

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.OP2/791(1)/2005-MED

Office of the VC&MD
MSRD, HYDERABAD
DT.10.03.2005.

CIRCULAR NO.01/2005-MED, Dt.15.03.2005

SUB:COST CONTROL - Control of Expenditure - Fixing of
targets on MED parameters for the year 2005-2006-
- Reg.

The Corporation is passing through a critical financial position. It is, therefore, essential that every employee, supervisor, Manager strives hard to improve the performance. Financial health of an organisation depends on enhancement of earnings as well as reduction of expenditure. While every effort has to be made to improve earnings, it is very essential to reduce the cost of operation on HSD oil, Lub Oil, Spares, Tyres and Tubes and Workshops.

The targets for the year 2005-06 are worked out Region wise/Zone-wise based on the best performance year in the preceding three years and the slabs. The parameter wise targets are discussed here under.

I. PHYSICAL PARAMETERS:

I.1. HSD KMPL:

The HSD KMPL of the Corporation for the year 2004-2005 upto Jan'05 is 5.29 as against 5.37 in 2003-2004. Thus there is a negative trend by 0.08. It is opined that with the present level of performance there is a need to revise the target of 5.75.

In view of the above, the Corporation HSD KMPL target is fixed at 0.15 higher than the actual of 5.29 obtained upto Jan'05 as per the discussions during HODs meeting. The HSD KMPL for HCR is fixed at 5.13 and for other Regions with highest increase of 0.24 HSD KMPL for those which have obtained less than 5.00 HSD KMPL. For those Regions which have already achieved high KMPL the increase proposed is marginal & for those at lower & middle level of performance, the increase is fixed proportionately at higher slabs. Thus, the targets for 2005-2006 are arrived and enclosed at ANNEX-

URE-I.

I.2. BREAKDOWN RATE:

The target for B.D.rate for 2004-05 for the Corporation was 0.09. The actual Breakdown Rate upto Jan'05 is 0.12. The target for 2005-2006 is arrived at 0.08 considering the best performance in the previous three years. The unit Officers shall ensure that all BDs are correctly accounted, analysed & rectification action is taken. Any instances of improper accountal of BDs with a view to showing a low BD Rate should be dealt with seriously. The Region wise targets are furnished at ANNEXURE-I.

I.3. PERCENTAGE OF MECHANICAL CANCELLATIONS:

In the case of % of mechanical cancellation, the Corporation achieved 0.20% upto Jan'05 against a target of 0.18% for the year 2004.2005. Some Regions have shown high per.pacentages during the previous years. This is control-able parameter since cancellations are mainly on account of want of bus and late supply of bus, which also affect punctuality of the Services and passenger satisfaction. With improved quality of maintenance regular inspection of Buses after maintenance & avoiding off road position of vehicles at Depots, it is possible to restrict this percentage to within 0.25%. Hence targets not exceeding 0.25% for those Regions with Mechanical Cancellations above 0.30%, and maximum target of 0.20% for those Regions with percentage of Mechanical Cancellations between 0.25 & 0.30% are fixed for the year 2005-2006. The Corporation target is thus arrived at 0.15% for the year 2005-2006. The Region wise targets are furnished at ANNEXURE-I.

I.4. SPRING CONSUMPTION:

As against a target of 101 kgs per lakh kms for the year 2004-2005, the Corporation could achieve 108 kgs per lakh kms upto Jan'05 on drawal on springs from Stores and Workshops.

With improved maintenance practices like effective greasing, regular tightening of U bolts, replacement of spring assemblies in Sch.IV, it is possible to reduce the spring consumption. Hence challenging targets in respect of spring consumption per lakh KMs are fixed Region wise to reduce CPK on spares. Hence, the target of Corporation is

fixed at 89 kgs per lakh kms for the year 2005.2006. The Region wise targets are furnished at ANNEXURE-I.

I.5. TOTAL LUB KMPL:

The total Lub oil KMPL Targets are fixed Region-wise for the year 2005-2006 duly considering the expected volume of operation, the oil required for EOCs based on Vehicle manufacturers recommendations, oil for Air cleaners, washing plants, Generator set , FIP topup etc,. The topup lub KMPL achieved by Regions upto Jan'05 is increased in slabs of percentages and oil consumption for top up is arrived. For Regions which have already achieved high topup lub KMPL, a low percentage increase is proposed while a high percentage is proposed in Regions with low top up KMPL & where abundant scope is available to improve as per slabs and oil consumption for top up is arrived. Of the above oils required for various purposes the Depots can exercise control through better maintenance practices only on top up LUB oil while oil requirements for EOCs and other miscellaneous purposes are purely based on recommendations of Vehicle Manufacturers & there is no scope for any control and any delays will damage the Engines.

Hence the total Lub KMPL Targets are worked out Regions wise considering the above requirements and targets are thus fixed which are realistic in nature and do not force Depots to indulge in unhealthy practice of delaying the oil changes.

All Officers should ensure that proper accountal of Engine oil, RC oil & base oil is carried out at all Depots as per Circular instructions so as to eliminate the chances of manipulation of accountal to project higher total Lub KMPL. Hence, the target of Corporation on Total Lub oil consumption is fixed as 893 for the year 2005.2006.The Region wise targets are furnished at ANNEXURE-I.

I.6. FLEET UTILISATION:

The Corporation has achieved a Fleet Utilisation of 99.42% upto Jan'05 as against a target of 99.00%.This is a high figure & very close to ideal value of 100.00 %. Hence the target of 99.00% is fixed for 2005-2006. The Region wise targets are furnished at ANNEXURE-I.

I.7. TYRE PERFORMANCE:

Tyres are a major cost component. During 2004-2005 upto Jan'05, the Corporation could achieve a New Tyre Scrap Rate of 1.82% against a target of 1.10%. In case of total Tyre life, against a target of 1.71 lakh Kms, the Corporation has achieved 1.76 lakh kms. In order to improve Total tyre life and reduce NTS, guidelines issued on selection of tyres for fitment on vehicles based on route, type of Bus and position shall be implemented. Proper repairing of Tubes, preparation of tyre assemblies. timely rotation and proper inflation will help to reduce NTS and obtain more No. of recaps per tyres. Targets for NTS & Total tyre life are fixed Region wise for the year 2005-06. The target for NTS is fixed at 1.05% while for average tyre life it is fixed at 1.83 lakh KMs considering the performance achieved during the year 2004-2005. The Region wise targets for NTS and Total Tyre Life are furnished at ANNEXURE-I.

I.8. LIFE OF MAJOR AGGREGATES:

Targets for achieving optimum lives on major aggregates are fixed for the year 2005-06. Implementation of preventive maintenance schedules, carrying out oil changes at stipulated mileages, timely rectification of minor defects on sub assemblies will help to obtain optimum life from New/CO aggregates & achieve targets. Drawal of CO units will increase on account of the premature failures due to poor workmanship at Workshops or improper maintenance at depots. Hence care shall be taken to avoid premature failures of units. The Region wise targets are furnished at ANNEXURE-III.

II. COST PER KILOMETER ON MED PARAMETERS:

II.1. HSD OIL:

The target for CPK on HSD oil for the year 2005-2006 is fixed by arriving at the average cost per litre of diesel as on 01.03.2005 for Region from the individual cost per litre for the Depots of Region. This takes care of the higher & lower cost of HSD oil on account of the transportation cost of diesel supplied by oil companies from their supply point. The Region wise targets are furnished at ANNEXURE-II.

II.2. TYRES & TUBES:

The Corporation has achieved CPK of 32 paise upto Jan'05 against target of 33 paise & thus achieved CPK less than the target fixed for 2004-2005. The CPK on tyres and tubes for the year 2005-06 for the Corporation is arrived at 30 paise basing on the best performance of Regions in previous 3 years. In order to reduce expenditure on tyres, quality of repair, recap of tyres at Tyre Retreading shops have to be improved besides increasing productivity. The depots should concentrate on ensuring proper inflation, timely rotation, reducing Mechanical defects on Vehicles affecting Tyre life, New tyre Scrap Rate. Total Tyre Scrap and Retreadability factor & improving the total tyre life. The Region wise targets are furnished at ANNEXURE-II.

II.3. WORKSHOPS:

The Corporation has achieved CPK of 32 paise upto Jan'05 against a target of 29 paise. Workshops expenditure can be controlled by improving the life of aggregates on vehicles through better maintenance practices at depots improving quality of overhaul practices at Zonal Workshops & avoiding premature failures. A target CPK of 29 paise is fixed for the Corporation for 2005-2006 basing on best performance of Regions in previous 3 years. The Region wise targets are furnished at ANNEXURE-II.

II.4. STORES:

The Corporation has achieved a CPK of 21 paise upto Jan'05 against target of 18 paise for the year 2004-2005. Stores expenditure can be controlled by reducing consumption of springs & other costly spares through better maintenance practices. The CPK of stores for the corporation for the year 2005-06 is arrived at 18 paise based on the best performance in the previous 3 years. The Region wise targets are furnished at ANNEXURE-II.

II.5. LUBRICANTS:

The corporation has achieved a CPK of 8 paise upto Jan'05 against target of 7 paise. CPK on lubricants is fixed at 8 paise for the year 2005-06 keeping in view of Engine life with timely oil changes. Efforts will be made to

achieve the targets through improved maintenance practices, timely identification of vehicles for leakages and prompt attention. The Region wise targets are furnished at ANNEXURE-II.

The Regional Managers in turn are advised to fix targets Division wise & Depot wise for all parameters and communicate to Divisions and Depots. Copy of the same may be sent to ED(Engg.) for review. The Regional Managers and Executive Directors are advised to review the performance of the Depots with reference to the targets fixed and pull up the Managers not responding.

Executive Directors of Zone, Regional Managers, Divisional Managers and Depot Managers are advised to take steps required to improve the performance for achieving the targets.

The Executive Directors, Regional Managers and Divisional Managers are personally accountable for achieving targets in respect of Zone, Region and Division in regard to all parameters.

Please acknowledge,

VICE CHAIRMAN &
MANAGING DIRECTOR