

Business Case-Assignment

You are a construction company and had won a tender for construction of a 6-lane road connecting a small town and a big city. There was an existing 2 lane road of 50 Kilometres between the city and the town. You were supposed to construct the road and could install any number of tolls on the road till 5 years. You completed the road and now the lease period is running. Your construction company is facing a huge loss. Identify the possible reasons for the loss and ways to get profits.

Questions

- Are the construction materials(eg. Asphalt,cement ,tar) of the highest quality to maintain the pressure of the traffic in the busy highway?
- Are the number of toll plazas present in the highway between the town and city enough to handle the capacity of the number of vehicles?
- Apart from usage of commercial vehicles like trucks etc. in the highway,is there any other spots of entertainment in the zone for the city crowd?
- Are there enough events etc. organized in the 6 lane highway due to which people are more attracted to use the highway more?

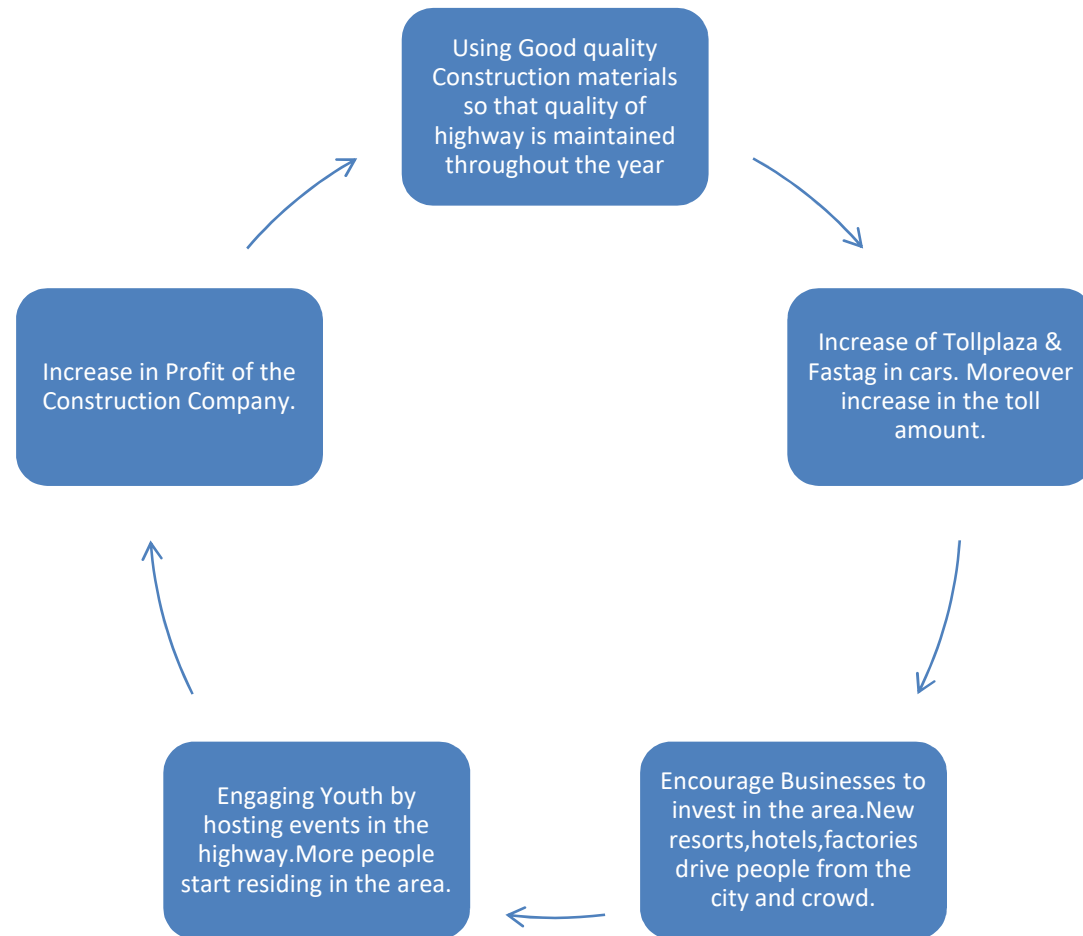
Clarifications

- No due to the unavailability of quality materials over a period of time of construction of highway as well as increase of better quality materials cost, the company used a mixture of materials to complete on deadline. Now in the rainy season, potholes are made due to which vehicles try to avoid the road.
- Only 1 toll plaza with half of the staff capacity is present in the stretch of the highway. Hence many vehicles tend to not give toll money and locals do not pay at all.
- Other than roadside restaurants and dhabas, there is not at all any good resorts, restaurants for the city crowd to entertain themselves. Moreover due to the bad highway, the tourist spots are also on loss.
- Due to bad condition of the highway, events like bike rallies, awareness programmes etc. are not held in the highway. Hence less toll income for the construction company.

Analysis

- Firstly it is utmost important for the construction company to engage more local support and use better materials for the road.If that is done ,there is no need for the company in long run to repair the highway again and again.That encourages the locals to use the highway frequently and government tenders are rolled out to them because they have the support of the locals as they generated employment there.
- Secondly,the number of toll plazas has to be increased and including the toll amount.If people are getting value for money highways,they are bound to pay the highway more and more.Introduction of Fasttag in vehicles also help.
- There should be business ventures,hotels,big corporates investing in this area.This helps the city crowd to get attracted to come here frequently and it's an overall gain to be honest.
- To attract the youth,there should be Bike & car rallies,government awareness programmes more planned here.It encourages the youth to travel more and use the highway frequently.It helps to boost the local economy.
- Encourage more Real Estate activites in the area to make it an ideal residential zone.

Pictorial representation



Conclusion

- We believe by following the previously discussed steps, a company from facing a huge loss can make itself into a profitable venture.
- Also it needs to keep track of the services and economic activities which it is providing and maintain the Road quality and Safety.
- It will surely be profitable for the company to move in this direction.