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# IFA SARANSH

*A Quarterly Newsletter of Integrated Financial Advisors in Defence*

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**Vol. 10**

**October.2013**



## Foreword

It gives me great pleasure to learn that the IFA wing is bringing out a quarterly newsletter on IFA activities, named 'IFA SARANSH'.

The IFA system was introduced in Ministry of Defence in 1974. During last three decades, the IFA system has not only evolved but also expanded in Defence. At present there are 106 IFA offices, which are spread over the length and breadth of the country to provide prompt and correct financial advice to the services not only at HQrs level but also at lower unit/formation level.

The IFA system is comparatively a new field and is still evolving. It is necessary that IFAs shall interact and share their experiences with each other. This newsletter provides a platform to do so.

I am confident that the IFA SARANSH will enable the IFAs to serve the services in a better manner.

**(N.R. Dash)**

**Addl. Controller General of Defence Accounts**

**New Delhi  
Dt :1<sup>st</sup> Oct, 2013**

*Comments and suggestions may be mailed to  
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*Ulan Batar Road (Palam Road), Delhi Cantt-110101. Fax-011-25674820*

***Optimum utilization of available resources is key to achieve “VALUE FOR MONEY”- Says Air Vice Marshal***

The 2<sup>nd</sup> MRC Meeting was held at Chankya Conference Hall HQ EAC, IAF Shillong from 09:30 AM to 02:00 PM on 12<sup>th</sup> July, 2013. **The meeting was inaugurated by Air Vice Marshal Praveen Bhatt, VSM.**

In his inaugural speech AVM Praveen Bhatt VSM welcomed the IFAs/SAOs and also complimented Shri T K Hangzo, IDAS



**(Air Vice Marshal is addressing the delegates)**

Considering the operational edge which the IAF has in the theatre of warfare, a large number of inductions are in the pipeline. Optimum utilization of available resources is key to achieve “VALUE FOR MONEY”. Being Capital Intensive, the outlays are huge which

keep increasing with every passing year. He also emphasized that in this scenario the IFA system which has been introduced in 2004 assumes paramount importance. He concluded with the hope that the Review Meeting would enlighten the participants with the latest policies on Defence Procurement and various intricacies to be observed by the Fund Managers and the interactive forum like this would surely have a healthy exchange of views and iron out issues being faced.



**(Delegates attending the Meeting)**

Senior Air Force Officers, Shri MC Chakraborty, IDAS, IFA Eastern Command Kolkata, Shri Michael K Touthang, IDAS, IFA 19 Wg AF and Shri A Goswamy, AO, 14 Wg AF and 7 SAOs participated in the Review Meeting.

## TRAINING

Training of officers and below level was organized at Paradeep, Odisha during 27<sup>th</sup> & 28<sup>th</sup> of Aug 2013. Dy.IFA was invited to deliver lecture on practical aspects of DPM-2009.



(A.K.Trion, IDAS, Dy.IFA Coast Guard, as faculty, delivering lecture on DPM and its practical aspects)



(Coast Guard officers in attendance)

## AWARDS/COMMENDATIONS

Sh. Srinivasan, SO(A) has been awarded Commendation award by C-in-C, Andaman & Nicobar Command for discharging the duties with professionalism.



## ASSUMPTION OF CHARGE

*Sh Nihar Ranjan Dash, IDAS of 1980 batch has assumed charge as Additional Controller General of Defence Accounts with effect from 05-09-2013. The work of IFA Wing has been assigned to him.*

## ASSUMPTION OF CHARGE- SAG LEVEL IFAS

Shri KVR Murty, IDAS has assumed charge as IFA (BR) Delhi Cantt on his transfer from IFA R&D HQrs New Delhi w.e.f 23-08-2013

Smt Vandana Kumar, IDAS has assumed charge as IFA R&D HQrs New Delhi on joining from her Study leave w.e.f 14-8-2013

## Welcome to IFA Set Up:-

Sh. R N Sarkar, (IFA HQ,33 Corps )  
Sh. B N Amresh, (IFA, Capt-Army)  
Sh. L D Morya, (IFA HQ 10 Corps)  
Sh. K. Ganapathi, (IFA,5 BRD )  
Sh. B S Kamble, (IFA (WAC) )  
Kum Dhana Lakshmi, (IFA 8 BRD)  
Sh. Ramesh Kumar, (IFA (R&D)  
Sh. D C Devrani, (IFA HQ EAC)  
Sh.S. K Mehta, (IFA HQ SWAC )  
Sh. V. Jayakumaran, (IFA Jabalpur)  
Smt K.K Velumayil, (IFA DSSC)

## Wishing Happy Birthday for:

D.S Viswanathan, FA to ASD (V)	15 <sup>th</sup> Oct
N.R Biswas, Dy. IFA HQ 4 Corps	17 <sup>th</sup> Oct
<b>Suchindra Misra IFA HQ SC),</b>	<b>22<sup>nd</sup> Oct</b>
Barun Dutta Dy.IFA(PIFA Army-M),	01 <sup>st</sup> Nov
Mukhopadhyay, Dy. IFA HQ EAC	08 <sup>th</sup> Nov
<b>Padam Lal Negi, IFA (ANC)</b>	<b>22<sup>nd</sup> Nov</b>
<b>A.N Saxena, PIFA (Air HQrs.)</b>	<b>23<sup>rd</sup> Nov</b>
Smt. S.R Mishal,	
Dy. IFA (11BRD/25ED)	27 <sup>th</sup> Nov
Dev Kumar, IFA (NC)	01 <sup>st</sup> Dec
S.k Choudhary, IFA (HQ CAC)	02 <sup>nd</sup> Dec
Mohinder Singh,	
Dy. IFA HQ 9 Corps)	5 <sup>th</sup> Dec
K Shiv Kumar,FA To MS (M)	7 <sup>th</sup> Dec
K L Anantha Krishan,	
Dy. IFA (IFA ANC)	7 <sup>th</sup> Dec
K S Raghavan, FA to ASD(V0)	23 <sup>rd</sup> Dec
<b>D.C.S Negi, IFA(HQ WAC</b>	<b>4<sup>th</sup> Dec</b>

## Wishing you a happy Retired life:

Sh. Sh. Anil Kumar, IFA HQ 10 Corps  
Sh. D Basu, IFA HQ 33 Corps)  
Smt. Komala Ramdas,  
IFA, COD Dehu Road)  
Sh. C.K Venugopal, (IFA Jabalpur)  
Sh. M L Gupta, Dy. IFA (IFA HQ WAC)  
Sh. A.K Sharma, Dy. IFA HQ EAC  
Sh. K K Nandakumar, Dy. IFA,5 BRD  
Sh. B Narayanan, Dy. IFA 8 BRD/23ED

## HUMOUR

### A chemist, an engineer and an economist

*A chemist, an engineer and an economist are stranded on a deserted island. They carry with them some canned food but have no ordinary means of opening the cans. The chemist suggests gathering some wood and starting a fire and then holding the cans over the heat, counting on the expanding contents to burst open the cans. The engineer thinks it would be better to try smashing the cans open with some of the rocks lying around. The economist begins, "Assume we had a can opener..."*

## Worst Job





## CASE STUDIES

### **Bench marking (FC) Case**

#### ***Procurement of 5190 nos. filter elements***

A proposal amounting to Rs 40.83 lakhs for the procurement of 5190 in Nos. filter elements for Talwar class of ships through M/s Vizag Filters (P) Ltd, Vizag was received by IFA (WNC) from MO (MB), Ghatkopar on 25.10.2010 for according concurrence on STE basis. But the proposal was concurred on OTE basis on 04.11.2010. Since the HQ WNC insisted for procurement on STE basis, the same was concurred for AIP on STE basis in March 2011.

After tendering, the proposal was received in October 2011 for accord of financial concurrence and vetting of purchase order. Since the AIP was initially accorded long back in November 2010, IFA advised that it may please be reconfirmed whether the requirement for procurement of the proposed quantity i.e. 5190 filter elements still exists. Subsequently, the file was received in March 2012 wherein the quantity was reduced from 5190 to 3104 without bringing out any reason.

As a result of reduction in quantity, the proposed expenditure came down from Rs 40.83 lakhs to Rs 24.09 lakhs (@ Rs 776.31/- filter element).

The proposal was received by IFA for according financial concurrence without holding CNC for benchmarking and price negotiation. Since commercial negotiations are to be invariably conducted in case of single tender situations including PAC cases, in light of para 4.13.3 of DPM-2009, IFA advised to take necessary action.

Subsequently, IFA received the proposal with the recommendation of NLC III. From the noting placed on the file, IFA observed that a PNC at NLC III level was held on 03.5.2012. The firm M/s Vizag filters (P) Ltd offered discount on basic cost reducing unit price to Rs 755.70/- filter element, thereby the proposal amount came down from Rs 24.09 lakhs to Rs 23.45 lakhs. This NLC III meeting was held to deliberate the revised offer submitted by the firm without associating the rep of IFA.

Since in the above case benchmarking and negotiations were not carried out duly associating the rep of IFA as per para

4.13.3, 4.13.4, 13.3.6 and 13.3.7 of DPM-2009 and NLC III meeting was carried out without associating the rep of IFA, the matter was taken up demiofficially with CSO (P&A) vide DO letter dated 08.11.2012 by the IFA.

Thereafter, a PNC was convened again on 10.1.2013 duly associating the IFA Rep wherein the firm provided further discount of Rs 11.45/- filter (inclusive of taxes) reducing the unit price to Rs 744.25/- filter element, thereby, bringing the financial implication of the proposal further came down from Rs 23.45 lakhs to Rs 23.10 lakhs.

Hence, as a result of financial advice rendered by IFA at post AON stage and FC stage, the expenditure was brought down from Rs 40.83 lakhs to Rs 23.10 lakhs (i.e. by 43.42%) and resulting into saving to the tune of Rs 17.72 lakhs.

(Courtesy- IFA WNC Mumbai)

## **2. AON- Concurrence Case**

### ***“Development of Unexploded Ordnance Handling Robot”***

IFA (R&D) received a proposal for the sanction of the project “Development of Unexploded Ordnance Handling Robot” at

an estimated cost of Rs 2350 lakhs (900 lakh) with the PDC of 36 months. The cost of the project included procurement of various equipments at the estimated cost of Rs 1520 lakh (900 lakh). IFA scrutinized the proposal and observed that the cost of following items has been overestimated:-

<b>Name of the item</b>	<b>Estimate (In Lac)</b>	<b>Cost on the basis of BQ (In Lac)</b>	<b>Excess estimation (In Lac)</b>
Drive by wire conversion	150	119.67	30.33
Abrasive water jet cutting machine (Ex-import)	450 h	418.16	31.83
Communication equipment	150	74.50	75.50
		<b>Total</b>	<b>137.66</b>

The contention of the IFA was finally agreed to by the executive authorities and the case was accordingly concurred at the cost of Rs 2200 lakhs as against proposed amount of Rs 2350 lakhs by restricting the cost of equipment. As a result, a saving to the tune of Rs 150 lakhs was achieved.

(Courtesy- IFA R&D New Delhi)

### **3. AON- Concurrence**

#### **Procurement of Ground Telemetry System Receiving System (GTRS) complete with accessories**

IFA (R&D) received a proposal for the procurement of Ground Telemetry System Receiving System (GTRS) complete with accessories and essential spares- Qty 02 by PXE Balasore at an estimated cost of Rs 900 lakhs in the month of May 2013.

IFA scrutinized the proposal and observed that the similar system i.e. Block House Telemetry System, Qty-02 was sanctioned to another Lab (ITR) at a negotiated cost of Rs 683.71 lakhs in the year 2012 for the procurement on global tender basis from another firm. The specifications of the item procured by ITR Chandipur were called for and matched with the specification of current proposal. It was also found that the sets of hardware were exactly same except some minor description of items.

In view of the above, the proposal was concurred at an estimated cost of Rs 683.71 lakhs as against proposed amount of Rs 900 lakhs which was accepted by the CFA. As a result, a saving to the tune of Rs 216.29 lakhs has been achieved.

**(Courtesy- IFA R&D New Delhi)**

### **4. AON- Concurrence**

#### **Procurement of “Production and supply of 70 KW MG-Ag Cl sea water activated reserve primary batteries”**

IFA (R&D) received a proposal for concurrence for the procurement of “Production and supply of 70 KW MG-AgCl sea water activated reserve primary batteries” by NSTL Visakhapatnam at an enhanced cost of Rs 1910 lakhs. The main raw material used in the production of these batteries was silver.

During scrutiny of the proposal, it was observed that the cost of silver taken in the cost estimation by the Lab was Rs 63,000/- per kg (as on 01.10.12). However, internet search and newspaper survey revealed that the present cost of silver was hovering around Rs 45,000/- per kg. The cost of the proposal was recalculated taking into account the silver rate as Rs 45,000/- per kg and it was found that there is an over-estimation of Rs 310 lakhs.

IFA recommended that CFA may approve Rs 1600 lakhs at this stage which may be reviewed if required at all later stages after PNC. The recommendation was agreed to

by the CFA and accordingly, the proposal was sanctioned at AON & FC stage at a cost of Rs 1600 lakhs as against proposed amount of Rs 1910 lakhs. As a result, a saving to the tune of Rs 310 lakhs was accrued to the government.

(Courtesy- IFA R&D New Delhi)

### 5. AON- Qty vetting:

#### Procurements of Computer and UPS

A proposal for “procurement of Qty-567 Computer (estimated cost Rs.2, 03, 07,508/-) and Qty-718 Offline 650V UPS (estimated cost Rs.22,61,700/-) for total estimated cost of Rs.2,25,69,208/- was submitted for AON by IFA. IFA advised that:-

The requirements are not supported with the detail justification to procure the additional computers and UPS', in absence of same necessity may not be appreciated.

Being the items are none scaled, provisioning of new equipment must be supported with detail justification along with their distribution to various section and replacement, if any, must be supported with down gradation proceedings.

3. The revised proposal was submitted for only Qty-400 PCs and Qty-479 UPS for

new user requirement and replacement against down gradation. It has further been examined and found that:

Qty-400 PCs included with qty-30 desktop PCs, for unit 10 ASC (Airmen Selection Centre), for the purpose of conducting online test, and which has been disallowed in the absence of proper justification to switch over from “manual test system” to “online test system “ &

Requirement of Qty-479 UPS has been overestimated by Qty-29 UPS against actual and the same has also been disallowed.

4. The proposal was concurred in at AON and EAS for Qty-370 Desktop PC (being DGS&D RC procurement) (Rs.1,32,32,206/-) and only at AON angle for Qty-450 UPS (to go through LTE) (Rs.14,17,528/-)

This resulted in **saving to the tune of Rs. 79,19,474/- [Rs.70,75,302/- + Rs.8,44,172/-].**

(Courtesy-IFA HQ CAC Allahabad)

#### **QUOTE:-**

***“Soldiers can sometimes make decisions that are smarter than the orders they've been given.”***

**UNKNOWN**