



ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.OP2/791(1)/2019-MED

Office of the VC&MD,
RTC House: VJA, Dt.07.05.2019.

Circular No.06/2019-MED, Dt.07.05.2019.

Sub: **COST CONTROL** - Control of Expenditure - Fixing of targets on MED Parameters for the year 2019-20- Reg.

Corporation has registered a loss of Rs.482 Cr upto Feb'19 during the year 2018-19. The financial health of an organization depends on maximization of the revenue and minimizing the operational costs. It is observed that expenditure is more than earnings in our Corporation in the recent past due to continuous increase in input costs like Personnel, HSD oil, Lub oils, Spares, Tyres, etc,. While every effort has to be made to improve earnings, it is equally important to reduce the cost of operation on HSD oil, Lub Oil, Spares, Tyres and Tubes and Workshops. There is ample scope for reduction of expenditure on these cost parameters by improving preventive maintenance of buses. Keeping this in mind, targets on the key MED parameters of maintenance, which influence the operational cost are communicated every year.

The targets for the year 2019-20 are worked out Region wise/Zone-wise taking the best performance in the preceeding three years as the base duly adding the estimated improvements.

The details of the targets at Corporation level are furnished here under, parameter wise:

Key Maintenance Parameters:

1. HSD KMPL
2. Total Lub KMPL.
3. Breakdown Rate.
4. MED Cancellation
5. Total tyre life
6. % of New Tyre Scrap Rate.
7. Life of Major Aggregates.

The finalized Region wise targets are filed at Annexure -1 & 2.

Contd... 2nd Page

Methodology adopted in Fixing Targets:

1. HSD KMPL:

Description	HSD KMPL
Target for the year 2018-19	5.27
Actual 2018-19	5.19
Variance	-0.08
Target for 2019-20	5.29

- a) For arriving the HSD KMPL Targets, the best of three years performance is taken as basis and incremented as given below:

Slab	Increment	Slab	Increment
Upto 5.20	0.07	5.30 - 5.39	0.05
5.21 - 5.29	0.06	5.40 & Above	0.04

- b) For arriving at HSD KMPL targets for A.C. buses, the annual volume of operation of A.C. buses is taken into consideration and fixed the targets as follows:

Type of Bus	TGT FOR 2019-20
Amaravathi	3.05
Garuda Plus	3.05
Garuda	3.30
Vennela	3.80
Indra	4.00
Metro Luxury	3.25

The HSD KMPL is the most important cost parameter which strongly influences the financial health of the corporation to a great extent. By implementing the guidelines issued by MED on HSD KMPL improvement in true spirit and with constant monitoring, the KMPL can be further improved and the targets can be exceeded easily.

The Region/Zone wise targets worked out as above for the year 2019-20 are enclosed at ANNEXURE-I.

Contd... 3rd Page

2. TOTAL LUB KMPL:

Description	Total Lub KMPL
The target for the year 2018-19	1553
Actual 2018-19	1662
Variance over target	109
Target proposed for 2019-20	2000

- The targets for total Lub oil KMPL are fixed Region-wise for the year 2019-20 duly enhancing the present Total Lub KMPL by 20% with a view to control the leakages and not to compromise in timely oil changes as per the norms.
- The Region/Zone wise targets thus arrived for the year 2019-20 are furnished at ANNEXURE-I.

Exercising proper controls in usage of lubricant oils without compromising on 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 not be resorted to.

3. BREAKDOWN RATE:

Description	B.D.Rate/ 10000 KMs
Target for the year 2018-19	0.03
Actual 2018-19	0.04
Variance	0.01
Target for 2019-20	0.03

- The B.D.Rate target is fixed basing on the best performance of the individual Regions during years 2016-17, 2017-18, 2018-19 and reducing the same at different slabs. The Slabs are

Slab	BD Rate Reduced	Slab	BD Rate Reduced
0.02 & below	No Reduction	0.06 - 0.08	0.02
0.03 - 0.05	0.01	0.08 & Above	0.03

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- The Region/Zone wise targets thus arrived for the year 2019-20 are furnished at ANNEXURE-I

To provide reliable service for the travelling public, all efforts must be made to reduce breakdowns to the minimum possible extent. Proper accountal of breakdowns, micro level analysis of BDs & corrective actions help in reducing the breakdown rate. Any reduction in breakdowns will have a remarkable impact on quality of operation and image of the corporation. Micro level analysis of each breakdown for taking corrective action will certainly reduce the breakdowns.

4. % OF MECH CANCELLATION KMs:

Description	% Mech Cancellations
Target for the year 2018-19	0.08
Actual 2018-19	0.06
Variance	-0.02
Target for 2019-20	0.04

- The MED Cancellation target is fixed basing on the best performance of the individual Regions during years 2016-17, 2017-18, 2018-19 and reducing the same at different slabs. The Slabs are

Slab	MED Cancellation Reduction by	Slab	MED Cancellation Reduction by
0.02 & below	No Reduction	0.06 - 0.08	0.02
0.03 - 0.05	0.01	0.08 & Above	0.03

- The Region/Zone wise targets thus arrived for the year 2019-20 are furnished at ANNEXURE-I

This is a controllable parameter as cancellations are mainly for want of bus and late supply of bus, which directly affect punctuality of the Services and passenger satisfaction. With improved quality of preventive maintenance of buses and by regular inspection of Buses & avoiding backlog of preventive maintenance schedules at Depots, it is quite possible to achieve the targets.

Contd... 5th Page

5. NEW TYRE SCRAP RATE:

The New Tyre Scrap Rate Target for the year 2019-20 is fixed by reducing as per the slabs given below on the least of last 3 years.

S.No.	NTS%	To be reduced by
a	Less Than or equal to 2.00%	5%
b	Above 2.00% and Less Than or equal to 3.00%	10%
c	Above 3.00%	15%

6. TOTAL TYRE LIFE:

The Total Tyre Life Target for 2019-20 is fixed by increasing 5,000 Kms on the best performance among the last 3 years AVG. Total Tyre Life achieved,.

- The Region wise targets for New Tyre Scrap Rate & Total Tyre life are enclosed at ANNEXURES-I.

7. LIFE OF MAJOR AGGREGATES:

Targets of Major aggregates are fixed for the year 2019-20 to achieve optimum lives. The New Life targets are calculated considering the Best of Last 3 Years and increased by 3 %. CO life targets are calculated among the Best of Last 3 Years or 10% increased on achieved RC life of 18-19 whichever is higher.

However, the New life targets are restricted as mentioned below to avoid further deterioration of internal parts of major units.

S.No	UNIT	CITY	DIST
1	ENGINE	8.00	9.00
2	F.I.P	6.00	7.00
3	GEAR BOX	8.00	9.00
4	FRONT AXLE	12.00	13.00
5	REAR AXLE	12.00	13.00
6	SELF STARTER	7.00	8.00
7	ALTERNATOR	7.00	8.00

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Proper 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 reach the targets. Drawl of CO Units will increase on account of the premature failures/ Low life of units due to poor workmanship at Workshop or improper maintenance at Depots. Hence care shall be taken to avoid premature failures of units. The Region wise targets are furnished at Annexure-II

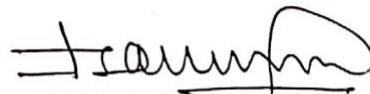
In order to achieve the targets fixed for the year, regular training programmes on better maintenance practices and on latest high end buses are to be arranged for the maintenance staff and supervisors by Dy CMEs and WMs so as to bring about a total change in the quality of maintenance at the depots.

The Regional Managers are advised to fix targets Depot wise for all parameters basing on the above guidelines and communicate to Depots and to send a copy of the same to CME(M) by 15th May, 2019 without fail.

The Regional Managers are advised to review the performance of the Depots with reference to the targets fixed and pull up the Managers who are not performing well in this regard.

The Regional Managers, Dy. Chief Mechanical Engineers and Depot Managers are advised to improve the overall MED performance and put in sincere efforts for achieving targets in respect of all parameters.

Please acknowledge.


EXECUTIVE DIRECTOR (E)

Copy to: VC & MD for favour of information
Copy to: Director (Vig. & security), ED (O), ED (A), and FA&CAO for information
Copy to: All EDs of Zones for information and necessary action
Copy to: CME(M), CME(C&B), CE (IT), CPM, CTM, CCOS, CE(IEU) & CFM for information
Copy to: All Regional Managers for necessary action
Copy to: Dy CME(M), Dy.CME(W), Dy.CME(IEU), Dy CTM(Comp), COS(C-II) & CSTO for information.
Copy to: All Dy.CMEs of Regions for necessary action
Copy to: All WMs, COSs, Dy.CAOs, AMEs(T) of all Zones & necessary action
Copy to: All Dy.CPMs, Principal/ZSTC/KRNL and Principal/TA/VJA for information
Copy to: Copy to: All AOs of Regions for necessary action
Copy to: All Depot Managers & Maintenance Incharges for necessary action.

Region wise KEY MED Parameters Targets for the year 2019-20

RGN	KEY MAINTENANCE PARAMETERS					
	HSD KMPL	TOTAL LUB KMPL	BD RATE	MED CANC.	TOTAL TYRE LIFE	NEW TYRE SCRAP RATE
NLR	5.78	3137	0.01	0.02	2.15	1.43
PKSM	5.68	3545	0.01	0.02	2.18	1.24
CTR	5.20	2182	0.02	0.04	2.31	1.00
KDP	5.24	2178	0.02	0.04	1.97	1.94
KRNL	5.27	1903	0.04	0.04	1.80	2.92
ATP	5.32	2666	0.03	0.03	1.90	1.59
GNT	5.35	1888	0.02	0.06	2.08	1.32
KRI	5.02	1519	0.02	0.04	2.01	2.55
WG	5.45	1548	0.04	0.08	2.16	1.72
EG	5.34	2044	0.01	0.03	2.34	1.23
VSP	4.97	1350	0.06	0.10	2.27	1.37
NEC	5.38	1950	0.03	0.04	2.31	0.88
CORP	5.29	2000	0.03	0.04	2.13	1.63

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UNIT LIVES TARGETS FOR THE YEAR 2019-20(proposed)														
ZONES	ENGINE		FIP		GEAR BOX		FRONT AXLE		REAR AXLE		SELF STARTER		ALTERNATOR	
	NEW	RC	NEW	RC	NEW	RC	NEW	RC	NEW	RC	NEW	RC	NEW	RC
VJA(U)	8.00	3.32	5.67	1.95	8.00	3.95	10.48	3.81	12.00	7.90	7.00	5.53	7.00	2.63
VJA (R)	9.00	3.70	5.27	2.00	9.00	3.85	11.54	3.62	13.00	4.86	7.54	5.45	7.43	2.66
VZM (U)	8.00	5.13	4.80	2.66	8.00	5.70	10.88	5.10	12.00	6.81	7.00	2.73	7.00	2.75
VZM(R)	9.00	5.48	5.58	2.62	9.00	4.71	10.88	6.57	13.00	7.66	6.03	3.67	6.73	3.51
KDP	9.00	3.16	7.00	2.60	9.00	4.59	11.93	4.94	12.59	7.34	8.00	3.75	8.00	3.84
NLR (OGL&NLR)	9.00	4.81	6.75	3.22	9.00	4.28	13.00	6.58	13.00	11.02	7.29	3.58	6.14	3.84
APSRTC	8.83	4.04	6.26	2.47	8.91	4.46	11.39	4.61	12.75	7.16	7.67	4.26	7.18	3.23

CLV —————
4/5/20