

Office of the Managing Director,
Mushirabad, Hyderabad

Lr.No.IE-3/367(16)/2000-IED

Dated: 5th June 2000.

CIRCULAR NO.IED-3/2000, Dated: 05.06.2000.

Sub: INCENTIVES - Payment of Incentive on Earning Parameter to the District Services operated by the City Depots of VSP Region - Reg.

- Ref: 1.Circular No.54/99-OPD(P), Dated 5.11.'99.
2.Office Order No.P5/160(4)/99-OPD(P), dated 9.11.'99
3.Circular No.23/1999-IED, Dt.10.11.1999
4.Lr No.01/535(11)/2000-RM/VSP, Dt.5.5.2000

1. INTRODUCTION:

Vide Circular and Office Order 1 & 2 cited, the Corporation has revised the fares in respect of Ordinary, Express, Luxury, Deluxe/Hi-tech, A.C. Coach, Ghat road operations and City/Town services with effect from 11.11.1999. The revised rates of Incentive and Service-wise targets on Earnings parameter after the fare revision were communicated vide Circular 3rd cited. The RM/VSP vide letter 4th cited, has requested for payment of incentive on Earnings parameter to the Crew operating District Services in City Depots of VSP Region as per the rates applicable in the Modified District Depot Incentive Scheme. Accordingly, the Incentive Scheme is extended to City Depots of VSP Region as follows:

2. INCENTIVE FOR IMPROVING EARNINGS:

In this Scheme incentive will be paid only on crossing the target amount fixed for a given service and no incentive will be paid on reaching the target. Depending on the type of service different rates of incentive payments are fixed on earnings over and above the target.

2.1 FIXATION OF TARGETS:

The target amount for a service will be the target EPK multiplied by the scheduled Kms of the service. The target EPK is the product of 12 months moving average EPK and the monthly correction factor.

The 12 months moving average EPK will be calculated monthly by adding the performance of the latest month and deleting the performance of the starting month. Since, some time is required for calculation of service-wise earning target and obtain approval of the concerned Regional Manager, the EPK realized upto 20th of the latest month shall be taken into account. For new services, EPK corresponding to 100% O.R. of the service will be set as the initial target for the service and moving average will be calculated basing on the data generated.

To avoid the disparity due to seasonal effects between the target EPK and the actual EPK and to make the targets realistic, the following month-wise correction factors are suggested which shall be multiplied with the 12 months moving average EPK to get the target EPK.

- * Jan, Feb, Mar & Apr -- 1.05
- * May & Jun -- 1.10
- * Jul, Aug & Sep -- 0.95
- * Oct, Nov & Dec -- 1.00

For example if the 12 months moving average EPK of a service for the month of July is Rs.10.00, the target EPK = 0.95×10.00
=Rs.9.50/-.

2.2. PERCENTAGE OF FARE INCREASE:

The impact of the fare increase on various types of District Services has been computed. The increase in percentage of fare due to revision of fare is shown below.

S.No.	Type of Service.	% of fare increase.
1.	Ordinary	25.00
2.	Express	20.69
3.	Luxury	23.53
4.	Delux/Hi-tech	28.21
5.	A.C.Deluxe	20.00

2.3. ILLUSTRATION FOR SERVICE WISE TARGETS FIXATION:

For easy understanding, the method to be adopted for fixing the targets in respect of "District Ordinary services operated by city depots of VSP Region" from June 2000 to October 2000 is illustrated as below:

a) TARGETS FOR JUNE 2000:

Increase the EPK of the service by 25% for 5 months i.e., from June 1999 to October 1999. Add the EPK from November 1999 to May 2000 and obtain the average EPK. Multiply this average EPK with monthly correction factor 1.10 and Scheduled Kms to obtain the service target.

b) TARGETS FOR JULY 2000:

Increase the EPK of the service by 25% for 4 months i.e., from July 1999 to October 1999. Add the EPK from November 1999 to June 2000 and obtain the average EPK. Multiply this average EPK with monthly correction factor 0.95 and Scheduled Kms. to obtain the service target.

c) TARGETS FOR AUGUST 2000:

Increase the EPK of the service by 25% for 3 months i.e., from August 1999 to October 1999. Add the EPK from November 1999 to July 2000 and obtain the average EPK. Multiply this average EPK with monthly correction factor 0.95 and Scheduled Kms. to obtain the service target.

d) TARGETS FOR SEPTEMBER 2000:

Increase the EPK of the service by 25% for 2 months i.e., from September 1999 to October 1999. Add the EPK from November 1999 to August 2000 to obtain the average EPK. Multiply this average EPK with monthly correction factor 0.95 and Scheduled Kms. to obtain the service target.

e) TARGETS FOR OCTOBER 2000:

Increase the EPK of the service by 25% for the month of October 1999. Add the EPK from November 1999 to September 2000 and obtain the average EPK. Multiply this average EPK with monthly correction factor 1.00 and Scheduled Kms. to obtain the service target.

From November 2000 onwards previous 12 months moving average EPK shall be multiplied by the monthly correction factor and scheduled Kms. to arrive at the service-wise targets.

On similar basis, the new targets for other District Express, Luxury, Deluxe/Hi-tech and A.C. services etc., may be fixed with the respective percentage of increase as shown at para 2.2.

3. RATE OF INCENTIVE PAYMENT (ON THE EARNINGS REALISED OVER AND ABOVE THE TARGET):

The incentive is paid on Earnings parameter based on the Earnings realised over and above the target. The rates of incentive payments on earnings parameter for different types of services are furnished below:

Sl.	TYPE OF SERVICE	CONDUCTOR		DRIVER		DEPOT POOL	TOTAL
		SPOT %	M.END %	SPOT %	%		
1	ORDINARY	3.20	3.20	2.40	2.00	10.80	
2	EXPRESS	2.49	2.49	2.07	1.66	8.71	
3	LUXURY	2.43	2.43	2.02	1.62	8.50	
4	HT/DEL	2.34	2.34	1.95	1.56	8.19	
5	A.C.	2.50	2.50	2.08	1.67	8.75	

3.1. DEPOT POOL AMOUNT:

The accumulated depot pool amount of District services shall be added to the depot pool amount of city as detailed at para 6.1 of Circular No. XVII/1991/IED, Dt. 18.10.1991. The total depot pool amount of District and City services shall be distributed as per the procedure detailed at para No. 6.7 of the above Circular.

3.2. CONDITIONS FOR INCENTIVE PAYMENT:

In addition to the conditions existing in the Circular No.XVII/1991/IED, Dt.19.10.1991, the following conditions are applicable to the Crew operating the District Services in the City Depots of VSP Region.

1. Incentive will not be allowed to a service, if a scheduled trip or part of a scheduled trip is cancelled for any reason whatsoever, even on attaining above targeted earnings.
2. The Depot Pool Amount will be created as indicated in Para No.3.1 above.
3. In case of One man service, incentive will be paid to the Driver and contribute to the Depot pool. The incentive payable to the Conductor will be forfeited to the Corporation and this amount can not be paid to the service Driver.
4. Drivers of hired services are not eligible for incentive. However, the incentive will be paid to service conductor and contribute to the Depot pool amount.
5. Whenever more than one Conductor/Driver is involved in operation of the day/night service, the incentive payable, if any, to the service will be shared equally by all the Conductors/Drivers operating the service.
6. The spot amount earned on over and above the target, will be paid to the Conductor and Driver after the spell duty. Month end incentive amount to the Conductor shall be accumulated and payable at the end of the month subject to attendance and other eligibility clauses.
7. Whenever revision of fares takes place, the Service-wise targets will be modified corresponding to fare hike which will be communicated by Head Office.
8. In case the Crew operates the District Services for the entire month, then they are eligible for monthly incentive only if they performs 23 days duty during the month.

All the Depot Managers of City depots of VSP Region shall fix the service-wise targets from 1.6.2000 as per the procedure detailed at Para No.2.3 and arrange payment of incentive amounts as per the rates detailed at para No.3.

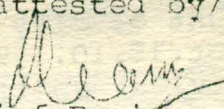
The Regional Manager shall ensure that the service-wise targets be fixed as per the above guide lines and confirm to CE(IE & COMP) along with a copy of service-wise target fixation sheets of all depots for the month of June 2000.

The Circular instructions will come into force with effect from 1.6.2000 and valid upto 31.12.2000.

This has the approval of VC & MD with the concurrence of the FA.

Sd/- xx,
Executive Director(MIS)

//attested by//


Chief Engineer(IE & Comp)

Copy to: All EDs/FA/CAO
: All HODs/RM:VSP
: Dy.CME/Dy.CTM:VSP Region, Dy.CAO(T&I)/HYD(20 copies),
: All DMs of City depots/AO of VSP Region for infn. & necessary action