031**	**1,925**	**5,440**	**1,202**	**1,591**	**723**

(Source: Information provided by the Corporation)

As against the requirement of 7,031 tyres and 1,925 batteries only 5,440 tyres (77 *per cent*) and 1,202 batteries (62 *per cent*) were purchased. Moreover, the Corporation did not assess the requirement of its spares, batteries, tyres, etc. at the start of the financial year. The requisitions were being made throughout the year. As a result, the Corporation had to place the supply orders from time to time which led to unavailability of these components causing extended periods of detention of vehicles at workshops. This had an impact on operation of vehicles.

The Managing Director stated (January 2020) that due to paucity of funds, the components could not be maintained on VED basis. The Managing Director further stated (January 2020) that efforts shall be made to avoid the detention on account of spare parts, etc.

6.1.12 Management of Workshops

Audit examined records of five[40] (out of a total of eight) workshops to assess their functioning. The repair of engines is carried out by two Central Workshops[41] out of which the workshop at Jammu was selected for Audit scrutiny. It was noticed that there was excess periods of detention of vehicles for want of engine repair, spares, tyres, batteries, etc.

Audit also carried out the analysis of detention of vehicles beyond the prescribed period of 15 days in the workshops to ascertain whether the Corporation was able to manage the workshops in an efficient manner. It was seen that there was no defined timelines for out-shedding of vehicles in these workshops, which resulted in huge delays in repair and maintenance.

In the sampled four workshops[42], it was seen that, during the period from 2014-15 to 2018-19, 976 vehicles were detained for 60,959 vehicles days[43] beyond the allowed

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[40] Load, Jammu; Load, Srinagar; PMD, Jammu; PMD, Srinagar; Central Workshop, Jammu.

[41] One each at Jammu and Pampore.

[42] Load, Jammu: 295 trucks for 10,796 days; Load, Srinagar: 64 trucks for 2,853 days; PMD, Jammu: 380 buses for 30,127 days; PMD, Srinagar: 237 buses for 17,183 days.

[43] The detention period has been calculated only for those vehicles which were detained for more than 15 days in the workshop.

15 days detention period for want of annual fitness, spares, tyres and engine overhauling etc., which impacted the revenue earnings of the Corporation by ₹ 50.18 crore[44] as detailed in the ***Appendix 6.1.9***.

The Central Workshop, Jammu had a requirement of 62 personnel as intimated by Deputy General Manager. However, only 22 to 16 personnel were working on an average in the workshop, during the period 2014 to 2019. Audit analysis revealed that 174 vehicles[45] remained in Central Workshops Jammu during this period, for engine repair/ spare parts over a period of 15,984 vehicle days which impacted the revenue earnings of the Corporation by ₹ 6.40 crore[46].

In reply it was stated that detention was due to non-availability of adequate manpower, spares, outdated tools and machinery which was more than 15 years old and non-availability of power back-up.

The Managing Director stated (January 2020) that due to financial crisis the spares parts were not available. It was also stated that staff strength of the Corporation was poor. However, the fact remains that the Corporation failed to assess the basic requirements of the workshop which includes adequate manpower, skilled technicians, electricity, spares, tyres, and other accessories leading to unnecessary extended detention of vehicles. The facility of electricity was limited at the unit resulting in consumption of 0.53 lakh litre of HSD during the period 2014 to 2019. This was due the fact that regular power supply was discontinued (August 2012) due to non-payment of electricity dues.

6.1.13 Management of Fixed Assets

Prudent Asset Management is one of the important requirements of any commercial undertaking, especially when the Corporation is running at huge losses. Audit scrutiny of records of 29 properties[47] held by the Corporation, revealed that title/ transfer papers were not available in respect of seven[48] properties.

The deficiencies observed in management of fixed assets by the Corporation is detailed in the Table 6.1.15.

44 Load, Jammu: 10,796 days, ₹ 5.42 crore; Load, Srinagar: 2,853 days, ₹ 1.43 crore; PMD, Jammu: 30,127 days, ₹ 38.05 crore; PMD, Srinagar: 17,183 days, ₹ 5.28 crore.

45 150 buses for 14,651 vehicle days and 24 trucks for 1,333 vehicle days.

46 Calculated on the basis of average revenue collected through operations of a truck/ bus during each year.

47 Kashmir: 14; Jammu: 13; Ladakh: 2

48 1. Load bearing structure (two storied) at TRC, Srinagar, 2. Load bearing structure office and workshop at Bypass, Bemina, 3. Depot office and office block at Anantnag; 4. Load bearing structure at Sopore, 5. PMD Workshop at Narwal Jammu, 6. Land at office of Traffic Manager Load, Jammu 7. Land at Load Workshop Narwal, Jammu.

Table 6.1.15: Status of test-checked cases out of 29 properties held by the Corporation

Sl. No.	Name of property	Area	Remarks
1.	Load bearing structure situated at TRC (Workshop and office single and two storied respectively) Srinagar.	Out of 485 kanals, 22 *kanals* taken over by the Government for construction of Tehzeeb Mahal	20 *kanals* handed over to Art and Culture Department during 2012. Although 23 *kanals* of alternate land was identified by the Government at Nowgam, alternate land yet to be received.
2.	Hotel Building three storied Load bearing structure with CGI roofing plus vacant land situated at Lal Chowk, Srinagar	32 room shops of the building and hotel rooms under Jammu and Kashmir Tourism Development Corporation (JKTDC) on 6 *kanals* of land.	The rent agreement was not on record and no rent was being paid by the JKTDC. Out of 29 shops only 14 were paying the rent while remaining 15 had not paid rent since 2012. No concrete steps were taken to recover the rent or cancel the rent arrangements of shops and properties.
3.	Land situated at Budgam Kashmir	6.5 *kanals*	Land purchased by JKSRTC but title yet to be transferred.
4.	Central Workshop main building and two workshop buildings at Pampore, Kashmir (Load bearing structure)	82 *kanals*	Out of 182 *kanals,* 100 *kanals* were transferred to Planning and Development Department. Land evaluation and the amount to be received was awaited.
5.	Open land situated at Pulwama, Kashmir	20.11 *kanals*	Although ₹ 20.82 lakh has been deposited with the Deputy Commissioner, Pulwama but the land has not been allotted.
6.	Open land situated at Zangli, Kupwara	4 *kanals*	Reasons for non utilisation of land gainfully were not intimated.
7.	Regional Office, Jammu	31.01 *kanals*	Land measuring 13 *kanals* transferred to other Departments however, no compensation/ cost was provided to the Corporation. Action taken for claiming/ recovery of compensation was awaited.
8.	Central Workshop, Jammu	21.17 *kanals*	Out of 110 *kanals* of land at Central Store, Vikram Chowk Jammu only 21 *kanals* was under occupation with the Corporation, as the land was provided for road widening and construction of Kala Kendra. However, against the alternate land of 600 *kanals* to be provided, only 56 *kanals* had actually been provided to the Corporation. No action was taken for claiming the balance 544 *kanals* of land.
9.	Depot Office, Udhampur	29.01 *kanals*	The Depot Office at Udhampur is under occupation with CRPF since 1994. Action taken to recover the rent and evacuation of property was awaited in Audit.

(Source: Records of the Corporation)

Thus, the failure to acquire the ownership title of properties, get the valuation of properties done, reclaim the properties under occupation of other authorities, non-recovery of adequate compensation of land transferred, non-utilisation of properties under possessions to optimum level, non-renewal of leases, etc., indicated that the Corporation was not managing its assets efficiently.

The Managing Director, accepting the observation, stated (January 2020) that a Committee shall be formed to oversee the ownership issues and prudent utilisation of property.

6.1.14 Manpower Management

The prime responsibility of the Management is to ensure that the appropriate official is assigned the right duty/ assignment. The manpower needs to be regulated as per the sanctioned strength. The sanctioned strength of posts, men in position (MIP) and vacant posts during the period from 2014-15 to 2018-19 is depicted in Table 6.1.16.

Table 6.1.16: Year-wise sanctioned strength and men in position

(in Numbers)

Name of posts	Sanctioned strength	2014-15		2015-16		2016-17		2017-18		2018-19	
		MIP	Vacant	MIP	Vacant	MIP	Vacant	MIP	Vacant	MIP	Vacant
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Managing Director	1	1	0	1	0	1	0	1	0	1	0
JMD/ FA & CAO	2	2	0	2	0	2	0	2	0	2	0
General Manager	5	2	3	1	4	2	3	3	2	3	2
DGM	6	2	4	1	5	5	1	5	1	5	1
AD Planning	1	1	0	1	0	1	0	1	0	1	0
DAO	2	2	0	2	0	2	0	1	1	1	1
TM	16	6	10	6	10	5	11	9	7	7	9
WM	8	8	0	8	0	5	3	5	3	5	3
Driver	1,245	512	733	499	746	538	707	515	730	498	747
Conductor	700	402	298	395	305	362	338	311	389	300	400
Other	1,617	1,188	429	1,170	447	1,022	595	1,050	567	1,027	590
Total	**3,603**	**2,126**	**1,477**	**2,086**	**1,517**	**1,945**	**1,658**	**1,903**	**1,700**	**1,850**	**1,753**
As *per cent* of sanctioned strength		**59**	**41**	**58**	**42**	**54**	**46**	**53**	**47**	**51**	**49**

(Source: Information provided by the Corporation)

As against the overall sanctioned strength of 3,603 posts, the men in position decreased from 2,126 in 2014-15 to 1,850 in 2018-19, thereby leading to steady increase in the number of vacant posts from 41 *per cent* to 49 *per cent*.

As per the Manual of Operations, the standard vehicle to manpower ratio of 1:3 has been adopted by the Corporation. It was observed that the vehicle manpower ratio[49] of Corporation during the period 2014-2015 to 2018-19 ranged between 1:2.32 and 1:2.55 which was below the standard ratio of 1:3. The maximum number of vacancies were in respect of drivers and conductors. An Audit analysis was carried out in respect of drivers/ conductors detained with vehicles in workshops. It was observed that in three[50] units of Jammu region, detention of drivers with vehicles at workshops ranged between 129 and 225 days during the period from 2014-15 to 2018-2019, while that of conductors ranged between 12 and 73 days. Similarly, in two[51] units of Kashmir region, the detention of drivers at workshops during the period 2014 to 2018, ranged between 58 and 73 days, while in respect of conductors it ranged between 12 and 42 days. The payment made to these idle drivers/ conductors assigned to vehicles at workshops amounted[52] to ₹ 44.95 crore[53] during the period from 2014 to 2019.

As test drivers are available in workshops, detention of regular driver/ conductors of vehicles in workshops along with their vehicles was not required, the payment of ₹ 44.95 crore towards salary to the idle drivers/ conductors was avoidable apart from non-utilisation of their services elsewhere.

49 2014-15: (1:2.32); 2015-16: (1:2.54); 2016-17:(1:2.47); 2017-18: (1:2.55); 2018-19: (1:2.32)
50 MTS, Jammu; MPS, Jammu; TM, Load Jammu.
51 MPS, Srinagar; TM, load Srinagar.
52 Worked out on the basis of average salary of driver/ conductor during each year.
53 Drivers: ₹ 26.45 crore; Conductors: ₹ 18.50 crore.

6.1.15 Internal control

The following points related to the internal control mechanism were noticed:

- Only ten Meetings of the Board were held during the period 2014 to 2019 although 20 were required to be held as per the JKSRTC Act.
- As per the Manual of Operations, the monthly meetings with head of units was to be held at General Manager Level. In Jammu Division, only eight and 15 meetings were held at GM level during 2017-18 and 2018-19 respectively. The record and information regarding meetings conducted by GM, Srinagar was not produced/ furnished to audit.
- The Management had not done any administrative inspections of Units at GM level. It was also noticed that the time table for departure/ arrival of buses in the Depots was not available on display boards in the bus terminals.
- No records were maintained at GM level for vigilance checks except by GM, Jammu who intimated that 19 vigilance checks were made during the period 2018 to 2019.
- In MPS, Jammu the flying squad for *en-route* checking of tickets was not functional from April 2014 to November 2018.
- There was no online booking facility provided by the Corporation except in the Delhi-Jammu route.
- No survey was conducted by the Corporation to ascertain the satisfaction level of commuters with respect to services provided by the Corporation.
- Scrutiny also revealed that three non-commercial vehicles were provided to non-entitled officers[54] without any approval from higher authorities. Test check of three log books out of 15 which were made available to Audit, revealed that Petrol Oil Lubricants (POL) of 50,023 liters was issued during the period from 2014 to 2019 for vehicles used by non-entitled officers which added further ₹ 25.01 lakh to the loss of Corporation.
- Under section 146 read with section 140 of the Motor Vehicle Act, 1988, there is a requirement for taking insurance against third party risk by the operator. The Government exempted[55] the Corporation from third party insurance subject to condition that it will maintain a separate fund for the purpose and financial statutory obligation of the Motor Accidents Claim Tribunal (MACT). However, the Corporation had not maintained separate fund which resulted in violation of the Government order and during the period 2014-15 to 2018-19 the Corporation had paid ₹ 6.86 crore as compensation[56] to third party claimants.

The Managing Director (January 2020) stated that serious efforts shall be made to improve the internal control mechanism for the Corporation and Audit shall be intimated accordingly.

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[54] DGM, Manager and other subordinate staff.
[55] Vide Government Order No. 21-TR 2005 dated 23.3.2005
[56] Including penal interest.

6.1.16 Conclusions

The Corporation, did not frame any viable long term and short term plan for its revival. The parameters adopted for fixing of targets as well as day to day operations were not framed in consultation with operational unit heads and the targets fixed were not achieved fully. Further, the operational performance suffered due to under utilisation of vehicles, running of buses on non-profitable/ non-viable routes, skipping of scheduled journeys, less plying of fleet on Interstate routes, idling of vehicles, etc. The Corporation could not ply the vehicles in remote areas to fulfill its obligations. Management of workshops suffered due to lack of basic infrastructure, timely supply of spares, tyres, batteries, skilled manpower, leading to huge detention/ idling of vehicles and impacted its earnings. Weakness of internal controls was evident from non-holding of prescribed number of board meetings/ monthly meetings, non-conducting of regular inspections/ vigilance checks etc. The overall financial implication of this audit intervention is ₹ 737.57 crore.

6.1.17 Recommendations

The Management may consider to:

- *Optimise the planning parameters as per Operational Manual and frame the realistic targets. Besides, the long term planning needs to be formulated to make the Corporation self-reliant.*
- *The operational losses need to be minimised by improving on utilisation and performance of available fleet of vehicles. The manpower available in the Corporation should be utilised optimally to prevent idling of staff/ vehicles, in order to improve overall performance. Besides, proper surveys to ascertain the viability and profitability of routes should be conducted before starting new operations.*
- *The Corporation may consider creating separate verticals for operation of buses and trucks as independent cost/ profit center to exercise better financial and operational control.*
- *The assets of the Corporation may be used prudently after obtaining their title, and a time bound programme to replace age old fleet with new vehicles be taken up after proper surveys so as to ensure profitability.*
- *The procurement of spares/ tyres etc. in a time bound manner be ensured to avoid unnecessary detention of vehicles and manpower at workshops.*
- *The internal control mechanism needs to be strengthened.*