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A Study on the Issues and Challenges of the Maharashtra State Road Transport Corporation (MSRTC), Maharashtra, India

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Abstract

Road transport plays a crucial role in meeting transportation needs and contributing to economic growth. It offers both time and place utility. In a country like India, a significant portion of the semi-urban and rural population primarily relies on road transport for daily commuting. Road transport remains the backbone of mobility in India, facilitating trade, employment, and social inclusion. The Maharashtra State Road Transport Corporation (MSRTC) plays a vital role in bridging the connectivity gap between rural and urban regions, ensuring accessibility for students, workers, and senior citizens. The Maharashtra State Road Transport Corporation (MSRTC) is the third-largest state transport undertaking in India in terms of fleet size, accounting for 7.3% of the total fleet among State Road Transport Undertakings (SRTUs) in 2016-2020. Its primary objective is to ensure safe and accident-free bus services across the state. MSRTC serves as a convenient and cost-effective mode of transport, connecting The corporation operates thousands of buses daily, catering to diverse passenger needs through services such as express, semi-luxury, and sleeper coaches. However, MSRTC faces multiple challenges, including rising operational costs, competition from private transport services, and aging infrastructure. Fuel price volatility, fare affordability, and technological advancements in transportation also impact on its efficiency. Despite financial difficulties, MSRTC continues efforts to modernize its fleet, enhance commuter safety, and improve service reliability. Despite facing substantial financial losses over the past few decades, the corporation remains committed to its slogan—"Where there is a road, there is a bus service." This study examines the key issues and challenges that MSRTC has encountered over the years. The findings of this research will offer valuable insights and implications for policymakers, researchers, and professionals involved in State Transport Undertakings.

Keywords: Maharashtra State Road Transport Corporation (MSRTC), Challenges, Issue, Maharashtra India.

Introduction

For centuries, road transport has served as a vital and cost-effective mode of transportation for people. Roads are often regarded as the lifelines of a nation, facilitating the movement of goods and individuals from one place to another. This mode of transport offers convenience, particularly for door-to-door travel. Despite the expansion of air and railway networks, road transport remains the preferred choice due to its numerous advantages, such as easy accessibility in hilly regions, lower costs compared to other modes, and suitability for short-distance travel. In a country like India, where the rural population is significantly larger than the urban population, road transport plays a crucial role in meeting daily commuting needs affordably.

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Since ancient times, road transport has remained a widely used means of travel, and an efficient road network is essential for economic development.

The Maharashtra State Road Transport Corporation (MSRTC), a State Transport Undertaking of Maharashtra, is one of the largest state-run transport corporations, offering economical and dependable passenger transport services in the public sector. MSRTC provides a variety of bus services, ranging from ordinary to luxury, catering to travelers across Maharashtra and neighboring states.

The corporation operates both day and night services to enhance passenger convenience. Additionally, it offers intercity and semi-urban transport services. Beyond its regular routes, MSRTC organizes daily tours to tourist destinations, package tours, and parcel delivery services. The corporation also extends free or concessional travel facilities to various groups, including students, freedom fighters, state government award recipients, regular commuters on the same route, individuals with disabilities, and cancer patients. By ensuring road connectivity across all regions of the state, MSRTC has contributed to balanced regional development. However, over the years, it has faced significant challenges such as employee strikes and unstructured fare policies, which have adversely impacted its operational efficiency and financial performance.

Objective of Research:

1. To examine the problems and difficulties faced by MSRTC.
2. To recommend solutions for the issues and challenges encountered by MSRTC.

Review of Literature:

1. Shilpa M. Trivedi (2010) analyzed the financial performance of the State Road Transport Corporation in Gujarat to assess the actual financial condition of the Gujarat State Road Transport Corporation during the period from 1991 to 2012. She utilized various ratios to evaluate efficiency levels and concluded that GSRTC's liquidity position was the weakest, while the growth in passenger traffic showed a negative trend.
2. Dr. G. V. Chalam and Nohmman Ali (2015) examined the financial performance of state road transport corporations, focusing on the

Andhra Pradesh State Road Transport Corporation. The study aimed to assess how effectively the corporation managed its financial resources and achieved its objectives. Covering a ten-year period from 2002-03 to 2011-12, the research found that the corporation incurred losses for most of the study period, with profits recorded only in two years. The primary factors affecting profitability included government policies such as increases in Motor Vehicle (MV) taxes, non-reimbursement of concessions during the initial years, and frequent hikes in the prices of HSD oil and other essential inputs.

Research Methodology:

This research is conducted through a theoretical analysis of both secondary data and observations. The theoretical examination is linked to subject-specific knowledge. Relevant secondary data has been gathered from research papers, journals, magazines, and websites.

Limitations of the Study:

The scope of this study is confined solely to the Maharashtra State Road Transport Corporation (MSRTC) in Maharashtra, India.

Data Analysis and Interpretation:

The objective of this study is to identify the issues and challenges faced by MSRTC.

1. History of MSRTC:

The Maharashtra State Road Transport Corporation (MSRTC) was established by the Maharashtra state government as part of the nationalization of road transport, following the enactment of the Road Transport Corporation Act of 1948. In the same year, the Bombay government initiated its passenger transport service under the name State Transport of Bombay, which was later reorganized as the Bombay State Road Transport Corporation (BSRTC). After the implementation of the Road Transport Corporations Act, 1950, and subsequent state reorganization, it was officially restructured as the Maharashtra State Road Transport Corporation (MSRTC) in 1961. Maharashtra is among the few states where passenger road transport has been fully nationalized, operating under the motto: "Where there is a road, there is a bus service."

2. Structure of MSRTC:

MSRTC follows a four-tier organizational structure consisting of a Central Office, six

Regional Offices, 31 Divisional Offices located at district headquarters, and 250 Depots, primarily situated in tehsil areas and 588 bus stops. As of March 31, 2020, the corporation had a total capital investment of ₹2,286.81 crores, contributed by the state government.

The corporation operates a fleet of 18,161 buses and employs a workforce of 1,04,596 individuals. During the financial year 2016-17, MSRTC covered 19,838.09 lakh effective kilometers, transporting approximately 66.95 lakh passengers. It generated a revenue of ₹7,056.33 crores while incurring a total expenditure of

₹7,599.90 crores, resulting in a loss of ₹543.57 crores.

Additionally, MSRTC owns nine tire retreading plants, three central workshops, and three bus body manufacturing units with the capacity to assemble 2,000 buses annually. It also operates a training institute along with other essential infrastructure facilities.

(Source: www.msrtc.maharashtra.gov.in)

3. Profitability Analysis of MSRTC

The following is an analysis of the profitability of the Maharashtra State Road Transport Corporation (MSRTC) over an four-year period, from 2016–17 to 2019–20.

MSRTC's Financial Performance and Challenges

Year	Profit/Loss (₹ In Lakhs) (figures in bracket indicate loss)	Amount (in ₹) increased/decreased compare previous as to year (figures in bracket indicate decrease in amount)	Increase /Decrease as compare to previous year (% in bracket indicate decrease in amount)
2016-17	(38,817)	(45214)	(706.8)
2017-18	(57,265)	(18,448)	(47.53)
2018-19	39,101.22	96,366.22	168.28
2019-20	(12,188.47)	(51,289.69)	(131.17)

The table above clearly indicates that MSRTC's financial performance over the past decade has been unsatisfactory. Therefore, it is crucial to examine the challenges and issues affecting MSRTC in detail.

Through a critical assessment, the following key problems have been identified as obstacles to the efficient functioning of MSRTC:

a. Unstructured Fare System

Although MSRTC operates as a state-run enterprise, its primary goal is to meet the transportation needs of the public. As a result, it has not been able to strictly adhere to a pricing strategy that ensures full cost recovery, including both fixed and variable costs. A fare hike would ultimately place an additional financial burden on passengers. Given that a significant portion of the state's population belongs to the middle and lower economic classes, state transport buses remain their preferred mode of travel due to affordability.

b. Social Responsibilities

Being a state-owned transport service, MSRTC is obligated to fulfill various social responsibilities. Maharashtra comprises a diverse mix of urban, semi-urban, and rural regions, where many individuals commute daily from rural areas to urban or semi-urban centers for their livelihoods. Observations indicate that buses traveling to rural areas often start the day with low occupancy but return fully occupied. Despite this imbalance, MSRTC must continue operating buses on these routes, regardless of occupancy levels. (Occupancy ratio refers to the proportion of utilized bus space relative to total available space.)

c. Tax Liabilities

Despite facing significant financial deficits in recent years, MSRTC is still required to pay various taxes. Being a state government enterprise, it should receive tax concessions

Year	Profit/loss (₹ in lakhs)	Tax (₹ in Lakhs)
2016-17	(38,817)	235018
2017-18	(57,265)	230495
2018-19	39,101.22	236058
2019-20	(12,188.47)	234262

d. Road Accidents

The primary factors contributing to road accidents include untrained drivers, poor road conditions, and inefficiencies in operations. MSRTC suffers significant financial losses each year due to these incidents. In the past two years, at least 42 individuals have lost their lives in accidents involving a specific type of bus known as Shivshahi.

Between June 2017 and March 2018, a total of 83 bus accidents were recorded. However, from April 2018 to February 2019, the number of accidents surged dramatically to 439. The expenses associated with compensating both the injured and the families of deceased victims further add to MSRTC's financial burden.

Accident Compensation to Passengers:

Sr. No.	Nature of Injury	Compensation Amount in ₹
01	Died Person	100,000/-
02	Permanent Disability	Up to 75,000/-
03	Permanent Partial Disability	Up to 50,000/-
04	Temporary disability	Up to 40,000/-

To pedestrians, cyclists, and passengers (if the bus driver is responsible):

Sr. No.	Nature of Injury	Compensation Amount in ₹
01	Died Person	100,000/-
02	Permanent Disability	Up to 75,000/-
03	Temporary disability	Up to 40,000/-
04	Loss of variable asset	Up to 40,000/-(in the ratio of loss)

To pedestrian, cyclist, passenger & person in accident vehicle:

(If bus driver is not responsible):

Sr. No.	Nature of Injury	Compensation Amount in ₹
01	Died Person	50,000/-
02	Permanent Disability	Up to 25,000/-
03	Loss of variable asset (non-fixed)	Up to 6,000/-

(Source: www.msrtc.maharashtra.gov.in)

Challenges Faced by MSRTC

1. Impact of Protests, Strikes, and Public Unrest

MSRTC buses are often targeted during protests, demonstrations, and public disturbances. Despite being a crucial mode of transport,

The table below presents the losses incurred by MSRTC Showing loss due to Front:

No. of Buses vandalised	361 buses
Loss due to torching of Buses	Around 80-90 lakhs
Loss due to Damaging of buses	Around 52 lakhs
Loss due to cancellation of services (In Rs.)	22.02 Cr. (over 4000 trips cancelled)
Total Loss suffered by MSRTC	Over 23 Cr.

Crores (Source: www.msrtc.maharashtra.gov.in)

2. Poor Road Conditions

Deteriorating road infrastructure negatively affects the operational efficiency of MSRTC buses. Many regions in Maharashtra, particularly hilly areas, experience severe road damage, especially during the monsoon season due to inadequate maintenance. This leads to reduced performance and increased wear and tear on buses.

3. Employee Strikes

Frequent strikes by MSRTC employees due to issues such as inadequate salaries have also impacted the corporation's revenue. Even a single day of halted operations significantly affects income generation. In 2018, a strike resulted in a loss of approximately ₹15 crore, with 24,852 scheduled bus journeys being canceled across various depots.

4. Political Influence

As a government-owned entity, MSRTC is often subjected to political pressure. Key positions such as the Managing Director and CEO are appointed based on the ruling political party's decisions. This interference influences decision-making at the highest levels, often leading to operational challenges.

5. Natural Disasters

Unforeseen natural calamities, including floods, earthquakes, and disease outbreaks, disrupt

especially for remote areas, MSRTC suffers severe financial losses when protests turn violent. Public anger frequently results in the torching and vandalism of buses. Additionally, roadblocks and curfews during tense situations further contribute to revenue losses.

MSRTC's services. In 2019-20, Maharashtra experienced heavy rainfall, leading to floods in multiple districts, forcing MSRTC to suspend bus operations for safety reasons. As a result, over 55,000 trips were canceled, causing a revenue loss of ₹11 crore.

More recently, the COVID-19 pandemic severely affected MSRTC's operations. Between March 11 and March 16, 2020, the corporation had to cancel 20,957 trips, resulting in a financial loss of ₹1.28 crore within just one week.

6. Inefficient Management

The management structure of MSRTC is heavily influenced by political changes. When a new government comes into power, it often replaces top executives within the corporation. This frequent rotation in leadership disrupts continuity, resulting in inefficiencies in decision-making and operational execution.

Additional Challenges Faced by MSRTC

1. Unbalanced Occupancy Ratio

MSRTC buses experience full occupancy during peak hours, typically from 7:00 AM to 11:00 AM in the morning and 5:00 PM to 8:00 PM in the evening. However, during non-peak hours, the occupancy ratio drops significantly. Despite operating with less than 50% occupancy, the buses must continue running according to the scheduled timetable. Even when the revenue from a single trip

fails to cover its operating cost, services must proceed as planned.

2. Competition from Private Transport Operators

A major challenge for MSRTC is its inability to compete effectively with private transport agencies. Several private travel companies in Maharashtra provide long-distance travel services with enhanced comfort and hygiene. These operators implement a dynamic fare policy, charging significantly higher rates during peak seasons. Despite the increased fares, passengers often choose private services due to their superior travel experience.

3. Inconsistent Bus Schedules

In rural areas, the frequency of buses decreases significantly on weekends. Additionally, bus staff do not always adhere to the scheduled departure times, causing inconvenience to passengers. Those who rely on MSRTC for their daily commute are often forced to seek alternative transportation due to delayed services.

4. Rising Diesel Prices

The increasing cost of diesel presents a significant financial strain on MSRTC. Despite the rising crude oil prices, the corporation cannot proportionally raise passenger fares due to its commitment to affordability. Additionally, MSRTC provides fare concessions to various groups, including students and senior citizens, further limiting its ability to offset rising fuel costs.

The table below illustrates MSRTC's diesel expenses over the years:

Year	Diesel Expenses of MSRTC (₹ in crore)	Diesel Rate in India Per litre (in ₹)
2016-17	2467.07	60.47
2017-18	2531.01	63.94
2018-19	3013.67	69.26
2019-20	2801.96	83.13

(Source: www.msrtc.maharashtra.gov.in)

Findings

The objective of this research was to examine the challenges faced by the Maharashtra State Road Transport Corporation (MSRTC) and propose suitable solutions. The study, titled "Maharashtra State Road Transport Corporation (MSRTC): Issues and Challenges," has yielded several significant findings that could play a crucial role in decision-making to address these concerns:

- MSRTC has been experiencing increasing financial losses over time.
- As part of its social responsibility, it must continue providing transportation services regardless of occupancy rates.
- Irregularities and delays in bus schedules have led passengers to prefer private transport options.
- The rising cost of diesel has significantly increased MSRTC's operating expenses.
- Frequent changes in top-level management have resulted in inefficiencies in administration.
- The cancellation of bus services due to natural disasters, even for a single day, results in substantial financial losses.
- Political interference negatively impacts the operational efficiency of MSRTC.
- Employee strikes place additional financial pressure on the corporation, further increasing its losses.
- Poor road conditions affect the physical performance and maintenance of MSRTC buses.
- During protests and public demonstrations, MSRTC buses are often targeted, leading to additional financial losses due to vandalism and arson.

- Accidents caused by untrained drivers and negligence further impact the corporation's financial and operational performance.
- Despite incurring losses, MSRTC is required to pay taxes to both the state and central governments without any concessions.
- Employee concerns should be addressed promptly to prevent strikes, and strict action should be taken against individuals engaging in unlawful activities without political influence.

Conclusion

Transport services cannot be stored or deferred; they must be utilized as soon as they are made available. Any unused service results in a permanent loss, as its value is time-sensitive. Despite facing multiple challenges, MSRTC continues to operate its bus services. While it struggles to cover operational costs and generate profits, it remains committed to fulfilling its social obligations. For numerous semi-urban and rural regions, MSRTC buses are the sole mode of transportation. Their affordability attracts passengers, making them a vital part of public transport.

Although MSRTC lacks a robust marketing strategy, the demand for its services continues to grow due to its reliability. The corporation frequently faces financial setbacks due to vandalism during protests, service disruptions caused by natural disasters, and worker strikes. However, it continuously strives to mitigate losses by incorporating new features and improving services. These persistent challenges place MSRTC in a difficult situation, requiring strategic reforms to ensure sustainability.

Suggestions

Based on the collected data and analysis, as well as secondary research, the following recommendations are proposed to minimize the impact of protests and other challenges on MSRTC:

- Vandalizing public property during protests does not contribute to resolving social issues. Law enforcement agencies must take strict action against individuals involved in such activities.
- MSRTC should customize its services to better meet passenger needs and preferences.

- The corporation should conduct a detailed financial analysis, including daily route income, cost per kilometer, salaries of conductors and drivers, fleet maintenance expenses, fuel costs, and other operational expenditures. A comprehensive cost-benefit analysis should be undertaken to develop cost-reduction strategies.
- To lower operating costs, MSRTC could introduce mini-buses on routes with lower passenger demand.
- Proper policies should be implemented for cost analysis, ensuring a clear distinction between fixed and variable costs. Tailored financial strategies should be developed to cover expenses efficiently.
- Highly skilled professionals should be appointed to senior management positions, and frequent leadership changes should be avoided, irrespective of political transitions.
- Drivers should receive comprehensive training to enhance their skills and reduce the incidence of road accidents.
- Strict adherence to bus schedules should be maintained to improve reliability and encourage passengers to choose MSRTC over private transport.
- The government should take necessary measures to improve road conditions, ensuring the efficient performance and longevity of MSRTC buses.

By implementing these measures, MSRTC can work toward improving its operational efficiency, financial stability, and overall service quality.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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