Empirical Economics Letters, 24 (9): pp. 143-151, (September 2025) *ISSN 1681 8997*
https://doi.org/10.5281/zenodo.17369448

Does Fuel Price Volatility Affect Intercity Bus Operators' Financial Performance? Evidence from India

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Abstract: This study explores how fluctuations in diesel prices relate to the financial outcomes of five major intercity bus operators in India between 2015 and 2024. Fuel volatility is estimated using a GARCH (1,1) model and linked to Net Profit Margin, Operating Ratio, and Return on Assets. Contrary to expectations, volatility has no significant impact on these financial indicators. Instead, the analysis reveals that performance differences are largely driven by the identity of the operator, with the private firm VRL outperforming public SRTUs. These findings highlight the importance of institutional efficiency over external fuel price fluctuations in shaping financial outcomes.

Keywords: Fuel Volatility, Net Profit Margin, Operating Ratio, and Return on Assets

JEL Classification Number: C22, L92, G32

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