

IFA SARANSH

Quarterly Newsletter of Integrated Financial Advisors in Defence

Vol. 22

October 2016



Foreword

It is a matter of proud that 22nd edition of e-News letter "IFA SARANSH" is being issued. It is encouraging to see that this news letter is gaining popularity with each passing day.

This edition also assumes significance in the wake of responsibility of the PIFAs/IFAs to ensure smooth and uniform implementation of DFPDS-2016. It is important that all officers should send their feedback and suggestions to further improve this e-News letter and to contribute articles for publication.

New Delhi
Dt :13 Oct 2016

(N. Neihzial)
Controller General of Defence Accounts

*Comments and suggestions may be mailed to cgdaifa@gmail.com or sent by post to IFA Wing,
Office of the CGDA,
ULAN BATAR ROAD (PALAM ROAD), DELHI CANTT-110101. FAX-011-25674779*

Defence Financial Management Course: Air Force

Three days Defence Financial Management Course for Air Force Officers at Service HQ level was organized at CENTRAD from July 13th to 15th 2016. Air Chief Marshal Arup Raha, PVSM, AVSM, VM, ADC, Chief of Air Staff and Chairman, Chief of Staff Committee was the Chief Guest for the occasion.



(Air Chief Marshal Arup Raha, PVSM, AVSM, VM, ADC, Chief of Air Staff and Chairman, Chief of Staff Committee been felicitated by Shri S K Kohli, the then CGDA. Also seen : Shri N Nehsial, the then Addl. CGDA (Fin & HRD).

Workshops

Training/Workshops on IFA System

Five days foundation course on "IFA System" for IDAS officers was organized at Centre for Training and Development (CENTRAD), by Office of

CGDA, Brar Square, Delhi Cantt. from 25th to 29th July, 2016.



(IFA Foundation Course participants been addressed by Shri N. Nehsial, the then Addl. CGDA (HRD)

The course aimed at apprising the young officers with the nitty-gritties of the IFA system.

Orientation Workshop for Army Officers : HQ WC

An Orientation Workshop for Army Officers of HQ WC was organized by the office of IFA (WC) Chandimandir from 25.07.2016 to 26.07.2016 on the "Fundamental Principles of Procurement".



The Workshop was inaugurated by Shri Rajiv Sharma, IFA (WC) and attended by 3 officers of IFA (WC) Chandimandir and 11 Army Officers up to Colonel level. The workshop provided a platform for constructive discussion between the Army Officers and Officers of IFA and was very well received.

Lower IFAs Conference was also held in the office of IFA (WC) Chandimandir on 26.09.2016 to discuss the implementation of DFPDS-2016 and other official issues of importance.

The Conference was chaired by Shri Rajiv Sharma, IFA (WC) and attended by the all the lower IFAs and all officers of IFA (WC) Chandimandir.

After the introductory address by IFA (WC), all lower IFAs gave presentations regarding the working of their offices.

INSPECTION

During this quarter inspections have been carried out in respect of O/o IFA (WC), Chandimandir and O/o IFA (ARTRAC) by a group of officers nominated by this HQrs. Office from 16.08.2016 to 19.08.2016 and reviewed by Shri N. Neihisial, the then Addl. CGDA (Fin & HRD).

Visit to Units/Formation

During inspection of IFA (ARTRAC) Shimla, a meeting was held between the then Addl. CGDA (Fin & HRD) and Lt. Gen. P.M Hariz, SM, VSM, GoC-in-C HQ Army Training Command.



AWARDS/COMMENDATIONS

HQrs. Office award for Excellence under the Motivation Scheme-2016 awarded to the team of HQrs. IFA Wing on DAD Day (i.e. 01.10.2016) for carrying out of Work Study, Standardization, Digitization of reports & returns in the IFA Set up.



(Awardees with CGDA & Jt. CGDA (Finance))

CONGRATULATION

Shri N. Neihisial, Addl. CGDA (Finance & HRD) taken over as CGDA with effect from 01.10.2016.

Wishing Happy Birthday to :

Sh. J.N. Doley, Dy.IFA (PIFA IDS) 1st Oct
Sh. Satish T.J., Dy.IFA (IFA FOGA/FONA) 1st Oct
Sh. D.C. Rajath Kumar, Dy.IFA (IFA Karwar) 2nd Oct
Sh. Shashi Pratap Singh, Dy.IFA (IFA ANC) 5th Oct
Ms. Juhi Verma, Sr.Dy.IFA (IFA R&D, N.Delhi) 7th Oct
Sh. S.C. Motan, Dy.IFA (IFA 16 Corps) 8th Oct
Smt. Rasika Chaube, PIFA (PIFA Air HQrs) 31st Oct

Sh. S. Venugopal, Dy.IFA (IFA SWAC) 2nd Nov
Smt. Moina Benazir, Jt.IFA (PIFA-M) 14th Nov
Smt. S.Kala, Dy.IFA (IFA 5 BRD Sulur) 14th Nov
Sh. P.Chacko Thomas, Dy.IFA (IFA SNC) 20th Nov
Sh. K.K. Singh, Addl. IFA (PIFA Army-O) 21st Nov
Dr. Mala Iyengar, IFA (IFA R&D, Delhi) 22nd Nov
Sh. T Gopalakrishnan, Dy.IFA (IFA DSSC) 26th Nov

Sh. Dev Kumar, IFA (IFA DGAFMS) 1st Dec
Dr. R.S. Chavan, IFA (IFA CAPITAL-AF) 3rd Dec
Sh. K Shiv Kumar, (FA to MS Mumbai) 7th Dec
Sh. S V Hirve, Dy.IFA (IFA Ezhimala) 10th Dec
Sh. Rejoy Krishnan, Dy.IFA (IFA SNC) 15th Dec
Smt. V Hemalatha, Dy.IFA (IFA R&D Bengaluru) 20th Dec
Sh. R.S. Agarwal, Dy.IFA (IFA 21 Corps) 23rd Dec
Sh. D C S Negi, Pr.IFA (PIFA IDS) 24th Dec
Smt. Mital S. Hiremath, Dy.IFA (9BRD/46ED) 27th Dec

Welcome to IFA Set Up:

Sh. R.S. Rana, Pr.IFA (PIFA-M)
Sh. J.P. Pandey, IFA (IFA CC)
Sh. A.K. Tiwari, IFA (IFA SC)
Sh. Jaswant Singh, Dy.IFA (IFA EAC)

Wishing Happy Retired Life:

Sh. G.S. Das, Dy.IFA (IFA 3 Corps)
Sh. A.V. Joshi, Dy.IFA (IFA CAFVD Pune)
Sh. S.K. Mehta, Dy.IFA (IFA SWAC)
Sh. S.K. Sarkar, Dy.IFA (IFA Kanpur)
Sh. Ashwani Kumar, Dy.IFA (IFA COD)

INSTRUCTIONS/CIRCULARS

Online Maintenance of Register of Financial Proposals in O/o Below the Command Level IFAs.

&

Authentication of the consolidated Monthly Progress in respect of the whole command by the Command IFAs through SIFA system.

In continuation to IFA Wing Circular No. 2 dated 21.03.2016 and letter No. IFA/37 dated 12.04.2016, following instructions were issued for compliance to all the IFAs.

i) The Command IFAs are fully responsible for ensuring proper functioning of WAN connectivity in the Below the Command level IFAs.

ii) Implementation of "Online Maintenance of Register of Financial Proposals" in their Below the Command IFAs w.e.f 01.09.2016.

iii) As IFA Wing is the Administrator to the PIFA/ Service HQrs and Command IFAs for functioning of the SIFA software-the Command IFAs will be the Administrator to the Below the Command IFAs under

their administrative and functional control.

iv) The Command IFAs will create and allocate USER ID and Password to the Below the Command IFAs under their Jurisdiction.

For creation of USER ID and Password following details may be called for by the Command IFAs from the Below the Command IFAs under their administrative and functional control.

- a) Name of the Office:
- b) Name of the Authorized Person:
- c) Account Number of the Authorized Person:
- d) Tel/Mobile No. of the Authorized person:

* In the offices of Below the Command IFAs USER ID and Password may preferably be allocated to the Dy.IFA Incharge.

v) After allotment of the USER ID and password by the Command IFA to the below the Command IFAs under their jurisdiction, the SIFA system can be logged in, by below the Command IFAs using the same. The User Manual is available in the

system.

vi) Below the Command IFAs will start entering the data in respect of each and every proposal processed in their office correctly and on a day to day basis, before the said file is dispatched from their office.

vii) The effective date for "Maintenance of Online Register of Financial Proposals" in the Office of Below the Command IFAs is 1st Sep 2016.

viii) At the end of the month, before submitting the report to the Command IFAs, the MPRs of the office of Below the Command IFAs are to be authenticated by the Head of the Below the Command IFAs through the SIFA system.

ix) Finally, the Command IFAs will be responsible for certifying and authenticating the consolidated MPR in respect of their Command as under -

"It is certified that the consolidated MPR for the month of _____ contains the MPR data in respect of the Below the Command IFAs i.e., & (Name of the O/o below the

Command IFAs) falling under the Administrative and Functional control of(Name of the Command IFA). And that the data included in the consolidated report is complete and correct for generation of MPR in respect of(Name of the Command IFA) by IFA Wing of the HQrs Office."

x) The status of WAN connectivity & "Online Maintenance of Register for Financial Proposals" may be intimated in the Quarterly Activity Report by the Command IFAs.

(Instruction Order No. 09)

Payment of Custom Duty on Foreign Procurement (imports) of the Defence Services-

In terms of Ministry of Defence (Acquisition Wing), ID No. 1(11)/D(Acq)/14 dated 06.07.2016 issued with the approval of Raksha Mantri , exemptions on Payment of Custom Duty on Foreign Procurement (imports) of the Defence Services has been withdrawn with effect from 01.04.2016. Due to withdrawal of exemptions, CDEC can no longer be

issued for contracts where their issuance is contractually mandated. For all such contracts and the future defence contracts entailing foreign procurements, customs duty will have to be paid by the importing Services/defence organizations at the ports of import. A detailed Standard Operating Procedure (SOP) for payment of Custom duty has also been approved by MoD.

2. The guidelines regarding payment of Custom Duty on Foreign Procurement (imports) of the Defence Services have already been examined in this HQrs. Office by Audit Wing and uploaded on CGDA website (www.cgda.nic.in) vide Audit Wing letter ref. No. AT/IX/9504 / Custom Duty dated 13.07.2016

3. All the PIFAs/IFAs may please download (i) MoD ID No. 1(11)/D(Acq)/14 dated 06.07.2016 and (ii) SOP for payment of Custom Duty on Foreign Procurement (imports) of the Defence Services from the CGDA website (www.cgda.nic.in) for necessary information and guidance while examining/processing the procurement proposals.

(Instruction Order No. 10)

Reference to Brand Names in the RFP-

References have been received from the IFAs with regard to floating of the RFPs & Tender Enquiries mentioning brand names. This issue was recently raised during DFMC (Army) meeting held at Jaipur on 18.07.2016.

The issue has been examined in the light of provisions contained at Para 4.8.3 of DPM 2009 wherein it is stipulated that "Standards and specification, quoted in bidding documents in generic terms shall promote the broadest possible competition while assuring the critical performance or fulfillment of other requirements for the goods. Reference to the brand names, catalogue numbers, etc. in the RFP should be avoided".

In this connection, this office Circular No. 02 of 2011 dated 09.03.2011 may be referred to as well.

Hence, it is clarified that above provision may please be kept in view while vetting the RFPs/DTEs to ensure generation of optimum competition.

(Instruction Order No. 11)

Grant of permission for journeys performed by officers/officials in Airlines other than Air India.

In continuation to HQrs. Office (IFA Wing) Instruction Order No. 8 dated 27.06.2016 and Circular No. 04 /2016 dated 04.07.2016, it is stated that Ministry of Defence (Finance) vide OM No. 34/PCPA/Cor/Fin/MO/2016/517 dated 25 July 2016 (copy enclosed) has issued following instructions for dealing with the cases/requests for grant of permission for journeys performed by officers/officials in Airlines other than Air India in respect of Directorate General of Defence Estates(DGDE), Ordnance Factory Organization/Board and Arbitrator of Standing Panel of Arbitrators (Pune) :

(a) Since no IFA is attached to DGDE HQrs. hence, the cases/requests pertaining to officers/officials of DGDE HQrs will be dealt with in MO Section, MOD (Fin).

(b)The cases/ requests pertaining to officers/officials

of DGDE Field Offices will be dealt with by the Command IFA of respective Field Office.

(c) The cases pertaining to officers / officials of Ordnance Factories/Board will be dealt with by the respective Controller of Finance & Accounts.

(d) The cases/requests pertaining to officers/officials of Arbitrators (Pune) will be dealt with in MO Section, MoD (Fin).

2. It is advised that while processing the cases/requests for grant of permission for journeys performed by officers/officials in Airlines other than Air India, the instructions issued vide HQrs Office (IFA Wing) Instruction No. 8 dated 27.06.2016 and Circular No. 04/2016 dated 04.07.2016 may be followed.

(Instruction Order No. 12)

Submission of Quarterly Activity Report-

With reference to HQrs IFA Wing I.O No. 03 of 2016 dated 20.01.2016. During the examination of the Quarterly Activity Reports for the QE 06/2016 following lapses/short

comings have been observed:

(i) Majority of the IFAs are only mentioning the details of lapses/ shortcomings observed in the financial proposals. The IFAs are not giving any details about the advice rendered by them to the executives and action taken by them to resolve the issues.

(ii) Some of the IFAs are giving details of each and every cases processed/concurred in their office during the quarter which runs into pages making the report voluminous. Since the QAR is an executive communication between CGDA and PIFAs/IFAs as such it needs to be kept in that shape of length that it conveys it maximum with minimum words.

(iii) A number of PIFAs/IFAs have brought out in their Quarterly Activity Reports that they are not being involved in budgeting and planning by their respective Service/Command HQrs as per Para 2.5. of Part A of DFPDS-2015.

In this connection, it is informed that this issue already stands referred to concerned Services HQrs. to issue necessary instruction

in this regard to Command HQrs to involve IFAs budgeting and planning.

Therefore, all PIFAs/IFAs are requested that the above matter regarding involvement of IFAs in budgeting and planning may kindly be taken up by them with their respective CFAs to ensure necessary action in light of the provisions laid down in Para 2.5 of Part A of DFPDS-2015.

(iv) Some of the Command level IFAs, having sub offices under them continue to furnish QARs without incorporating/consolidating the important issues of their sub offices.

Similarly some of the below command IFAs also still continue to forward their QARs to this HQrs. Office. It is reiterated that in light of IFA Wing I.O No. 03 of 2016 dated 20.01.2016, one consolidated QAR is to be forwarded to this HQrs. Office by the Command level IFAs. Below the command IFAs are not to send any QAR directly to HQrs office.

(v) The QARs are not being furnished timely (i.e. by 10th of following the quarter ending)

entailing delay in consolidation and put up to Competent Authority at this HQrs. level.

(vi) The QARs are still being furnished by a number of PIFAs/IFAs in the old format.

(Instruction Order No. 13)

Grant of permission for journeys performed by officers /officials in Airlines other than Air India-

A copy of GoI, MoD (Fin) (Main Office) OM No. 34/PCPA/Cor/Fin/MO/2016 / 514 dated 29 June, 2016 related to grant of permission for journeys performed by officers /officials in Airlines other than Air India was forwarded with all the enclosures for information, guidance and necessary action to PIFAs/IFAs & Service Headquarters.

(Circular No. 04 of 2016)

Delegation of powers to DGSD, IHQ (Army)-

A copy of MoD(Fin) ID No. CoordA-102 dt 20th July 2016 relating to Delegation of Powers to DGSD, IHQ (Army) were circulated to all PIFAs/IFAs for necessary action.

(Circular No. 05 of 2016)

Provision of works under Para 35 of DWP 2007- Clf. Reg.

A copy of MoD (Works-1) ID No. 1 (9)/2015-D(W-1) dated 21.07.2016 relating to processing of works under Para 35 of DWP 2007 was circulated to All PIFAs/IFAs (Dedicated/Nominated) & All PCsDA & CsDA for their information and necessary action.

(Circular No. 06 of 2016)

Delegation of Financial Powers to Defence Services-2016 :-

A copy of GoI MoD Order No. 231(9)/2016/b-II dated 06.09.2016 on Delegation of Financial Powers to Defence Services effective from 06.09.2016 was uploaded on the Website of HQrs. Office (www.cgda.nic.in) for information and necessary action of All PIFAs/Service HQrs. IFAs/Command HQrs. IFAs/Below the Command IFAs and all Nominated IFAs.

(Circular No. 07 of 2016)

CASE STUDIES

1. Rate Contract with
MIS Oxford University
Press For Development and

Supply of Study Material to IAF for Imparting Quality Training on English Language to Airmen Trainees and Instructors at Airmen Training School, Belagavi.

Pr.IFA received a proposal to accord AON concurrence for entering into a rate contract with M/S Oxford University Press for development and supply of study material to IAF for imparting quality training on English language to Airmen Trainees and Instructors at Airmen Training School, Belagavi.

2. The complete set of study material consisted of following books and CDs:-

(a) Student Book (Books for 03 levels (Elementary, Pre-intermediate and Intermediate) Qty- 10,000 Per year@ Rs. 1018/-.

(b) Teachers Book (Books for 03 levels) Qty-50, One time and later as required on FW&T basis @ Rs. 2053/-.

(c) Class Audio CD Qty-50, One time and later as required on FW&T basis @ Rs.795/-.

3. IFA scrutinized the proposal and drawn the attention of the executives towards following observations:-

(a) Various books on English language are available in market then why the development of new books is required and how the books will serve the purpose of IAF trainees as well as instructors?

(b) Oxford University Press has quoted that the books developed for IAF will be sold in open market also then how it can be termed as developed for IAF?

(c) How it was established that the proficiency of air warrior is not up to the mark/desired level and the conventional method of teaching English has not brought desired outcome and persistent short coming existed in airmen i.e inadequacy in basic oratory and communicative skill in English?

(d) Air Warriors are recruited on the basis of an entrance test where English is a mandatory subject and further all the subjects (technical/non technical) in IAF training are taught in English.

(e) The proposal has recurring cost of Rs. 66 lakh and will set precedence for other services hence approval of MoD is required.

(f) There are many training institutes imparting/ conducting English language course, selection of

OUP on proprietary basis may invite audit objection.

4. As a result of careful scrutiny by the IFA the concerned Dte was asked to review the case. Subsequently, the proposal was dropped which resulted in instant **saving of Rs. 3,45,00,000/-** and also eliminated the scope of future recurring expenditures.

(Courtesy: PIFA (Air) N/Delhi)

2. AE for Construction/ Improvement of Road Ramgarh - Tanot-Kishangarh between Km 54.000 to 77.5000 (Net Length 23.500 Kms) from CI-9 to NHDL at estimated cost of Rs. 3826.29 lakh.

The Scope of work of related to AE entails carrying out the work as indicated under on the proposed road stretch for upgrading it from class 9 to NHDL specification.

(i) Formation of Work- Rough excavation in soil/soil mixed with small boulders, Earth work in embankment and filling with earth free from road.

(ii) Permanent work- Excavation in trenches, earth work in embankment including excavation of earth and filling with earth free from roots,

filling of stone, providing and laying stones.

(iii) Surfacing work- Granular sub base work, scarifying existing BT surfacing, WMM-100 mm work, WMM- 75 mm work, DBM-60 mm work, AC-40 mm work.

2. In this case, extra transportation charges @ Rs. 2,89,68,897/- was catered for collecting water for road work. IFA (BR) had advised HQ DGBR to explore the possibility of extracting water from earth such as sinking a bore well or digging of well. Now, HQ DGBR has made provision of boring and installation of tube well along with three phase generator.

3. The AE was rectified on the basis of the advice given as above by IFA (BR) and accordingly, the AE was re-drawn and concurred for Rs. 3515.14 lakh against the initial amount of RS. 3826.29 lakh resulting savings to the tune of Rs. 311.15 lakh to the state.

(Courtesy: (IFA BR, Delhi)

3. Procurement Proposal "Long Range Reconnaissanc Observatory System (LORROS) Mk IV"

Proposal for procurement of LORROS

Mk IV for which AoN was accorded by DAC in its meeting held on 19 Jan 2014 for procurement of Qty 30 LORROS (Long Range Reconnaissance Observatory System) from M/s Elbit systems, Israel as 'Buy Global' on repeat order basis with certain BFE items under Para 64 and 65 of DPP 2011 at an estimated cost of Rs. 60.00 Crores.

2. The above proposal had an extensive provision for ESP (Engineering Support Package) as per the maintenance philosophy incorporated in the RFP which was justified by the User and EME in terms of their operational requirement and previous experience that involved entering into subsequent AMCs with the Vendor and long term cost benefit was emphasized by them on account of SMT/STEs being procured and portability of some of the spares being procured vis-a-vis the earlier version of LORROS procured since year 2000 from the same Vendor.

Advice of IFA: -

(a) **Price negotiation:** Price negotiation in respect of main equipment and ESP with the vendor was carried in several stages. In

order to have a realistic analysis of price, a line wise comparison of cost of items with reference to original/ revised quote submitted in the present case vis-a-vis the rates quoted in the previous procurements of similar equipments/spares under Capital and Revenue heads since 2000 was carried out diligently.

As a result, a saving of Rs. 98.48 Crores (Rs 17.97 Crores towards Main Equipment and Rs. 80.51 Crore towards ESP) was achieved.

(b) **Contract negotiation:** In view of extensive provision of ESP, the IFA advised the CNC to take the following decisions to ensure optimum utilization of spares offered as ESP.

(i) SOP for Buyback must be formulated to ensure that all spares are utilized to the fullest extent or replaced/returned to vendor. The SOP to be implemented for future cases also.

(ii) Extended warranty of four years for post warranty MRLS to ensure maximum warranty for the spares during the actual period of use.

(iii) Staggered supply and payment terms for the MRLS beyond the supply of main equipment (i.e C+12,

where C is date of signing the Contract) to further extend warranty for the spares and resultant benefit to state.

(iv) It was also advised by IFA to revise Payment terms of the contract so as to release a portion of the balance payment after JRI as against 100/'o payment after PDI to ensure vendor's liability right up till the equipment reaches the consignee.

As a result of careful scrutiny of facts, financial advice rendered and stringent negotiations carried out in the CNC by IFA, the original offer price of the Vendor was reduced from Rs. 232.12 Crore to Rs. 133.63 crore.

Thus, a saving of Rs. 98.49 Crore was achieved besides negotiating/aligning warranty and payment terms to further secure the interest of the state.

(Courtesy: IFA Army Capital)

"Success is to be measured not so much by the position reached in life, as by the obstacles overcome while trying to succeed."

Booker T. Washington