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 — Req.

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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 prerequisite 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

	OPERATING REVENUE		NON OPERATING REVENUE
	Passenger Earnings		S/S -Vehicles
	Luggage Earnings	2	S/S-Plant & Machinery
	Jathara Operations	3	S/S-Other Assets
	Parcel Services	4	S/S-Oils
5	Season Tickets	5	S/S-Aluminium
,	(i) JHTs (ii)IJHTs	6	S/S-Batteries
,	Student Bus Passes	7	S/S Bearings
5	PHC Bus passes	8	S/S-Waste Paper
)	N.G.O. Bus Passes	9	S/S-Tyres
10	Journalist Coupons	10	S/S-Tubes
11	1	11	S/S-Electrical items
	Rail-cum-Road Tickets		S/S-Empties
	Spl.Hire on Regular contracts		S/S-Tools
14	Spl. Hire on other contracts	14	S/S-Other Scrap Material
	Unaccompanied Luggage	15	Interest on investment
16	Fines - Mobile Courts	16	Interest on Vehicle Advance
•	COMMERCIAL REVENUE	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		MISCELLANEOUS REVENUE
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
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		9	Sale of Grass ,Trees etc
		1	0 CAT CARDS
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1	•		¹² Financial Assistance from Gov
			13 Freedom fighters subsidy

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7	Rent on Quarters	3		Forfeiture of Deposits
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Therefore, critical, regular and in-depth review is quintessential in Managerial Agenda. The Product Le. 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.

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

<u>CITY TYPE</u>(1) SEETHAL HAMSA 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	公共 1 克拉拉	10.005%	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 HAMSA	2	.0.01.%	27.74	0.007 %
TOTAL	19,908	. Constitute of the	355463.53	

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.

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DETERMINATION OF PRODUCT MIX AND MARKET SHARE ON THE ROLL E:

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.

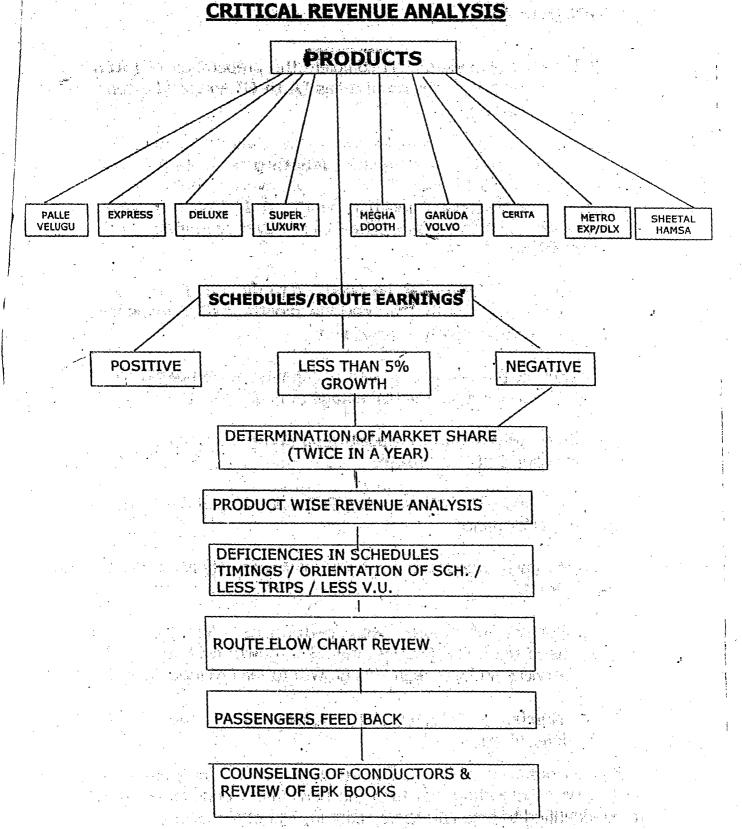
A Survey of sector-wise Routes to understand customer's profile, needs of the customers, Market Segmentation as per the customers requirement, determination of Market Share of RTC and other Modes shall be undertaken by each of the Units immediately. Since transport scenario is dynamic, at least twice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

NEED FOR TO LET CAPPROACH:

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 & TRIPE

- > 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)
- > Counseling of Low EPK Conductors (Annex-F)



The Depot Managers shall complete the preparation of **CREAM** by 5th 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 6th & 7th of every month and the Dy.CTMs/RMs shall conduct meeting on 11th & 12th 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.

- 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.
 - 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)
 - Counseiling 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 Breakeven 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.

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Acknowledge the receipt and report compliance.

Encl: Annexures "A to G"

VICE CHAIRMAN 8/
MANAGING DIRECTOR

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

Copy to: All HODs/RMs for n/action

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PRODUCT WISE PERFORMANCE ANALYSIS FOR THE MONTH OF

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ANNEXURE-D

REVENUE ANALYSIS OF BUS PASSES FOR THE MONTH

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COUNSELLING OF LOW EPK CONDUCTORS FOR THE MONTH OF

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SUMMARY OF ROUTE-WISE MARKET SHARE

DEPOT :

% OF RTC SHARE LESS EY MARKET SHARE

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