

**ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION**  
**Corporate Office :: Bus Bhavan**

No.R5/287(05)/2009-OPD:CSC

Office of the VC & MD,  
Musheerabad, Hyderabad - 624.

CIRCULAR NO. 02/2009:OPD-CSC, Date:18-02-2009.

Sub:-**CRITICAL REVENUE ANALYSIS MECHANISM (CREAM)**—  
Monitoring Physical Performance vis-à-vis Traffic Revenue  
Growth – Strategies to promote Product-wise / Route-wise /  
Service-wise/Trip-wise Profitability and Maximize the Revenues  
of the Depot – Reg.

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**INTRODUCTION**

An Organization's performance is measured to the extent of assets out flow and consequent Revenues generated. Revenue is the most crucial element in Organization's Profitability. A consistent Revenue growth is a pre-requisite to achieve profitability.

**Profit** is universal standard of measurement for judging "Depots' Effectiveness". This can only be possible through Systematic Analysis of Revenue data, Clinical diagnosis of ills resulting in poor performance of Services & Trips and treatment through proper Revenue promoting measures.

There is an imperative need to quantify our Market Share Sector-wise and Route-wise and efficient deployment of our products. The information **per se** is a tool for quick and effective decision making to draw appropriate Action Plan on grey areas to augment Traffic Revenues.

**CURRENT APPROACH ON REVENUE ANALYSIS:**

Presently, Revenue analysis is done in APSRTC, based upon ABCD (ROUTE EFFECTIVENESS) Statements, in which scope exists only for review of Negative Routes.

Over all Revenue performance, Product Mix, Product wise performance, Service-wise Performance and Market Share on each Route/Sector are not available.

## NEED FOR TRAFFIC REVENUE ANALYSIS:

We have two types of revenues i.e. Traffic Revenue & Non-traffic Revenue. For the Financial Year 2007-08, we obtained Total Revenue of Rs.4458 crores. The Traffic Revenue constitutes Rs.3879 crores i.e. 87%. The Traffic Revenue including subsidy on bus passes is Rs.4313 crores which constitutes 96.75% in Total Revenue.

## TYPES OF REVENUES

<b>OPERATING REVENUE</b>		<b>NON OPERATING REVENUE</b>	
1	Passenger Earnings	1	S/S -Vehicles
2	Luggage Earnings	2	S/S-Plant & Machinery
3	Jathara Operations	3	S/S-Other Assets
4	Parcel Services	4	S/S-Oils
5	Season Tickets	5	S/S-Aluminium
6	(i) JHTs (ii) IJHTs	6	S/S-Batteries
7	Student Bus Passes	7	S/S Bearings
8	PHC Bus passes	8	S/S-Waste Paper
9	N.G.O. Bus Passes	9	S/S-Tyres
10	Journalist Coupons	10	S/S-Tubes
11	Reservation charges	11	S/S-Electrical items
12	Rail-cum-Road Tickets	12	S/S-Empties
13	Spl.Hire on Regular contracts	13	S/S-Tools
14	Spl. Hire on other contracts	14	S/S-Other Scrap Material
15	Unaccompanied Luggage	15	Interest on Investment
16	Fines - Mobile Courts	16	Interest on Vehicle Advance
	<b>COMMERCIAL REVENUE</b>	17	Interest on HBA
1	Stall Rents	18	Interest on Deposits
2	Advertisements	19	Dividend on Shares
3	DOT - Revenue	20	Interest - Others
4	Special Hire of Departmental vehicles		<b>MISCELLANEOUS REVENUE</b>
5	Sale of Time Table Books	1	Tender Forms
6	Guest / Rest House	2	Penalties & Fines
7	Rent on Quarters	3	Forfeiture of Deposits
		4	Un Paid Amounts
		5	Incidental Charges
		6	Stipends from Governments
		7	Lost property
		8	Subsidies
		9	Sale of Grass ,Trees etc
		10	CAT CARDS
		11	Cost of Damages
		12	Financial Assistance from Govt
		13	Freedom fighters subsidy

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Therefore, critical, regular and in-depth review is quintessential in Managerial Agenda. The Product i.e. seat KMs. is highly perishable which calls for a constant review of Market Share, Product behavior, Needs of Customers, Market Segmentation as per passenger requirements followed by "Right Action At Right Time".

The Total traffic revenue is the sum of various products. We have different products meeting to the specific needs of different Market Segments.

**DISTRICT TYPE/ 1) GARUDA (VOLVO)/CERITA 2) MEGHDOOT 3) SUPER LUXURY 4) DELUXE 5) EXPRESS and 6) PALLEVELUGU.**

**CITY TYPE/ 1) SEETHAL HANSA 2) METRO DELUXE 3) METRO EXPRESS 4) VESTIBULE 5) ORDINARY and 6) MINI BUSES.**

The Product-wise Fleet and Earnings information up to 31.01.2009 is furnished hereunder :-

Name of Product	No. of buses	Percentage of Total Buses	Earnings ( In Lakhs)	Percentage of total Earnings
PALLEVELUGU	9686	49 %	137742.28	39 %
EXPRESS	4150	21 %	105645.56	29 %
CITY ORDINARY	3206	16 %	40843	12 %
SUPER LUXURY	1214	6 %	32668.08	9 %
DELUX	738	3 %	18931.02	5 %
METRO EXPRESS	645	3 %	11116.92	3 %
VESTIBULE	1	0.005%	1.26	0.001 %
METRO DELUX	118	0.6 %	2304.06	0.6 %
GARUDA (VOLVO)	89	0.4 %	5043.75	1.4 %
MINI ORDINARY	28	0.1 %	236.4	0.06 %
MEGHDOOT (A/C)	16	0.08 %	422.28	0.11 %
MEGH DOOT	15	0.08 %	480.65	0.13 %
SHEETAL HANSA	2	0.01 %	27.74	0.007 %
<b>TOTAL</b>	<b>19,908</b>		<b>355463.53</b>	

There are two cardinal principles to be followed while reviewing Revenue growth.

1. Focusing on negative performance, comparing the present Performance with that of previous year of the same period.
2. Product-wise Analysis of each route, schedule, service and trips and attention on less than Bench Mark trips / services/ schedules /Route-wise & Sector-wise.

The review can be made in each sector to determine Route-wise performance trends.

- a) No. of routes showing Positive trends.
- b) No. of routes showing performance less than 5% growth.
- c) No. of routes showing Negative trend.

It is observed that **Average Growth of Traffic Revenue per year is 5% for Special Type services and 3% for Pallevelugu (ord.class) services over the corresponding period of last year.** Therefore, every service will have to be ensured to record a growth of more than 5% in the present year compared to previous year and services falling less than 5% growth require a critical scrutiny, to find out the reasons viz.

- a) Operational delinquencies
- b) Entry of un-authorized operations
- c) Operations are not in tune with needs of the Customers
- d) Product Mix may not be as per Customers' requirement in different sectors.

### **DETERMINATION OF PRODUCT MIX AND MARKET SHARE ON THE ROUTE:**

The needs of passengers are not universal which differ due to various factors. Some prefer more Comfort / Luxury / Speed and others prefer availability of services with minimum facilities.

A Survey of sector-wise Routes to understand customer's profile, needs of the customers, Market Segmentation as per the customers requirement, determination of Market Share of RTC and other Modes shall be undertaken by each of the Units immediately. Since transport scenario is dynamic, at least twice in a year a survey of Routes needs to be organized to determine correct Product mix and Market Share.

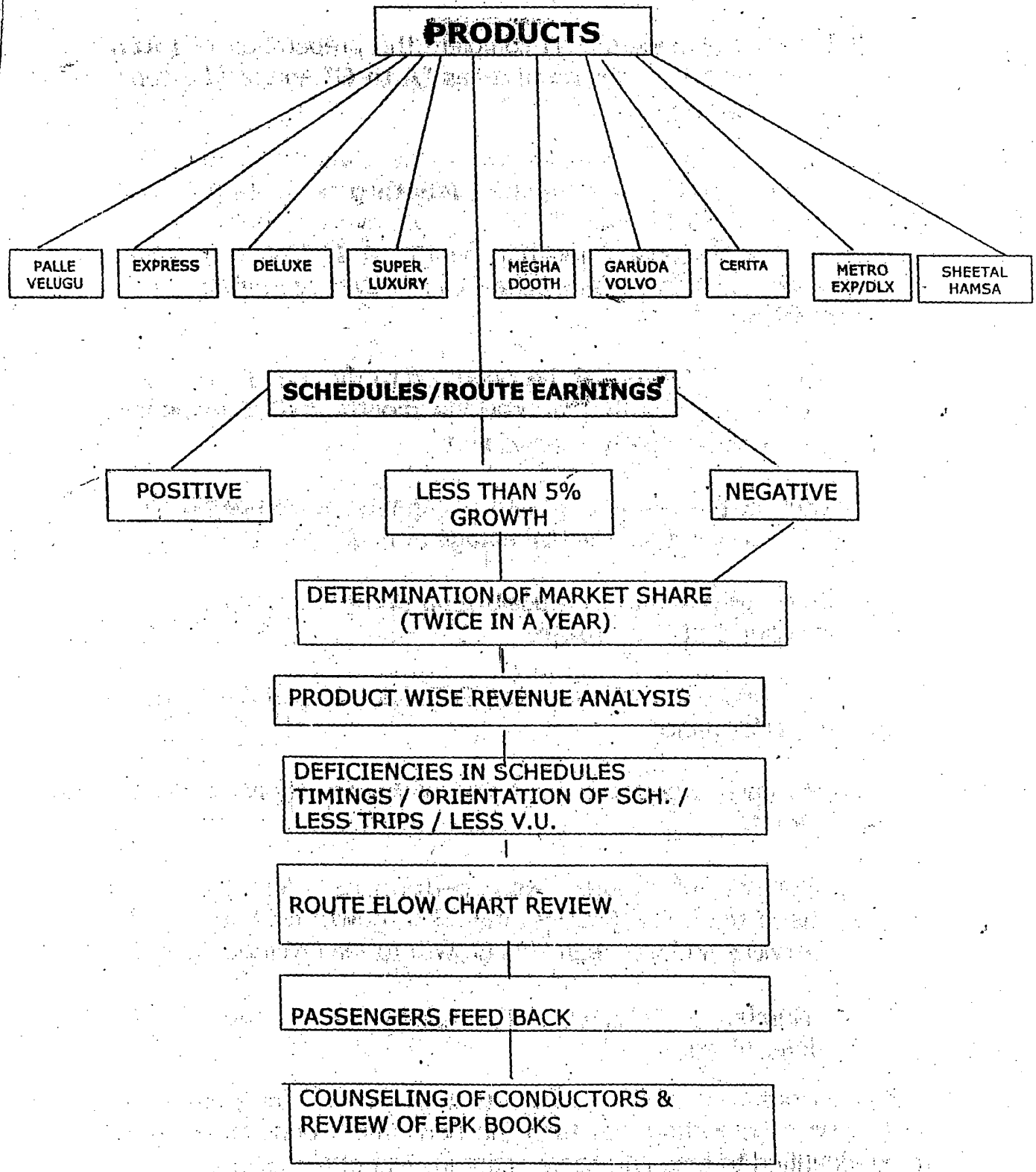
### **NEED FOR HOLISTIC APPROACH:**

The Holistic Approach begins with drawing of a schedule, monitoring the performance of the service, over all performance of the route, proper product mix, determining the market share from time to time, obtaining feed back from commuters and counseling the crew for better performance. The effective managerial action to consolidate these gains will result in best route performance yielding maximum revenues to the Depot.

### **EFFECTIVE TOOLS FOR REVAMPING THE ROUTES & TRIPS:**

- Depot Revenue Analysis comparing with last year(Annex-A)
- Product wise performance comparing with last year (Annex-B)
- Route wise/Service wise performance (More than 5% growth/ less than 5% growth & Negative services - Annex-C)
- Revenue realized on various Bus Passes over last year (Annex-D)
- Revenue realized through various Marketing Schemes over last year (Annex-E)
- Counseling of Low EPK Conductors (Annex-F)

# CRITICAL REVENUE ANALYSIS



**METHODOLOGY:**

The Depot Managers shall complete the preparation of **CREAM** by 5<sup>th</sup> of every month as per **Annexures "A to G"** and send a copy to Dy.CTM & Regional Manager.

Immediately after completion of the statement, the Depot Manager shall conduct a **Capsule Meeting** with Depot Traffic Supervisors and CRCs by 6<sup>th</sup> & 7<sup>th</sup> of every month and the Dy.CTMs/RMs shall conduct meeting on 11<sup>th</sup> & 12<sup>th</sup> of every month. During the meetings, the total mechanism of Revenue Analysis shall be devised as follows.

1. The revenue achieved by the Depot up to the month and for the month in comparison with the previous month and corresponding period of the last year shall be considered.
  - a) Whether the revenue growth is negative as compared to the last year and if so, the percentage of negative growth.
  - b) If the revenue growth is positive up to the month, the percentage of the growth.
2. Review of Product-wise, Route-wise, Schedule-wise, Service-wise & Trip-wise performance:
  - a) In each product, the number of Routes showing positive trend.
  - b) Number of Routes with performance less than the Benchmark EPK (i.e. less than 5% growth for Special Type services and less than 3% growth for Pallevelugu services)
  - c) Number of Routes with negative trend has to be determined.
3. If the performance of the services is negative and the number of such services reflecting less than the Benchmark performance has to be identified to take corrective action by Depot Managers.

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4. After critical review, the Depot Managers and their teams shall prepare an Action Plan with appropriate strategies as already indicated through various Circulars as mentioned below for implementation in consultation with Dy.Chief Traffic Managers. The Dy.CTMs shall over see the implementation of the Action Plan rendering effective assistance.

1. Implementation of RPIM guidelines as per Cir.No. 53/04 OPD-MKTG, Dated 10-11-'04.
2. Implementation of Route Specific Strategies to enhance Market Share as per Cir.No. 28/2008:OPD-CSC, Dt.19-8- 2008.
3. Is there any schedule deficiencies, the schedule drawn is as per passenger needs or not.
4. Review of the flow charts on the route as per guide lines vide Cir.No. 33/2008:OPD-CSC, Dt.26-9-2008
5. Passenger feed back as per the market survey (Cir.No. 97/2003:OPD-MKTG, Dt.18-12-2003)
6. Counselling of conductors and review of EPK Books - Suggestions given by the crew for the improvement of schedules have to be noted down in the Register and action taken on the suggestions of the crew shall be recorded.
7. The Conductors shall maintain EPK Books duly recorded with the Break-even Earnings and shall strive hard to achieve Break-even Earnings immediately and concentrate for further increase in earnings.
8. The Depot Managers shall ensure the posting of Break-even earnings and other columns in EPK Book and motivate the conductors in achieving the Break-even/ Targeted earnings.
9. The Break-even/ Target earnings will have to be displayed in the cash counters and also should be written in the Statistical Returns of the Conductors.

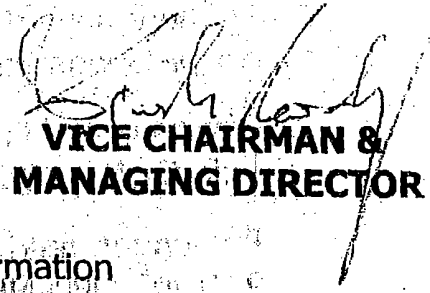


The Regional Managers and Dy.Chief Traffic Managers in each Region shall review the action plan submitted by the DMs in the Regional level Monthly Meetings and prepare a consolidated Action Plan. The RMs and Dy.CTMs should follow-up the implementation of the Action Plan.

The implementation of above instructions will come into force from January 2009 onwards.

Acknowledge the receipt and report compliance.

Encl: Annexures "A to G"

  
**VICE CHAIRMAN &  
MANAGING DIRECTOR**

Copy to : Director( V&S), FA & CAO for information

Copy to: All EDs for n/action

Copy to: C.E.(IT)/Head Office for n/action

Copy to: All HODs/RMs for n/action

Copy to: All DY.CTMs/DVMs/DMs for n/action

DEPOT REVENUE ANALYSIS FOR THE MONTH OF \_\_\_\_\_

DEPOT : \_\_\_\_\_

SLNO	ITEM	FOR THE MONTH		UPTO THE MONTH	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1	OPERATED KMS	VARIANCE			
		% OF GROWTH			
2	TRAFFIC REVENUE	CURRENT YEAR			
		PREVIOUS YEAR			
		VARIANCE			
3	BUS PASS REVENUE	% OF GROWTH			
		CURRENT YEAR			
		PREVIOUS YEAR			
4	MARKETING SCHEMES REVENUE	VARIANCE			
		% OF GROWTH			
		CURRENT YEAR			
TOTAL REVENUE		PREVIOUS YEAR			
		VARIANCE			
		% OF GROWTH			





ANNEXURE-D

REVENUE ANALYSIS OF BUS PASSES FOR THE MONTH \_\_\_\_\_

DEPOT: \_\_\_\_\_

S.NO	PERIOD	STUDENT PASSES		GENERAL PASSES		TOTAL	
		EARNINGS FOR UPTO	EARNINGS FOR UPTO	EARNINGS FOR UPTO	EARNINGS FOR UPTO		
	CURRENT YEAR						
	PREVIOUS YEAR						
	VARIANCE						
	% OF GROWTH						





