

TRS-VJA



ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

O/o Managing Director,
Mushirabad, Hyderabad,
Dated: 09-12-2004.

Lr.no. IE-1/367(30)/2004-IED.

CIRCULAR No. 13/2004-IED

Sub: INCENTIVES: Revision of Production Incentive Scheme at all Tyre Retreading Shops of the Corporation - Circular instructions issued - regarding.

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I. Introduction

Incentive scheme has been introduced at all the Tyre Retreading shops in the Corporation. VC&MD is the competent authority to modify or to incorporate changes in the Incentive scheme depending on the changing working conditions and also to extend the validity from time to time.

In order to improve productivity, taking into account technology improvements and to have uniform methodology among the TRS' regarding production months, the existing incentive scheme has been modified accordingly.

II. Salient Features Of The Scheme:

- a) **Employees Grouping:** For the purpose of incentive payment, the employees working in the Tyre Retreading Shops are divided into two groups viz. Production Group and General Group. The Production Group consists of all

employees attached to production activity, and General Group consists of all other employees supporting the production activities. The categories of employees included in the above two groups are indicated below:

Production Group: 1. Vulcanizer 2. Helper 3. Shramik

General Group: 1. Millwright Mechanic 2. A.C Electrician 3. Shop Clerk
4. Helper 5. Shramik 6. Sweeper

b) Performance level (PL): Performance level of the TRS for a particular month is calculated as follows:

$$\text{Performance Level (PL)} = \frac{\text{OUTPUT(Production during a month in Man hours)}}{\text{INPUT (Man hours available for production)}}$$

c) Standard Man Minutes: Standard Man minutes for a job work is the total time required for completion of the work by an average person working under normal conditions including Personal and Relaxation allowances and allowance for contingencies. The activity wise Standard Man Minutes are indicted at **Appendix-A**.

d) Output Man hours: Output of the Tyre Retreading Shop is computed activity wise basing on the actual production turned out during the production month multiplied by the Standard man minutes allowed for each item. The standard man minutes shall be converted into man hours by dividing with 60(sixty).

e) Production Month: The production month is reckoned as calendar month (1st to 30th or 31st) for all the TRSs. of the Corporation. For February, it will be 28/29 days as the case may be. At present three TRSs' located at VZM, NLR,WL are following calendar month. Other three TRSs' located at CDP,

KRMR and VJA are following production Month as from 17th to 16th. The remaining TRS located at HYD is following Production month as from 21st to 20th.

In order to have uniform production month for the other three TRSs located at CDP, VJA, KRMR the Production Month of January 2005 shall be reckoned as from 17th December 2004 to 31st January 2005. Similarly for the HYD: TRS the Production month of January 2005 shall be reckoned as from 21st December 2004 to 31st January 2005. This is a one-time measure to convert the different production months at various TRS' into a uniform production period based on calendar month. From 1st February 2005 onwards all TRSs' shall follow the calendar Production month uniformly.

f) Effective Input Man hours: Input man hours or available man hours are defined as average effective man hours available for production per employee per month. The effective man hours per employee per month are 142. Method of arriving at the average effective input man hours per employee per month is indicated at **Appendix-B**. The input of the TRS is computed in terms of Total man hours by multiplying the total production group staff with 142 hours.

g) Man Power Provisioning: Provisioning of manpower is made on average production demand equating to 125% PL.

h) Base Performance Level: The base performance level for payment of Incentive amount shall be reckoned as 80% for the Tyre Retreading shops, except in the case of NLR and WL, where incentive will be paid from 80% provided the PL achieved during a month exceeds 90%.

i) **Personnel Cost Sharing:** Once the actual performance level exceeds the base performance level during a production month, the rate of distribution of savings on personnel cost between the employees and the Corporation will be as follows:

S.no	Slab	Employees share	Corporation share
1	> 80% PL and upto 85% PL	65%	35%
2	> 85% PL and upto 100% PL	80%	20%
3	>100% PL and upto 125% PL	90%	10%

j) **Ceiling On Performance Level (PL):** The maximum performance level for all Tyre Retreading Shops is limited to 125% in order to maintain quality of tyres produced.

k) **Man Hour Rate:** The man hour rate will be revised once in every two years during the month of April considering the salaries (PAY+DA) paid during the preceding three months. Supervisors and their salaries are excluded for the purpose of this calculation.

Instructions on the computation of man-hour rate and period to be considered for computation given vide Circular No. IED-5/1995 dated 25/5/1995 stands good. For the purpose of arriving at the Man hour rate the gross available hours shall be taken as **192** per employee per month. The Man Hour Rate thus computed by the Drawing Officer and audited by DY.CAO of the concerned Zone shall be made applicable after the approval of CE(IT&MS).

III. Method Of Calculation Of Incentive

The savings in personnel cost above 80% PL is Calculated slab wise, by multiplying with the man hours saved with the man hour rate and with appropriate sharing percentage and summed up to arrive at the total incentive amount payable.

a) Categorisation Of Employees: The employees working in TRSs are divided into two categories viz. Skilled and unskilled. These two categories of employees will be paid incentive amount in the ratio of 1.2 :0.8.

The amount earned by the Production Group shall be divided by equivalent men of Production Group. The amount thus earned by an equivalent man has to be multiplied by 1.2 and 0.8 to arrive at the incentive amount payable for the skilled and unskilled categories respectively.

The employees coming under skilled and unskilled categories are indicated below:

Skilled Categories: 1. Vulcanizer 2. Millwright mechanic
3. A.C Electrician 4. Shop Clerk 5. Helper

Unskilled Categories : 1. Shramik 2. Sweeper

b) Incentive Payable For General Group: The employees in the General Group are eligible to receive the incentive amount on par with the corresponding category of Production Men subject to fulfillment of other eligibility clauses.

c) Incentive Payable For Supervisors And Officer – In - Charge: Supervisors and Officer - in - charge of TRS are eligible to receive incentive amount equivalent to the skilled employee. In addition to skilled employee

incentive, additional amount is payable for Supervisors and Officer- in - charge as follows:

S.no.	Designation	Additional amount (Rs.)
1	Officer-in-charge	50
2	Mechanical Foreman	25
3	Asst. Mechanical Foreman	20
4	Mechanical Charge man	15
5	Leading Hand	10

An illustration showing the method of calculating the incentive amount payable for a Tyre Retreading Shop is shown at **Appendix-C**.

d) Auditing: The monthly production figures will have to be pre-audited by the Dy. CAO/AO of concerned Zone/Region before payment of incentive amount.

All the production statements and audited claim sheets should be sent to CE (IT&MS) for verification and record, who will in turn give clearance to pay the next month's incentive after verification of calculations to avoid excess or short payment. The audited claim sheets shall be sent to IED to reach on or before 25th of every month.

IV. Eligibility Criteria For Payment Of Incentive

a) Leave: An employee will be eligible for incentive amount only if his absence from work does not exceed:

i) 10 Days in a production month in case he has leave to his credit.

OR

ii) 5 Days in a production month in case he does not have sufficient leave to his credit to cover the period of absence.

b) Training: The staff deputed for training in Fire fighting/Home Guards / improvement of skills in the trade/in sports in and outside the State will be eligible to receive production incentive amount irrespective of the period of such training. The maximum number of participants in such training programmes will be decided by the Works Manager concerned.

c) Strikes/Agitations/Work to Rule/Tool Down/Lightning Strike: The employees participating in a strike/agitation/work to rule/lightening strike/tool down strike etc. are not eligible to receive the incentive amount payable at the end of the production month.

The Employees who have attended to their duties on the day(s) of Strike/Agitation etc. shall be eligible to receive the incentive amount payable for that month even if a section of the employees participate in a strike/agitation etc. subject to fulfilment of other eligibility clauses.

d) Hunger Strike: Employees who participate in hunger strike duly attending to their duties are not eligible for the incentive amount. If they go on leave and participate in the hunger strike, then also they are not eligible for incentive payment. Employees participating in hunger strike duly availing their weekly off are not eligible for incentive payment.

e) Transfers: In case an employee has worked in the production group for more than 15 days in a production month and subsequently transferred to another place (out side the TRS) on administrative grounds, he should be included in the base production and is eligible for incentive payment.

f) New Appointees: In case an employee is appointed after 10 days in a production month and worked for the remaining period of the production month which is less than 20 days, he shall not be eligible for incentive amount.

g) Lifting Suspension: In case an employee resumes his duty after lifting the suspension after 10 days in a production month and works for less than 20 days, he will not be eligible to receive the incentive amount.

h) Special Casual leave: In case an employee avails special casual leave for more than 10 days due to infectious diseases, he will not be eligible to receive incentive amount.

In case an employee avails special casual leave for sterilisation operation, he will be eligible to receive the incentive amount on pro-rata basis for the number of days he has worked in that production month in case the total leave availed is more than the limits of attendance clause.

i) Diversion of Amounts Accrued Due to Absenteeism Clause: The incentive amount accrued due to application of Absenteeism Clause should be diverted to the canteens, wherever available. Wherever the Canteen facility is not available, the amount accrued due to absenteeism clause shall be distributed among the eligible employees uniformly.

For this purpose the Supervisors' Absenteeism accrued amounts should not be taken into account. In case the Canteen facility is available, such accrued amounts (except in case of supervisors) have to be diverted and credited to respective account Head No.0620 as prescribed in Cir. No. PD-74/1998 dated 19/8/98. The concerned Works Manager with the concurrence of Dy.CAO (Zone) shall permit drawals from the amounts so accrued only to the extent of loss if any incurred by the Canteen.

j) Incentive for Sweepers and casuals: Sweepers engaged against sanctions, working in Tyre Retreading Shops, are eligible to receive production incentive in the same manner as an unskilled worker subject to their acceptance in writing to adhere to the leave conditions and timings as applicable to the unskilled workers of Tyre Retreading Shops.

The casual workmen engaged against sanctions shall be included for base and production performance computation. They are also eligible to receive incentive amount on par with the other workmen of the corresponding category and Group subject to eligibility and other clauses.

k) Date of Payment of Incentive: Incentive shall be paid on 15th of every month after pre-audit and if 15th happens to be a holiday it shall be paid on the next working day.

V. Radial Tyres

Man Minutes for Radial tyres will be worked out after conducting a WorkStudy duly collecting the data from all TRSs for the financial year 2004-2005 and will be implemented with retrospective effect i.e from production month of June 2004 and difference of incentive amount as eligible will be paid.

VI. Delegation Of Powers

a) Increase in manpower due to increase in demand shall be done with the prior approval of ED (E) in consultation with CE (IT&MS) though the sanctions are available.

- b) Reduction of base in any section for reason of staff being long absent/sick/leave etc. for a period of more than 6 months shall be done with the approval of ED(Zone) and with the concurrence of concerned Zonal Dy.CAO.
- c) The right to recover or arrange incentive payment as the case may be arising out of error in calculation if any detected at a later date rests with CE (IT&MS).
- d) Transfer of men from Production Group to General Group shall be done with the prior approval of ED (E) in consultation with CE(IT&MS).
- e) Transfer of men from General Group to the Production Group within the TRS shall be done with the prior approval of ED(Zone) and with the concurrence of Zonal Dy. CAO.
- f) Transfer of men from TRS to other units and vice-versa keeping the General men to Production men ratio unaltered shall be done by ED(Zone) with the concurrence of Zonal Dy.CAO.
- g) ED(E) is authorised to relax the ceiling of 125% PL, considering the demand; in consultation with CE(IT&MS).
- h) ED(E) is authorised to make any changes in the scheme as may be considered necessary from time to time in consultation with CE(IT&MS).
- i) Works Manager is authorized to reduce the base production in case an employee is removed/terminated/expired/retired or promoted as Supervisor, duly making an endorsement in the production claim sheets.

VII. Implementation and Validity of the Incentive Scheme: This incentive scheme will come into effect from the production month of December 2004 and will be in force for a period of two years i.e up to 30/11/2006. Corporation reserves the right to withdraw the Scheme during its validity at its discretion without assigning any reason whatsoever.

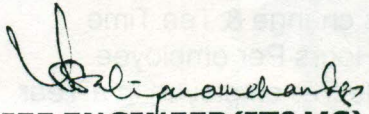
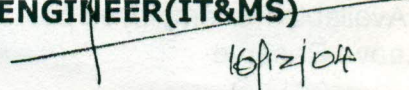
This circular supercedes all the previous Circulars on Incentive Schemes in Tyre Retreading Shops. This circular is issued with the concurrence of the Financial Adviser.

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VICE CHAIRMAN AND MANAGING DIRECTOR

Copy to: All EDs /FA,CAO, All RMs/HODs',
: All WMs'/Dy.CMEs/Dy.CAOs/Dy.CAO (TA&I) 20 Copies,
: All Principals of ZSTCs,
: All AME(Tyres)/AOs/ A.G.Audit, RTC Branch,
: The General Secretary, A.P.S.R.T.C.,NMU,Vidyanagar, Hyderabad,
: The Secretary General, A.P.S.R.T.C., E.U., Satyanarayana reddy
Marg, Hyderabad.

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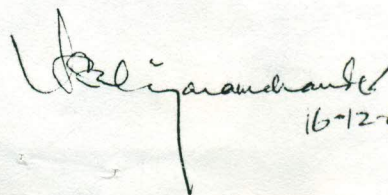

CHIEF ENGINEER(IT&MS)


APPENDIX-A

Standard Man Minutes for various activities at all TRSs		
Sl.No.	ACTIVITY	STD.MAN MINUTES PER UNIT
1	RC Tyres	90
2	RT Tyres	181
3	UNI PATCH	100.17
4	UNIPATCH WITH SPOTTER CURING	105
5	UNISEAL REPAIR	40
6	MAJOR REPAIR	286
7	VALVE BASE REPAIR	55
8	TUBE REPAIR	18
9	REPAIR TYRE CURING	11
10	LUG FILLING FOR SEMI LUG TYPE	30

APPENDIX-B

CALCULATION OF INPUT MAN HOURS AT TRS		
	Description	142
1	Available Days in a Year	365
2	Less Sundays	-52
3	Less Paid Holidays	-15
4	Net Working Days in a Year	298
5	Contingencies/Exigencies Allowances %	7.00
6	Contingencies/Exigencies Allowances Days	20.86
7	Available Working Days	277.14
8	Daily Working Hours (8 Hours)	8.00
9	Less towards Dress change & Tea Time	55 Mnts
10	Net Daily Working Hours Per employee	7.08
11	Man Hours Available Per employee in a Year	1962.15
12	Man Hours Available Per employee per Month	163.51
13	Less 15% Leave Reserve	142.18
	Effective Man Hours per employee per Month	142


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APPENDIX-C

ILLUSTRATION FOR CALCULATING THE INCENTIVE PAYMENT AT TRSs.

PRODUCTION PARTICULARS:

Sl. no	Particulars	Actual No. of Units Produced (a)	Man Mints. Per UNIT (b)	Total Man Minutes C=axb
1	RC Tyres	5569	90.00	501210.00
2	RT Tyres	577	181.00	104437.00
3	Uni-patch Repair With Spotter Curing	352	105.00	36960.00
4	Uni-patch Repair Cured in Chamber	1603	100.17	160572.51
5	Uni-seal Repair	505	40.00	20200.00
6	Major Repairs	106	286.00	30316.00
7	Lug Filling	0	30.00	0.00
8	Repair Tyres Cured in Chamber	1258	11.00	13838.00
9	Valve Base Repair	266	55.00	14630.00
10	Tube Repair	394	18.00	7092.00
GRAND TOTAL				889255.51
				OR SAY 14820.92 HOURS

PRODUCTION CALCULATION:

Production men = 65 skilled + 25 un-skilled = 90
General men = 5 skilled + 11 un-skilled = 16
Equivalent men of production section = $(65 \times 1.2 + 25 \times 0.8) = 98.00$

The Effective Man Hours per employee per month are 142

BASE PRODUCTION HRS = MEN X 142 X 80% PL = 90 X 142 X 0.8 = 10224.00
Actual Production in Hours = 14820.92

PERFORMANCE LEVEL (%):

= (Actual Production in Hours X 0.80) / Base Production in Hours
= $14820.92 \times 0.8 / 10224.00 = 115.97\%$

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CALCULATION FOR PAYABLE INCENTIVE AMOUNT:

Output:

1. At 80 %	$90 \times 142 \times 0.80 = 10224.00$	MH.
2. At 85 %	$90 \times 142 \times 0.85 = 10863.00$	MH.
3. At 100 %	$90 \times 142 \times 1.00 = 12780.00$	MH.
4. AT115.97 %	$= 14820.92$	MH.

- Assuming the **Man Hour Rate** to be **Rs.30.00**

- Amount payable = (Man Hours Saved x Man Hour Rate x Employee Sharing):

1. At 85 % PL	$= (10863.00 - 10224.00) \times 30 \times 0.65$	= Rs.12460.50
2. At 100 % PL	$= (12780.00 - 10863.00) \times 30 \times 0.80$	= Rs.46008.00
3. At 115.97 % PL	$= (14820.92 - 12780.00) \times 30 \times 0.90$	= Rs.55104.84

Total = Rs.113573.34

Incentive amount to **skilled** (Production and General) = $\frac{113573.34 \times 1.2}{98.00}$
= Rs. 1390.69

Incentive amount to **un skilled** (Production and General) = $\frac{113573.34 \times 0.8}{98.00}$
= Rs. 927.12

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Saligramaiah
16.12.04