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# IFA SARANSH

*A Quarterly Newsletter of Integrated Financial Advisors in Defence*

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**Vol. 8**

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## Foreword

It gives me immense pleasure that Eighth e-news letter "IFA SARANSH" is being placed on the e-communication channel. News, views of readers, summary of important orders and case studies will be helpful in financial management and in rendering financial advice.

It is encouraging that this newsletter has attracted the attention of Defence authorities involved in financial decision making.

Comments and expectation of the readers are invited to make this newsletter more meaningful.



**(Vandana Srivastava)**

Addl. Controller General of Defence Accounts

New Delhi  
Dt : 01<sup>st</sup> April, 2013

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

## Implementations of Cash Management System, e- concurrence, training, etc are the need of the hour says IFAs

A conference of Pr.IFAs /IFAs and Pr.CDA/CDA for Strengthening of IFA system in Defence was held on 12<sup>th</sup> Feb 2013 at CGDA office, Delhi Cantt. Pr.IFAs/IFAs at Service HQrs, IFAs at Command HQrs of SC Pune (for Army),ENC Vizag (for Navy), HQMC Nagpur (for AF) have attended the Meeting.

Shri Arunava Dutt CGDA in his opening remarks impressed upon Pr.IFAs and IFAs to come up with suggestion(s) so that decisions could be taken to further improve the functioning of IFA system and make it more effective

The following issues were discussed during the conference:-

- (i) How IFAs can play effective role in Budget formulation and monitoring?-
- (ii) Whether one IFA at Service HQrs level can be designated to deal with Civil works cases of all Services?-
- (iii) Role of IFA in Cash Management System Introduced in Defence w.e.f 2012-13 and Need to implement E-concurrence system in Air Force.
- (iv) Common deficiencies in procurement proposals noticed in Audit: Remedial Action required.
- (v) Issues concerning Procurement on PAC basis, Maintenance contracts and Indigenization contracts.
- (vi) Functional issues concerning IFA (ENC).
- (vii) HRD issues - Manpower Requirement of Pr.IFA/IFA offices at Service HQrs level; Training of Staff & Vertical integration of IFAs with Pr.IFAs at Service HQrs.

The presentations were made by Pr.IFAs, IFAs, CDA (AF) and Jt.CGDA (IFA) during the conference on the above mentioned issues which were followed by discussions.



(Delegates attending the conference)

**It was decided that:-**

- The PIFAs/IFAs are required to assist the CFAs in implementation of the Cash Management System
- IFAs shall look into the AON aspect of the civil work proposal while vetting the AEs even cases are included in AMWP
- To implement e-concurrence system in IFA offices of Air Force
- Need to discuss to develop alternate source of supply where PAC(s) are being issued time and again.
- To revisit the existing delegation of power to accord concurrence within IFA office (s)
- To strengthen the system of training in IFA offices
- PIFAs/IFAs to improve record maintenance in their offices.
- Addl CGDA (VS) suggested that all PIFAs/IFAs shall send at least one case study for inclusion in the Internal Audit Report.

The meeting ended with open house discussion.

## INTERACTIONS:

Coast Guard Day was celebrated on 01-02-2013 at Coast Guard HQrs New Delhi.



Adl.DG ICG, Rajendra Singh, PTM, TM, introducing Shri Rakesh Kumar Singh, IDAS, IFA ICG, with Hon'able Raksha Mantri, Shri A.K. Antony on Coast Guard day (1.2.2013). Shri Arunava Dutt, IDAS, CGDA, and IG K.Natarajan, DDG(P&P), PTM, TM, were also present on the occasion

## Defence Financial Management Course

A course on Defence Management for Army Officers of Northern Command & Western Command was conducted by Regional Training Centre, CDA (Army) Meerut at Akhnoor & Ambala from 4<sup>th</sup> February to 8<sup>th</sup> February 2013 and 07<sup>th</sup> Jan to 11<sup>th</sup> Jan 2013.

A total of 60 Army officers participated in the course. The lectures were delivered by the officers chosen from the Services, DAD, Bank, Customs & Excise, Income Tax & C&AG.

Participating Officers appreciated the course and rated it as very useful.

## Inspection of IFA NC Udhampur

Inspection of IFA NC Udhampur was carried out by the Inspection team of HQrs office from 28<sup>th</sup> January to 02<sup>nd</sup> February 2013 and important issues relating to Northern Command were also discussed with GOC-in-C Northern Command. **Sh Arvind Kadyan, Jt.CGDA (IFA)** carried out the review of Inspection on 01<sup>st</sup> Feb 2013

## Wishing Happy Birthday to:

Jagtar Singh IFA HQ 11 Corps	01 <sup>st</sup> Apr
PP Sharma IFA HQ 12 Corps	06 <sup>th</sup> Apr
<b>Smt Nirupama, IFA (WNC)</b>	<b>18<sup>th</sup> Apr</b>
<b>Mumbai</b>	
Bir Singh Negi Addl IFA (O) N'delhi	20 <sup>th</sup> Apr
MVK Nair, IFA NOIC KARWAR	20 <sup>th</sup> Apr
A.V Kudi IFA 9 BRD	21 <sup>st</sup> Apr
<b>Dr G.D.Pungle, IFA SC Pune</b>	<b>22<sup>nd</sup> Apr</b>
SN Jamade, Dy.IFA SC Pune	23 <sup>rd</sup> Apr
<b>Dr V.K Sahani, PIFA (Army/M)</b>	<b>27<sup>th</sup> Apr</b>
<b>MC Chakraborty, IFA (ANC)</b>	<b>01<sup>st</sup> May</b>
<b>R.K. Nayak, PIFA (IDS/SFC)</b>	<b>01<sup>st</sup> May</b>
<b>Mukesh Kr Sinha, IFA HQMC</b>	<b>10<sup>th</sup> May</b>
HS Bisht IFA AF Kanpur	11 <sup>th</sup> May
Ashwani Trishal IFA 16 Corps	16 <sup>th</sup> May
Parneet Singh, FA to ASD Mumbai	22 <sup>nd</sup> May
<b>JN Das, PIFA (Army/Ord)</b>	<b>25<sup>th</sup> May</b>
Satish Kumar, DY.IFA (Army/o)	01 <sup>st</sup> Jun
BS Raut, IFA COD Mumbai	01 <sup>st</sup> Jun
KC Jarial IFA (R&D) N' Delhi	01 <sup>st</sup> Jun
S.W.Joshi, IFA HQMC	02 <sup>nd</sup> Jun
Sanjay H Sansare IFA Mhow	02 <sup>nd</sup> Jun
<b>A.V. Rao, IFA ENC Vizag</b>	<b>02<sup>nd</sup> Jun</b>
<b>R.K.Singh, IFA CG New Delhi</b>	<b>09<sup>th</sup> Jun</b>
<b>Alok Chaturvedi IFA HQ TC</b>	<b>11<sup>th</sup> Jun</b>
<b>S.K. Singh, IFA (EC) Kolkatta</b>	<b>25<sup>th</sup> Jun</b>
Neeraj Kumar Dy.IFA (Army/Q)	28 <sup>th</sup> Jun

### **Welcoming to IFA Set up**

Smt. Komala Ramdas IFA COD Dehu Road

Sh. Pramod Narain IFA HQ 21 Corps

Sh. Sushil Kumar Singh IFA AF Jamnagar

Sh. K S Raghavan FA to ASD Vizag

### **Wishing you a happy retired life**

Sh. C D Shivgotra Dy. IFA (NC)

Sh. Biswajit Das Dy. IFA (EC)

Sh. S C Guha Dy. IFA (EC)

Sh. Kamlesh Sareen Dy. IFA ARTRAC

Sh. Arvind Puri IFA HQ 9 Corps

Smt. A C Shekharan IFA CAFVD Kirkee

Smt. Nirmala Malik Dy. IFA (NHQrs)

Sh. R G Padre Dy. IFA (WNC)

**Sh. Jacob David IFA (SNC) Kochi**

Sh. N P Kapoor Dy. IFA (IDS/SFC)

### **Assumption of Post in HQrs office.**



**Shri SL Singla, IDAS has joined as Addl CGDA in HQrs Office on 04-03-2013**

### **INSTRUCTIONS/ORDERS**

The matter on ban on procurement of vehicles has been examined by MoD (Fin) who clarified that the supply of DGOF vehicles is qualitatively different from procurement from open market.

While the latter is covered under the ban, the former is not, being in the nature of internal production from a dedicated in-house Government facility. Therefore, necessary indents may be placed on DGOF for supply of vehicles and the expenditure booked without further delay whenever required.

**(IFA Wing Circular No 16 dated 28-12-2012)**

**Concurrence of pension related cases** GOI, MoD vide letter No 4684/Dir (PEN)/2001 dt 14-08-2001 has delegated administrative powers to Service HQrs for grant of various types of pensionary benefits to service officers, PBORs and their families. As per Para 1(d) of ibid Govt letter, the approving authority in the Service HQrs will continue to obtain concurrence of Integrated Finance wherever required as hither-to-fore without involving the Ministry. PIFAs/IFAs have been requested to advise the Executives to submit the proposal to MoD (Fin) for obtaining the concurrence along with the comments, if any, to have uniformity in pension matters of service officers, PBORs and their families.

**(IFA Wing Circular No 01 dated 11-01-2013)**

## Ready Reckoner

In order to facilitate proper examination of the proposals, a ready reckoner for DPM-2009 duly linked with the amendments/clarifications issued vide Supplement 2010 to DPM-2009 has been prepared according to the stage of proposal(s) i.e vendor registration, AON, Formulation of tender enquiry, TPC, financial concurrence, post contractual management etc.

**(IFA Wing Circular No 02 dated 08-02-2013)**

The issue regarding Whether Telecommunication Engineering Centre (TEC) is approved by Department of Telecommunication (DoT) or not? And can its approval be taken as a substitute of Govt order that firm should be approved by DoT. Was examined and

It was clarified that Telecommunication Engineering Centre is a body under DoT, Ministry of Communications and Information Technology and one of its objectives is that it is a technical body representing the interest of Department of Telecom, Government of India.

Approval of TECs shall be taken for procurement of authorized communication facilities; where standardized equipment/systems to be integrated with DoT systems are required.

For non TEC generic items specifications have been laid down by the BOO of DG

Signals, it should be ensured that as long as such ad-hoc specifications are broad based to permit wider participation by the suppliers and is not restrictive so that adequate competition is not obviated in terms of Para 3.6.1 (f) & 3.7.1 of DPM-2009. Such change in clause of NIT may be allowed provided such change must be approved by each CFA at the AON/RFP stage and concurred by IFA (delegated powers) and also procurement of such equipments are as per list of approved specifications of BOO constituted by DG Signals as inspected by BOO at the user end.

### **Readers Comments**

*I have been reading Saransh with a lot of interest while on study leave. I find it very informative and get useful insights for my research in effectiveness and efficiency of defence expenditure. I particularly enjoy reading the inspiring quotes.*

**Smt Vandana Kumar, IDAS**

*I am in receipt of your Qtly News letter IFA SARANSH. The news letter is very informative and our School may be added in distribution list accordingly*

**Col Mukesh Rastogi  
High Altitude Welfare School**

### **Quote**

*I used to think that if there was reincarnation, I wanted to come back as the President or the Pope. But now I want to be the bond market: you can intimidate anyone.*

**James Carville**

## IMPORTANT CASE STUDIES

### **Procurement on PAC Basis**

A proposal for procurement of 06 sets of AGI make Wind Speed Directional System (WSDS) and B & D spares for corvettes, at an estimated cost of Rs 8.37 Crores from the concerned Directorate on PAC basis from a foreign firm through an authorized dealer in India, was received for concurrence. The last purchase of the similar equipment was made in 2004 for 05 sets at the total cost of Rs 5.58 Crores. The requirement of 06 sets was projected against the replacement of Anticipated Beyond Economical Repair (ABER)

IFA examined the proposal and observed that the existing 06 sets of equipments were fitted on different points of time by three different vendors namely: 02 from Italy, 02 from Russia and 02 from domestic firms in India. IFA, therefore advised that the item should be procured through Open Tender Enquiry (OTE) instead of PAC basis and accepted by the CFA.

In the OTE, 02 of the 05 firms were rejected by Technical Evaluation Committee (TEC). The remaining 03 firms were requested to extend the validity of their quotations

The commercial bids of the three firms were opened wherein L-3 quoted Rs 21.19 crores, L-2 for Rs 08.68 crores and L-1 quoted for Rs 2.55 crores. On negotiation with the L-1 vendor, the deal was finalized for an amount of Rs 2.52 crores and a saving to the tune of Rs 18.67 crores has been achieved as the competitive bid offered by the originally proposed PAC firm quoted a price of Rs 21.19 crores.

(Courtesy- PIFA Naval HQrs)

### **Annual Maintenance**

A ship lift and transfer system was installed and commissioned through a multinational company for periodical repair and maintenance of ships. It was considered essential to have AMC from the OEM being a complicated system. Accordingly, a proposal was initiated for comprehensive AMC on STE to get the job done from the OEM with the approval of MoD. It was directed by MoD that AMC may be concluded under the delegated financial powers.

A budgetary quote of Rs 14 crores was obtained from the OEM. An RFP was floated with the concurrence of the IFA and OEM submitted the quotation of Rs 19.77 crores. A CNC was constituted to

carry out the negotiation for rates and other terms and conditions of the contract. The OEM apart from refusing to reduce the price also objected to certain terms and conditions of the contract such as **“penalty to use undue influences”** which are mandatory conditions in the DPM-2009. CFA was not convinced to the objections raised by the OEM firm and finally approved retraction of RFP and initiated the fresh proposal on OTE basis.

In the Open Tender Enquiry, 04 domestic firms were cleared by the TEC. On opening of the commercial bids, M/s Mercury Marine emerged as L-1 with the quotation of Rs 16.44 crores including taxes etc. But the firm has put a condition that any item of works outside the scope of AMC, they will charge Rs 81 lacs as they will have to engage experts from the foreign OEM. The CNC negotiated to reduce the total cost to Rs 12.95 crores excluding taxes and duties as against original quotation of Rs 16.44 crores

Thus, an immediate saving to the tune of Rs 3.49 crore was achieved and unlimited & unspecified liability as proposed by CNC has been avoided.

(Courtesy- PIFA Naval HQrs)

## AON- Tendering

A proposal for the procurement of **“Sight Bore Muzzle”** for Qty 866 at AON stage from the Directorate OS (Armt) was received for AON concurrence in May 2012. The requirement was based on APR 2011-12 carried out by COD Agra on 01 April 2011. The AON was sought at unit cost of Rs 75,981/- based on BQ obtained from M/s OLF Dehradun. The LPP of the item was indicated at Rs 3960/- as per last supply order dated 30 June 2004 on M/s Ray Enterprises.

IFA advised to explore the feasibility of obtaining Budget Quotes from the last procurement source i.e. M/s Ray Enterprises and also to obtain his willingness to supply the said item. Following the advice of IFA, the Directorate (OS) approached M/s OLF Dehradun to provide justification of quoted rates along with cost break-up and also directed COD Agra to explore feasibility of obtaining Budget Quotes from the last procurement source.

COD Agra confirmed that the last procurement source namely **M/s Ray Enterprises** has showed his willingness to supply the said item @ Rs 12,600/- each to a minimum ordered quantity of 50 numbers. M/s OLF Dehradun also reduced its rates to Rs 42,000/- each as against its

earlier quotation of the said item for Rs 75,981/- each.

In view of the above IFA advised that the procurement proposals should be processed through Open Tender Enquiry (OTE) besides forwarding RFPs to M/s OLF Dehradun and M/s Ray Enterprises with a request to submit their competitive quotations for the said item. Finally arrived rate for the item was Rs 12,600 per unit.

Based on the advice of IFA saving to the extent of Rs 5.48 crore at AON stage accrued to the Government.

(Courtesy- PIFA (Army/Ord)

### **Works cases (AON Concurrence)**

IFA received a proposal for vetting of Approximate Estimates (AEs) amounting to Rs 173.53 lakhs for the Reconstruction of unit shops at AF station. The proposal was approved in the AMWP 2012-13 at a cost of Rs 200.00 lakhs. During scrutiny of Board proceedings and AEs, IFA observed that:-

An area of 900 SM projected in the BOO and Accommodation Statement Part II, where as per para 3.42 of Scale of Accommodation 2009, total authorized plinth area up to 3000 troops is 500 SM and

advised to review requirement 400 SM projected above authorization.

• An area of 340.60 SM had been catered in the AEs for parking sheds of 10 cars and 40 scooters. As the total area on the unit shops is 900 SM, it was advised to reconsider the

- Requirement of 340.60 SM areas for parking sheds.
- Since external services such as drainage, sewage, roads already existed, IFA opined that existing services may be utilized with special repairs

The unit reviewed the proposal and resubmitted the proposed amount to Rs.148.18 lakhs with the following para-wise clarifications

- The area included is as per SOA 2009 (i.e 500 SM) and after application of plinth area conversion factor (PACF), it works out to 900 SM.
- Agreed and Hard Standing has been included in the AEs instead of Parking shed.
- Services which have deteriorated have only been included as found essential.

The IFA vetted the revised AEs for an amount of Rs 148.18 lakhs as against original proposal for Rs 173.53 lakhs and a saving of Rs 25.35 lakhs was achieved.

(Courtesy-IFA HQ SWAC)