

Ludhiana City Bus Service Limited



GROUP-5

- 1) Himanshu Sankla
- 2) Sangh Priya Gautam
- 3) Manvik
- 4) Himanshu Yadav
- 5) Vishnu Gaur
- 6) K. Arun
- 7) Pranay Kansal

INSTRUCTOR : Prof. AMIT SHUKLA

INTRODUCTION TO LCBSL:

ABOUT LCBSL:

- ❖ LCBSL (LUDHIANA CITY BUS SERVICE LIMITED) was started under the Jawaharlal Nehru National Urban Renewal Mission (JnNURM), In conjunction with the Government of India (GoI), The government of Punjab and the Ludhiana municipal corporation.
- ❖ JnNURM was a massive City-Modernization Scheme launched by the GoI, under the ministry of Urban Development.
- ❖ Focus is to be on efficiency in urban infrastructure and service delivery Mechanisms, Community participation and Accountability of ULBs (Urban Local Bodies) parastatal agencies towards citizens.
- ❖ The scheme was officially inaugurated by Former Prime minister Manmohan Singh on 03 Dec 2005 as a programme meant to improve the quality of life and infrastructure in the cities.
- ❖ It was launched in 2005 for a seven-year period (up to march 2011).
- ❖ It envisaged a total investment of \$20 million over seven years.

- ❖ Across India ,63 cities were identified as being covered under JnNRUM. This group included seven metropolitan cities having a population of nearly 3.5 million in 2011.
- ❖ LCBSL was incorporated under the company Act 1956 in January 2007, and in 2009, a proposal of 200 buses was sanctioned by the Gol.
- ❖ The funding share was to be divided among the Gol, The state government and the local municipal corporation of the city.However, the profits would be entirely used for the development of the city.
- ❖ The Gol , the local municipal corporation of the city and the state government contributed 50,30 and 20 percent, respectively, towards the project cost.
- ❖ As of march 2013, 10 % of the project had been rolled out, with 20 Air-conditioned buses serving the needs of the population.
- ❖ The procurement tender for the remaining buses had been placed with respective vendors.

- ❖ Each of the 200 buses belonged to one four categories.

CATEGORY and QUANTITY of LCBSL BUSES:

Types of Bus	Quantity	Vendors	Price in Millions
Low Floor AC (Air Conditioned) (Floor level 400mm)	40	TATA MOTORS	INR 5.6 Million per bus
Low Floor Non-AC (Floor level 400mm)	40	TATA MOTORS	INR 4.7 Million per bus
Semi - Low Floor Non-AC (Floor level 650mm)	80	ASHOK LEYLAND	INR 2.5 Million per bus
Mini Non - AC (Floor level 900mm)	40	SWARAJ MAZDA	INR 0.10 Million per bus

Segmentation

❖ Demographic Segmentation

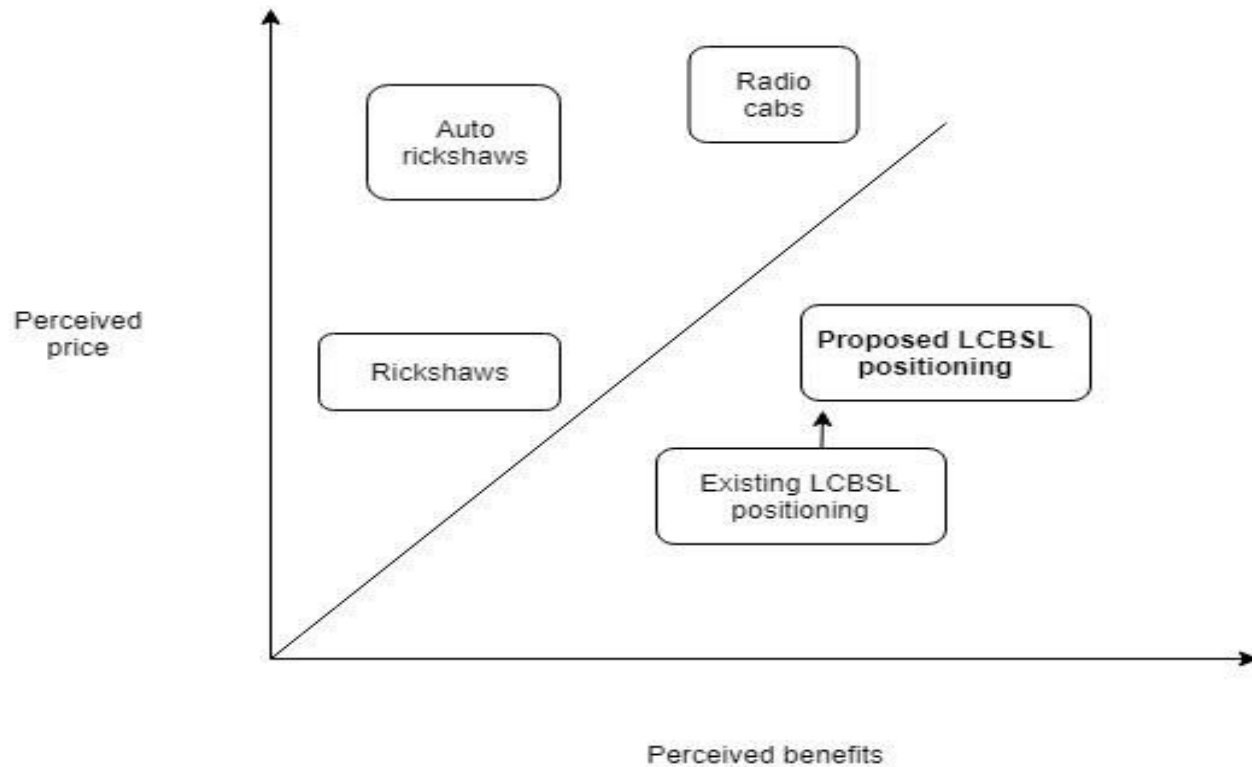
- Income
- Occupation
- Age
- Gender

Targeting

- ❖ Low Income Groups
- ❖ Daily office/site workers who need reliable transportation service
- ❖ Students

Positioning

- ❖ Offering greater value proposition than competitors
- ❖ Differentiated in terms of low fares
- ❖ Intangible benefits of safety, convenience and reliability



Value Map for LCBSL

Marketing mix : 4Ps

Product

- ❖ Secure
- ❖ Comfortable
- ❖ Convenient
- ❖ Reliable
- ❖ Used in marriages and other public functions

Promotion

- ❖ Word of mouth
- ❖ Government encouraged
- ❖ Advertised in news

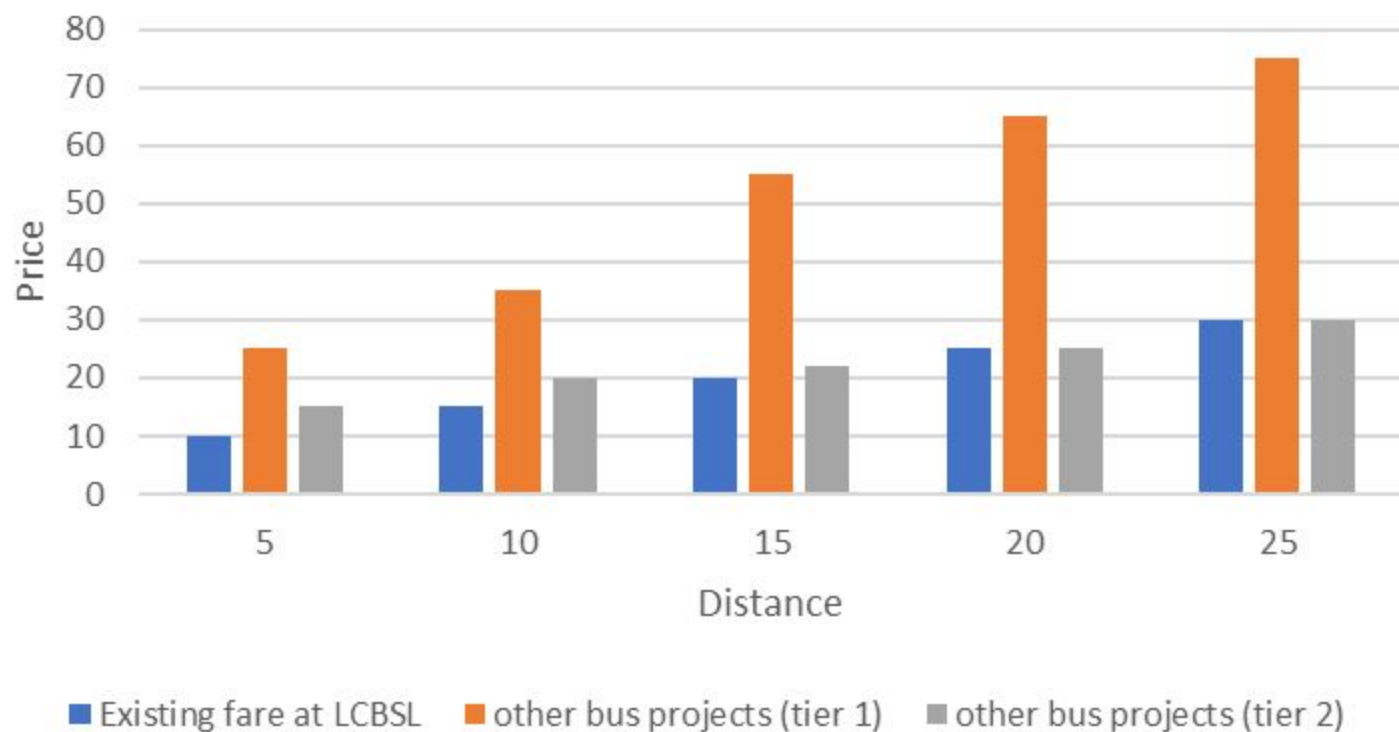
Place

- ❖ Important places connected by these buses

Price

- ❖ Ludhiana becoming Tier 2 to Tier 1
- ❖ Purchasing power of Ludhiana population increasing
- ❖ Different for different luxury of travel
- ❖ Was well below the value equivalence line
- ❖ If fares increase by 10% -Ros(return on sales) would increase from 29 to 36%
- ❖ Existing price
 - Return on capital was 1.9%
 - Break-even period was too long
 - Management not happy
- ❖ Proposed price
 - Return on capital can become 4%
 - Price was too low before, that increasing price would cause minimal or no loss of customer base

AC bus fares



PESTEL Analysis

Political

As there are many legal, illegal/without permit auto rickshaws and buses supported by officials and politicians are running which takes the passengers. Ultimately lead to a loss.

Economical

As economy is increasing this gives us chance to increase the fare of bus service

PESTEL Analysis

Social

By using the such as LCBSL buses(public transport) , this gives people a sort of sense of duty towards state as it leads to economic growth

Technological

Upcoming technologies like metro , personal electric vehicles will act as future competitors for the LCBSL

PESTEL Analysis

Environmental

Using of public transport leads to less pollution than using the individual vehicles

Legal

Change in government policy can lead to profit as well as loss for LCBSL. As revenue prices are directed by the government.

Strengths

- Provides more value than competitors at lesser price.
- Profits solely for development of city giving people a sense that they serve the city
- As being under government policy they provide compensation if something goes wrong.
- At night it is one of the Safest Public transport within the city.

Opportunities

- Can provide ticket for the different subsequent stations from single spot.
- As fuel price is increasing we can modify it by the electric buses it will also save the environment.

Weaknesses

- Buses are non-commutable in various routes especially within city unlike autorickshaws
- Generally, bus stops have large distances between them.
- Hygiene is neglected in non ac buses.

Threats

- Upcoming OLA and uber facilities
- Change in government can lead to fare down which can lead to losses
- As various cities get facility of metro, buses will face lot of loss of passengers and hence revenue



Where does LCBSL stand now?

- ❖ Currently **ACTIVE**
- ❖ Fares have been doubled than that in the slide (November 2021)
- ❖ Out of fleet of 120 buses with LCBSL, 37 buses are not in working condition
- ❖ Rest of 83 buses were handed over to a private company Horizon Connect Transways Limited to operate
- ❖ Of the 83 buses, only 37-38 were plying on roads (April 2021)

Sources:

[LUDHIANA CITY BUS SERVICES LIMITED - Company, directors and contact details | Zaubra Corp](#)

[City bus service fare is set to double | Ludhiana News - Times of India](#)

[Finally, City Bus Service Reaches Sahnewal | Ludhiana News - Times of India](#)

[Ludhiana city bus service gets off track](#)

Questions

Q1 How we can increase return on capital from 1.9% to at least 4% ?

Parameters	Unit of measurement	Amount
Total capital employed	Millions	INR265.4
Sales	Millions	INR9.1
Direct variable cost	Millions	INR2.8
contribution	Millions	INR6.3
Period cost	Millions	INR0.5
Profit	Millions	INR5.8
Profit margin	Millions	INR6.4
Turn over	Millions	INR0.3
Return on capital	Millions	INR0.19
Return on capital	%	1.9

How we calculate 1.9% RoC

Profit=Sales(S)-Variable Cost(VC)-Period Cost(PC)

Profit=9.1-2.8-0.5 million

=5.8 million

Profit Margin(PM)={Profit/Sales(S)}

PM={5.8/9.1} million

=0.64 million

Turn Over(T)={Sales/Total Capital Employed}

={9.1/265.4} million

=0.03 million

Return On Capital(RoC)={PM*T}

={0.64*0.03}

=0.019

Return On Capital (RoC)%=0.019*100

=1.9%

How we calculate 4% RoC

Profit=Sales(S)-Variable Cost(VC)-Period Cost(PC)

{Sales={0.917946*(Price of Ticket)} millions

So variable+fixed cost =3.682329 + 2.75 =6.436million

Price of ticket= 18.58 INR

Sales =0.9179*18.58=17.054 million}

Profit= 17.0545- 6.436=10.616 million

Profit Margin(PM)={Profit/Sales(S)}

PM={10.616/17.054}=0.6225

Turn Over(T)={Sales/Total Capital Employed}

={17.054/265.4}=0.0642577

Return On Capital(RoC)={PM*T}

={0.6225*0.0642577}=0.04

Return On Capital (RoC)%=0.04004*100=4.0%

So, increasing price from 10 INR to 18.58 INR will provide ROC of 4% .

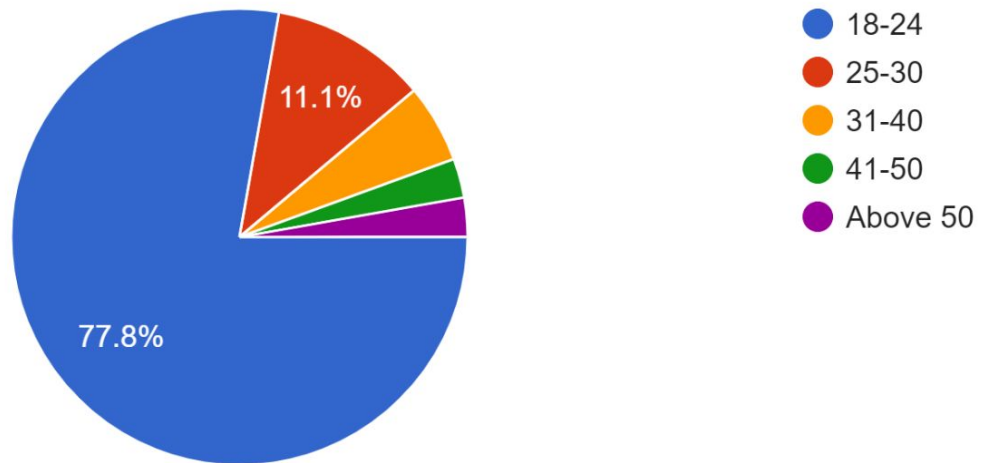
We can also minimize direct total cost to get ROC greater than 4% to some extent.

Q2 What are the possible ways for generating non-transport revenue?

- Through Interest from FDR
- Promotion by advertising, through Side covers and Posters on buses.

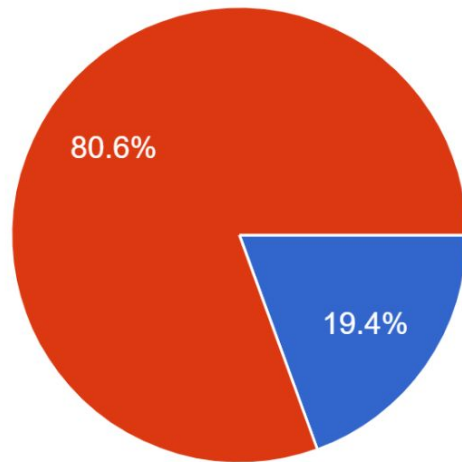
What is your age?

36 responses



Gender

36 responses



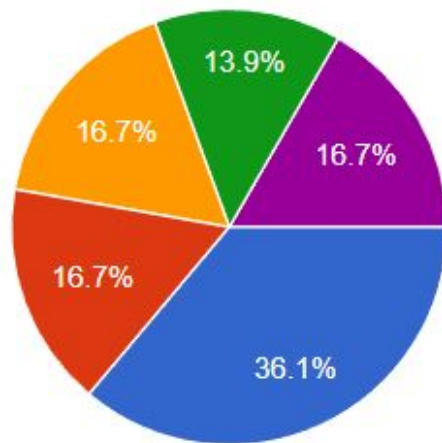
- Female
- Male
- Other

Mark the following according to your expectations in local city buses

1) Cleanliness
+ Comfortable seats
2) Option to buy water bottle
3) Option to buy snacks
4) Air conditioned
5) Well behaving staff



36 responses



- 1, 2, 3, 4, 5 for Rs 2/km
- 1, 4, 5 for Rs 1.5/km
- 1, 5 for Rs 1/km
- 1 for Rs 0.5/km
- 1, 2, 4 for Rs 1.5/km

**THANK YOU FOR YOUR
VALUABLE TIME**