

रक्षा लेखा महानियंत्रक

उलन बटार मार्ग, पालम, दिल्ली छावनी-110010

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संख्या आई.एफ.ए./65


दिनांक 8.7.2013.

सेवा में

विषय - वित्तीय सलाह मामले।
Sub - Financial Advice Cases.

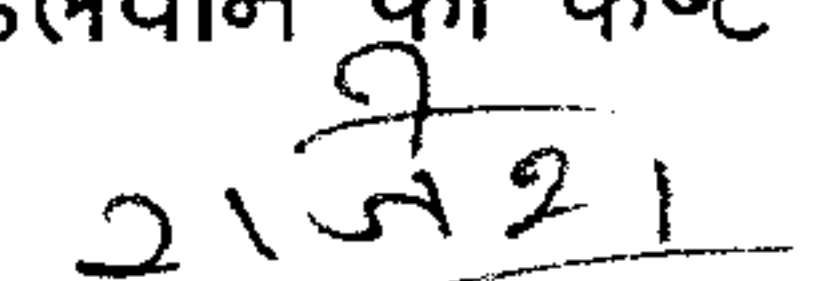
दिनांक 08.07.2013 का वित्तीय सलाह संबंधी परिपत्र सं.-03 -2013-14 कृपया सूचना एवं मार्गदर्शन हेतु प्रेषित किया जाता है।

Financial Advice Circular No.-03 of 2013-14 dated 08.07.2013 is forwarded herewith for information and guidance please.


व.ले.अ. (आई.एफ.ए. विंग)

प्रतिलिपि

1. संयुक्त सचिव एवं अपर वित्तीय सलाहकार(एस.), रक्षा मंत्रालय(वित्त), नई दिल्ली
2. संयुक्त सचिव एवं अपर वित्तीय सलाहकार(वी.पी.), रक्षा मंत्रालय(वित्त), नई दिल्ली
3. रक्षा लेखा संयुक्त महानियंत्रक (ले.प.-I)
4. रक्षा लेखा संयुक्त महानियंत्रक (ले.प.-II)
5. रक्षा लेखा संयुक्त महानियंत्रक (प्रशिक्षण)
6. रक्षा लेखा संयुक्त महानियंत्रक (ले.प. समन्वय)
7. रक्षा लेखा व. उप महानियंत्रक (ईडीपी)-कृपया परिपत्र वेबसाइट पर डलवाने का कष्ट करे।


व.ले.अ. (आई.एफ.ए. विंग)

CONTROLLER GENERAL OF DEFENCE ACCOUNTS

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Dated 08/07/2013

Subject:- Financial Advice Cases.

The financial advice cases as submitted by IFA (BR) Delhi, IFA (Army-Q) Delhi and IFA (CAC) Allahabad, are circulated herewith for information and guidance.

1. Upgradation of Existing Bailey Bridges to Extra wide Bailey Bridges of Load classification 40R (Revised) between Km 00.00 and km 49.890 on Nacho-Tama-Chung-Chung Road

Road Nacho-Tama-Chung-Chung was included in the BRDB Programme in 1990 for construction to CL-9 specification (Formation width 5.95 m, carriage away 3.75m). The responsibility of its construction and subsequent maintenance was entrusted to BRO. Presently, this road, a strategically vital road and the life-line of the Army and para-military forces deployed in the forward locations along the Indo-China Border as well as for the large civil population on this axis, is being maintained under Scale II Maintenance Grant provided by General Staff (GS). The proposal was submitted for an amount of Rs 3304.75 lacs.

Scope of the Work: - The scope of the work of the subject AE entailed carrying out of work as indicated herein under on the subject road:-

1. Formation work – Rough excavation in hard rock, soft rock, soil mixed boulder, earth work in embankment.
2. Permanent works – Excavation in Trenches, plain cement concrete in foundation or elsewhere, providing and laying of weep holes, Centring/Shuttering, launching/Delaunching of Bailey Bridges etc.
3. Surfacing work:- Preparation of sub-grade, Granular Sub-Base (GSB), Wet Mix Macadam and providing and applying primer coat.

Shortcomings observed:- IFA observed that there was a deficiency in the drawing up of the estimate. The weight of components and cost of 90 feet EWBB had been taken as 50481.10 Kg and Rs 65.33 lacs respectively whereas in a similar case the same had been taken as 45220 Kg and Rs 58.80 lacs. IFA returned the case file and asked for clarification regarding the difference between the two.

Savings achieved:- DGBR agreed to the advice rendered by IFA and accordingly, AE was resubmitted on the amended weight and cost for launching/delaunching of bridge. Finally, IFA vetted the proposal for Rs 3224.23 lacs as against Rs 3304.75 lacs. Thus, a saving of Rs 80.52 lacs was achieved.

2. Excess Procurement of Multi Grade Engine Oil (MGEO) CF4 15W40 during financial year 2012-13

IFA received a proposal for concurrence from ST Dte. for procurement of Qty – 713409 ltr, Multi Grade Engine Oil (MGEO) 15W40, for the consumption year 2012-13. IFA advised to constitute a CNC for carrying out the negotiation.

Accordingly, a CNC was constituted and the CNC reviewed the stock position and noticed the following observations that:

1. The stock balance in hand on 01.03.2012 was 229741 ltrs inclusive of 30 days GS reserve based on Monthly off take (MOT) i.e, 59831 ltrs.
2. Contract concluded on 31.10.2011 for Qty 569310 ltrs, (for the consumption year 2011-12) was in the pipeline.

CNC, on the basis of above observations, recommended for scrapping the tender but ST Dte. insisted to offload Qty- 284655 ltrs under option clause as the availability of lower rate Rs 117.14 (SO dated 31st Oct 2011) viz-a-viz, the current lowest offer rate Rs 128.08 per ltr. However, finance rep. not agreed with the recommendations of CNC for 'option clause' as:-

- a) Contract concluded for the consumption year 2011-12 for Qty 569310 ltrs @ Rs 117.14/ltr (inclusive of ED @ 14.42% and VAT @ 12.5%) was under pipeline as the firm M/s HPCL could not complete the delivery as per DP of the contract i.e, 31.3.2012 and in spite of that, the firm requested for DP extension. CNC was not satisfied with the performance of the firm.
- b) CNC stated that the balance stock i.e, 739220 ltrs as on 01.03.2012 would be sufficient for the next consumption year 2012-13. Thus, CNC observed that invocation of option clause would lead to overstocking of Qty 310361 ltrs.

Finally, CFA scrapped the tender as recommended by CNC. Thus, a saving of Rs 3,33,32,187/- had been achieved due to re-assessment of the requirement of overstocking of engine oil.

3. Reduction in requirement projected in excess for procurement of Pumping Set No.4 MK-II in Acceptance of Necessity stage.

IFA received a proposal for the procurement of Pumping Set No.4 MK-II, Qty-488 Nos. for an estimated amount of Rs 15.75 crores from E-in-C's Branch (Dte. ESP-3) at AON stage for vetting of quantity.

During scrutiny of the proposal, IFA observed that Annual Provision Review (APR) placed on the file, was showing the position as on 31st March 2011 and not as on March 2012. IFA returned the proposal with that observation. In response, E-in-C Branch stated that 132 Nos. of Pumping sets Nos. 04 has been reduced from the existing authorization as per Gol, letter no. 57386/HHWP/ES-4 (C Eqpt)/D (GS-IV) dated 3rd September 2008. Hence, E-in-C submitted the revised proposal with the requirement of 327 Nos. as against original Nos. 488. IFA again examined the proposal with the reference to MISO and further reduced the requirement of the qty to 307.

E-in-C Branch agreed to the advice of the IFA and submitted the revised proposal with the requirement of qty-307 for an estimated amount of Rs 10.00 crores as against original qty-488 for an estimated amount of Rs 15.75 crores. Finally, IFA vetted the quantity-307 and thus, leading to a saving of Rs 5.75 crores.

4. Proposal for the procurement of IT hardware and networking elements

Ground crew examining Board (GEB) AF conducts Airmen Promotion Examination (AIRPEX) and Skill Graduation Test (SGT) for airmen through five Regional Examining Boards (REBs). The examination is conducted through written, practical and viva voca for which airmen appear at their nearest examination centers called Promotion Examination Nodes (PENs). The written examination is conducted by conventional methods of distributing question papers and evaluating answers books manually.

Air HQ decided to establish Online Testing and Evaluation System (OTES) for the written part of AIRPEX using AFNET to enable the airmen to register online and appear for their promotion examinations from their place of work. All the pre and post examination tasks can be centrally controlled. The system would not only facilitate quick declaration of results but also reduce movement of personnel to a great extent resulting in huge savings. The practical examination along with viva-voca on yearly cycle basis will, however be conducted by zonal REBs as is being done presently.

A consolidated proposal was received for according AON concurrence for the procurement of IT hardware and networking elements for an estimated cost of Rs 3.27 crore for six PENs under CAC towards conduct of Online Testing and Evaluation System. The proposal was scrutinized and returned with following observations:-

- I. Whether economic feasibility has been worked out.
- II. Whether in principal approval of Air HQ for the project has been accorded in consultation with PIFA (AF).
- III. Whether the approval of MoD is not required being new practice.
- IV. Specification of items needs to be firmed up by Air HQ for standardization across the Air Force.

The proposal was re-submitted with the replies of the above observations are as under:-

- I. Acquisition cost (i.e. Rs 3.27 crores) of IT hardware and networking would be recovered over a period of about eight years by the cost incurred towards the movement and stay of personnel (i.e. Rs 41,30,400/- per year).
- II. Pr IFA sanction is not required as the items are being procured under AOC-in-C powers.
- III. MoD sanction is required only in cases where procurement is worth more than Rs 50.00 crores.
- IV. Specifications of IT infrastructure to be procured for implementation of OTES project as firmed by GEB/3401/7/7/1/ED dated 12/12/2011.

The proposal was again returned with observation that economy projected to the tune of Rs 41.30 lakh is not convincing as the estimated cost of IT hardware/networking

is Rs 3.26 crore. However, cost of following other allied services have not been included in the project cost:-

- I. Recurring expenditure after commissioning of equipments.
- II. Annual maintenance charges after warranty.
- III. Replacement/renewal cost of IT hardware, software, networking etc.
- IV. Huge expenditure towards work services required for the project.

Thus, the implementation cost of the project would be much more than the proposed cost i.e. Rs 3.26 crore. After considering the facts mentioned above, it was intimated that the project is not "financially viable". It was also advised that the existing IT infrastructure may be upgraded as per requirement and therefore, the proposal may be re-submitted to make this project financially viable.

The proposal was re-submitted with the following contentions:-

- a) In principle approval of Air HQ has been granted to the OTES project.
- b) The cost effectiveness is not the only overriding factor in setting up OTES. The modernization and up gradation of existing technology, optimum use of the acquired equipments for conduct of AFCAT in future, communication skills workshop, computer training, language labs etc will be the additional advantages of OTES.
- c) Up gradation and utilization of the existing resources to meet the project requirement is not practically feasible for the following:-
 - i. All the existing computers are for specific purposes and sparing these computers for examinations would affect the routine task being performed through them.
 - ii. Computers earmarked for examination purposes are not to contain any information which can be accessed by the candidates for their advantage during the examination and thus need frequent downloading of already stored data, formatting of the hard disks and reloading of data on these systems.
 - iii. Technical and Admin issues involved in shifting of computers from different sections to the examination halls.
 - iv. Frequent shifting of computers and associated items from place of work to examination hall may lead to unserviceability of these items.

The proposal was again examined in detail and following advice was rendered:-

- i. Since this is a Air HQ conceived project in principle, it should have the Pr IFA's concurrence.
- ii. The proposal expenditure to implement this project was way beyond for its financial viability and thus not satisfying the standards of financial propriety which state that the expenditure should not be prime-facie more than the occasion demands.
- iii. Further, this office is of the opinion that since manual system of examination and evaluation is proposed to be replaced by online system at a much higher expenditure, therefore, it also attracts the provisions of FR- Part I, Vol-I, rule 56 (d).
- iv. Moreover, the project comprehensively may be routed through principal IFA (AF) for further action.

The case was re-submitted for AON concurrence with the remarks that the matter was discussed with Air HQ who has advised that the said procurement fall within the financial powers of the SASO.

Directorate had not suitable addressed to the various issues raised by this office. However, as project was to be implemented across IAF on the policy of Air HQ and other commands had already initiated implementation action. Therefore, the proposal was concurred in at AON angle with the advice if CFA was in agreement of financial viability of the project. CFA, in his turn, approved the proposal at AON stage.

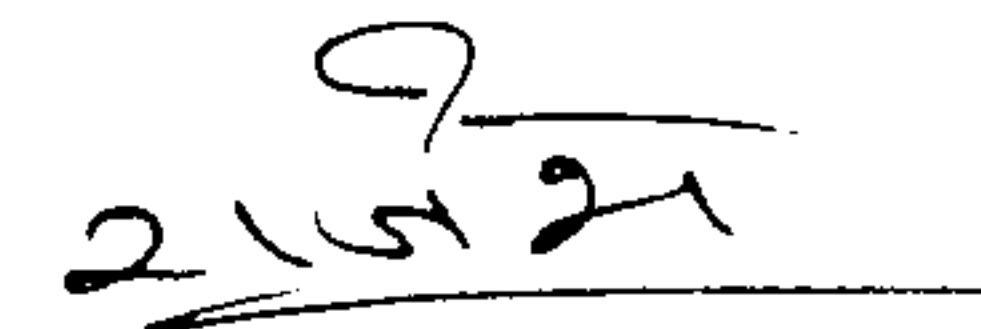
IFA observed during the processing of OTES proposal at EAC stage that the decentralized procurement for the project do not satisfy the following yardsticks:-

Economic feasibility:- Since the procurement was based on decentralized basis various command have procured the items like computers & peripheral, furniture etc at different prices.

Standardization:- The specification of computers and peripherals, furniture etc. is different with each other procured by the various command. Some commands have purchased computers with configuration i5 on the other side some with i7. The specification of PCs including OS & MS office should have been firmed up keeping in view the specific requirement for OTES to be implemented through AFNET across the IAF.

However, despite disagreement on many issues, IFA achieved savings of about Rs 23.11 lakhs due to financial advice in respect of following items:-

- i. It was advised to the directorate that parallel RC holder's offers may be reviewed for the best offer in term of price, service, warranty etc. The DGS&D RC for PCs of M/s AGMATAL INDIA Pvt Ltd was found more economical as firm was offering 7% Custom Duty Exemption and Slab discount. Resultant saving achieved was Rs 10.34 lakh.
- ii. Qty-312 UPS 0.65 KVA were proposed for procurement. It was advised that the aspect to have higher capacity of UPS for consolidate requirement of each PENs in place of dedicated UPS of 0.65 KVA capacity for each PC may be explored. The same was found feasible by the technical authority and proposed quantity 06- UPS of 30 KVA capacity i.e. one for each PEN. Resultant saving achieved was Rs 12.77 lakh.



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