



# INNOVATIONS FOR SUCCESSFUL SOCIETIES

## ***Innovations for Successful Societies Oral History Project***

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Interviewee: R.C. Jain

Interviewer: Rohan Mukherjee

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**MUKHERJEE:** It is the 23<sup>rd</sup> of July, I am Rohan Mukherjee. I am with Mr. R.C. Jain, the deputy commissioner of Kamrup for Guwahati and also the former managing director of the Assam State Transport Corporation (ASTC). Mr. Jain, could I ask you to just provide a brief professional introduction of yourself and a short account of your involvement with the reform efforts in Assam?

**JAIN:** *I am R. C. Jain, Ramesh Chand Jain. I was born and brought up in Assam only and I joined the Assam Civil Service in 1983 and served in various capacities. In the year 2000 I have joined as managing director of Assam State Transport Corporation. While I had joined the Assam State Transport Corporation it was almost a closed-door organization because at that time the employees have not got their salaries for about 14 months and there was an area of about 200 crores of liabilities has been gathered has been gathered to the Assam State Transport Corporation. It was almost in the closed-door state, for the employees were in a very agitated mood. There were about 5,400 employees at that time and the monthly requirement of salary at that time was around 2 crores. Because there was no fleet office only at hardly 72 ATV vehicles of the Assam State Transport Corporation were in running condition. The earning is almost nil from those vehicles also.*

*Government of Assam has tried in several ways to revive it but somehow or other it could not be materialized and in the year 2000 I joined as managing director. I first studied the entire aspect why the state transport has gone in such ruin because it has tremendous assets. The Assam State Transport has the fixed assets, the buildings and land in all the small, medium, large towns of the Assam state and their locations are very desired. These are in the heart of the city, town or economical heart. In spite of that and the basic lead of the transportation is the commerce need of the everyday people even though it has failed. So I studied why it has failed. First I've seen that the main reason was that the, no work attitude of the people. They, although it is a corporation it deems it as a government department and the employees are very relieved, they believe that. Whatever we earn does not matter, at one point of time government will give us 100% salary. So that was one of the reasons.*

*Second reason was that there was a huge, complicated liability, 200 crores of liability. Third was the important factor that there were 5,400 employees and it is not needed. The most important part was that nobody was bothering what is happening in the system. Then I joined. I talked to the people of the ASTC. Initially they were very resistant to do anything new. They wanted that they must get their salary and they often start shouting. Whenever I reach office they start shouting go back, go back and give us the money.*

*Then one day I decided this should not go further, let us try our level best. So one day I have just reached my office, I just take the chair, there are about 100 employees came to my chamber and they get on me. Then I asked whom you have there, whether you want get out of R.C. Jain or the managing director of State Transport. Oh no, we have to get out the managing director of State Transport. Then I went to them and said I also want that the managing director should go out if it can solve our problems or should we find whether is there any solution on that. Then slowly and gradually I have taken them into confidence and they have also come into confidence that something new should have been done.*

*I have told them, you have done your agitation from 1988, twenty years already recitation, but the government could not pay anything extra. Do you think the*

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*government will pay? Then the first, we moved to the government that we have to reduce the number of the employees first because the two crores earning in a month is not possible. I asked the government to give me some money so I can repair my vehicles. Not for purchase of vehicles.*

*Then the government assured me that they will give me the funds, about 3-1/2 crore for repairing the vehicles and the government of Assam and government of India has agreed that they will give some money for VRS of the people.*

MUKHERJEE: VRS is?

JAIN: *Voluntary retirement scheme of the employees. But the government of India has made the observation that while paying this voluntary retirement, only you can pay the liability to the employees. Their dues only. You cannot give them any additional money. Because in case of voluntary retirement there is a system of providing additional money as golden hand shake, but in their case it was not provided to us.*

*Then also employees got agitated, no we want some extra money and something like that. They went to the high court. They want extra money. The high court also disposed the petition within a very short period. We have placed before the high court that this is the situation, government of India is made this observation. Then the honorable high court in the division said, let us ask these employees who want to go, in this package they can go. So there should be a fresh advertisement from your end and if anybody wants to take this advantage then you can give.*

*I had to advertise it. The best part of it, that when I have issued fresh advertisement, each and every employee has been given the option to go on VRS because everybody has thought, this corporation will not do anything. That was the biggest advantage to me—that everybody has applied for that. Second that the government of Assam is also sanctioned 4 crores of rupees for repairing of vehicles.*

*Since my employees were not working properly and they're not very much acquainted with the technical know-how to repair 200 vehicles at a time. Then I contacted the Tata Motors. So the Tata Motors has agreed that, OK, we will provide you all assistance. Then they have sent their own good mechanics along with their mechanics our mechanics worked. They provided us the best quality of spare parts and thereby in sixty days we could repair about 200 vehicles. About 200 vehicles have been repaired, the VRS started, and as all the people of leisure were given option, then there was an option behind me to choose the worst one. So I had chosen, I had chosen the worst employees, those who were mostly agitation basis and also on agitation, and I have chosen and 1,800 employees had been sacked through the voluntary retirement scheme. Then the remaining 3,600 workers, we started our own—after my joining, about ninety days after that, we started applying our own vehicles.*

*Then we started one new scheme that is not in anywhere in the country, private-public partnership in case of vehicles. We have offered our stations to—we offered that to the private operators, that we have good locations stations. You can use our stations; give your vehicles supplied to us. The entire management of the vehicles will be done by the ASTC regarding the timing, providing the schedule of departures and you can use our stations and we'll provide you all assistance on the issue of tickets at our stations. We have taken 10% off their gross income as our commission, and 90% is theirs.*

*This was started in September, in the month of September 2000. Initially there was a little bit of resistance, but in spite of that we got some vehicles, those who have come to us. We earned 9 lakh rupees in that month from the 10%. Then my employees realized that this is good scheme because without any investment, without any problem, we are earning some money. My employees also started working and assured that they will also give me help. Gradually the vehicles under this private-public partnership increased every month, every day. When I have left there was 1600 vehicles come to us for applying in this way and the monthly average income from those vehicles, 120 lakhs, per month, from those vehicles, without any expenditure.*

*In those vehicles we were also given them our staff at concessional rates because I have a huge number of extra employees, so I gave an option to all the private bus owners, because you, since they are recruiting the drivers, I said to them, don't recruit your drivers. If you recruit your drivers you have to pay 4,500 per month. I'll provide my driver, you pay me 3,000. Because that's my additional income. I have to pay him 5,000, 6,000 whatever the salary, but if you recruit him then I get 3,000 reimbursement from it. Similarly I have offered them to provide conductors. I have a lot of conductors; you take the conductors along with you. I will give you 2,000 only. Thereby we have earn also. Whatever is stationary they required, whatever is necessary, we print it in a bunch, make it a rate to them and through this also we have earned a lot of money, by supplying office stationary to the private owner vehicles.*

*This process was going on as one case and in our case, in our own vehicles, we have introduced two types of system, one, I have seen from the mass study that in the Assam State Transport Corporation a vehicle kills a vehicle system was going on. A vehicle kills a vehicle means suppose a vehicle has come from the garage with a minor defect. Suppose one dynamo is not working. Then dynamo was not in the workshop, second vehicle has come. There is another problem. So what they did, from the second vehicle the dynamo has been brought out and put in the first vehicle. The first vehicle goes away. The second vehicle has two deficiencies now, one dynamo is missing, already his gear is perhaps not working. Then third vehicle has come. It has some minor problem. Again, from this vehicle one of the parts fitted to that. Gradually what happened, that the good vehicles have been killed by the bad vehicles. That was the scenario in the ASTC.*

*Then I invented one system. Every vehicle is a profit center, it is a business hub. Each one vehicle. No vehicle, no parts of each other vehicle can be replaced and every vehicle has an owner. I put every station superintendent as owner of a vehicle. He is deemed the owner of the vehicle. It is now his responsibility that he will repair the vehicle, he'll run the vehicle and in the month he has to give us some extra money; that is a profit center. You are to earn profit from that vehicle. That was one system.*

*Then I have also started zero-based inventory system. Earlier what happens when money is there, the ASTC has to purchase a lot of materials, spare parts. In the long run 50 to 60% of the materials are being used and 50% are waste. Because they have not been used, not required. Then I made a zero-based inventory system. Since our workshops are located in the good locations, very good locations. Suppose in Guwahati all the shops of dealers are located. So I told them we have the dealers there. They are our store for inventory, why should we purchase, they have kept the stock for us. When vehicle comes, whatever be the basic requirement of the vehicle, purchase only that parts from the vehicle*

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*dealers and then let the vehicle go away. In that process I have to pay 2%, 3%, 5% extra, but nevertheless, in the long run, huge money has been saved on that because no wastage. Zero wastage.*

*Then third thing we have done that we have contacted the tire manufacturers, battery manufactures and the Indian Oil Corporation. We have fixed a rate of purchase of lubricants and diesel, 2% less than what is in the market availability in the IOC. In case of tires and battery also we entered into same type of contract. We started selling these products to my private vehicle owners, those who were running under us. From that material also we earned a huge chunk of money. And these 2, 3 processes started working and ultimately the ASTC became a profit center. It has earned profit, it was not in loss, no government subsidy. Only the four crores initial and the government of India and government of Assam provided us 67 crores for the VRS, the 70 crores was initial investment by the government of Assam. Other than that there is no investment.*

*We have started repayment of our liability also. The employees or CPF, CPF contribution, etc. is not paid from last 1983. We have started that requirement. The employees, those who have retired from 1988 have not got anything, we have started repayment of them. Gradually we have become a good viable organization.*

MUKHERJEE: How long did this period take you?

JAIN: *It takes around two and a half years.*

MUKHERJEE: Was that the length of your tenure as managing director?

JAIN: *I was there for about five years, five years two months.*

MUKHERJEE: When you left, how big was the deficit of the ASTC at that point?

JAIN: *At that time the liability had been reduced to about 70 crores, and huge liability has been wiped off and about, I have left about around I guess about 18 crores.*

MUKHERJEE: So was reforming transportation or reforming the ASTC a major priority for the government at that time?

JAIN: *Yes, actually the total help was from there. Then there was in the transport minister called Mr. Anjan Dutta. His total priority was that. That he has taken it on that ASTC will be revived at any cost and he has taken all the pains, what the politically required to be taken in case of revival of ASTC. [end of file one]*

*Because he was the key factor in entire things, because in this process a lot of political decisions had to be taken. One that the minister has to stop giving any permit to any private vehicles unless it is run under ASTC. No new permits were given, otherwise it has to run. Then major routes of the state transport have been nationalized, major routes have been nationalized, and number three that government of Assam, particularly at the behest of the transport minister, it has been decided that the vehicles that are running under ASTC, that will be fully managed by the ASTC. If they are violating any motor vehicle acts or rules, they can be prosecuted only the MVI, not be any other authority.*

*If the accident has taken place, then the first support will go from the ASTC. No vehicles running under ASTC can be made surveillance by the any police, by any MVI, it has to be 100% surveillance by the ASTC. Thereby the vehicle owners*

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*have saved a lot of money because in India, I don't know whether it is prevalent in other states or not, India is a general practice that all our policemen and the motor vehicle inspectors to take some advantage from the vehicle owners. So that has been completely stopped, it has been fully stopped. The vehicle owners also, we have given them a tremendous service. Suppose a vehicle got in accident. Naturally what happens if it is a private vehicle that gets in, the owner has to rush to the spot and he has to take all the scare. In that, the vehicles, which are running under ASTC the vehicle owner says no problem. The accident is take place, my nearest station superintendent will come, has come, he has rescued all the people, he has taken all cares, whatever the MVI certificate is required, what is required, what police report is required. He is procuring and he is handing over to the owner.*

MUKHERJEE: And you mentioned that since 1983 or the early 1980s there were a lot of problems in the ASTC of this kind. What made you think that that moment in 2000 was the right time to start turning things around?

JAIN: *That was the—actually the government has put me as managing director and I have seen that—I have there, if I can't work, then there is no point of coming here. Actually why the revival has become easier at that time, because ASTC employees that are all frustrated. They have taken all types of means, but their means were not being materialized. They are in a very frustration stage so that the revival was very easy because they think, ASTC it is a gone case, it cannot be revived. It will be a closed out organization. They have lost all hopes from the government also because they started getting agitation in 1988. From '88 to 2000 they have gone for agitation for about twelve years. No results were coming. So they were all frustrated. Then this frustration, I have taken advantage of that frustration.*

MUKHERJEE: Sir, and if you had not taken these steps, where do you think the future of the ASTC would have gone?

JAIN: *I would have closed up, it would have been closed down because some other corporations had already closed down.*

MUKHERJEE: So like which one?

JAIN: *There was a major corporation, Statefed. Statefed was a very major organization. It had established making shops, not only in small towns, medial towns, it is in villages also. They have a lot of manufacturing units like oil mill, like plant, a lot of warehouses but they closed down.*

MUKHERJEE: Sir, was there a concern in designing these reforms that, or in even coming up with these reforms that the public—

JAIN: *Private public partnership.*

MUKHERJEE: But the public itself, the users of the busses, was there a concern that they had completely lost faith in the ASTC and it was time to do something about that? Were you worried about that aspect of it?

JAIN: *No, my concern, it has come gradually. I started that—my feeling was that in case of Assam State Transport Corporation running of its own vehicles will not have any meaning because this had been tried. The ASTC was born about one hundred years back, it was born a hundred years back. It had tried all types of means of running its own vehicles. But history has said that they are not in a*

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*position to earn anything. The government has invested a lot of money in the ASTC because prime locations land had been given to them, construction of all the good bus stations were made by the government. Vehicles were—in every year government was spending money on purchase of new vehicles. In spite of all these things the ASTC was not in a position to pay their salary even. So that history says that running of its own vehicles has no meaning.*

MUKHERJEE: So in designing these reforms were you able to draw on the experiences of any other states in India or any other countries?

JAIN: *Actually in fact this idea has come from the Rajasthan State Transport Corporation. Rajasthan State Transport Corporation is a separate type of system. Before that there were vehicles under Rajasthan State Transport Corporation. They've taken the vehicles on lease basis. They have taken the private owners' vehicles on lease basis and run by the Rajasthan State Transport Corporation. There was a system there.*

*But I feel that that system is not appropriate here because if I take in vehicle on lease basis, it is the same thing as a purchase. If I cannot earn from them, how can I repay the lease money. So the basic idea was from the Rajasthan State Transport Corporation but I designed this, everything, that whatever I get I must get in there without any hassle and profit one. There is no way of any loss because the vehicles are run by the owners, it is his responsibility to maintain the vehicle, it is his responsibility to—he has to pay 10% of his gross income to me only.*

MUKHERJEE: Sir, often in reforming such public enterprises it is very difficult to build support as the managing director. Do you feel you had the right amount of support to do these things?

JAIN: *Everything. Actually when I had lodged this scheme I had visited each and every city, town, of Assam. I met all the vehicle owners. I explained to them, if you come to us you will get so much, so much of an advantage. The paying of money to us will be a peanut to you, 10% because you will save a lot of money. Number one. And politically, the entire support was there. It has to be done; it has to be done.*

*When gradually, in the first month we get 9 lakhs, employees were also astonished. Without doing anything, if you can like this. So the employees started, all the employees started working like anything, it was a flash point. Because with the salary was in the, as to say, at that time also was very meager in comparison to other state government employees. It was hardly 50%. Even though when the scheme started implement, the employees started working at 4 o'clock in the morning and then go to 10 o'clock in the evening, in the night, just releasing everything. It was a very new scheme, new things, and new idea. But to the employees—I never feel that my employees had felt embarrassed or they are not in a position to carry this. From day one they carried the program.*

MUKHERJEE: So what would you say were the most important challenges that you faced in building support, when talking to the private operators or—?

JAIN: *Initially they were very skeptic; initially they were thinking it is not proper for us. They will lose their business because we have to set certain conditions. The vehicle has to be painted in ASTC color. It was painted in ASTC color and it will be purely a mark for, people must feel that this is an ASTC vehicle, not your vehicle. Initially they were slightly skeptic of that.*

*Later on too it has a plan like this, the vehicle owners keep in queue, they say take my vehicle. And I was not in a position to give them time schedules because we had made a system that will not allow any vehicle to run in a competition basis. There must be a fifteen minutes gap from one vehicle to another vehicle, so it is not run on competition. So, time slots were limited.*

MUKHERJEE: So what was the reaction of the public, the people who were using these buses?

JAIN: *Overwhelming response. People are just astonished and they have given tremendous support. I have seen that people have made a, in some places made a point that they will not ride in a vehicle which is not under ASTC. Everybody has pride for his own country, his own state. Some passengers have taken note that they will not ride in a vehicle which is not run by ASTC.*

MUKHERJEE: Did you take any steps to promote this new image of ASTC?

JAIN: *We have tried that and the government of West Bengal, government of Tripura, government of Madhya Pradesh, government of Bangalore in Karnataka all has come, and the government of West Bengal started, government of Tripura started, government of Madhya Pradesh also started. Some are different, slightly different, but this has been taken. The Madhya Pradesh have also started with the seat-sharing system.*

MUKHERJEE: Did you take any steps to build up the capacity of your employees because they would have been not used to, you said there was a no work attitude.

JAIN: *Yes. My, most of the important aspect, the lagging behind of my employees was repair of vehicles. They are not in the position—they were not so trained enough to repair the vehicles. In that case we have taken help of Tata Motors for giving them training at onset, giving the training, regular training at our workshop. Somehow it has increased the level. Their standard has increased. Initially the vehicles were repaired under supervision of mechanics of the Tata Motors. Later after six months that could run their mechanics. Then the entire thing has been repaired by our own employees.*

MUKHERJEE: And the relationship with Tata Motors, was it contractual or was it—

JAIN: *No not contractual, it was spontaneous.*

MUKHERJEE: So they did it free of cost?

JAIN: *Free of cost.*

MUKHERJEE: How were you able to convince them to do that?

JAIN: *They have their social responsibility. They have done our, Japanese studies also in our workshops. They made our workshop to Japanese standard. Then they have provided us the vehicles which are now purchased by the Delhi Transport Corporation. Now some vehicles have been purchased by Delhi Transport, about a thousand vehicles, low-floor vehicles. That was first introduced in Assam by the Tata Motors.*

MUKHERJEE: In terms of management techniques, did you use any special incentive systems or techniques to motivate your employees?

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**JAIN:** *Yes, two, three system we have in total. One system that in case of this, I mentioned the Tata Motors low floor vehicle, that was my pride things here because no low floor vehicles were available, they are beautifully decorated vehicles, so there we have provided drivers with the full uniform types of things. We have given them—you have to issue tickets to everybody. I have given them 10% commission of daily earn. Suppose they have earned 5,000 from that vehicle, 500 stayed to the conductors, 10%, that was a new idea. To feel themselves to earn more.*

*One basic, I have introduced one system but that has not worked properly. There is a tendency of the conductors not to issue tickets and siphon off some money. Then I call all the family members of the conductors and I have explained to the family members, the conductors, those who are taking advantage of this without issuing tickets, they are getting 50% from the passengers, they're not getting 100%. The percent when you go without ticket, you will not give the actual fare, you will give 50% fare. I told them, I made a system that if a vehicle has a capacity to early 8000, you have to earn 6,000 for me and if you earn more than 6,000, 80% and above you can earn, then 50% is yours and 50% for the ASTC.*

**MUKHERJEE:** Did that work?

**JAIN:** *It has not worked so much.*

**MUKHERJEE:** Why do you think it didn't work?

**JAIN:** *It is because of the tendency of the people who are getting the siphoned money. They get good relish when the money, siphoned money they got it. When there is money that is hard earned, they feel it has no meaning.*

**MUKHERJEE:** So the other incentive system where the drivers get 10% in the low floor busses has that been—?

**JAIN:** *Yes, that has worked very good. That has worked very good because I just inquire now because after I left they have discontinued the system. In my system, in that time, we have earned up to 7,000 per day from a city bus. From a city bus running. Now I have heard that running from that the city busses have come down to 3,000 or 4,000.*

**MUKHERJEE:** That raises the point of sustainability. Do you think that the reforms that you undertook there have been sustained?

**JAIN:** *Yes, starting when you have come, I have just taken the total sustainability of—. I have seen that in case of private owners' vehicles, I left in the year 2006, '7, that organization I have left. The earning was 14 crores, 42 lakhs in that year. Now it has been gradually decreasing now. Now in 2007-8 they have earned 13 crores, in 2008-9 they have earned 12 crores, 24 lakhs. Gradually it is slightly declining.*

*But in the case of our own vehicles the earning has slightly increased. It is at a slightly increased level because when I left the earning was 66 crores, now they have raised it up to 73 crores.*

**MUKHERJEE:** So looking at the future of the ASTC, then, you feel positive?

**JAIN:** *Still I feel that the system is still working properly, still working.*

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MUKHERJEE: Did you take any steps at that time to make sure that in the future, did you try to institutionalize?

JAIN: *Yes, I created the institution because I have told you that I have created a system. There is no dependence on a post of managing director. Entire things are decentralized. Every vehicle has an owner. So that is completely decentralized. Private owners' vehicles, these vehicles running, have our system that every day collection, it is not a monthly basis to pay them. It is a system of every day paying.*

*Suppose the vehicle has earned today 2,000 rupees, he has to pay 200 today. So every day, when the every day payment is there and it is taken by the lower staff, at the grassroots level. So that system is continued. The dependency on the management, that is not there. That's why the earning is not affected so far badly.*

MUKHERJEE: What aspects of your own background and your own management style do you think had an impact and helped you succeed where other people were not as successful?

JAIN: *That is not the case actually but I have benefited a lot. In my personal capacity I have benefited a lot because I have been popular in the entire state, everybody knows me know. Whenever I stand anywhere, everybody just reminded ASTC. My name is always linked with the ASTC. So I am personally very much benefited.*

MUKHERJEE: In terms of—do you think it was important to have a vision, to articulate a vision for the future of ASTC, where you wanted to see it go? Did you try and communicate that to your team members?

JAIN: *Yes, yes, I have already, I have communicated a lot of time that ASTC is such an organization, it has, it can develop, sky is no limit because of prime locations of their own buildings. Unbelievable, one of the better, that is an advantage. But it has to be changed every year. The same system cannot work every year because it is widely changing, everything is changing. Everything is changing. So it has to be changed. But I have seen that in the last three years that I am not there, they have not changed anything. They are simply continuing what was done.*

MUKHERJEE: All right sir, is there anything else you would like to add to that?

JAIN: *Nothing. Thank you very much.*