



ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.OP2/791(1)/2018-MED

Office of the VC&MD,
RTC House: VJA, Dt.25.03.2018.

CIRCULAR NO.05/2018 - MED, Dt.27.03.2018

Sub: **COST CONTROL** - Control of Expenditure - Fixing of targets on MED Parameters for the year 2018-19- Reg.

Corporation has registered a loss of Rs.480.53 Cr. upto Feb'18 during the year 2017-18. 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 key parameters of maintenance, which influences the operational cost are communicated every year.

The targets for the year 2018-19 are worked out Region wise /Zone-wise taking the best performance in the preceding three years as the base duly adding the estimated improvements.

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

A. PHYSICAL PARAMETERS:

1. HSD KMPL:

Description	Excl. A.C. buses	Incl. A.C. buses
Target for the year 2017-18	5.37	5.25
Actuals up to Feb'18	5.34	5.22
Variance	-0.03	-0.03
Target for 2018-19	5.38	5.27

Increase in HSD KMPL by 0.10 will save the expenditure by Rs.29.00 crores.

- For arriving the HSD KMPL Targets of Excluding A.C. buses, the best of three years performance of Region is taken as basis and incremented as given below.

Slab	Increment	Slab	Increment	Slab	Increment
Below 5.00	0.09	5.01 to 5.10	0.08	5.11 to 5.20	0.07
5.21 to 5.30	0.06	5.31 to 5.40	0.05	5.41 to 5.50	0.04
5.51 to 5.60	0.03	5.61 & above	0.02		

- To arrive at the HSD KMPL targets including A.C. buses of a Region, the annual volume of operation of A.C. buses is taken into consideration and KMPL of special type buses is fixed as follows

Type of Bus	Target Fixed
Amaravathi	3.10
Garuda Plus	3.10
Garuda	3.40
Vennela	3.60
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 2018-19 are enclosed at **ANNEXURE-I**.

2. TOTAL LUB KMPL:

Description	Total Lub KMPL
The target for the year 2017-18	1342
Actual up to Feb'18	1547
Variance over target	205
Target proposed for 2018-19	1553

- The targets for total Lub oil KMPL are fixed Region-wise for the year 2018-19 duly enhancing the present Top up Lub KMPL by 5% 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 2018-19 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 and timely engine top-overhauls are some of the measures which enhances the performance and influence this cost parameter.

3. BREAKDOWN RATE:

Description	B.D.Rate
Target for the year 2017-18	0.05
Actuals up to Feb'18	0.04
Variance	-0.01
Target for 2018-19	0.04

- The B.D.Rate target is fixed basing on the best performance of the individual Regions during years 2015-16, 2016-17, 2017-18 (upto Feb'18) and reducing the same at different slabs as given below.

Slab	BD Rate Reduced by	Slab	BD Rate Reduced by
Below 0.04	No Reduction	0.06 to 0.07	0.02
0.04 to < 0.06	0.01	0.07 & Above	0.03

- The Region/Zone wise targets thus arrived for the year 2018-19 are furnished at ANNEXURE-I

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

4. % OF MECH CANCELLATIONS:

Description	% Mech Cancellations
Target for the year 2017-18	0.10
Actuals up to Feb'18	0.09
Variance	-0.01
Target for 2018-19	0.08

- The MED Cancellation target is fixed basing on the best performance of the individual Regions during the years 2015-16, 2016-17, 2017-18 (upto Feb'18) and reducing the same at different slabs as given below.

Slab	MED Cancellation Reduced by	Slab	MED Cancellation Reduced by
Below 0.03	No Reduction	>0.10 & above	0.03
>0.03 to < 0.10	0.01		

- The Region/Zone wise MED Cancellation targets thus arrived for the year 2018-19 are furnished at ANNEXURE-I

This is a controllable parameter. 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, regular inspection of Buses & clearing backlogs in preventive maintenance schedules at Depots, it is quite possible to achieve the targets.

5. SPRING CONSUMPTION:

Description	Spring Cons. Per Lakh Kms
Target for the year 2017-18	22
Actuals up to Feb'18	30
Variance	8
Target for 2018-19	22

- The spring consumption per lakh Kms target is fixed basing on the current year performance trend of the individual Regions 2017-18 (upto Feb'18).
- The Region/Zone wise targets thus arrived for the year 2017-18 are furnished at ANNEXURE-I

Springs constitute a major cost element in the Corporation. With the introduction of stiffer springs & Air suspension in all highend A.C., Super Luxury vehicles and through 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. Individual targets in respect of spring consumption per lakh KMs are fixed Region wise to reduce CPK on spares.

6. FLEET UTILISATION:

Description	Fleet Utilization
Target for the year 2016-17	99.50
Actuals up to Feb'17	99.63
Variance	0.13
Target for 2018-19	99.65

- The Corporation has achieved a Fleet Utilization of 99.63 up to Feb'18 as against a target of 99.50. The target of 99.65 is fixed uniformly for all Regions for the year 2018-19.
- The Region/Zone wise targets thus arrived for the year 2018-19 are furnished at ANNEXURE-I

7. TYRES PERFORMANCE

a. New Tyre Scrap Rate:

While proposing the New Tyre Scrap Rate Targets, the Actual performance of the Year 2017-18 (Up to Feb'18) is taken as base and target is reduced as per the slabs given below.

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% and Less Than or equal to 4.00%	15%
d	Above 4.00% and Less Than or equal to 5.00%	20%
e	Above 5.00%	25%

b. Total Tyre life:

While proposing the Total Tyre Life Targets, the Actual average total tyre life Up to Feb'18 is taken as base and targets are increased as per the slabs given below.

a	Upto 1.70 lak kms	8,000 kms
b	Above 1.70 to 1.80 lakh kms	6,000 kms
c	Above 1.80 to 1.90 lakh kms	4,000 kms
d	Above 1.90 to 2.00 lakh kms	3,000 kms
e	Above 2.00 to 2.10 lakh kms	2,000 kms
e	Above 2.10 lakh kms	1,000 kms

- Best performance of a Region in last 3 years is compared with the actual life achieved in the current year and highest of these 2 is fixed as target for 2018-19
- The Region wise targets for New Tyre Scrap Rate & Total Tyre life are enclosed at ANNEXURES-I.

8. LIFE OF MAJOR AGGREGATES:

Targets of life of major aggregates are fixed for the year 2018-19 to achieve optimum lives. The new life targets are calculated considering the best performance in 3 years and increased by 3%. CO life targets are calculated among 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.

SL	UNIT	CITY	DIST.
1	ENGINE	8.00	9.00
2	F.I.P	6.00	7.00
3	GEARBOX	8.00	9.00
4	FRONT AXLE	12.00	13.00
5	REAR AXLE	12.00	13.00
6	SELFSTARTER	7.00	8.00
7	ALTERNATOR	7.00	8.00

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 achieve 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 for major aggregates are furnished at **Annexure-II**.

B. MED COST PARAMETERS (CPK) :

1. CPK on TYRES & TUBES:

Description	Tyres& Tubes
Target for the year 2017-18	62
CPK for 2017-18 (upto Feb'18)	60
Variance	-2
Target for 2018-19	65 *

*- The cost of the new tyre set is increased by 15% and the PTR cost is increased by 25% compared to last year. Hence, the target of tyre CPK is increased 5 paise even with increased proposed performance.

The Region-wise targets thus arrived are furnished at **Annexure-I**.

2. CPK on WORK SHOPS:

Description	Workshops
Target for the year 2017-18	70
Actuals for 2017-18	68
Variance	-2
Target for 2018-19	64

- As the refurbishing of bus bodies is to be continued in the year 2018-19 also to improve the upkeep of vehicles, actual CPK of 2017-18 (upto Feb'18) is reduced by 4 Ps only. The region wise CPK targets proposed for 2018-19 are furnished at **Annexure-I**.

Workshops 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 help for reduction in CPK on workshop.

The Region - wise targets thus arrived are furnished at **Annexure-I**.

3. CPK on STORES & LUB:

Description	CPK on Stores
Target for the year 2017-18	74
Actuals for 2017-18 (upto Feb'18)	71
Variance	-3
Target for 2018-19	65

- The actual CPK on Stores & Lub upto Feb'18 is reduced by 6 paise only and fixed as the target for 2018-19 keeping in view of the price increase in spares, materials etc., and GST, and to continue the upkeep attention activity in the depots for maintaining fleet in good healthy condition.
- The Region wise targets are furnished at **Annexure-I**.

Stores & lub expenditure can be controlled by reducing consumption of springs, other costly spares through better and improved maintenance practices like timely attention of leakage, top overhauls of engines, changing of over aged engines, etc.,

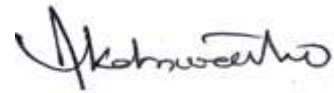
In order to achieve the targets fixed for the year 2018-19, regular training programmes on better maintenance practices and on latest high end buses are to be arranged for the maintenance staff and supervisors by Dy CMEs and WMs so as to bring a total change in the quality of maintenance at the depots.

The Regional Managers are advised to fix targets Depot wise for all parameters basing on the above guidelines and communicate to Depots and send a copy of the same to ED(E&IT) by 10th April, 2018 without fail.

The Regional Managers are advised to review the performance of the Depots with reference to the targets fixed and take immediate corrective action to excel the targets.

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

Please acknowledge.



EXECUTIVE DIRECTOR (E&IT)

Copy to: VC & MD for favour of information.

Copy to: Director (Vig. & security), ED (O & MIS), ED (A&P), ED(Commercial) and FA&CAO for information.

Copy to: All EDs of Zones for information and necessary action.

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

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

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

Copy to: All Principals of ZSTC and TA/GVRM 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.

MED Parameters Targets for the year 2018-19

RGN	PHYSICAL PARAMETERS									COST PARAMETERS		
	HSD KMPL INCL. AC	EXCL. AC	TOTAL LUB KMPL	BD RATE	% OF MED CANC.	TOTAL TYRE LIFE	NEW TYRE SCRAP RATE	SPRING CONSU	FLEET UTILISATION	ZWS CPK **	TYRE CPK *	STORES CPK
NLR	5.70	5.76	2650	0.02	0.03	2.06	1.48	21	99.65	45	60	50
PKSM	5.61	5.71	2776	0.02	0.03	2.03	1.47	20	99.65	39	68	50
CTR	5.15	5.26	1607	0.03	0.06	2.32	0.91	18	99.65	65	61	63
NLR Z	5.40	5.50	2035	0.03	0.04	2.17	1.22	19	99.65	50	63	56
KDP	5.23	5.29	1642	0.05	0.07	1.92	2.6	26	99.65	73	71	65
KRNL	5.26	5.30	1649	0.04	0.07	1.75	3.6	36	99.65	74	67	66
ATP	5.28	5.32	1727	0.06	0.07	1.88	1.89	25	99.65	71	73	64
KDP Z	5.26	5.30	1673	0.05	0.07	1.84	2.77	29	99.65	73	71	64
GNT	5.36	5.40	1467	0.03	0.07	1.95	2.66	14	99.65	64	68	65
KRI	4.99	5.37	1422	0.04	0.08	1.96	3.67	9	99.65	65	65	90
WG	5.45	5.53	1226	0.05	0.1	2.07	2.69	14	99.65	66	67	68
VJA Z	5.21	5.42	1389	0.04	0.08	1.98	3.17	12	99.65	65	66	78
EG	5.29	5.48	1440	0.03	0.04	2.31	1.12	11	99.65	66	59	61
VSP	4.99	5.25	1051	0.06	0.14	2.24	1.54	15	99.65	75	59	80
NEC	5.35	5.38	1373	0.04	0.07	2.27	0.87	13	99.65	73	62	62
VZM Z	5.20	5.38	1259	0.04	0.08	2.27	1.2	13	99.65	71	60	67
CORP	5.27	5.38	1553	0.04	0.08	2.06	2.08	22	99.65	64	65*	65

* The cost of the new tyre set is increased by 15% and the PTR cost is increased by 25% compared to last year. Hence the target of tyre CPK is increased even with increased proposed performance

** As the refurbishing of the bus bodies are proposed to be continued to improve the upkeep of the vehicles. Hence, the proposed targets on ZWS are reduced by 4 Ps only on the actual CPK of 2017-18 (Upto Feb'2018)

UNIT LIVES TARGETS FOR THE YEAR 2018 - 2019

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	3.81	5.67	1.85	8.00	4.17	10.48	3.81	12.00	5.91	6.89	2.34	7.00	2.45
VJA(R)	9.00	3.86	5.27	2.06	9.00	4.27	13.00	4.95	13.00	6.42	7.54	2.53	7.43	2.66
VZM(U)	8.00	4.77	4.80	2.21	8.00	5.60	11.78	6.22	12.00	7.71	5.29	2.68	7.00	2.75
VZM(R)	9.00	5.10	5.58	2.16	7.91	7.16	11.78	6.57	13.00	7.66	6.38	3.67	6.73	3.51
KDP	9.00	3.24	7.00	2.46	9.00	4.38	12.03	4.79	12.59	7.34	8.00	3.74	8.00	3.84
NLR(CTR)	8.81	3.73	6.77	2.15	9.00	3.49	10.54	4.42	13.00	6.75	7.52	3.07	8.00	3.00
NLR(UGL&NLR)	9.00	4.70	6.75	3.41	9.00	4.60	13.00	7.05	13.00	8.53	7.31	3.71	6.14	3.84
APGRTC	8.93	4.07	6.39	2.38	8.90	4.80	12.32	5.07	12.86	7.22	7.60	3.16	7.25	3.17


Dy. Commr