

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.OP2/791(1)/2006-MED

Office of the VC&MD
MSRD, HYDERABAD

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SUB:COST CONTROL - Control of Expenditure - Fixing of targets on MED
parameters for the year 2006-2007- - Reg.

We are aware that the financial health of an organisation depends on enhancement of earnings as well as reduction of expenditure. The Corporation is passing through a critical financial position, it is therefore, essential that every employee, supervisor, Manager strives hard to improve the performance. 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. Reduction of expenditure in these cost parameters is within our control.

The targets for the year 2006-07 are worked out Region wise / Zone-wise based on the best performance year in the preceding three years and the slabs and other criteria. The parameter wise targets are discussed here under.

I. PHYSICAL PARAMETERS:

I.1. HSD KMPL:

The HSD KMPL of the Corporation for the year 2005-2006 is 5.27 as against 5.29 in 2004-2005 and 5.37 in 2003-2004. Thus there is a negative trend by 0.02 and 0.08 respectively compared to the previous years. Further, there is a difference of 0.03 HSD KMPL at Corporate level with and without Volvo operations. Thus, the HSD KMPL of the Corporation for the year 2005-2006 without Volvo Operations is 5.30. It is opined that with the present level of performance there is a need to revise the target of HSD KMPL.

In view of the above, the Corporation HSD KMPL target is fixed at 1.12% over 5.37 achieved in the year 2003-2004 and recorded as highest HSD KMPL in the previous three years. The present average HSD KMPL of Volvo Vehicles is around 3.00. Hence the uniform target of 3.50 is fixed for the Volvo Vehicles in all Regions.

The target for the Regions with out Volvo Operations is also fixed at 1.12% over the actual performance achieved individually by the concerned Regions in the year 2003-2004. While fixing the overall HSD KMPL target for Regions which are having Volvo Operations, the target of 3.50 is fixed for Volvo Vehicles taking the operation into consideration and arrived at the overall target.

Thus, the targets for 2006-2007 arrived as explained above are enclosed at ANNEXURE-I.

I.2. BREAKDOWN RATE:

The target of B.D.rate for 2005-06 of the Corporation was 0.08. The actual Breakdown Rate upto Feb'06 is 0.12. The target for 2006-2007 is arrived at 0.10 considering the best performance in the previous three years. To provide reliable service, all efforts must be made to reduce breakdowns to the minimum possible extent as breakdown of vehicle enroute causes inconvenience to the passengers & affects the image of the Corporation. 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 show 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 0.18% upto Feb'06 against a target of 0.15% for the year 2005-2006. Some Regions have shown high percentages during the previous years. This is a controllable 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 reduce percentage of KMs cancelled due to mechanical reasons. The target for 2006-2007 is arrived at 0.14 considering the best

performance in the previous three years. The Region wise targets are furnished at ANNEXURE-I.

I.4. SPRING CONSUMPTION:

As against a target of 89 kgs per lakh kms for the year 2005-2006, the Corporation could achieve 108 kgs per lakh kms upto Feb'06 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. The target of Corporation is fixed at 84 kgs per lakh kms for the year 2006-2007. 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 2006-2007 duly considering the volume of operation, the oil required for EOCs based on Vehicle manufacturers recommendations, oil for Air cleaners, washing plants, Generator set, FIP top up etc.,. The topup lub KMPL achieved by Regions upto Feb'06 is increased by 20% 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 as any delays will damage the Engines. In the current year 2005-2006 a total Lub KMPL of 927 was achieved as against a target of 893 fixed for the year 2005-2006.

Hence the total Lub KMPL Targets are worked out Region 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 916 for the year 2006-2007. The Region wise targets are furnished at ANNEXURE-I.

I.6. FLEET UTILISATION:

The Corporation has achieved a Fleet Utilisation of 99.17% upto Feb'06 as against a target of 99.00%. This is a high figure & very close to ideal value of 100.00 %. Hence the uniform target of 99.00% is fixed for all Regions for the year 2006-2007. The Region wise targets are furnished at ANNEXURE-I.

I.7. TYRE PERFORMANCE:

Tyres are a major cost component. During 2005-2006 upto Feb'06, the Corporation could achieve a New Tyre Scrap Rate of 2.03% against a target of 1.05%. In case of total Tyre life, against a target of 1.83 lakh Kms, the Corporation has achieved 1.86 lakh kms. In order to improve Total tyre life and reduce NTS, guidelines were already issued on selection of tyres for fitment on vehicles based on route, type of Bus and position which 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 2006-07. The target for NTS is fixed at 1.30%. The Region wise best performance in last three is taken as basis and the same is reduced by 6%. Wherever the best of last three years is more than 2%, the target is fixed as 1.95%. For average total tyre life is fixed at 1.91 lakh KMs considering the best performance achieved in the last three years and increased the mileage as per the slabs mentioned with a minimum of 1.60 Lakh KMs. 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 2006-07. 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 and 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 2006-2007 is fixed by arriving at the average cost per litre of diesel as on 01.04.2006 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 a CPK of 40 paise upto Feb'06 against target of 30 paise & thus achieved CPK more than the target fixed for 2005-2006. The increased CPK on Tyres and Tubes in the current year is on account of pumping of more new Tyres due to non induction of New Vehicles and also increased usage of Radial Tyres. The CPK on tyres and tubes for the year 2006-07 for the Corporation is arrived at 31 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, Retreadability Factor & improving the Total Tyre Life. The Region wise targets are furnished at ANNEXURE-II.

II.3. WORKSHOPS:

The Corporation has achieved a CPK of 32 paise upto Feb'06 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 2006-2007 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 25 paise upto Feb'06 against target of 18 paise for the year 2005-2006. The increased CPK on stores in the current year is on account of purchasing the costly spares for Volvo Vehicles and also increased cost on overhauling the over aged Vehicles since there is no induction of new Vehicles during the year. Stores expenditure can be controlled by reducing consumption of springs & other costly spares through better maintenance practices. The CPK of stores of the corporation for the year 2006-07 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 9 paise upto Feb'06 against target of 8 paise. CPK on lubricants is fixed at 8 paise for the year 2006-07 keeping in view of Engine life with timely oil changes. Efforts are to 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(E) 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,

VC & MD