



## A Study on the Economic and Operational Performance of Maharashtra State Road Transport Corporation (MSRTC)

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### Abstract:

*This paper analyzes the economic and operational performance of the Maharashtra State Road Transport Corporation (MSRTC). The main objective of the study is to evaluate the financial condition and operational performance of MSRTC. The study is based on secondary data collected from official sources, and various data analysis tools are used to examine the trends.*

*MSRTC is one of the largest public transport organizations in India. It operates around 16,000 buses on nearly 17,000 routes and carries about 70 lakh passengers every day. The study shows that MSRTC faced financial losses during the period of 2002–03 to 2011–12. However, after 2007–08, the corporation started earning profits in some years.*

*MSRTC provides transport services to almost all villages within a 5km distance, making it an important mode of transportation for both local people and tourists. Bus services are generally available every 30 minutes in major cities. On profitable routes such as the Mumbai–Pune Expressway, buses run every 10–15 minutes.*

*MSRTC builds different types of buses, including Ordinary, Parivartan, Asiad, and City buses, in its own workshops located in Pune, Chhatrapati Sambhaji Nagar, and Nagpur. These buses are built on Ashok Leyland and TATA chassis. The workshops produce around 2,000 buses per year on average. The buses are designed to be safe, lightweight, low-maintenance, and cost-effective. Regular and systematic maintenance has helped improve efficiency, passenger safety, and overall service quality.*

**Keywords:** MSRTC, Public Transport, Operational Performance, Economic Performance.

### Introduction:

The Maharashtra State Road Transport Corporation (MSRTC), also known as ST, is the state-run bus service of Maharashtra, India. MSRTC is one of the largest bus service providers in India and it is the third-largest state transport corporation in the country.

Although it mainly operates within Maharashtra, MSRTC also provides bus services to other states. These include cities such as Ahmedabad and Surat in Gujarat, Bangalore in

Karnataka, Hyderabad in Andhra Pradesh, Udaipur in Rajasthan, Indore in Madhya Pradesh, and Goa. This wide network makes MSRTC an important transport service for both intercity and interstate travel.

MSRTC also provides online ticket booking facilities for all its 17,000 routes, making travel easier and more convenient for passengers. The main bus terminal in Mumbai is located opposite Mumbai Central Railway Station. MSRTC buses are popular among both local

people and tourists because they are affordable and widely available. In most cities, buses run at intervals of about 30 minutes. On busy and profitable routes like Mumbai to Pune via the Expressway, buses run every 10 to 15 minutes.

The Maharashtra State Road Transport Corporation (MSRTC) was established in 1948 under the Road Transport Corporation Act, 1950. It plays a very important role in providing public transportation services across Maharashtra. MSRTC connects both rural and urban areas and offers affordable transport facilities to common people. It operates around 16,000 buses on nearly 17,000 routes and carries about 70 lakh passengers every day. The corporation covers almost all villages within a 5 km radius, making it especially important in rural and remote areas where private transport services are limited.

The study mainly focuses on the economic or financial performance of MSRTC. During the period from 2002–03 to 2011–12, the corporation faced continuous financial losses. There were several reasons for these losses, including rising fuel prices, increasing employee salary expenses, concessional passes provided to students, senior citizens, and other groups, and the operation of buses on low-profit or no-profit rural routes. In addition, MSRTC faced strong competition from private bus operators.

However, some improvement was seen after 2007–08. In certain years, MSRTC recorded profits. This improvement was due to better route management, increases in passenger fares, improved operational efficiency, and strong revenue from profitable routes such as the Mumbai–Pune route. Even so, maintaining long-term financial sustainability remains a challenge because MSRTC also has social responsibilities and does not operate solely for profit.

MSRTC also has the advantage of in-house bus manufacturing. It operates workshops in Pune, Aurangabad, and Nagpur. These

workshops build different types of buses such as Ordinary, Parivartan, Asiad, and City buses using Ashok Leyland and TATA chassis. On average, about 2,000 buses are produced each year. This helps reduce production and maintenance costs, ensures better quality control, and provides long-term cost savings. As a result, it improves both economic and operational efficiency.

MSRTC is not just a commercial organization but also a public service provider. It provides concessional travel passes, connects remote villages, supports tourism, and ensures affordable transport for weaker sections of society. Because of these social responsibilities, earning profit is not its only objective.

#### **History of MSRTC:**

Bus services in Maharashtra started in the early 1920s, when the region was part of the Bombay, Madhya Pradesh, and Hyderabad states. These early services were mainly started by local private entrepreneurs. At that time, there were no proper rules to control bus operations.

In 1939, the Motor Vehicles Act was introduced. This Act brought important regulations such as control of bus fares, fixed routes, proper schedules, pick-up points, conductors, and ticket prices. Private bus operators were asked to form unions and operate on specific routes in certain areas. Even after these rules were introduced, problems in service management continued.

In 1948, the Bombay State Government started its own government-run bus service called the State Transport of Bombay. The first blue and silver bus started its journey from Pune to Ahmednagar in 1948.

Later, in 1950, the Central Government passed the Road Transport Corporation Act under the leadership of Home Minister Morarji Desai. This Act allowed each state to form its own road transport corporation. The Central Government

agreed to provide up to one-third of the financial support for establishing such services. After this, the Bombay State Road Transport Corporation (BSRTC) was formed. When states were reorganized, its name was changed to the Maharashtra State Road Transport Corporation (MSRTC).

### Objectives of the Study:

The main objectives of the study are:

1. To evaluate the economic (financial) performance of MSRTC.
2. To study the operational performance of MSRTC.

### Research Methodology:

The present study is based on secondary data. This data has been collected from various sources such as MSRTC reports, records, magazines, periodicals, and trade union publications. Information from reliable websites and online sources has also been used.

### Economic and Operational Performance of MSRTC:

#### A) Economic Performance:

The Maharashtra State Road Transport Corporation (MSRTC) has faced financial challenges over the years. Between 2002–03 and 2011–12, the corporation suffered financial losses due to several reasons:

1. **Rising Fuel Prices** – The cost of diesel and petrol increased significantly, which raised the operating expenses for all buses.
2. **Increasing Employee Salaries** – Salaries and benefits for drivers, conductors, and other staff added to the financial burden.
3. **Concessional Fares** – MSRTC provides fare concessions ranging from 50% to 100% for students, senior citizens, and other social groups as part of its social responsibility. While this benefits society, it

reduces the revenue collected from passengers.

4. **Operation of Low-Profit or No-Profit Routes** – To ensure connectivity in rural and remote areas, MSRTC operates routes that earn very little or sometimes operate at a loss.
5. **Competition from Private Operators** – Private bus services on certain routes reduced the number of passengers traveling on MSRTC buses, which affected revenue.
6. Some improvement in finances was seen after 2007–08, when MSRTC recorded profits in certain years. This was possible due to:
7. **Better Route Management** – Optimizing bus routes and schedules to reduce operational costs and increase efficiency.

#### B) Operational Performance:

MSRTC has a strong operational performance and serves a large population across Maharashtra.

1. **Large Fleet and Extensive Routes** – MSRTC operates around 16,000 buses on approximately 17,000 routes, ensuring extensive coverage across the state.
2. **Rural Connectivity** – The corporation provides services to almost all villages within a 5 km radius, connecting even remote areas where private bus services are limited.
3. **Urban Services** – In cities, MSRTC provides city bus services to meet the transportation needs of urban passengers.
4. **Variety of Buses** – MSRTC offers a range of buses, from ordinary to luxurious, to meet the diverse needs of passengers.
5. **Frequency of Services** – Buses on busy routes operate every 10–15 minutes, while in cities, the frequency is approximately 30 minutes, ensuring passengers do not have to wait long for transport.

This strong operational performance demonstrates that MSRTC effectively meets the transport needs of the people of Maharashtra, even when financial challenges exist.

### **Suggestions for Improving Economic Performance of MSRTC:**

Based on the study and related information, several measures can be suggested to improve the economic performance of MSRTC:

- 1. Route Optimization and Removal of Unprofitable Routes:** Some bus routes operated by MSRTC may not earn enough revenue or may even run at a loss, especially in remote areas. By analyzing passenger demand and revenue, MSRTC can optimize its routes removing or reducing the frequency of highly unprofitable routes while focusing on routes with high demand. This will help reduce operational costs and improve overall financial performance.
- 2. Digital Ticketing and Online Booking Systems:** Adopting digital ticketing and online booking systems can make travel more convenient for passengers. It also helps the corporation reduce dependency on cash handling, prevent revenue leakage, and improve record-keeping. Passengers can book tickets from home or on their mobile phones, which increases customer satisfaction and efficiency.
- 3. Fuel-Efficient and Electric Buses:** Fuel costs are a major part of MSRTC's expenses. By introducing fuel-efficient buses or electric buses, the corporation can save significantly on fuel expenditure. Electric buses also reduce pollution and support sustainable transport initiatives, which is increasingly important in modern cities.
- 4. Public-Private Partnership (PPP) Models:** MSRTC can explore Public-Private Partnership (PPP) models for certain

services. For example, private companies can operate some routes or provide facilities such as bus stops, advertising, and ticketing systems. PPP models can bring in additional revenue and reduce the financial burden on the corporation.

- 5. Better Cost Control and Financial Planning:** Proper financial planning and strict cost control measures can help MSRTC reduce unnecessary expenses. This includes monitoring salaries, maintenance costs, fuel usage, and administrative overheads. Efficient budgeting and planning ensure that resources are used wisely and financial losses are minimized.
- 6. Use of Technology like GPS and AI for Efficiency:** Modern technology can improve operational efficiency. GPS tracking can help monitor buses in real-time, manage schedules, and reduce delays. Artificial Intelligence (AI) can be used for predictive maintenance, demand forecasting, route planning, and fuel optimization. Using technology in these ways can save costs and improve service quality for passengers.

### **Conclusion:**

There are many modes of transport, but land transport is the most basic and widely used. Among land transport options, buses are the most economical and convenient. In this context, MSRTC provides bus services across the entire state of Maharashtra.

In terms of economic performance, MSRTC faced financial losses during the period from 2002–03 to 2011–12. However, it started making some profits after 2007–08. Despite financial challenges, the corporation provides services to almost all villages within a 5km distance, ensuring wide accessibility.

MSRTC offers a variety of buses, ranging from ordinary to luxury services. It also operates

city bus services in some urban areas. As part of its social responsibility, MSRTC provides fare concessions from 50% to 100% to different groups in society such as Senior Citizens, Students, Freedom Fighters and their Dependents, Women Passengers, Persons with Disabilities (Divyangs), Economically Weaker Sections (EWS) etc.

The study shows that MSRTC has strong operational performance and wide coverage throughout Maharashtra. However, its financial performance is inconsistent due to high operational costs and social service obligations. By improving financial management, modernizing its fleet, and using technology, MSRTC can enhance its economic stability while continuing to provide reliable services.

Overall, MSRTC plays a vital role in offering affordable and reliable transport across Maharashtra. With better financial management, route optimization, fleet modernization, and technology adoption, it can strengthen its economic stability while continuing to serve the public effectively. Its extensive network and social initiatives make it an essential transport provider in Maharashtra and neighboring states.

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