

Chapter -2

Financial and Operational Performance

2.1 Financial Position and working results

The financial position of the Roadways for the five years' period of 2015-20 could not be worked out as the Proforma accounts are in arrears since 2015-16. The Proforma accounts for 2015-16 submitted by department to audit on 08th September 2021, had certain inconsistencies compared to the tentative working results made available to audit during the Performance Audit. In order to adopt a uniform approach and make a comparable assessment of revenue receipts and expenditure, operating revenues expenditure and other components, data on various financial and operating parameters for the period 2015-16 to 2019-20 compiled by office of the Director State Transport on the basis of monthly working results received from the General Manager of each depot was used for analyses, as given in **Table 2.1**.

Table 2.1: Provisional working results for the period 2015-20

Sr. No.	Description	2015-16	2016-17	2017-18	2018-19	2019-20
1	Total Revenue ¹	1,254.01	1,265.13	1,273.42	1,189.53	1,105.77
2	Operating Revenue ²	1,152.96	1,160.29	1,151.20	1,082.35	998.84
3	Total Expenditure	1,740.63	1,862.86	1,948.39	2,038.15	1,979.73
4	Operating Expenditure ³	1,688.02	1,809.71	1,885.83	1,959.80	1,899.47
5	Operating Loss (4-2)	535.06	649.42	734.63	877.45	900.63
6	Loss for the year (3-1)	486.62	597.73	674.97	848.62	873.96
7	Accumulated Loss	3,767.02	4,364.75	5,039.72	5,888.34	6,762.29
8	Fixed Costs					
	(i) Personnel Costs ⁴	786.35	830.83	890.61	922.77	1,060.71
	(ii) Depreciation	42.75	40.75	43.36	43.75	43.75
	(iii) Interest	37.50	38.50	38.15	38.50	38.50
	(iv) Other Fixed Costs ⁵	195.55	210.68	223.68	230.42	240.83
	Total Fixed Costs	1,062.15	1,120.76	1,195.80	1,235.44	1,383.79
9	Variable Costs					
	(i) Fuel – Diesel	465.89	522.23	516.73	568.03	486.07
	(ii) Tyres and Tubes, oil and spare parts	76.52	78.82	74.63	68.19	71.96
	(iii) Other Variable Costs ⁶	136.07	141.05	161.23	166.49	37.91 ⁷
	Total Variable Costs	678.48	742.10	752.59	802.71	595.94

¹ Figures of Finance Accounts and data included in table do not match as DST Haryana supplied the data on the basis of consolidated monthly working results which were compiled by DST Haryana for the period 2015-20.

² Operating revenue includes sale of tickets, advance booking, passes and season tickets, re-imburement against concessional passes, etc.

³ Operating expenditure includes expenses on diesel, overtime, Spare parts, repair and maintenance, Salary and wages, Motor Vehicle Tax, etc.

⁴ Salary and wages.

⁵ Ex-gratia, Motor Vehicle Tax and direction charges, etc.

⁶ Overtime (till November 2018), Travelling Allowance and overhauling of bus engines.

⁷ The reason for sharp decline in other variable costs from 2018-19 to 2019-20 was abolition of the overtime policy with effect from November 2018.

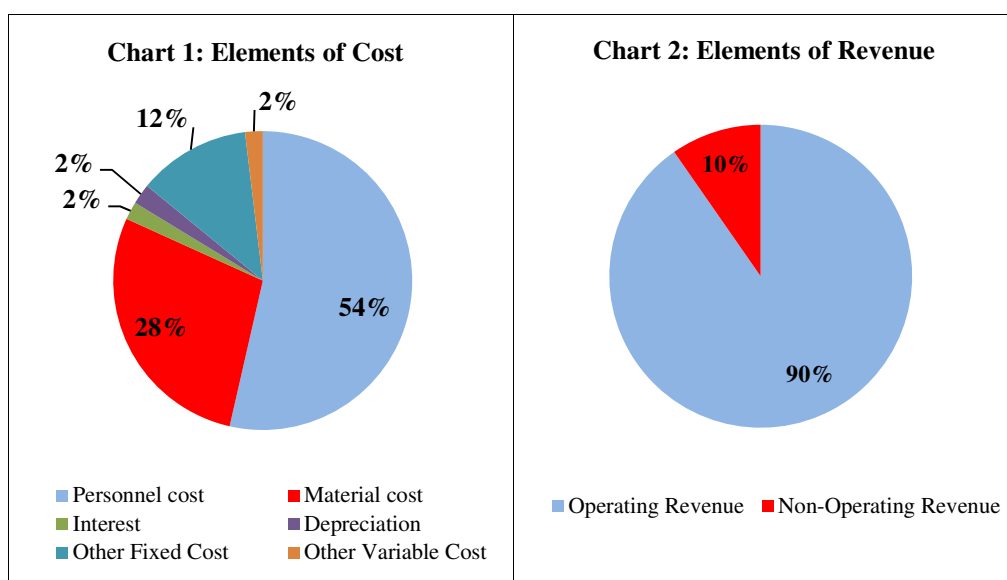
Sr. No.	Description	2015-16	2016-17	2017-18	2018-19	2019-20
10	Effective kms operated (in Lakh)	4,589.28	4,601.87	4,299.96	4,053.07	3,701.41
11	Earnings per km (In ₹) (1/10)	27.32	27.49	29.61	29.35	29.87
12	Fixed Cost per km (In ₹) (8/10)	23.15	24.35	27.81	30.48	37.39
13	Variable Cost per km (in ₹) (9/10)	14.78	16.13	17.50	19.81	16.10
14	Cost per km (in ₹) (3/10)	37.93	40.48	45.31	50.29	53.49
15	Net loss per km (in ₹) (14-11)	10.61	12.99	15.70	20.94	23.62
16	Traffic Revenue per km (in ₹) (2/10)	25.12	25.21	26.77	26.70	26.99
17	Operating loss per km (in ₹) (5/10)	11.66	14.11	17.08	21.65	24.33

Total revenue of Haryana Roadways marginally increased from ₹ 1,254.01 crore in 2015-16 to ₹ 1,273.42 crore in 2017-18 and thereafter the revenue declined to ₹1,189.53 crore in 2018-19 and further decreased to ₹ 1,105.77 crore in 2019-20. Total expenditure has shown a continuous increase during 2015-16 to 2018-19 and showed marginally decrease in 2019-20. The roadways incurred losses in all the years and accumulated losses increased from ₹ 3,767.02 crore to ₹ 6,762.29 crore during 2015-20. The reasons for increase in losses were decreasing vehicle productivity (*Paragraph 2.3.2.2*), decreasing load factors (*Paragraph 2.3.2.3*), increase in manpower cost due to deployment of excess operational staff (*Paragraph 2.6*) and bus fare not commensurate with the increasing operational cost of the roadways (*Paragraph 2.7*).

During exit conference, the department confirmed the facts and figures.

2.1.1 Elements of cost and revenue

Personnel costs and material costs constitute the major elements of cost. Break-up of cost and revenue for 2019-20 are given in *Chart 1 and 2*, respectively.



2.2 Fund Management

2.2.1 Trend of revenue receipt and revenue expenditure

The main source of income of Operational wing of Transport Department is operating revenue which is on account of sale of tickets, advance booking, passes and season tickets, re-imburement against concessional passes, etc. The budget estimates and the actual receipts of the operation wing (Transport Department) during the period 2015-20 are detailed in the *Table 2.2*.

Table 2.2: Details of budget estimates and the actual receipts of the Operational wing
(₹ in crore)

Year	Estimated Receipts submitted by Transport Department to Finance Department	Budget estimates approved by Finance Department	Actual receipts	Short (in per cent)	Operational Revenue (In per cent against actual receipts)
2015-16	1,325.00	1,450.00	1,254.01	195.99 (14)	1,152.96 (92)
2016-17	1,370.00	1,865.00	1,265.13	599.87 (32)	1,160.96 (92)
2017-18	1,365.00	1,970.00	1,273.42	696.58 (35)	1,151.20 (90)
2018-19	1,480.00	2,000.00	1,189.53	810.47 (41)	1,082.35 (91)
2019-20	1,345.00	2,000.00	1,105.77	894.23 (45)	998.84 (90)
Total	6,885.00	9,285.00	6,087.86	3,197.14 (34)	5,546.31 (91)

Source: Budget documents and information regarding actual receipts provided by DST, Haryana.

Actual receipts decreased from ₹ 1,254.01 crore to ₹ 1,105.77 crore during 2015-20 and the shortfall in actual receipts over budget estimates increased from 14 per cent in 2015-16 to 45 per cent in 2019-20. Revenue from operations, which is the main source for receipts, also decreased from ₹ 1,152.96 crore to ₹ 998.84 crore during the same period. Every year, the budgeted estimate of receipts fixed by the Finance Department were substantially higher than the receipts projected by the Transport Department. During the five year period, against the projected receipt of ₹ 6,885 crore by Transport Department, Finance Department budgeted receipt of ₹ 9,285 crore, while the actual receipt was ₹ 6,087.86 crore (34 per cent less than the budgeted estimate). Justification for higher estimation of the receipts by Finance Department was not available on record.

The budget estimates and the actual revenue expenditure of the operational wing (Transport Department) during the period 2015-20 are detailed in the *Table 2.3*.

Table 2.3: Details of budget estimates and actual revenue expenditure
(₹ in crore)

Year	Budget estimates	Actual expenditure	Savings (in per cent)
2015-16	2,029.53	1,740.63	288.90 (14)
2016-17	2,149.43	1,862.86	286.57 (13)
2017-18	2,240.79	1,948.39	292.40 (13)
2018-19	2,253.20	2,038.15	215.05 (10)
2019-20	2,296.30	1,979.73	316.57 (14)
Total	10,969.25	9,569.76	1,399.49 (13)

Source: Budget documents and information regarding actuals provided by DST, Haryana.

As can be seen from the above table that the actual expenditure was lower than the budget estimates during the period 2015-20 and saving ranged between 10 to 14 *per cent* during the corresponding period.

The deviation of the budget estimates from actuals were large both for receipt and expenditure. There was a gap of ₹ 3,197.14 crore between budgeted receipts during the five years period while corresponding gap between budgeted expenditure and actual expenditure was ₹ 1,399.49 crore.

2.2.2 Planning

In order to provide efficient and effective transport services to cope with growing demands of the people, it was essential for the Transport Department to formulate appropriate policy and programmes.

Records relating to preparation of long-term/short-term plan were not available in the department. During exit conference, the department stated that short-term/long-term plans were not being prepared by the department and assured to prepare the same in future for better accomplishment of its objectives/goals. As a result, there were deficiencies in augmentation of fleet, repair and maintenance activities, operational performance and in monitoring as discussed in succeeding paragraphs.

Utilisation of budget on major components which had a bearing on operational performance is given in **Table 2.4**.

Table 2.4: Budget estimates and actual expenditure in respect of major components during 2015-20

(₹ in crore)

Component	Budget estimate	Actual expenditure	Amount unspent (in <i>per cent</i>)
Purchase of chassis	700.45	157.48	542.97 (78)
Major works	475.00	459.75	15.25 (3)
Machinery and equipment	5.50	1.30	4.20 (76)
Total	1,180.95	618.53	562.42 (48)

There were 48 *per cent* savings against the estimated budget for purchase of chassis, major works, machinery and equipment. In absence of planning, the Department could not ensure availability of adequate road worthy bus fleet after assessing the operational requirement of buses and allotment of funds necessary to keep the bus fleet in road worthy conditions. Alongwith this, the delay in finalisation of procurement of bus chassis resulted in underutilisation of budget allotment, which is discussed in detail in **Paragraph 2.4.1**.

During exit conference, the department confirmed the facts and figures. However, reply of the department is awaited in this regard (January 2021).

The Department needs to improve planning and fund management.

2.2.3 Diversion of funds

Haryana Roadways Engineering Corporation (HREC) was established to fabricate bus bodies of various depots of Haryana Roadways. The purchase of bus chassis are finalised by High Powered Purchase Committee (HPPC) and processed by Director, State Transport, Haryana, Chandigarh (DST) and bus chassis are delivered from the chassis manufacturer directly to HREC for body fabrication work and subsequently completed buses for operation are delivered to depots as per allocation done of DST Haryana.

The Jawahar Lal Nehru Urban Renewal Mission (JNNURM) scheme, in which only Faridabad was covered in Haryana, was launched on 3 December 2005 and closed on 31 March 2014. ₹ 32.02 crore were received by Transport Department during the period between April 2008 and February 2014 for specific purposes i.e. purchases of buses under JNNURM (₹ 8.50 crore), purchase of electric bus Ticketing Machine (₹ one crore), computerisation of bus stand (₹ 0.92 crore), purchase of Compressed Natural Gas (CNG) Buses (₹ 4.41 crore), etc. These funds were parked in the books of HREC from time to time to avoid lapse of these funds at the end of each financial year. As of 31 March 2019, HREC had balance of ₹ 32.02 crore which were kept in fixed deposits with banks as given in *Appendix-I*.

During 2019-21, out of ₹ 32.02 crore, an amount of ₹ 21.97 crore was spent by HREC on behalf of Transport Department for purchase of computer hardware, purchase of AC Volvo Buses, mobilization advance of Mercedes Benz buses and mini buses as given in *Appendix II*.

Audit observed (August 2021) that funds of ₹ 32.02 crore were received for specific purpose during the period between April 2008 and February 2014 in which ₹ 21.97 crore were utilised between May 2019 and June 2020 by diverting the funds for the purpose other than for which the grant was made. Reasons for not utilizing the funds in time and diverting the funds for the purpose other than for which the grant was made were not available on the record. Unspent balance which is required to be returned to the grant sanctioning authority along with interest is still lying in fixed deposits.

Copies of sanctions and utilisation certificates for these funds were sought in August 2021 and again in January 2022 from the office of Director, State Transport, Haryana, Chandigarh. However, the information was not received. Consequently the linking of these unutilised funds to sanctions and utilisation certificates for relevant grants could not be examined in Audit.

During exit conference, the department assured that matter would be examined under intimation to audit. No further response from the department communicating results of examination has been received (January 2022).

The department needs to take steps to prevent diversion of funds and ensure that funds are utilised only for the specific purpose for which the funds were received.

2.3 Providing efficient, economical, reliable, safe and environment friendly transport services

2.3.1 Share of Roadways in public transport

Details of the share of public transport in the State is given in **Table 2.5** for the period 2015-20.

Table 2.5: Details of public transport in the State

Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Roadways Buses held at the end of the year	4,208	4,122	4,142	3,843	3,592
2.	Hired buses on kilometer scheme	-	-	-	-	462
3	Private stage carriage buses held at the end of the year	859	1,041	1,157	1,192	1,192
4	Total buses for public transport (1+2+3)	5,067	5,163	5,299	5,035	5,246
5	Percentage share of Roadways	83.05	79.84	78.17	76.33	77.28
6.	Percentage share of private operators	16.95	20.16	21.83	20.67	22.72
7	Estimated Population (in lakh)	273.18	277.12	280.98	284.80	288.55
8.	Vehicle density for total buses per one lakh population (Sr.No.4/7)	18.55	18.63	18.86	17.68	18.18
9	Vehicle density of Roadways bus (including Hired buses on Kilometer scheme) per one lakh population {Sr. No. (1+2)/7}	15.40	14.87	14.74	13.49	14.05

Source: Data provided by DST

Against the sanctioned fleet of 4,500 buses, the available buses provided by Haryana Roadways decreased from 4,208 to 3,592 during the period 2015-20. However, Haryana Roadways augmented the number of buses operated in 2019-20 by hiring 462 buses on Kms scheme, thereby taking the number of available buses to 4,054 which still remained short of the sanctioned fleet strength by 446 buses. Besides, there was reduction in availability of bus service to the public and volume of operation declined from 4,589.28 lakh effective kms in 2015-16 to 3,701.41 lakh effective kms in 2019-20 as discussed in **Paragraph 2.1**. The number of private stage carriage buses showed increase from 859 (2015-16) to 1,192 (2019-20). Resultantly, percentage share of roadways decreased from 83.05 per cent to 77.28 per cent during the period 2015-16 to 2019-20.

Availability of roadways buses per lakh population reduced from 15.40 in 2015-16 to 13.49 buses in 2018-19. It increased to 14.05 buses in the year 2019-20 due to hiring of 462 buses on kms scheme. Thus, the Roadways faced difficulties in fully achieving its objective to provide adequate transport service to the public.

During exit conference, the department confirmed the facts and figures.

2.3.2 Operational Performance

The operational performance of the Department was evaluated on various parameters such as capacity utilization, vehicle productivity, load factor, fuel cost and repair & maintenance (R&M) of vehicles. Audit observations in this regard are discussed in the succeeding paragraphs:

2.3.2.1 Fleet strength and age profile

The State Government had prescribed (May 2013) that buses which were eight years old and had covered seven lakh kms should be condemned. In case of premature condemnation of buses, permission of State Government was required. Roadways had a fleet strength of 3,592 buses as of March 2020. Summarised details of the fleet strength and age-profile of the buses of the roadways during the five years (2015-20) as well as number of break downs, cost of repair and maintenance and average cost of repair per bus is given in **Table 2.6**.

Table 2.6: Year-wise details of the fleet and age profile of the buses

Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Total No. of buses at the beginning of the year	4,212	4,208	4,122	4,142	3,843
2.	Additions during the year	180	193	269	183	168
3.	Buses scrapped during the year	184	279	249	482	419
4.	Buses held at the end of the year (1+2-3)	4,208	4,122	4,142	3,843	3,592
5.	Average number of buses	4,210	4,165	4,132	3,993	3,718
6.	Number of buses more than eight years old (out of Sr. No. 4)	82	102	194	220	582
7.	No. of break downs	4,118	5,034	4,817	4,784	4,841
8.	Cost of repair and maintenance (₹ in lakh)	8,392.75	8,733.18	8,347.15	7,817.8	8,072.26
9.	Average cost of repair and maintenance per bus (₹ in lakh) (8/5)	1.99	2.10	2.02	1.96	2.17
10.	Average number of breakdowns per bus (Sr.No. 7/Sr.No.5)	0.978	1.209	1.166	1.198	1.302

As evident from the above table, the average number of buses declined gradually from 4,210 in 2015-16 to 3,718 in 2019-20. Also, the number of buses more than eight years old increased gradually from 82 to 582 during the period 2015-20. Average cost of repair increased from ₹ 1.99 lakh to ₹ 2.17 lakh per bus during the corresponding period. As a consequence of increased overage fleet, average number of breakdowns increased to 1.3 per bus during the period reflecting an increase of 33.13 *per cent* over breakdown per bus from 2015-16. The effective kilometres covered by the buses decreased from 4,601.87 lakh kms in 2016-17 to 3,701.41 kms in 2019-20.

During the period 2015-20, the State Government sanctioned ₹ 700.45 crore for purchase of chassis and fabrication of bus bodies but department could utilize only ₹ 157.48 crore from the said amount. The main reason for non-induction of new fleet was the department's indecisiveness and failure to finalise technical specifications as detailed in subsequent **Paragraph 2.4.1**.

During exit conference, the department had confirmed the facts and figures and stated that time period for decommissioning of the buses had been revised to 10 years in place of eight years for meeting social obligations specifically to ferry girl students of Government Schools as per new initiative of Government of Haryana where daily travelling is not expected to be too much and is within capacity of these old buses. The reply of the department was not relevant to the audit issue which related to increased cost of repairs and breakdowns for overage buses being used in regular operation in addition to short distance trips.

2.3.2.2 Vehicle productivity

Vehicle productivity refers to the average km run by each bus per day in a year. The details of the vehicle productivity of the department and percentage of overage fleet above eight years is given in **Table 2.7**.

Table 2.7: Details of the vehicle productivity and percentage of overage fleet

Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Vehicle Productivity (kms run per day per bus)	302	304	290	281	275
2.	Total no. of buses at the end of each year	4,208	4,122	4,142	3,843	3,592
3.	Overage fleet of buses above eight years at the end of the year (in numbers)	82	102	194	220	582
4.	Overage fleet above eight years at the end of the year (in per cent)	1.95	2.47	4.68	5.72	16.20

Source: Data provided by DST Department.

The vehicle productivity had slightly improved from 302 kms in 2015-16 to 304 kms in 2016-17, but then declined gradually to 275 kms by 2019-20 because of increase in overage fleet. The other reasons for decline in vehicle productivity were under-utilisation of fleet available for operations (**Paragraph 2.3.2.7**) and prolonged detention of buses in workshop (**Paragraph 2.5.2**). The low vehicle productivity of buses led to non-recovery of the operational cost and consequential operational losses of the Department during the five years covered in audit.

The data for All India Vehicle productivity was available for the period 2015-16 to 2017-18 and performance of Haryana is detailed in the **Table 2.8**.

Table 2.8: Details of performance of Haryana Roadways as well as all India best performer

Year	Haryana Roadways (kms run per bus day)	Rank	Total no. of SRTU ⁸	All India best performance productivity on fleet held kms run per bus per day (name of State Transport Undertaking)
2015-16	302	16	37	541 (State Express Transport Corporation Limited Tamil Nadu)
2016-17	304	18	41	613 (PEPSU Road Transport Corporation)
2017-18	290	18	35	530 (State Express Transport Corporation Limited Tamil Nadu)

⁸ State Road Transport Undertakings

Haryana Roadways stood at 16th rank out of 37 SRTU in 2015-16 on All India performance in terms of vehicle productivity on fleet held and slipped to 18th rank out of 41 and 35 SRTU during 2016-17 and 2017-18 respectively.

During exit conference, the department stated that the vehicle productivity had decreased due to overage fleet.

2.3.2.3 Load factor

The capacity utilization of transport department is measured in terms of load factor, which represents the percentage of passengers carried to seating capacity. Details of cost of operating a bus per km, actual load factor, operating revenue to be earned per km at cent *per cent* load factor and break-even factor for the period 2015-20 are given in the **Table 2.9**.

Table 2.9: Cost per km, actual load factor, operating revenue to be earned and break-even load factor

Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Cost per km (In ₹)	37.93	40.48	45.31	50.29	53.49
2.	Actual Load Factor (in <i>per cent</i>)	75.29	68.76	67.87	70.77	69.58
3.	Traffic Receipts (In ₹ per Km)	25.12	25.21	26.77	26.70	26.99
4.	Operating Revenue per km at 100 <i>per cent</i> load factor (In ₹)	33.36	36.66	39.44	37.73	38.79
5.	Break- even ⁹ Load factor considering only operating revenue (in <i>per cent</i>)	113.70	110.42	114.88	133.29	137.90

It was observed that the cost per kilometre increased from ₹ 37.93 to ₹ 53.49 (41.02 *per cent*) during the five year period while revenue per kilometre increased from ₹ 25.12 to ₹ 26.99 (only 7.44 *per cent*). The actual load factor during the period 2015-20 ranged between 67.87 and 75.29 *per cent*. The break-even load factor remains quite high and unachievable.

During exit conference, the department stated that in the present scenario it was not possible to attain break-even point as increase in bus fare was not allowed by the State Government.

2.3.2.4 Recovery of cost of operations

The Roadways was not able to even recover its cost of operations. During the period 2015-20, the net loss per km showed an increasing trend with the recovery of cost of operations remaining stressed year after year. Details of cost of operation per km, earning per km and Net loss per km is depicted in **Table 2.1** for the period 2015-20.

Department had not been able to recover the cost from its earning by running the fleet during the period 2015-20. The net loss per km had increased from ₹ 10.61 per km to ₹ 23.62 per km during the corresponding period due to

⁹ Break-even is the point at which total cost and total revenue are equal.

increase in manpower cost per effective km (*Paragraph 2.6*) and fare not being commensurate to cost of operation (*Paragraph 2.7*).

During exit conference, the department had confirmed the facts and figures.

2.3.2.5 Effective per capita kms of fleet operated by Haryana Roadways

Public transport has definite benefits over personalized transport in terms of cost, congestion on roads and environmental impact. The public transport services have to be adequate to effectively derive those benefits. Effective per capita kms is defined as the ratio of total number of kms run by public transport of a State in a year to the total population of that State. The position of effective per capita kms operated by Haryana Roadways for the period 2015-20 is given in *Table 2.10*.

Table 2.10: Details of effective kms operated, estimated population and per capita km per year during 2015-20

Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Effective kms operated (in lakh)	4,589.28	4,601.87	4,299.96	4,053.07	3,701.41
2.	Estimated Population (in lakh)	273.18	277.12	280.98	284.80	288.55
3.	Per Capita kms per year	16.80	16.61	15.30	14.23	12.83

The above table shows the decline in effective kms operated during the period 2015-20 while estimated population increased during the period. The primary reason for the decrease is reduction in fleet strength (*Paragraph 2.3.2.1*).

During exit conference, the department agreed with the above mentioned facts and stated that more than eight years old buses and failure to purchase new bus chassis were the reasons for decreasing effective kms and decreasing per capita kms.

2.3.2.6 Fuel efficiency and targets

Fuel efficiency is defined as the average kms run by a vehicle per litre of fuel consumed. The State Transport Department held various meetings between December 2015 and May 2018 under Chairmanship of Additional Chief Secretary to Government of Haryana, Transport Department in which Director, State Transport (DST) along with other officers of the department participated and DST reiterated its orders that the Kilometer Per Litre (kmpl) below five for ordinary buses would not be accepted at any cost. The details are given in *Appendix III*.

Average consumption of diesel for all depots of Haryana Roadways slightly improved from 4.73 kmpl in 2018-19 to 4.79 kmpl in 2019-20. The average consumption of diesel in test-checked depots of Haryana Roadways ranged between 4.67 and 4.97 kmpl during the period 2015-20.

On assessing the performance of selected eight depots on fuel efficiency, it was observed that out of eight selected depots, only Kurukshetra depot had achieved

the target of five kmpl during the period 2015-20 while four¹⁰ depots achieved desirable target for one to two years only. Out of these four depots, Faridabad and Karnal depots had achieved 5.16 kmpl in 2015-16 and 5.17 kmpl in 2018-19 respectively. Gurugram and Kaithal depots had achieved targets in 2016-18 and in 2015-17 respectively. Three depots did not achieve the targets in any of the years from 2015 to 2020. Excess consumption of diesel of 39.86 lakh litres valuing ₹ 21.68 crore during the period 2015-20 was assessed in test checked depots against minimum benchmark.

Further, it is seen that universal targets of kmpl were fixed for all depots without any analysis or study of data related to operational conditions in a depot in terms of age profile of fleet of buses, congestion encountered and other relevant factors. Fixing of such universal targets do not assist in monitoring against objectives of enhancing achievable operational efficiencies.

The data for all India Fuel Efficiency was available for the period 2015-16 to 2017-18 and roadways of other States performed better. An illustrative position for the period 2015-16 to 2017-18 is provided in **Table 2.11**.

Table 2.11: Details of performance of Haryana Roadways as well as all India Best performer

Year	Haryana Roadways (kmpl)	Rank	All India Best performer (kmpl) (Name of STU)
2015-16	4.74	17 th	5.62 {Tamil Nadu State Transport Corporation (Kumbakonam)}
2016-17	4.75	20 th	5.68 {Tamil Nadu State Transport Corporation (Kumbakonam)}
2017-18	4.74	18 th	5.69 {Tamil Nadu State Transport Corporation (Kumbakonam)}

Source: State Transport Undertakings Profile and Performance Report prepared by Central Institute of Road Transport, Pune.

As evident from the table that in the All India Fuel efficiency (in kmpl) on gross Kms, rank of Haryana Roadways slipped from 17th (2015-16) to 20th (2016-17) and it improved to 18th in 2017-18 while the Tamil Nadu State Transport Corporation (Kumbakonam) topped the tally with 5.62 kmpl, 5.68 kmpl and 5.69 kmpl during 2015-16, 2016-17 and 2017-18 respectively.

Further, among the neighbouring States, Uttar Pradesh State Road Transport Corporation achieved 5.2, 5.24 and 5.25 kmpl during 2015-16, 2016-17 and 2017-18 respectively. Similarly, Rajasthan State Road Transport Corporation also achieved 5.00, 5.06 and 5.10 kmpl during the corresponding period respectively.

During exit conference (3 December 2021), the department agreed with the above mentioned facts and stated that instructions would be issued to take necessary steps by concerned depots for improvement in kmpl. Further, the department has also assured to fix different norms as per road conditions of the State and other circumstances.

¹⁰ Faridabad, Gurugram, Kaithal and Karnal.

2.3.2.7 Missed kilometers

The total Kilometers (kms) planned to be operated by Roadways buses (including Hired buses on kms scheme) on the allotted routes for a particular period are known as scheduled kms while the distance actually covered by Roadways buses to earn revenue is known as 'Effective kms'. The Roadways at times is not able to operate the full number of routes and trips as scheduled. The distance of such trips which could not be operated is known as 'Missed kms'.

During scrutiny of records in test-checked depots, audit observed that the scheduled kms were not fully operated by Haryana Roadways buses (including Hired buses on kms scheme). Details of scheduled kms as per available buses, effective kms, missed kms, percentage of missed kms and amount not realised¹¹ on account of missed kms are given in **Table 2.12**.

Table 2.12: Details of scheduled kms, effective kms and missed kms and amount not realised due to missed kms

Name of Depots	Scheduled kms	Effective kms	Missed kms	Percentage of missed kms to Scheduled kms	Amount not realised (₹ in crore)
	(In lakh)				
	1	2	3 (1-2)		
Ambala	1,195.02	1,115.34	79.68	6.67	6.09
Faridabad	665.09	643.94	21.15	3.18	1.65
Gurugram	1,091.79	881.25	210.54	19.28	33.64
Kaithal	852.79	773.70	79.09	9.27	6.58
Karnal	1,235.52	962.55	272.97	22.09	27.72
Kurukshetra	171.29	167.11	4.18	2.44	0.32
Panchkula	102.16	98.27	3.89	3.81	0.16
Yamunanagar	993.37	889.61	103.76	10.45	10.76
Total	6,307.03	5,531.77	775.26	12.29	86.92

Audit observed that the test checked depots could not realise ₹ 86.92 crore due to non-operation of 775.26 lakh scheduled kms. These missed kms were mainly due to decrease in fleet in operation (**Paragraph 2.3.2.1**), under-utilisation of fleet available for operation (**Paragraph 2.4.3**) and prolonged detention of buses in the workshops (**Paragraph 2.5.2**).

During exit conference, the department confirmed the facts and figures. The department had also communicated its desire to give a detailed reply which has not been received (December 2021).

2.3.3 Operation of Volvo Buses by Gurugram Depot

Gurugram depot had 20 Volvo buses in its fleet for operation between Gurugram and Chandigarh during 2015-18 and 17 Volvo buses during 2018-20. Three Volvo Buses were condemned during 2017-18. The performance of these Volvo Buses including number of buses, receipt and expenditure, kms operated are given as detailed in **Table 2.13**.

¹¹ Amount not realised= average route receipts per km – average variable cost per km

Table 2.13: Details of receipt and expenditure and kms operated by the Volvo buses

	2015-16	2016-17	2017-18	2018-19	2019-20
Number of buses	20	20	20	17	17
Traffic receipt (₹ in lakh)	2,167.01	2,124.36	2,213.60	1,840.17	1,543.92
Total expenditure (₹ in lakh)	1,940.25	1,909.61	1,849.88	1,697.93	1,627.99
Total kilometers operated (in lakh)	35.97	32.94	32.10	25.56	23.73
Profit/loss (₹ in lakh)	226.76	214.75	363.71	142.25	(-) 84.07
Kilometer run per bus per day	493	451	440	412	382

Source: Data supplied by Gurugram depot.

Profit from operation of these Volvo Buses increased from ₹ 2.27 crore to ₹ 3.64 crore during 2015-18. It declined to ₹ 1.42 crore in 2018-19 and it incurred a loss of ₹ 0.84 crore in 2019-20. Operation of these buses decreased from 493 kms per bus per day to 382 kms per bus per day which affected the delivery of service to the people as well as operational and financial performance. The reasons amongst others for decline in kms per bus per day from 2015-16 to 2019-20 included longer detention in workshop due to break-downs/maintenance, non-deployment and State wide strike in 2018.

Audit observed that receipts per km ranged between ₹ 60.25 and ₹ 72.01 with average of ₹ 65.80 during 2015 to 2020. Contrarily, the expenditure per km ranged between ₹ 53.94 and ₹ 68.61 during 2015 to 2020 with average expenditure of ₹ 60.05 per km. The rate of increase in revenue per km during the period 2015-20 was eight *per cent* and corresponding increase in expenditure per km was 27 *per cent*. This had adversely impacted the financial viability of operation of these services which was linked to decrease in operational performance as reflected in decline of km run per bus per day from 493 in 2015-16 to 382 in 2019-20.

Further, during scrutiny of records (bin cards) in respect of Volvo buses, it was seen that various parts were replaced in seven Volvo buses at frequent intervals. These parts included fuel tank, alternator, engine fly wheel assembly, track rod, turbocharger, valve, brake housing, inter-cooler and compressor with cost ranging between ₹ 0.53 lakh and ₹ 1.61 lakh per part and these were replaced two to four times between seven days and 487 days. Most of these parts¹² had been replaced within short period.

The depot failed to provide documentary evidence of replacements covered by warranty and justification for early replacement. No reason was provided by the department for decrease in operational efficiency from 493 kms per bus per day to 382 kms per bus per day.

¹² Fuel tank of bus No. 1501 costing ₹ 0.71 lakh was replaced within 50 days, alternator of bus no. 5302 costing ₹ 0.55 lakh was replaced four times on 18 April 2019, 16 May 2019, 23 May 2019 and 21 August 2019, brake housing part costing ₹ 1.38 lakh were replaced between 25 and 403 days in bus no. 1503, 4603, 5303.

During exit conference, the department assured to look into the matter and to give a detailed response thereupon. No response has been received from the department (December 2021).

2.4 Purchase of built up buses, fabrication, design and delivery of buses

2.4.1 Non-utilization of budget allotment of funds for purchase and fabrication of bus chassis

Paragraph 5.3 of Punjab Budget Manual as applicable in Haryana State provides that the budget estimates should be as close to accurate as possible and the provision to be included in respect of each item should be based on what is expected to be spent during the financial year.

Director, State Transport Department had incurred an expenditure of ₹ 157.48 crore against the budget provision of ₹ 700.45 crore under Acquisition of fleet scheme on purchase of bus chassis and cost of fabrication of buses to be replaced/added for expansion of bus fleet and departmental vehicles (car/jeeps) during the period 2015-20. The detail of budget provision and actual expenditure during the period 2015-20 is given in *Table 2.14*.

Table 2.14: Detail of budget provision, actual expenditure during 2015-20

(₹ in crore)

Year	Budget Provision	Actual expenditure
2015-16	156.90	21.92
2016-17	163.55	13.59
2017-18	180.00	95.72
2018-19	100.00	22.17
2019-20	100.00	4.08
Total	700.45	157.48

As evident from above table, the department had to surrender an amount of ₹ 542.97 crore against the total budget provision of ₹ 700.45 crore. Audit noticed the following in respect of the process of purchase of ordinary buses during the period 2015-20:

- During 2015-16, the department got a budget of ₹ 156.90 crore for purchase of 995¹³ buses for expansion of bus fleet. However, the department prepared a proposal for purchase of 600 Standard bus chassis only. Accordingly, the Government gave administrative approval (June 2015) for purchase of 600 standard bus chassis (300 each of BS-III and BS-IV emission norms). Ministry of Road Transport and Highways (MoRTH), Government of India (GoI) had issued (August 2015) notification making meeting Bharat Stage IV emission

¹³ 995 Bus chassis: 600 ordinary bus chassis, 10 bus chassis of HVAC, 170 ordinary bus chassis against replacement of condemned and backlog of 215 ordinary bus chassis for the year 2014-15.

norms mandatory for Heavy Commercial Vehicles including buses in Haryana State w.e.f. 1 October 2015. On the basis of this notification, e tender was invited on 28 November 2015 to purchase only 300 bus chassis of BS-IV emission norms. Thereafter, during the pre-bid meeting, technical specifications were proposed to be revised on the request of one bidder. The Committee (January 2016) observed that the existing technical specification given in DNIT indicate that a single firm/source had been favoured. The tender was therefore cancelled by the department. Consequently, the department failed to utilise the budget to purchase the bus chassis for expansion of bus fleet.

- During 2016-17, the department got a budget of ₹ 163.55 crore for purchase of 595¹⁴ ordinary bus chassis. The department invited (May 2016) e-tender for purchase of 300 bus chassis meeting BS-IV emission norms with the revised technical specification. The department placed two supply orders for supply of 50 and 250 bus chassis on 15 December 2016 and 23 December 2016 respectively. The department could take delivery of only 50 buses upto March 2017 and remaining 250 bus chassis were delivered during 2017-18. Due to delay in finalisation of tender process, the department could not utilise the allotted budget for the year 2016-17.
- During 2017-18, the department got a budget of ₹ 180 crore for purchase of 589¹⁵ ordinary bus chassis. However, the department purchased only 150 ordinary bus chassis vide supply order dated 13 September 2017 and received the delivery between January 2018 and April 2018. Due to purchase of a lesser number of bus chassis for reasons not recorded, department could not utilise the allotted budget.
- During 2018-19, the department got a budget of ₹ 100 crore for purchase of bus chassis. The department invited (June 2018) e-tenders for purchase of 367 ordinary bus chassis. However, process of purchasing these 367 ordinary bus chassis was not completed up to March 2019 due to non-finalisation of technical specifications. Thus, department could not utilise the allotted budget.
- During 2019-20, the department got a budget of ₹ 100 crore for purchase of bus chassis. The department could not complete previous process of purchasing of 367 bus chassis due to non-finalisation of technical specifications upto September 2019. Thereafter citing the implementation of BS-VI norms from April 2020, the department

¹⁴ 595 Ordinary bus chassis: 350 ordinary bus chassis, 245 ordinary bus chassis against replacement of condemned.

¹⁵ 589 Ordinary bus chassis: 300 ordinary bus chassis, 289 ordinary bus chassis against replacement of condemned.

decided to purchase 100 bus chassis instead of 367 bus chassis. Purchase process of these 100 bus chassis was not finalised due to the inability of the manufacturer and HREC to supply/fabricate the chassis respectively by March 2020. However, contrary to the decision to abide by the BS-VI norms for standard buses, the department placed supply order on 28 January 2020 for 18 super luxury buses with BS-IV emission norms and received the delivery of these super luxury buses in March 2020 just before the implementation of BS-VI emission norms.

Had the department made strenuous efforts to complete the purchase process of 367 ordinary buses in time, just like it did for the purchase of 18 super luxury buses in 2019-20, the delivery could have been taken much before implementation of BS-VI emission norms.

The inexplicable delay in decision making and in finalising technical specifications by the Transport Department/High Power Purchase Committee led to reduction in fleet strength over the years. Against the target of introduction of 995 new buses, the department could purchase only 450 ordinary bus chassis, 150 mini buses and 18 super luxury buses during 2015-20 whereas 1,613 buses were scrapped during the period. Resultantly, the fleet in operation reduced from 4,208 in 2015-16 to 3,592 in 2019-20.

The department should take steps to expedite the purchase process of bus chassis to increase the fleet strength.

2.4.2 Delay in lifting of buses

The purchase of bus chassis is finalised by High Power Purchase Committee and processing of purchase is done by Directorate State Transport (DST) office. The bus chassis are directly delivered to Haryana Roadways Engineering Corporation (HREC). After fabrication of bus chassis, the buses are delivered to concerned depots as per allotment made by DST.

During scrutiny, it was noticed that depots had not lifted buses in time after fabrication of buses by HREC. In certain cases, there were abnormal delays in lifting of buses from HREC by the concerned depots. The details of fabricated buses lifted by depots with abnormal delay from HREC is given in **Table 2.15**.

Table 2.15: Details of fabricated buses ready for delivery which were lifted with delay

Year	Fabricated buses ready for delivery	Buses whose delivery was taken after delays	Delay in lifting of buses after giving relaxation of seven days	Loss of on-road days	Vehicle utilisation per day (in kms)	Loss of potential ¹⁶ revenue per km (In ₹)	Loss due to non-lifting of buses (₹ in lakh)
	1	2	3	4	5	6	7 = (4 x 5 x 6)
2015-16	167	163	19 to 333	20,829	302	10.34	650.42
2016-17	24	24	85 to 125	2318	304	9.08	63.98
2017-18	321	303	13 to 111	17,544	290	9.27	471.64
2018-19	130	39	10 to 43	953	281	6.90	18.48
Total	642	529					1,204.52

Source: Data provided by HREC, Gurugram

Even after factoring in a reasonable time period of seven days, out of 642 fabricated buses, 529 buses were lifted by depots with delay. The HREC was not maintaining any file/documented records with regard to intimation to the concerned depots for the buses which were ready for delivery. No reason for delay were found in records of HREC as to why depots were reluctant to take delivery of buses. Thus, due to non-lifting of these buses in time, Haryana Roadways suffered a loss of potential revenue of ₹ 12.05 crore during the period 2015-19.

HREC, Gurugram stated (December 2021) that against the requisition/demand note, the concerned depots were being informed telephonically as and when the buses were ready for delivery.

During exit conference, the department had confirmed the facts and figures.

The department needs to ensure that delivery of buses are taken timely by the concerned depots.

2.4.3 Utilisation and premature condemnation of semi low floor star buses

State Government had prescribed (June 2013) desirable age of a bus as eight years and coverage of seven lakh kms (both conditions to be fulfilled for condemnation). In case of premature condemnation of buses, permission of State Government was required.

DGST, Haryana had purchased 34 semi low floor star buses costing ₹ 5.95 crore¹⁷ during 2008-09. These buses were allocated to five¹⁸ depots and put on road in January-February 2009 by these depots.

¹⁶ The potential loss has been worked out on the basis of bus kilometers lost x contribution per KM for the respective year. Contribution per KM = Traffic receipt per KM less Variable cost per KM.

¹⁷ ₹ 17.50 lakh per bus

¹⁸ Ambala: 9 buses; Kurukshtra: 8 buses, Panipat: 2 buses, Kaithal: 2 buses and Chandigarh: 13 buses.

Audit noticed that these buses did not cover the prescribed mileage of seven lakh kms and their utilisation ranged between 18 and 86 *per cent* upto February 2020 (*Appendix IV*). These were not operated thereafter. Citing reasons including non-availability of spare parts from open market and not having skilled manpower to repair these buses, these Depots requested DST for pre-mature condemnation of buses. Audit noticed that no document was on record to show whether concerned Depots intimated the DST regarding difficulties encountered during operation of these buses.

It was the responsibility of the Department to factor in and ensure the availability of spares and technical manpower to carry out the repairs to ensure roadworthiness of the buses. Resultantly, the department had suffered a potential loss of ₹ 3.33 crore due to putting these buses off road before completion of prescribed norms i.e. seven lakh kilometres as detailed in *Appendix IV*.

During exit conference, the department had confirmed the facts and figures and assured to give a detailed reply. No reply has been received from the department (December 2021).

The department needs to ensure that buses are utilised by the concerned depots as per prescribed limit.

2.4.4 Non-inclusion of safety standards introduced by GoI

MoRTH, GoI notified (May 2014) amendment in ‘Code of Practice for Bus Body Design and Approval’ vide which it was prescribed that all type I, type II and type III public service buses shall be provided with Audio/visual or Audio visual information system to inform passengers inside the bus regarding emergency escape provisions, destination, bus stops etc. This arrangement was introduced to enhance passenger safety. Further, it was also required for public service buses to have an emergency declaration switch to be operated by the driver, audio hooter and visual red blinking light inside, and amber light outside the bus to declare an emergency for speedy evacuation of the passengers. The information provided shall be in the form of pictogram. Words, letters and numbers were to supplement the pictogram in combination on the same sign.

During audit of HREC, six buses of Gurugram depot which were delivered during 2017 or thereafter were randomly checked by audit. The above mentioned safety features were not found in these buses.

The GM, HREC, Gurugram confirmed that these features had not been provided despite inclusion of these features in prototype bus and assured to include these safety features in buses during fabrication work of buses were done in future.

During the exit conference, the department stated that these features are being included in the buses which are being manufactured in HREC at present. The

non-availability of these features in the buses fabricated by HREC continues to be an area of concern.

2.5 Maintenance of Buses

2.5.1 Delay in preventive maintenance of buses resulting into major break down and complete overhauling of engines

Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/other mechanical failures. The Haryana Roadways had prescribed preventive maintenance schedule (A and B Services)¹⁹ of buses at every 18,000 kms. The depots were to strictly adhere to the preventive maintenance schedule and regularly prepare the report.

Prescribed preventive maintenance schedule of A and B Services were not adhered to in seven depots during the period 2015-20 as per details given in *Appendix V*.

Audit observed that preventive maintenance i.e. 'A' and 'B' service was not carried out timely. Shortage of 30 *per cent* in carrying out 'A' service was noticed in five²⁰ depots. In case of 'B' service, shortage of 30 *per cent* was noticed in four²¹ depots. The preventive maintenance was quite low in Ambala depot as 'A' service was short by 36.66 *per cent* and 'B' services by 39.45 *per cent* during selected period. Due to shortfall in carrying out of A and B services, the Department had to incur expenditure of ₹ 1.49 crore on major overhauling of engines. Kaithal depot, however performed comparatively better as it had reported shortage of 9.58 and 8.48 *per cent* of preventive maintenance of 'A' and 'B' service respectively and sent 22 engines for overhauling and incurred an expenditure of ₹ 0.18 crore on major repairs of engines from Central Workshop, Karnal.

Audit further noticed that bus-wise records were not maintained in Ambala and Kaithal depot. In the absence of this, audit could not ascertain that engines sent to Central Workshop, Karnal were of those buses whose preventive maintenance was considerably delayed.

During exit conference (3 December 2021), the department assured to look into the matter and submit the detailed reply thereupon. However, no reply has been received from the department (December 2021).

¹⁹ 'A' services : Engine oil, oil filter change; 'B' Services : Hub greasing and brake inspection

²⁰ Ambala, Karnal, Kurukshetra, Panchkula and Yamunanagar.

²¹ Ambala, Gurugram, Kurukshetra and Yamunanagar.

2.5.2 Loss of revenue due to detention of buses in workshop beyond reasonable time

Buses are required to be taken in the respective workshop for repair and maintenance purposes and the detention of buses in the workshops should preferably be within a reasonable timeframe.

During scrutiny of records of selected depots for the period 2015-20, it was noticed that the buses were detained at the workshops for periods ranging between 16 and 510 days with the average delay being 76 days. The details of number of buses along with detention days in workshop during 2015-20 are given in **Table 2.16**.

Table 2.16: Detail of number of buses alongwith detention period in workshop

(In numbers)

Range in days	2015-16		2016-17		2017-18		2018-19		2019-20		Total	
	Bus	Days	Bus	Days	Bus	Days	Bus	Days	Bus	Days	Bus	Days
16-100	16	920	48	2,256	51	2,421	61	2,931	28	1,652	204	10,180
101-200	5	711	7	816	12	1,609	13	1,710	4	560	41	5,406
201 and above	7	2,521	1	479	1	324	0	0	0	0	9	3,324
Total	28	4,519	56	3,551	64	4,354	74	4,641	32	2,212	254	19,277

Source: Data compiled from the concerned depot

As evident from above table, in 204 instances where the buses were kept in workshop for 16 to 100 days, 10,180 potential operational days were lost. Similarly in 41 instances where the buses were kept in workshop for 101 to 200 days, 5,406 potential operational days were lost. In nine instances, the buses were kept for more than 201 days and 3,324 potential operational days were lost.

Audit observed that due to longer detention of buses in workshops, eight selected depots suffered loss of potential revenue of ₹ 4.23²² crore (**Appendix VI**) which was calculated on the basis of loss of potential operational days after giving a margin of detention of 15 days in workshops. Main reasons for keeping the buses in workshop for relatively longer time were accidental repair, engine repairing, fuel pump repairing, etc. not being completed in time on account of shortage of technical staff in workshop. There was acute shortage of workshop staff over the years in all the selected depots. During 2015-16, against the sanctioned strength of 1,744 posts in workshops in seven depots, men-in-position were only 747 with shortage of more than 50 per cent. The shortage further increased to 1,063 and 1,137 during 2016-17 and 2017-19. In 2019-20, the shortage of technical staff slightly decreased to 1,095 but it was still very high.

During exit conference, the department assured to fix parameters with respect to time taken for various repairing jobs undertaken by workshops. However,

²² Ambala: ₹ 123.96 lakh, Faridabad: ₹ 5.11 lakh, Gurugram: ₹ 35.98 lakh, Kaithal: ₹ 27.62 lakh, Karnal: ₹ 50.85 lakh, Kurukshetra: ₹ 21.78 lakh, Panchkula: ₹ 106.84 lakh and Yamunanagar: ₹ 51.05 lakh.

department did not furnish any reply regarding reasons for longer detention of buses in workshops.

2.6 Manpower Cost and productivity

During 2015-20, total fixed²³ and variable²⁴ cost of the Haryana Roadways was ₹ 9,569.76 crore. Manpower²⁵ and fuel cost²⁶ was ₹ 7,050.22 crore which constitute 73.67 per cent of total fixed and variable cost for the period. The manpower cost constituted 46.93 per cent of the total cost. The manpower deputed along with cost, effective kms, number of buses are given in **Table 2.17**.

Table 2.17: Details of manpower cost and productivity

Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Total Manpower (in numbers)	17,646	16,968	16,004	19,663	19,932
2	Manpower Cost (₹ in crore)	786.35	830.83	890.61	922.77	1,060.71
3	Effective kms (in lakh)	4,589.28	4,601.87	4,299.96	4,053.07	3,701.41
4	Cost per effective km (in ₹) (Sr. No. 2/ Sr. No. 3)	17.13	18.05	20.71	22.77	28.66
5	Productivity per day per person (kms) {Sr. No. 3*1,00,000/(Sr.No. 1 x 365 days)}	71.25	74.30	73.61	56.47	50.88
6	Total Buses (in numbers)	4,208	4,122	4,142	3,843	3,592
7	Manpower per bus (Sr. No. 1/Sr. No. 6)	4.19	4.12	3.86	5.12	5.55

Source: Data provided by the DST department.

The manpower productivity per day has decreased from 71.25 kms in 2015-16 to 50.88 kms in 2019-20. Manpower productivity decreased due to decrease in fleet (**Paragraph 2.3.2.1**), under-utilisation of fleet available for operation (**Paragraph 2.4.3**), excess deployment of operational staff (**Paragraph 2.6.1**) and prolonged detention of buses in workshop (**Paragraph 2.5.2**). Resultantly effective kms also decreased from 4,589.28 lakh kms in 2015-16 to 3,701.41 lakh kms in 2019-20, whereas manpower per bus has increased from 4.19 per bus in 2015-16 to 5.55 per bus in 2019-20. The data on All India average productivity per person per day was available for only 2016-17 which was 59.88 kms. Haryana Roadways stood at 8th rank on All India basis with average productivity of 74.30 kms per day per person in 2016-17. Average productivity of Uttar Pradesh was highest in the tally with 117.60 kms per day per person in 2016-17.

During exit conference, the department stated that non-induction of new buses in the fleet had been main reason for decrease in vehicle productivity.

²³ ₹ 5,997.94 crore.

²⁴ ₹ 3,571.82 crore.

²⁵ ₹ 4,491.27 crore.

²⁶ ₹ 2,558.95 crore

2.6.1 Excess deployment of drivers and conductors

The State Government had fixed norms for driver and conductors in the ratio of 1:2.5 for city buses and 1:1.4 for others according to fleet in operation. Any excess above the norms would cause unnecessary financial burden on the State exchequer.

During scrutiny of records in selected depots, it was noticed that the drivers were in excess of norms ranging between seven and 351 drivers during 2018-19 and 2019-20 which resulted into idle wages payment of ₹ 34.88 crore during 2018-20 (*Appendix VII*). The conductors were deployed in excess in respect of prescribed norms in Kaithal depot during 2015-20 and in remaining seven depots excess conductors were deployed in part of the years for the same period.

However, the drivers were deployed in excess in all the depots beyond the prescribed norms during 2018-19 and 2019-20.

General Manager, Ambala Depot stated (October 2020) that drivers were deployed in accordance with the authorised sanctioned fleet, which was higher in number than the actual fleet strength. Faridabad depot (July 2021) stated that excess drivers and conductors were deployed due to transfer from other depots. Kurukshetra and Yamuna Nagar depots (February-March 2021) stated that excess staff were being deployed on other duties such as posting in cash branch, pass branch, flying duty, yard duty, stand duty, etc. This was irregular as deputing surplus drivers to duties other than that of drivers required a formal process of deputation/surplus absorption. The position of sanctioned strength and men-in-position during 2015-16 to 2019-20 in respect of these positions was sought from all the eight selected depots including Yamunanagar and Kurukshetra depot (4 January 2022) and response was received from only six depots. It was not received from Kaithal and Karnal depots. It is assessed that deputing surplus drivers to cash branch, pass branch, flying duty was irregular and required absorption into those cadres by declaring them as surplus or by taking them on deputation through a formal process. The Department may review its sanctioned strength with respect to fleet in each depot and fix it accordingly. Excess staff may be adjusted in the Department or in any other Departments for performing staff car drivers duty, etc.

During exit conference, the department stated that matter regarding excess deployment of drivers was under consideration and that option of adjustment in the Office of the State Transport Commissioner and other departments for the time being were being explored. As far as conductors were concerned, they were already being adjusted in hired buses.

2.7 Fare Policy

As per Section 67 (1)(i) of the Motor Vehicles Act 1988, the State Government may, from time to time, by notification in the official gazette issue directions, fixing maximum and minimum fares of stage carriage.

The State Government increased (June 2016) the fare from 75 paise to 85 paise at the rate of 10 paise per km per passenger (13.33 *per cent*) w.e.f. 30 June 2016. Fare revision exercise was undertaken in 2019 but fare was not revised on the ground that there was no need to increase the bus fare in the interest of general public. Thereafter, the fare was increased (May 2020) from 85 paise to 100 paise per km per passenger upto 100 kms (17.64 *per cent*) and to 105 paise per km per passenger beyond 100 kms.

However, the total cost of operation increased from ₹ 37.93 per km in 2015-16 to ₹ 53.49 in 2019-20 i.e. increase of 41.02 *per cent*. Audit observed that the increase in passenger fare was not commensurate with the increasing cost of the operation of the buses. Therefore the Department should actively optimise and improve the efficiency of the operations to minimise losses.

During exit conference, the department stated that it would explore the option of increase in passenger fare with the increasing cost of operation of the buses.

2.8 Non-Traffic Receipt

2.8.1 Lease of shops and booths

According to the comprehensive policy guidelines for leasing out shops and booths in the bus stands of Haryana Roadways, the period of allotment is three years through auction/allotment for the period. The rent is required to be increased every financial year by 10 *per cent*.

Policy guidelines required the General Manager to execute an agreement with all the shop allottees before taking possession of the shops. Allottees were required to deposit the rent on a quarterly basis in advance. The Accounts Officer is responsible for timeliness and correct recovery of rent. Prescribed timely checks have to be carried out by the GM. Delays in payment of rent involved levy of penalty²⁷ and cancellation of contract²⁸. The bidders were required to submit bank guarantee²⁹/fixed deposit before taking possession of shops. Further, DST had issued instructions (December 2016) that the collection of rent from shops and other rented facilities at bus stand should be done online only.

Short recovery of rent

On the basis of available cash receipts slips relating to lease rent including Service Tax/GST of five shops at Yamuna Nagar Depot for the period 2016-20, audit

²⁷ At the rate of two *per cent* per month on the amount due.

²⁸ If the delay in payment of rent was more than one month.

²⁹ Equivalent to four month rent and with a validity of three months after the expiry of contract.

noticed short recovery as follows:

- Lease rent including Service Tax/GST of five shops recovered was ₹ 66.02³⁰ lakh against the due amount of ₹ 136.82³¹ lakh for the period April 2016 to June 2019 (including extended lease agreement period of three months in view of code of conduct). Thus, an amount of ₹ 70.80 lakh was short recovered from these lessees of five shops (*Appendix VIII*).

Further, lease rent including Service Tax/GST of six shops recovered was ₹ 29.98³² lakh against the due amount of ₹ 73.92³³ lakh for the period July 2019 to March 2021. Thus, amount of ₹ 43.94³⁴ lakh was short recovered from the lessees on account of lease rent and GST (*Appendix IX*).

On this being pointed out, an amount of ₹ 8.46³⁵ lakh was deposited via recovery from two lessees. Records relating to issue of show cause notices and cancelled contract of shops due to non-payment of rent were not available in the depot.

Audit further observed that rent register was neither properly maintained nor signed/checked by the GM as prescribed in lease rent policy. The Accounts Officer also did not monitor the rent recovery.

Thus, lack of compliance with prescribed controls resulted in short recovery of rent including Service Tax/GST ₹ 1.15 crore for the period 2016-21.

During exit conference, the department stated that FIR has been lodged and enquiry officer has been appointed for departmental action. Results of the enquiry would be intimated to audit.

2.9 Traffic receipts on Inter State Routes

The Government decided (February 2014) that the traffic receipt on Inter State Routes should not be less than ₹ 30 per km. If receipt was between ₹ 25 and ₹ 30 per km then permission of Headquarters was necessary. The GMs were directed to consider stopping such Routes which were earning less than ₹ 25 per km.

During scrutiny of performance statements of the interstate route receipts, for the period 2015-20, it was noticed that the test checked/selected depots had been

³⁰ Rent: ₹ 59.51 lakh + Service Tax/GST: ₹ 6.51 lakh.

³¹ Rent: ₹ 117 lakh + Service Tax/GST: ₹ 19.82 lakh.

³² Deposit ₹ 29.98 lakh on account of rent only.

³³ Rent: ₹ 62.64 lakh + GST: ₹ 11.28 lakh

³⁴ Rent: ₹ 32.66 lakh + GST: ₹ 11.28 lakh

³⁵ ₹ 6.75 lakh of rent for the month of November, December 2019 and January 2020 from Cycle stand on 25 March 2021 and 27 March 2021 and ₹ 1.71 lakh for the month of November 2019 from Hot and cold shop on 25 March 2021.

running buses on those interstate routes in which 459 buses received traffic receipt ranging between ₹ 25 per km to ₹ 30 km and 393 buses received traffic receipt less than ₹ 25 per km as per details given in *Appendix X*.

The depots were required to seek permission from Headquarter to run 459 buses where traffic receipt was ranging between ₹ 25 and ₹ 30 per km. However, record relating to permission sought, if any, was not found in selected depots. Further, audit did not find any initiation of proposals by the GMs for consideration of stopping buses where traffic receipts were less than ₹ 25 per km in selected depots. Inaction by the department on the issue resulted in loss of ₹ 37.01 crore.

During exit conference, the department assured to look into the matter and give a detailed response. No response from the department has been received (December 2021).

The department may act in prudent and rational manner by deploying Inter State Route buses on profitable routes in order to reduce its increasing losses year after year.