

# रक्षा लेखा महानियंत्रक

उलान नगर मार्ग, पालम, दिल्ली छावनी-110010

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संख्या आई.एफ.ए./65

दिनांक . 08. 04.2013

सेवा में

सभी प्र.ए.वि.स./ए.वि.स./र.ले.प्र.नि./र.ले.नि./क्षे.प्र.के.

विषय - वित्तीय सलाह मामले।

Sub - Financial Advice Cases.

दिनांक 08 .04.2013 का वित्तीय सलाह संबंधी परिपत्र सं.-12 – 2012-13 कृपया सूचना एवं मार्गदर्शन हेतु प्रेषित किया जाता है।

Financial Advice Circular No.-12 of 2012-13 dated 08.04.2013 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 (ले.प. समन्वय)
6. रक्षा लेखा संयुक्त महानियंत्रक (प्रशिक्षण)
7. रक्षा लेखा व. उप महानियंत्रक (ईडीपी)-कृपया परिपत्र वेबसाइट पर डलवाने का कष्ट करें।

व.ले.अ. (आई.एफ.ए. विंग)

Financial Advice Circular No- 12 of 2012-13

**CONTROLLER GENERAL OF DEFENCE ACCOUNTS**

ULAN BATAR ROAD, PALAM, DELHI CANTT-110010

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Dated 08/04/2013

**Subject:- Financial Advice Cases.**

The financial advice cases as submitted by IFA (WNC) Mumbai, IFA (TC) Bangalore, IFA (MAP) & IFA COMCG (NW), Gandhinagar, are circulated herewith for information and guidance.

**(1) Proposal for renewal of contract for hiring of 07 Fast Interceptive Crafts (FICs).**

A proposal amounting to Rs 7,89,08,620/- was received for according concurrence for renewal of contract towards hiring of 07 Fast Interceptive Crafts (FICs) for HQ MAGNA for the period from 1.4.2012 to 31.3.2013 on the same rates, terms and conditions through M/s Duke Offshore Ltd, Mumbai. Proposal was examined and following advice was rendered:

1. It was observed from one of the notings placed on the file that contract for hiring of seven FICs was concluded with M/s Duke Offshore Ltd @ Rs 30,884/- per day entailing expenditure to the tune of Rs 8,19,66,136/- for a period from 3.12.2010 to 31.3.2012 excluding the Monsoon period (1.6.2011 to 30.8.2011). As per the Agreement these FICs were to be used for coastal patrolling and other related purposes off Maharashtra coast which may be extended to coast of Gujarat, Goa and Karnataka. So the requirement for patrolling in total coastal area under HQ WNC was being fulfilled with hiring of 07 boats from December 2010 to March 2012.
2. In the notings placed on the file it was also brought out that IHQ, MoD (N) has procured 15 French built FICs & it has been decided to base all 15 French built FICs at Mumbai to accrue the benefit of commonality of product support, maintenance and training.
3. Further, it was observed that 06 FICs had already been received up to Dec 2011 and there was a possibility of receipt of 03 more FICs by early April 2012. According to above, 09 out of 15 French boats had already been received and inducted into Navy at Mumbai by April 2012.
4. Besides these 09 boats, from a Sanction letter dated 30.11.2011 placed on another file, relating to hiring of FICs for Karanja area, it was observed that the sanction of FOC-in-C, WNC, Mumbai was also accorded in Nov

2011 for hiring of 07 FICs for Karanja area for an expenditure amounting to Rs 6,34,08,713/-.

5. Since the distance between Karanja and Mumbai is approximately 20 to 25 Kms and comes under Maharashtra area, it was advised that in terms of Para 2.2.3 of DPM – 2009 floating two separate proposals for Karanja (07 FICs) and Mumbai area (07 FICs) would tantamount to splitting of expenditure to avoid the necessity for obtaining the sanction of higher authority. Because the total expenditure on the two proposals would be approximately Rs 14.23 crores (Rs 7.89 crores+Rs 6.34 crores) which is beyond the powers of FOC-in-C, in terms of GoI, MoD letter No. PL/OP/OL/5353/Hiring/Force protection/2127/D (N-III) dated 10.11.2009 (Corrigendum 7 to NI I/S/2006) wherein special power of Rs 10 crores have been delegated under Sl No. 34 of Annexure II to NI 1/S/2006.
6. Since from December 2010 to March 2012 the requirement of patrolling in area under HQ MAGNA and Mumbai was being met with hiring of 7 FICs. Now against above 07 hired FICs, 16 FICs are already available (refer Para 3 & 4 above). If 15 boats are to be based at Mumbai, even the requirement of GOA and Karwar can be met with total 22 boats.
7. In view of the above, necessity for renewal of contract for hiring of 07 boats did not appear to be justified. Hence, it was advised that in the light of the above notings, CFA may consider dropping the proposal for renewal of contract agreement for hiring of 07 FICs through M/s Dukes Offshore Ltd Mumbai – 400028.
8. The above proposal with financial advice was returned to HQ WNC vide this office notings on 1.5.2012. Since, neither the above file was received back nor anything was heard from HQ WNC or HQ MAGNA. In this regard, the matter was taken up with HQ MAGNA vide this office letter No. IFAWNC/207/B-marking/PNC/Corr dated 13 December to confirm the latest position of the proposal.
9. In reply to this office above letter dated 13.12.12, HQ MAGNA vide their letter No. OP/1921/FIC/ dated 01 January 2013 has confirmed that "Renewal of contract for hiring of 7 FICs for HQ MAGNA Area has not been considered essential. It is therefore requested that the case may be closed at your end.
10. Therefore, as a result of financial advice rendered by IFA (WNC) at AON stage there has been saving to the tune of Rs 7,89,08,620/-.

**(2) Proposal for the implementation of Centralized Internet Access Server (CIAS).**

Air Force Training College (AFTC) Bangalore under HQ TC, IAF, Bangalore is a premier institute for training of Aeronautical Engineers of the IAF. AFTC conducts training on computer engineering, operating systems, networking,



network security, application software and multimedia application for all the Air Force officers at this college.

It is the responsibility of IFA HQTC (AF) Bangalore to concur the proposal based on the necessity projected by the AFTC.

### Summary

As per Air HQ directive on Information Security, Centralized Internet Access Server (CIAS) is required to be implemented in order to improve the IW Security associated with Broadband (BB) connections. Accordingly AFTC, Bangalore initiated a proposal for procurement/hiring of the following items at a total estimated cost of Rs 5,12,264/-.

Sl No.	Item	Quantity	Total cost (Rs)
1	UTM	01	1,52,000/-
2	UTP Cabling	For connecting all users/project lab/Net security lab.	1,25,000/-
3	24 Port unmanaged switch	01	10,000/-
4	DSL Bridge	10 Pairs	1,80,000/-
5	Installation/commissioning charges for fibre broadband unlimited plan bandwidth up to 20 MBPS. Thereafter, annual rent of Rs 2,59,990/-	01	33,010/-
6	2 MBPS broadband connection as per plan-1111.	01	12,254/-

### Analysis

The above proposal was examined and IFA advised the following:

- a) The number of BB connections existing and the number of connections that will be surrendered on implementation of CIAS with a cost benefit analysis indicating the initial cost of CIAS, recurring cost from second year onwards and savings due to surrender of Broadband connections may be prepared and submitted to examine the case.
- b) The necessity of 20 MBPS FTTH may be clearly justified w.r.t existing Broadband connections.
- c) The necessity for UTM appliance is not justified when the purpose can be met by a proxy server. The Air HQ directive for CIAS does

not mandate that centralized internet access necessarily has to be through UTM.

- d) It is further noted that PPP 2012-13 for IT has no provision for internet subscription. It has only provision for 2 new plans 1111 connections at AFTC and one 4 MBPS connections for CIAS. Please reconcile and elaborate.

### Result

Based on the above advice and personnel discussions held with IFA, Air Force Training College (AFTC) examined the proposal and agreed to revise as under:

- a) The Implementation of CIAS is now planned using proxy server instead of UTM appliance for 10 authorized BB internet connections.
- b) Surrendering of 09 BB connections and upgrading one connection to plan BBG Super Combo 6999.
- c) Only the following items were procured for the above purpose.

No.	Item	Quantity	Total cost (Rs)
1	DSL Modem	10	28,750/-
2	24-Port DSLAM	01	96,000/-
3.	Telephone DP box, 50 Pair	01	1,750/-
4.	Annual rental charges for upgrading one BB connection to plan BBG Super Combo 6999.	01	69,990/-

On account of the above revised proposal, the total cost reduced to Rs 1,96,490/- from the original proposal cost of Rs 5,12,264/-. Thus, a financial savings of Rs 3,15,774/- was achieved as a result of financial advice rendered by the IFA.

### 3. A proposal for construction of 409 Dwelling Units for Naval Personnel.

Under Married Accommodation Project (MAP) Phase – II, certain works packages are being executed by MES. MES prepares the Detailed Project Report (DPR) for such cases in accordance with their procedure and based on the same, Administrative Approval is sought from Apex Steering Committee for cases exceeding Rs 50 crores. After accord of Admin approval, tendering is done as per standard MES procedure. Cases where lowest tender exceeds the Admin Approval amount above the permissible tolerance are submitted to ASC



for financial concurrence (FC) i.e. sanction for enhanced amount to accept the tender.

2. An Admin Approval was issued for the construction of 409 Dwelling Units (DUs) for Naval personnel at Porbander at an estimated cost of Rs 101.37 crores vide Gol, MoD letter dated 03 November 2010. Tenders for the same were issued to four firms of which three quoted and the lowest tendered amount was for Rs 114.20 crores. The cases required FC from the ASC for which it was to be submitted through IFA (MAP).

3. When FC case was submitted to IFA office for scrutiny and recommendation for approval of ASC, IFA did not concur and had the following observations:-

- a) The rate obtained was very high compared to Admin Approval amount which did not appear justified.
- b) For a tender of this magnitude, the response has not been adequate.
- c) The tendering has been resorted to only once and option of re-tendering has not been explored properly.

4. MES authorities, however, processed the case to ASC. In view of the fact that IFA had not concurred, the ASC did not approve the FC and instead directed to resubmit the case for Revised Admin Approval.

5. The tender was then withdrawn and MES authorities prepared a fresh estimates for seeking a Revised Admin Approval.

6. The Revised Admin Approval was prepared for an amount of Rs 126.14 crores (as against Rs 101.37 crores earlier). The case file was submitted to IFA for scrutiny. While scrutinizing the same, IFA made the following observations and requested that the same be brought before ASC:-

- a) Market Variation (MV) has generally been taken @ 30% over SSR 2010 which appears high.
- b) A Market Variation of 20% will be more appropriate given the fact that estimates are based on SSR-2010 and only two years have elapsed since then. (The appropriateness of 20% MV was also established from the rates obtained in the withdrawn tender).

7. Based on the observation of IFA, the ASC approved Market Variation of 20% only which brought down the estimates from Rs 126.14 crores to Rs 120.23 crores, a reduction of Rs 5.91 crores.

8. With this Revised Admin Approval, the case was re-tendered. On re-tendering, the lowest tender came to Rs 104.97 crores which was accepted by MES as per the procedure.

9. A careful scrutiny by the IFA of the case file and advice for re-tendering led to a saving of Rs 9.23 crores (Rs 114.20 crores – Rs 104.97 crores) to the state.

**4. Procurement of segment for ICGS ACV H-184.**

A proposal for the procurement of segment for ICGS ACV H-184 at a total estimated cost of Rs 15,42,444/- through PAC basis was received from Coast Guard Regional Headquarters (NW) Gandhinagar for concurrence of IFA vide under schedule VI SI No. 5 of delegation of financial powers of COMCG (NW) Gandhinagar.

Accordingly, AON concurrence has been accorded for Rs 15,31,446/- vide our No. IFA/CGR (NW)/AON-10 dated 08/06/2012 and it was advised that the Local Tendering Enquiry system may be opted for the procurement.

After tendering two vendors responded. The L-1 submitted a quote of Rs 4,90,883/- and CST was accordingly vetted.

The CNC was conducted and bench mark prices were assessed at Rs 4,60,000/-. The CNC decided to go for negotiation with L-1 vendor and the negotiated rate came down to Rs 4,75,003/-. This resulted in a net savings of Rs 10,56,443/-.

  
SAO (IFA Wing)