



ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.OP2/791(1)/2011-MED

Office of the VC&MD,
MSRD, HYDERABAD-624.

CIRCULAR NO.11/2011 - MED, Dt.13.04.2011

SUB: **COST CONTROL** - Control of Expenditure - Fixing of targets on MED Parameters for the year 2011-12 - Reg.

The Corporation is passing through a critical financial position as it registered a loss of Rs.318 Crores upto Feb'11. It is, therefore, essential that every employee, supervisor, Manager strive hard to improve the performance. Financial health of an organisation depends on enhancement of earnings as well as reduction of expenditure. It is unfortunate that expenditure is more than earnings in our Corporation in the recent past. 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 on these cost parameters is within our control.

The targets for the year 2011-12 are worked out Region wise/Zone-wise with the best performance in the preceding three years taken as the base duly adding/reducing the improvement factors.

The details of the targets are furnished here under, parameter wise.

I. PHYSICAL PARAMETERS:

1.1 HSD KMPL:

Description	Excl. Volvo	Volvo	Incl. Volvo
The target of HSD KMPL for the year 2010-11	5.40	3.10	5.30
Actual KMPL up to Feb'11	5.17	2.82	5.26
Variance over target	-0.13	-0.28	-0.10
Target proposed for 2011-12 for Corporation	5.40	3.10	5.30

While fixing the targets, the following criteria is adopted.

- The best performance (excl. Volvo) among the years 2008-09, 2009-10 and 2010-11 of the Regions is adopted as base KMPL and incremented in different slabs for arriving the targets.
- A uniform target of 3.10 is adopted for Volvo vehicles. The effect of Meghdoot vehicles, Vestibule, Meghmala, SLF and ULE vehicles operation is also taken into consideration while fixing the targets.
- HSD KMPL is the most important cost parameter and influences the financial health of the corporation to a great extent. By following the guidelines issued vide Circular no.19/2007-MED in true spirit and with constant monitoring, the KMPL can be further improved and the targets can be achieved easily.

The Region/Zone wise targets worked out as above for the year 2011-12 are enclosed at ANNEXURE-I.

I.2. BREAKDOWN RATE:

Description	B.D.Rate
The target for the year 2010-11	0.08
Actual up to Feb'11	0.10
Variance over target	0.02
Target proposed for 2011-12	0.07

- The B.D.Rate target is fixed basing on the best performance of the individual Regions during three years i.e. 2008-09, 2009-10 and 2010-11 (upto Feb'11) of the Regions and reducing the same with different slabs.
- While fixing the target for B.D.Rate for the year 2011-12, the factors like completion of recruitment of Shramiks in all the Regions and recruitment of Mechanics in many Regions and planning for induction of new vehicles under replacement is taken into consideration.
- The Region/Zone wise targets thus arrived for the year 2011-12 are furnished at ANNEXURE-I.

To provide reliable service, all efforts must be made to reduce breakdowns to the minimum possible extent. Honest & proper accountal of breakdowns, analysis & corrective action helps in reducing the breakdown rate. Any reduction in breakdowns will have a remarkable impact on quality of operation and image of the corporation. Proper accounting and analysis at micro level for taking corrective action as envisaged in Circular no.09/2008-MED will definitely reduce the breakdowns.

I.3. PERCENTAGE OF MECHANICAL CANCELLATIONS:

Description	% of Mch. Cancellations
The target for the year 2010-11	0.13
Actual up to Jan'10	0.23
Variance over target	-0.10
Target proposed for 2011-12	0.11

- The % of Mech. Cancellations target is fixed basing on the best performance of the individual Regions during three years i.e. 2008-09, 2009-10 and 2010-11(upto Feb'11) of the Regions and reducing the same with different slabs.
- While fixing the target for % of Mech. Cancellations for the year 2011-12, the factors like completion of recruitment of Shramiks in all the Regions and recruitment of Mechanics in many Regions and planning for induction of new vehicles under replacement is taken into consideration.
- The Region/Zone wise targets thus arrived for the year 2011-12 are furnished at ANNEXURE-I.

This is a controllable parameter since cancellations are mainly on account of want of bus and late supply of bus, which affect punctuality of the Services and passenger satisfaction. With improved quality of maintenance followed by regular inspection of Buses after maintenance & avoiding off road position of vehicles at Depots, it is very easy to achieve the targets.

I.4. SPRING CONSUMPTION:

Description	Spring Consumption
The target for the year 2010-11	50
Actual up to Jan'11	75
Variance over target	15
Target proposed for 2011-12	50

- The spring consumption per lakh Kms target is fixed basing on the best performance of the individual Regions during three years i.e. 2008-09, 2009-10 and 2010-11 (upto Feb'11) of the Regions and reducing the same with different slabs.
- The Region/Zone wise targets thus arrived for the year 2011-12 are furnished at ANNEXURE-I.

Springs constitute a major cost element in the Corporation. With introduction of stiffer springs and Air suspension vehicles and 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.

I.5. TOTAL LUB KMPL:

Description	Total Lub KMPL
The target for the year 2010-11	1129
Actual up to Feb'11	1118
Variance over target	26
Target proposed for 2011-12	1189

- The total Lub oil KMPL Targets are fixed Region-wise for the year 2011-12 duly incrementing the best of three years performance with different slabs.
- The Region/Zone wise targets thus arrived for the year 2011-12 are furnished at ANNEXURE-I.

Exercising strict controls in usage of lubricant oils without compromising maintenance standards is the pre-requisites for conservation of lubricants. Better top up practices, avoiding leakages, timely top-overhauls and engine changes are some of the measures which influence this cost parameter. The starvation of engines and manipulation of accountal to project higher total lub KMPL shall nto be reported in.

I.6. FLEET UTILISATION:

Description	Fleet Utilisation
The target for the year 2010-11	99.60
Actual up to Feb'11	99.45
Variance over target	0.15
Target proposed for 2011-12	99.60

- The Corporation has achieved a Fleet Utilisation of 99.45 up to Feb'11 as against a target of 99.60. A uniform target of 99.60 was fixed for all Regions for the year 2011-2012.
- The Region wise targets are furnished at ANNEXURE-I.

I.7. TYRE PERFORMANCE:

1.7.A. New Tyre Scrap rate.

Description	NTS
The target for the year 2010-11	1.37
Actual up to Feb'11	2.28
Variance over target	0.91
Target proposed for 2011-12	1.30

- New Tyre Scrap Rate target for the year 2011-12 is fixed by reducing the best i.e., lowest NTS during the last 3 years including 2010-11 (up to Feb'11) by 10% and keeping 1.95 as the maximum NTS.
- Whenever the target such fixed is more than the last year's target, then the target fixed for the last year is continued for the year 2011-12.

1.7.B. Total Tyre life

Description	TTL
The target for the year 2010-11	1.84
Actual up to Feb'11	1.68
Variance over target	0.16
Target proposed for 2011-12	1.84

- Total Tyre Life target for the year 2011-12 is fixed by taking the best performance during the last three years including 2010-11 up to Feb'11 and then by increasing the same as per the slabs given below.
 - 1.51 to 1.65 lakh kms - 6000 kms
 - 1.66 to 1.80 lakh kms - 4000 kms
 - Above 1.81 lakh kms - 2000 kms
 - Minimum Target --- 1,50,000 Kms

- The Region wise Targets are furnished at ANNEXURE-I.

With the improved tyre management and tyre maintenance practices following the guidelines stipulated in the circulars 11/2005, 5/2008, 12/2008, 16/2008, 20/2008, 3/2009 and 16/2009, 3/2010, 6/2010, 13/2010, 18/2010, 19/2010, 20/2010, 24/2010, 30/2010 it is quite possible to improve the performance of tyres which is major cost component and to achieve the given targets.

I.8. LIFE OF MAJOR AGGREGATES:

Target for achieving optimum lives on major aggregates are fixed for the year 2011-12. The New lives targets are calculated as Best of 3 Years and adding 5000Kms. CO lives targets are calculated as considering the least of Actual OE Life upto Feb'11 and restricted Life, as the case may be then comparing 60% of this with Actual RC Life Upto Feb'11 and taken which ever is higher. The restrictions on new life are fixed to avoid prolonged operation which in turn affects badly the Total Life. As they are long back fixed, the same are reviewed as stated below.

Sl.No	Description	Existing Restricted Target (in Lakhs)	Revised Restricted Target (in Lakhs)	Remarks
1	Front Axle(AL)	11.00	12.00	Avg. New Life of Front Axle has been achieved more than 11 Lakhs.
2	Rear Axle (AL)	11.00	12.00	Average New Life of Rear Axle has been achieved more than 11 Lakhs.
3	Front Axle(TATA)	9.00	10.00	Average new life of Front Axle has been achieved more than 9Lakhs.
4	Rear Axle (TATA)	9.00	10.00	Average new life of Rear Axle has been achieved more than 9Lakhs.

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 to achieve targets. Clear Cut Guidelines were given through Cir. No 13/2009-MED, dated 27.06.2009 to achieve optimum life of Major Aggregates. Drawel of CO Units will increase on account of the premature failure due to poor workmanship at workshop or improper maintenance at depots. Hence care shall be taken to avoid premature failures of units. There shall be immediate attention & corrective action on premature failures. The Region wise targets are furnished at Annexure- III.

II. COST PER KILOMETER ON MED PARAMETERS:

II.1. HSD OIL:

Description	CPK on HSD
The target for the year 2010-11	730
Actual up to Feb'11	779
Variance over target	49
Target proposed for 2011-12	775

- The target for CPK on HSD oil for the year 2011-2012 is fixed by arriving at the average cost per litre of diesel as on 25.03.2011 for each Region and the target KMPL fixed for the year 2011-12. This takes care of the variation in cost of HSD oil on account of the transportation charges of diesel supplied by oil companies from their supply point.
- The Region wise targets thus arrived are furnished at ANNEXURE-II.

II.2. TYRES & TUBES:

Description	Tyres & Tubes
The target for the year 2010-11	51
Actual up to Feb'10	57
Variance over target	6
Target proposed for 2011-12	52

- The CPK Target on Tyres & Tubes for the year 2011-12 is fixed by taking the best i.e., lowest CPK during the last 3 years including the year 2010-11 up to Feb'11
- The Region-wise targets thus arrived are furnished at ANNEXURE-II.

II.3 WORKSHOPS:

Description	Workshops
The target for the year 2010-11	37
Actual up to Feb'11	44
Variance over target	7
Target proposed for 2011-12	38

- The CPK Target on Workshop for the Year 2011-12 is fixed by taking the best i.e., lower CPK during the last 3 years including the year 2010-11 upto Feb'11. The Target for the year 2011-12 is fixed at 38 ps.
- Workshop expenditure can be controlled by improving the life of aggregates on vehicles through better maintenance practices at depots, improving the quality of Overhaul practices at Zonal Workshops and avoiding premature failures. The new vehicle induction in the recent past will also

facilitate for reduction in expenditure. The Region-wise targets thus arrived are furnished at ANNEXURE-II.

II.4. STORES:

Description	CPK on Stores
The target for the year 2010-11	29
Actual up to Feb'11	39
Variance over target	10
Target proposed for 2011-12	31

- The best performance on CPK of stores of the individual Regions during three years i.e. 2008-09, 2009-10 and 2010-11 (upto Feb'11) of the Regions is fixed as target for the year 2011-12.
- The Region wise targets are furnished at ANNEXURE-II.

Stores expenditure can be controlled by reducing consumption of springs & other costly spares through better maintenance practices

II.5. LUBRICANTS:

Description	CPK on Lubricants
The target for the year 2010-11	13
Actual up to Feb'11	16
Variance over target	3
Target proposed for 2011-12	14

- The target for CPK on Lubricants for the year 2011-12 is fixed by adopting the best CPK on lubricants during three years i.e. 2008-09, 2009-10 and 2010-11 (upto Feb'11) of the Regions.
- The Region wise targets are furnished at ANNEXURE-II

Efforts are to be made to achieve the targets through improved maintenance practices, timely attention of leakage, top overhauls of engines, etc.,

In order to achieve the targets fixed for the year, regular training programmes on better maintenance practices, improved technologies are to be arranged for the garage staff so as to bring about a total change in the quality of maintenance at the depots.

The Regional Managers in turn are advised to fix targets Depot wise for all parameters basing on the above guidelines and communicate to Depots and to send copy of the same to ED (E&IT) for review. The Executive Directors of Zones and Regional Managers are advised to review the performance of the Depots with reference to the targets fixed and pull up the Managers not responding.

The Executive Directors of Zone, Regional Managers, Dy. Chief Mechanical Engineers and Depot Managers are advised to take steps required to improve the performance for achieving the targets and are personally accountable for achieving targets in respect of Zone, Region and Depot in regard to all parameters.

Please acknowledge.

**VICE CHAIRMAN &
MANAGING DIRECTOR**

To
All the Executive Directors (Zone) (By Name)

Copy to: Director (Vig. & security), ED(E&IT), ED(O&MIS), ED(A&AM),
ED(HRD & Medical) and Secretary to Corporation, FA & CAO for
information

Copy to: CME(O),CME(C&B), CE (IT), CPM, CTM, CCOS, CFM & CA for information

Copy to: All Regional Managers for necessary action

Copy to: Dy CME(O), Dy.CME(P),Dy.CME(C&B), Dy.CME(IEU), , COS(C-I),
COS(C-II) & CSTO for information.

Copy to: All Dy.CMEs of Regions for necessary action

Copy to: All DVMs of HYD and SCD Regions for necessary action

Copy to: All WMs, COSs, Dy.CAOs of all Zones & necessary action

Copy to: All Principals of ZSTC and TA/HPT for information

Copy to: All AMEs(T) for necessary action

Copy to: All AOs of Regions for necessary action

Copy to: All Depot Managers & Maintenance Incharges for necessary action.

Copy to: Manual Section/Head Office for filing.

REGION/ZONE WISE TARGETS ON PHYSICAL PARAMETERS FOR THE YEAR 2011-12

ANNEXURE - I

S.No.	REGION / ZONE	HSD KMPL		BD RATE 10000 KMs	% OF MECH CANCE- LLATIONS	SPRING CONS. PER LAKH.KMs	TOTAL LUB KMPL	FLEET UTILIS- ATION IN %	AVG.TOTAL TYRE LIFE IN LAKH KMS	NEW TYRE SARAP RATE (%)
		WITHOUT ALL SPECIAL TYPES BUSES	WITH ALL SPECIAL TYPES BUSES							
1	HYD REGION	5.05	4.79	0.10	0.23	28	963	99.60	2.05	0.66
2	SCD REGION	4.96	4.61	0.10	0.25	26	1100	99.60	2.02	0.53
GREATER HYD ZONE		5.00	4.70	0.10	0.24	27	1028	99.60	2.04	0.60
3	RR REGION	5.32	5.10	0.05	0.13	66	1469	99.60	1.60	1.73
4	MBNR REGION	5.48	5.47	0.05	0.11	137	1115	99.60	1.60	1.95
5	NLG REGION	5.56	5.56	0.03	0.04	85	1405	99.60	1.82	1.29
6	MDK REGION	5.48	5.48	0.07	0.09	45	1246	99.60	1.81	1.17
HYD ZONE		5.47	5.41	0.05	0.09	82	1312	99.60	1.69	1.58
8	KRMR REGION	5.62	5.58	0.05	0.07	37	1455	99.60	2.00	1.95
7	NZB REGION	5.58	5.57	0.04	0.02	67	1385	99.60	1.82	1.53
9	ADB REGION	5.48	5.47	0.05	0.09	64	1354	99.60	1.74	1.77
10	KMM REGION	5.59	5.59	0.05	0.05	29	1596	99.60	1.94	1.30
11	WL REGION	5.56	5.55	0.03	0.06	42	1436	99.60	1.97	0.80
KRMR ZONE		5.57	5.56	0.04	0.06	46	1444	99.60	1.90	1.48
12	NLR REGION	5.59	5.51	0.03	0.04	71	1620	99.60	1.83	1.41
13	OGL REGION	5.52	5.45	0.05	0.07	87	1456	99.60	1.82	1.37
14	CTR REGION	5.36	5.30	0.09	0.11	43	1041	99.60	1.97	0.77
NELLORE ZONE		5.46	5.40	0.06	0.08	68	1255	99.60	1.88	1.14
15	ATP REGION	5.26	5.26	0.11	0.25	92	940	99.60	1.60	1.84
16	KDP REGION	5.35	5.33	0.08	0.10	42	1013	99.60	1.60	1.65
17	KRNL REGION	5.30	5.30	0.10	0.11	74	1025	99.60	1.60	1.95
KADAPA ZONE		5.30	5.30	0.09	0.15	71	992	99.60	1.60	1.84
18	GNT REGION	5.53	5.50	0.06	0.13	44	1119	99.60	1.91	1.15
19	KRI REGION	5.42	5.26	0.05	0.06	5	1236	99.60	2.03	1.25
20	WG REGION	5.52	5.52	0.07	0.05	38	1094	99.60	2.05	0.88
VJA ZONE		5.49	5.41	0.06	0.09	28	1157	99.60	1.98	1.14
21	EG REGION	5.53	5.50	0.05	0.09	29	1311	99.60	1.92	1.36
22	VSP REGION	5.46	5.23	0.06	0.10	33	1158	99.60	2.03	0.90
23	NEC REGION	5.45	5.42	0.08	0.13	70	1173	99.60	1.90	0.99
VZM ZONE		5.48	5.37	0.06	0.10	42	1209	99.60	1.95	1.07
CORPORATION		5.40	5.30	0.07	0.11	50	1189	99.60	1.84	1.30

NOTE: Special Type vehicles means Volvo, Meghdoot, Vestibule, Meghamala and SLF and the individual targets for these vehicles are furnished below

S.No.	Type of Vehicles	Target KMPL
1	Volvo City/ULE A.C.	2.50
2	Volvo District/Cerita	3.10
3	Meghdoot A.C.	3.45
4	Meghdoot NON-A.C.	3.95
5	Vestibule	3.22
6	ULE Non-A.C.	3.00

S.No.	Type of Vehicles	Target KMPL
7	Meghamala	3.50
8	SLF	
	For HYD & SCD Regions	4.20
	For VSP Region	4.90
	For CTR Region	4.90

**REGION / ZONE WISE TARGETS OF COST PARAMETERS OF MED FRO
THE YEAR 2011-12 (IN PAISE)**

ANNEXURE-II

S.NO.	REGION	CPK ON POWER	CPK ON TYRES & TUBES	CPK ON WORKSHOPS	CPK ON STORES	CPK ON LUBRICANTS
1	HYD	862	42	51	33	16
2	SD	893	42	48	34	15
HYD CITY ZONE		877	42	50	33	15
3	RR	811	67	37	47	13
4	MBNR	762	67	43	31	13
5	NLG	737	55	33	27	12
6	MDK	750	56	35	23	11
HYDZONE		763	61	37	33	12
7	KRMR	738	42	32	23	13
8	NZB	736	56	32	28	13
9	ADB	755	51	40	24	12
10	KMM	735	49	26	21	12
11	WL	737	50	35	25	13
KRMR ZONE		740	49	33	24	13
12	NLR	736	49	31	29	12
13	OGL	745	55	22	36	13
14	CTR	773	51	32	35	14
NLR ZONE		755	52	29	34	13
15	ATP	788	66	51	35	16
16	KDP	765	56	46	28	14
17	KRNL	782	63	41	30	14
KDP ZONE		780	62	46	31	15
18	GNT	745	49	29	25	13
19	VJA	775	44	33	38	13
20	WG	742	49	35	26	13
VJA ZONE		756	47	32	31	13
21	EG	742	47	37	29	12
22	VSP	772	51	46	41	14
23	NEC	750	54	44	31	15
VZM ZONE		757	51	42	34	14
COPORATION		775	52	38	31	14

UNIT LIFE TARGETS FOR THE YEAR 2011 - 2012

ANNEXURE-III

ZONES	ENGINE		FIP		GEAR BOX		FRONT AXLE		REAR AXLE		ALTERNATOR		SELF STARTER	
	NEW	RC	NEW	RC	NEW	RC	NEW	RC	NEW	RC	NEW	RC	NEW	RC
HYD (U)	5.92	3.52	3.79	2.24	6.50	3.89	12.00	8.05	12.00	7.65	5.33	3.17	5.51	3.13
HYD (R)	6.49	3.74	4.91	2.92	7.00	4.14	12.00	7.42	12.00	8.69	5.62	3.26	5.94	3.31
KRMR	7.00	5.33	4.84	2.87	7.00	4.68	12.00	8.09	12.00	8.29	7.05	4.20	7.35	4.27
NLR	7.00	4.45	5.00	2.89	7.00	5.22	12.00	7.20	12.00	9.77	6.50	3.32	6.63	3.49
LEY AREA	6.43	4.18	4.63	2.72	6.84	4.29	12.00	7.75	12.00	8.46	6.04	3.54	6.34	3.52
VJA (U)	6.50	3.90	4.79	2.64	6.00	3.77	10.00	5.57	10.00	6.00	4.01	2.18	5.79	3.13
VJA (R)	7.00	4.20	3.79	2.31	6.50	3.96	10.00	6.00	10.00	6.29	4.35	2.58	6.13	2.78
VZM (U)	6.50	3.90	5.00	3.29	5.77	3.81	10.00	6.25	10.00	7.28	3.61	2.58	5.20	3.09
VZM (R)	7.00	4.20	3.72	2.98	6.50	3.95	10.00	5.68	10.00	6.00	2.89	2.60	3.86	2.94
KDP	7.00	3.87	3.92	2.21	6.50	3.71	9.07	4.91	10.00	5.32	5.84	3.47	6.61	3.31
NLR(CTR)	6.55	3.40	3.84	2.27	6.10	3.63	8.94	4.91	9.83	5.87	4.45	2.64	5.87	2.73
TATA AREA	6.87	3.91	4.88	2.44	6.35	3.79	9.45	5.30	9.97	5.85	4.78	2.88	5.95	3.05