
IFA SARANSH

A Quarterly Newsletter of Integrated Financial Advisors in Defence

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Foreword

It gives me immense pleasure to know that the IFA wing is bringing out a quarterly newsletter 'IFA SARANSH' on IFA activities.

The interest shown by you all, in making the publication of IFA SARANSH E-news letter a great success, is very encouraging. I appreciate the IFAs for their excellent contributions to the magazine. I am confident that with your unflinching support and cooperation, the e-magazine will scale new heights in future.

On the occasion of New Year, I wish all the members of DAD a very “ **HAPPY HEALTHY & PROSPEROUS NEW YEAR** ”.



New Delhi
Dt : 01st Jan, 2014

(Banwari Swarup)
Addl. Controller General of Defence Accounts

Comments and suggestions may be mailed to cqdaifa@gmail.com or sent by post to IFA Wing, Office of the CGDA, Ulan Batar Road (Palam Road), Delhi Cantt-110101. Fax-011-25674820

APEX LEVEL COMMITTEE MEETING

The fourth meeting of Apex Level Committee on IFA system was held in CENTRAD, Delhi Cantt on 20.12.13. Air Marshal M Matheswaran, AVSM, VM, DCIDS (PP&FD), HQrs. IDS and Sh. Banwari Swarup, IDAS, Addl. CGDA (IFA) Co-Chaired the meeting.



From CFA Side, Rear Admiral SY Shrikhande, ACIDS (FP), Cmde OP Kaura, DACIDS (Budget), Air Cmde Devender Sharma, DACIDS (FP), Col Rajiv Gadihoke, Dir (Budget), Wg Cdr B Senthivel SO to DCIDS (PP & FD), Sh. R.K Singh, Dy. Dir (FP-1), Sh. Tafsir Alam, DDG (Policy & Coord), Rear Adm AB Singh, VSM ACNS (P&P), Capt Puruvir Das, DNP, AVM RP George ACAS (Proc), AVM SM Subhani, ACAS (F in P), A Menon, PD (Org), Wg Cdr T Jonson, JDCB were present on the occasion



Sh. A.N Saxena, IDAS, Addl. CGDA (IT) was also present as a special invitee on this occasion. Addressing the participants, Co-Chair stressed on the importance of this Apex forum, wherein all the difficulties/ grievances arising between CFAs & IFAs on day to day functioning, may be discussed and resolved.

Sh. DBK Reddy, (PIFA-AF), Sh. Nawal Kishore, PIFA (NHQ), Sh. Santosh Kumar, IFA (Army-Q), Sh. KVR Murty, IFA (WAC) Link Officer, Sh. VK Vijay, Jt. CGDA (IFA) and Sh. RK Singh, IFA (CG) participated in the meeting from CGDA side.



The issues concerning Shortage of Dedicated IFAs, difficulties in IFA coverage, 'Auditor versus Advisor' TD & Leave for IFAs, delay in processing of cases, Charter of IFAs duties and certain issues from HQ ANC were raised from HQrs. IDS side and discussed. Apart from above, Co-Chair as well as participants of the meeting have stressed on regular interactions/meetings between CFAs & IFAs to sort out the issues of minor nature by mutual discussion.

One important issue taken up during the discussion was on processing of proposals pertaining to outsourcing of services. It was highlighted that outsourcing is distinct from hiring and as such expenditure on outsourcing is to be booked under Contingent Grant.

INSTRUCTIONS/CIRCULARS

Regularization of Loss - Due to delay in opening of Consignment

It has been observed in a case that due to delay in opening of consignment by BOO for inspection, the cause of damage could not be ascertained due to time gap. As such, damage of stores had to be classified as "loss not due to theft and fraud" because even Courier Company also refused to own the responsibility after a long time gap.

Hence, the executives may be advised to initiate timely action for inspection of the stores by Board of Officers so that such contingencies may be avoided.

(IFA Circular No. 09 of 2013)

Vetting of AON & AEs by IFA

It has been decided to authorize the JTS/STS level officers designated as IFAs to deal with authorized works cases (AON & AE vetting) up to the amount of Rs. 100 Lakhs & Special works cases up to Rs. 02.00 Lakhs provided the same are approved in Annual Works Plan of the Command.

(IFA Instruction No. 04 of 2013)

Quarterly Coordinating Conference of CFAs/IFAs

The 3rd Quarterly Meeting of all CFAs/IFAs of IHQ of MOD (Army) was held under the chairmanship of the VCOAS on 09 Dec 2013 at AG's Conference Hall, wherein various issues were discussed.

ASSUMPTION OF CHARGE

Sh. Banwari Swarup, IDAS of 1980 batch has assumed charge as Additional Controller General of Defence Accounts w.e.f 21.10.13. The work of IFA Wing has been assigned to him.

Wishing Happy Birthday to :

P.K Singh, IFA (MAP & Capital)	1 st Jan
Anjla Lakhanpal, Dy. IFA (BR)	1 st Jan
R.P Saxena, Dy. IFA (COD) Mumbai	1 st Jan
B.K Singhal, Dy. IFA , Dehradun	1 st Jan
E.R Rahunathan, Dy. IFA (HQ TC)	1 st Jan
Vijay Kumar, IFA (CC)	2 nd Jan
V.K Tiwary, Dy. IFA (COD) D/Cantt	2 nd Jan
Jatinder Goswami, Dy. IFA (NC)	5 th Jan
Hanuman Yadav, Dy. IFA (EC)	5 th Jan
S. Ramani, Dy. IFA COMCG (E)	10 th Jan
D.B.K Reddy, Pr. IFA (Air Hqrs.)	11 th Jan
Dinesh Singh, IFA (P-75)	13 th Jan
R.N Dash, Dy. IFA (WAC)	23 rd Jan
Mugdha Kaur Jaggi, Dy. IFA (SWAC)	24 th Jan
K.V.R Murthy, IFA (BR)	26 th Jan
Dinesh Chand, Dy. IFA (P-75)	1 st Feb
B.N Amresh, Dy. IFA (Capital- Acq)	10 th Feb
Sandeep Thakur , Dy. IFA (SWAC)	10 th Feb
G.D Puranik, Dy. IFA (9 BRD)	11 th Feb
P.C Sharma, Dy. IFA (ARTRAC)	12 th Feb
H.S Solanki, Dy. IFA (WNC)	24 th Feb
T.K Hangzo, Dy. IFA (EAC IAF)	1 st Mar
Rozy Agarawal, IFA (SNC)	3 rd Mar
Kum DhanaLakshmi, Dy. IFA (8 BRD)	3 rd Mar
Ms. K. Geetha, Dy. IFA (26 ED AF)	15 th Mar
Satya Prakash, Dy. IFA (ARTRAC)	26 th Mar

Wishing Happy Retired Life:

Sh. Mohinder Singh, Dy. IFA (HQ 9 Corps)
Sh. Barun Dutta, Dy. IFA (Pr. IFA-M)
Sh. R.C. Pandey, Dy. IFA (Jabalpur)
Sh. U.S. Rawat, Dy. IFA (HQ Delhi Area)
Smt. S.R. Mishal, Dy. IFA (HQ MC)
Brij Kumar, Dy. IFA (Pr. IFA-IDS/SFC)
Sh. A.K Nayar, Dy. IFA (Army-Q)

Welcome to IFA Set Up:-

Sh. D.B.K Reddy, PIFA(Air HQ)
Sh. S. Jayaram, IFA COMCG(E)
Sh Satya Prakash, IFA ARTRAC, Shimla
Sh S.N Bhattacharjee, IFA ANC Port Blair
Sh. Savitur Prasad, Pr.IFA(Army-M), New Delhi
Sh. R.C. Pandey, IFA Jabalpur
Sh. T.K. Neogi, IFA(Army-Q), New Delhi
Smt. Aparna Shukla, IFA(R&D), New Delhi
Dr. B.K. Verma , PIFA(Air HQrs), New Delhi
Sh. R.N. Sarkar, IFA HQ 33 Corps, Sukna
Sh. S. Kala, IFA, COD, Dehu Road.
Sh. B.N.Amresh, IFA(Capital Army), New Delhi
Sh. L.D. Morya, IFA HQrs 10 Corps Bhatinda
Sh. K. Ganapathi, IFA 5 BRD, Suler
Sh. B.S. Kamble, IFA(WAC) AF, Delhi Cantt
Kum Dhana Lakshmi , IFA 8 BRD & 23 ED Avadi
Sh. K.C.Jarial, IFA HQrs 9 Corps Yol.
Sh. D.C. Devrani, IFA HQ, EAC(AF), Shillong

CASE STUDIES

1. Reduction in projected requirement of Main Lubs considering various aspects resulting considerable saving to the state.

IFA (Q) received a proposal for Main Lubs at an estimated cost of Rs 131.95 crores for the consumption year 2014-15 from ST Branch for according the quantity vetting at AON stage. IFA examined the proposal and identified that the proposal is not properly prepared considering various aspects such as Yearly Off-take, Average Yearly Consumption (based on last three years average consumption), stock held by the Commands and Dues-in against the contracts and requirement of Book Debit units considered.

Considering the above aspects, IFA identified various discrepancies in the figures/values taken into account to work out the net deficiency, rectified/reduced appropriately. Hence, the estimated cost of the proposal on the basis of reduced/restricted quantity worked out to be Rs 120.74 crore as against original proposed amount of Rs 131.95 crores. Thus, a saving to the tune of Rs 11.21 crores achieved.

“ You must not fight too often with one Enemy , or you will teach him all your art of war.”

Nepoleon

(Courtsey : IFA (Army-Q))

2. Procurement proposal for one Wideband Microwave Signal Analysis System for EESU

Pr. IFA (CIDS) received the procurement proposal for one Wideband Microwave

Signal Analysis System for EESU at the estimated cost of Rs 6.43 crore for AON concurrence.

Pr IFA accorded AON concurrence to the proposal at the estimated cost of Rs 6.43 crore. Benchmarking of price was fixed prior to opening of price bids at Rs 6.48 crore inclusive of VAT and service tax. After CST being vetted by Pr IFA office, a CNC was constituted to determine L-1 vendor. L-1 vendor was decided whose offered cost of the equipment was Rs 7.59 crore inclusive of taxes. Since the cost of the equipment quoted by L-1 vendor was higher than the benchmarked price, then, CNC recommended for negotiation with L-1 vendor.

During price negotiation, the rep of the firm was asked to reduce the cost as the same is on higher side. The rep of the firm replied that in view of Dollar/Rupee variation, there was not much scope of reduction of cost. However, the rep of the firm offered a discount by reducing margin against cost of services. After offering the discount, the cost of the equipment reached Rs 7.02 crore inclusive of taxes. His offer was not accepted and again requested to allow more discount keeping in view of higher rates. Issue of discount deliberated at length and it was expressed that the cost should not be more than Rs 6.00 crore. The firm rep, thereafter, offered cost of project including services and all taxes to Rs 6.44 crore interalia stating that no further reduction was possible. As such negotiated cost of Rs 6.44 crore was

accepted as the same was below the benchmarked cost. Thus, a saving to the tune of Rs 1.15 crore was achieved. Apart from the above, the cost of AMC for 5 years was also negotiated with vendor. Vendor quoted the cost of AMC at the amount of Rs 40.00 lakhs per year which worked out to 6.92% on basic cost of equipment. It was considered on higher side and it was decided that it should not be more than 3%. The rep of the firm was asked to reduce the cost of AMC but the rep of the firm did not agree stating that all the aspects have already been taken into consideration in allowing the discount in the cost of equipment and services.

After a long deliberation, the firm rep agreed to the AMC cost @ Rs 3% p.a. on the basic cost. The cost of AMC worked out to Rs 1.01 crore inclusive of taxes for 5 years instead of Rs 2 crore. It results a saving to the tune of Rs 98.23 lakhs. Thus, a total saving of Rs 2.14 crore was achieved in the project cost due to active role played by the IFA.

(Courtesy : Pr. IFA (CIDS))

3. Construction of Technical Block and Allied Facilities.

IFA (ENC) received a works proposal for construction of technical block and allied facilities on northern side of INAS 333 building P-84/1 at INS Dega for an amount of Rs 213.45 lakhs.

IFA examined AEs and it was observed that the provision of car garage was considered but authority was not

specified and requirement of the deficient garage was not justified w.r.t authorization and existing garage. Hence, IFA returned the proposal with these observations.

Accordingly, the provision of car garage was deleted from the AEs and thus, the revised financial implication after deletion of car garage came down to Rs 185.51 lacs. Therefore, a savings of Rs 27.94 lacs was achieved.

(Courtesy : IFA (ENC))

4. Comprehensive AMC of Air Surveillance Radar of INS Rajali.

IFA (ENC) received a proposal for AIP for comprehensive AMC with spares of Air Surveillance radar for an amount of Rs 48.62 lacs. IFA examined the proposal and it was observed that a normal AMC without spares was concluded for the previous year for Rs 12.45 lacs and therefore, IFA sought the details of the cost of spares replaced during previous contract and returned the case file to the unit with these observations.

In turn, the unit submitted the revised cost for Rs 23.73 lacs and thus, a saving of Rs 24.88 lacs was achieved. Post tendering, the contract was finally concluded for Rs 21.50 lacs. Thus, overall savings of Rs 26.02 lacs (i.e. 53.51% of the proposed amount) was achieved.

(Courtesy : IFA (ENC))

5. Provisioning of Swimming Pool at District HQrs I Porbander

IFA (SWAC) received a proposal for provisioning of swimming pool at District HQrs Porbander at a cost of Rs 501.02 lakhs for vetting of Approximate Estimates and issue of Administrative approval. The work was approved in the AWP 2012-13.

IFA examined the proposal and observed that the ibid work was initially approved in the AWP for the FY 2010-11 and also in the FY 2011-12 at a cost of Rs 338.82 lakhs and the plinth area conversion factor of 140% was included in the total plinth area for swimming pool and the changing room. Further, IFA observed that the plinth area rate for changing room was taken @ 25257.40 i.e. for the group VIII building. Whereas, IFA was of the opinion that the rate for Group II building was applicable for changing room of plinth area 247.20 Sqm.

IFA returned the proposal to Coast Guard RHQrs (NW), Gandhinagar to review the increase in the cost of project from Rs 338.82 lakhs to Rs 501.02 lakhs. Moreover, IFA was of the opinion that the increase in cost of the proposal was primarily attributable to the plinth area conversion factor which was catered @ 140% to the plinth area whereas PACF in the instant case was not applicable as the same factor is catered for verandah, balcony, portico and terrace etc which was not required in the case of construction of swimming pool.

The unit re-submitted the proposal from the amount of Rs 280.71 lakhs stating that as per E-in-Cs letter No. 83975 / OTM/ E2W/PPC dated 25.7.2007 Group

VIII rates of swimming pool are also applicable to AC plant room, changing room, diving stage etc. However, PACF was not required to be applied as per latest orders. Hence, the cost of the project was increased due to incorrect application of the plinth area conversion factor for swimming pool.

As a result of the IFA's advice, the total cost of the project was reduced from 498.90 lakhs to 280.71 lakhs. Thus, a saving of Rs 218.19 lakhs was achieved to the state.

(Courtsey : IFA , SWAC)

6. Procurement of 02 types of Hospital Coir Mattresses

IFA (SNC) received a proposal from Material Organization for vetting of indent dated 01.7.2013 towards the procurement of 02 types of "Hospital Coir Mattresses" at an estimated indent value of Rs 63.13 lakhs through DGS & D as per procurement parameters by applying 3 ACL (Annual Consumption limit) + Dues out (-) (Dues in + Stock) for Quantity 477 Nos. & 2526 Nos.

IFA examined the proposal and found that the projected procurement quantity was very high for the reason that 3 ACL had been projected when there is no Dues out existing in respect of one type of mattresses and also found that the depot

was holding some mattresses in stock. Therefore, IFA sought the clarification from the Material Organization. Accordingly, Material Organization revised the indent by reducing the quantity of mattresses by applying different procurement parameter as MSL+Dues Out (-) (Dues In + Stock). The revised projected quantity was 177 Nos and 1085 and an estimated amount was Rs 25.70 lakhs as against original amount for Rs 63.14 lakhs. Consequent of review of the Indent, a saving of Rs 37.44 lakhs has been achieved and inventory carrying cost has also been minimized.

The instant case shows that Material Organization was not clear about the procurement parameters prescribed by the Government. MSL (Minimum Stock Limit) fixed for mattresses has also been questioned by the IFA keeping in view the fact that the item was being procured through DGS & D. IFA advised the Material Organization to review the Procurement Quantity to bare minimum for time being.

(Courtsey : IFA , SNC)

7. Multimedia aided archiving of historical data, micro films, publications, training calendars, e-dossiers, creation and management database with Document Management System (DMS) and web portal on turnkey basis at NDA Khadwasala

IFA (SC) Pune received a proposal for "Multimedia aided archiving of

historical data, micro films, publications, training calendars, e-dossiers, creation and management database with Document Management System (DMS) and web portal on turnkey basis at NDA Khadwasala” at an estimated cost of Rs 59.75 lakhs for according AON concurrence to the proposal in the FY 2011-12.

IFA concurred the proposal from AON angle and stated that the proposal to be processed through OTE. Four vendors responded to the TE and out of four, only two vendors were technically accepted by TEC. After opening of commercial bid, L-1 bid was of Rs 64.15 lakhs. As the bid was found higher than benchmark price, therefore, negotiations were held with L-1 vendor. The final offer after negotiation was Rs 57.79 lakhs (exclusive of taxes) which was higher than benchmark price of Rs 37.25 lakhs by 55%.

Considering the variation between final L-1 offer and benchmark price and also considering benchmark price of hardware of Rs 16.25 lakhs as compared to L-1’s bid for hardware items which was Rs 33.44 lakhs. Therefore, CNC (including IFA rep) recommended for re-

tendering as the L-1 firm’s bid was unreasonable.

IFA concurred in the proposal for re-tender due to unreasonable rate quoted by the L-1 firm in comparison to benchmark price. On the advice of IFA, the proposal was approved for re-tender by the CFA (Commandant NDA).

The case was re-tendered through open tendering. Ten firms responded to the Tender Enquiry (TE) (5 bids and 5 regret letters). All the five bids received were technically accepted by the TEC. This time, there was a different L-1 bidder with an offer of Rs 48.25 lakhs including AMC for one year and Annual Service Charges. After negotiation, the L-1 firm further reduced their prices which came to Rs 42.63 lakhs.

Finally, IFA concurred the proposal and a supply order was placed for an amount of Rs 42.63 lakhs (inclusive of taxes and inclusive of AMC charges for one year and Annual Service Charge) as against original amount of Rs 64.15 lakhs. Thus, a saving of Rs 21.51 lakhs was achieved.

(Courtesy : IFA SC)