



Andhra Pradesh State Road Transport Corporation
Mechanical Engineering Department
Office of the VC & MD, Bus Bhavan, Hyderabad - 624.

No. OP2/462(8)/2008-MED

CIRCULAR NO. 25/2008-MED, Date: 11.12.08

SUB: - HSD OIL - Discrepancies in HSD oil accounts at Depots - Improper maintenance of records of HSD & other lubricants - Corrective measures - Instructions issued - Reg.

REF: - 1) Joint Accounts & Maint., Circular No. 5/84, dtd: 9-3-1984.

2) Circular No.24/87-MED, dtd: 11.09.87.

3) Circular No.3/90-MED dated 5-7-1990.

4) Joint Accounts & Maintenance Cir. No.14/95, dtd: 21-7-95.

5) Circular No.32/98-MED, dtd: 04.12.98.

6) Circular No.37/2000-MED, dtd: 18.10.2K.

7) Circular No.38/01-MED, dtd: 24.12.01.

8) Circular No.10/2002-MED, dtd: 03.08.02.

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Corporation has spent Rs.1440 Crores on HSD oil in the financial year 07-08 which is the 33% of the total expenditure. The expenditure on HSD oil will increase further as & when the prices of HSD are revised upwards by Govt., of India. Thus, there is every need to conserve HSD oil and prevent loss of this expensive product at Depots.

In the present scenario of scarcity of manpower, the activities related to HSD oil handling viz., top up, preparation of log sheet challans etc., have been out sourced. Since the HSD oil is the essential product of the transport organisation, proper accountal with cross checking at regular intervals attains highest importance as the HSD is being handled by the out sourced personnel.

The recent technical audits conducted by the MED of corporate office reveal that the depots are not giving due importance to this subject. Cross checking of physical balances with book balances is not taking place at various levels which is leading to discrepancies in accountal of precious product. It has been noticed that there is huge accumulation of shortages in HSD oil at many of the depots from the review of HSD oil accountal at the end of Oct.'08. The DyCMEs & RMs are not reviewing this subject during their periodical review meetings, which could be one of the reasons for such huge accumulation at many of the depots.

As per the MTD29/R for the fortnight ended 31.10.08, the unadjusted shortages ranging between 1000 to 10,000 ltrs in 85 depots, between 10,000 to 80,000 ltrs in 43 depots and more than 80,000 ltrs in 2 depots have been found which is alarming.

Circular instructions are in vogue that whenever the excess/shortage is less than 0.25% of the issues, the inspectorate staff of the region shall verify the records from the last date of audit and adjust the excess/shortage in the MTD 29 Returns. The DMs have to take necessary action either to fix the responsibility or process for write off sanction.

In the cases, where the HSD oil excess/shortage exceeds 0.25% of the issues, the investigation committee consisting of Dy.CME and Dy.CAO/AO shall verify the oil receipts, issues and accountal practices and investigate into the causes for excess/shortages as per the guidelines issued vide circular No. 14/95-MED & 32/98-MED.

But, on scrutiny of the proposals received at corporate office reveals that the procedures enumerated in the circulars for obtaining write off sanction from competent authority are not followed in true spirit. There was no pursuance from the respective regions/depots on the status of the proposals submitted seeking write off sanctions in respect of excess/ shortages and given least priority.

Because of neglecting the following instructions, which were enumerated through various circulars at reference, the excess/shortage of HSD oil is arising at Depots.

- a) The DC (Oils) who is the custodian of HSD & other lubricants is not taking daily dip readings of all the Oils and cross checking with the book balances to arrive at the shortages which is the primary responsibility of the DC (Oils). At certain Depots, the variation between book balance and actual balance has been shown same figure days together and suddenly the variances are shown with abnormal increase which clearly shows that the dip levels are not being taken on daily basis. Since the outsourced personnel are handling the product, taking dip levels on daily basis is of prime importance, which should not be neglected.
- b) The DC (Oils) shall verify the stock with the previous day issues and satisfy himself with the accountal. Any discrepancy has to be brought to the notice of the Maintenance Incharge, which is lagging. The daily stock, receipts and issues have to be entered into the concerned register (as per ANNEXURE-A) and arrive at the short/excess for that particular day. This register is not being maintained (separate folios have to be maintained for each Ground tank on monthly basis).
- c) The handing over & taking over manuscript register for HSD & other lubricants is not being maintained in Oil section. Since the outsourced personnel are handling the HSD & other lubricants, there is every possibility of mishandling of the product.
- d) The Maintenance Incharge shall take the physical dip of HSD oil and other lubricants once in a week besides conducting the bunk test of both the dispensing pumps. The Depot Manager shall also witness the physical dips of HSD oil and other lubricants once in a fortnight to know the status. This is not being done regularly.

- e) The precautions to be taken and procedure to be followed while decanting the HSD oil from the tanker as per the Circular No. 37/2000-MED are not being followed scrupulously resulting in abnormal shortage of HSD on the day of receipt of tanker at certain depots.
- f) The excess/shortage of HSD oil for each of the Ground tank is not being crosschecked on fortnight basis to arrive at the percentage of shortage over the consumption to know the trend and to take corrective action. This will help to take appropriate action whenever there is an abnormal increase in excess/ shortage.

Even after following the above procedure of taking dip readings on daily basis and proper accounting is adopted and satisfied and; still the shortage persists, then there is a need to analyse in a systematic manner to find out the reasons at Depot level before approaching Oil company which is lagging at many depots. The probable causes for shortage/excess are

1. Excess delivery of HSD oil by the dispensing pumps which can be identified by conducting bunk test with 5 litre can. This has to be rectified with the help of Oil Company. After rectification, it should be ensured stamping by Weights & Measurement Department to avoid tampering. The detailed procedure given vide Circular No. 38/2001 - MED & 10/2002 - MED shall be followed to rectify this aspect.
2. Leakage of product from the pipelines connected between Ground tank and dispensing pump, which can be identified by wetting of the sand over the ground tank. This has to be brought to the notice of the Oil Company and get it rectified immediately. Complaints are coming that the outsourced personnel are mishandling the delivery pipe and causing damages. This should be avoided.
3. Leakage of product from the storage tank. Conducting dormant test, which is nothing but keeping the bunk un-operated for an extended period of about 24 hours and taking the dip readings on hourly basis, can identify this. If there is no variation in the Dip readings, it confirms that there is no leakage from the tank or vice versa. If the leakage confirms, the DM shall alert the Oil Company duly informing to the Dy.CME/RM and take immediate action to minimise the loss at the earliest.
4. Frequent variation of dip readings will be observed whenever the product is decanted from the tank truck due to tilting of ground tank in view of turbulence effect due to loose soil at certain places. This has to be brought to the notice of the Oil Company for rectification even though there is no loss of product.
5. Due to worn out of Dip stick at the bottom due to constant use over a long period resulting in improper dip readings and shown excess stock. The worn-out dipsticks have to be replaced by the oil company.

6. Use of improper calibration chart supplied by the Oil Company. This is designed basing on the physical dimensions of the ground tank. Once the chart confirms with the tank design there is no need to ask for replacement of charts frequently.
7. Due to short receipt of product from the tank truck. Decanting procedures have to be followed meticulously which were given through Cir.no 37/2000 - MED in detail.

The RMs are advised to take up the review of the cases of excess/shortage of HSD oil & other lubricants in their periodical review meetings with DMs and Maintenance In-charges and ensure all the cases of HSD oil shortages are investigated into and corrective actions are taken.

The Dy.CMEs are also advised to ensure that the DC (Oils) should have thorough knowledge on handling the issues viz., indenting, stocking, supplying & record keeping on the HSD & other lubricants and if necessary proper training to be imparted duly organising training programme since the newly promoted DCs may not have adequate knowledge. The practice of frequent change of DCs from oil section has to be dispensed.

The Depot Managers are advised to ensure implementation of above instructions scrupulously.

Please acknowledge the receipt of the circular.

VICE CHAIRMAN & MANAGING DIRECTOR

Encl: As above

To
All Depot Managers.

Copy to: Dir (V &S), ED (E&IT), ED (O&MS), ED(A&P), FA, CAO & ED(T&C) for inf.

Copy to: All Executive Directors (Zone) for necessary action.

Copy to: All RMs for necessary action.

Copy to: CME(O), CE(IT), CPM, CM(HRD), CCOS & CA for infmn.

Copy to: Dy.CME(C&B), Dy.CME(IEU), Dy.CME(P),Dy.CAO(C&B)

Copy to: COS(C)I, COS(C)II, Dy.CME(C&B), Dy.CME(IED) & CSTO for information.

Copy to: All Dy.CMEs WMs, COSs & Dy.CAOs for necessary action.

Copy to: All A.Os / AMEs(T) for information & necessary action

Copy to: All Principals of ZSTCs, BTC, HPT & TA/HPT for information

Copy to: All Maintenance Incharges for necessary action.

Copy to: Manual Section/Head Office for filing.

