

# रक्षा लेखा महानियंत्रक

उलन बटार मार्ग, पालम, दिल्ली छावनी-110010

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संख्या आई.एफ.ए./65

दिनांक :- 27.09.2016

सेवा में

All PIFAs/IFAs Office's  
(Through CGDA Web Site)

विषय - वित्तीय सलाह मामले।

Sub - Financial Advice Cases

वित्तीय सलाह संबंधी परिपत्र सं.-03 - वर्ष 2016-17 का दिनांक 27.09.2016 सूचना एवं मार्गदर्शन हेतु प्रेषित किया जाता है।

Financial Advice Circular No.-03 of 2016-17 dated 27.09.2016 is forwarded herewith for information and guidance please.

This issues with the approval of Addl.CGDA.

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. (ईडीपी) कृपया उपरोक्त परिपत्र IFA Home Page वेबसाइट पर डलवाने का कष्ट करें।

व.ले.अ. (आई.एफ.ए. विंग)

**Financial Advice Circular No. 03 of 2016-17**



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**Dated: 27.09.2016**

**Subject:- Financial Advice Cases.**

The financial advice cases as submitted by Pr.IFA (Army-O) New Delhi (02) Case Study, IFA (CC), Lucknow (03) Case Study, IFA (BR), Delhi Cantt (01) Case Study and Pr.IFA(Air HQrs), New Delhi(01 Case Study) are circulated herewith for information and guidance.

**Case Study 1 : Procurement of Binocular 8x30R by Ordnance Dte (Tech Stores) under MGO Branch**

**Amount Proposed : AON amount proposed @ Rs. 42,000/- per unit was as per OFB Army Price list for the Financial Year 2015-16 at total cost of Rs.29,84,52,000.00 for quantity 7106 No.**

**Amount Concurred : Rs. 29,74,44,000.00 for reduced Qty 7082**

**Saving : Rs. 10.08 Lakhs**

**Details of the case:-**

2. Pr.IFA received a proposal from TS Dte of Ord services for quantity vetting/AON concurrence for procurement of quantity 7106 Nos at total cost of Rs. 29,84,52,000/- ex-Ord Fy Dehradun as per UH/UE data of MISO against APR 2014-15.

Pr.IFA scrutinized the proposal and pointed out following observations:-

- (i) It is observed that the UH data taken in PRF is not matching with UH figure given in MISO, please reconcile the same.
- (ii) It may also be confirmed that enclosed extract of MISO is the latest publication as on the date of review.

The case pertains to procurement of quantity 7106 Nos of item Cat Part No. V/6650-006229, "High Resolution Binocular 8x30R", ex-ord Fy Dehradun against APR 2014-15, under the delegated financial powers of DGOS as CFA in consultation with IFA.

Accordingly, the proposal was reviewed on the basis of observations and UH data as per MISO has been duly reconciled and fresh APR has been generated after reconciliation. The Dte reduced the quantity under procurement from 7106 to 7086 Nos. Further, during the scrutiny of proposal it is observed that total UH as per MISO details/PRF is 46947, whereas taken in assets qty 46943. Therefore net deficiency should be 7082 [66228 – (46947+11999)]. Accordingly AON has been accorded for qty 7082 Nos at total cost of Rs. 29,74,44,000/-.

**Concurrence /Savings achieved:-**

3. As a result of careful scrutiny & advice by IFA, the estimated cost of the proposal was reduced from Rs. 29,84,52,000/- to Rs. 29,74,44,000/-. **Saving of Rs. 10,08,000/- was achieved.**

**Case Study 2: Procurement of Qty. 3450 Prs of Socks Woolen Special (Cat-I items of the Special Clothing & Mountaineering Equipment (SCME) to be Procured by Empowered Committee):-**

1. 14 pairs of Socks Woolen Special per set are authorized to troops deployed at high altitude like Siachen and total of 54702 sets are authorized to Indian army.

2. Empowered Committee, with MGO as Chairman and Pr.IFA (Army-O) as member among other members, was constituted vide Gol Ministry of Defence letter No. B/82253/2/MGO/EM/GS&C/186/07/D(O-I) dated 3<sup>rd</sup> August 2007. Mandate of this empowered committee is to meet emergent requirements of Special Clothing items for very high attitude like Siachen.

3. Case was initiated, in Oct 2015, by Dir EM (Spl Clo & ECC) for purchase of 3450 pairs of socks woolen Special directly from OEM for wider user trial. Justification for purchase was given that there are only three approved vendors for this item and to ensure wider vendor base, it was proposed to carryout wider trials by procuring Socks Woollen Special under financial powers of MGO.

4. After scrutiny the case was returned for submitting the case with the following information/papers.

(i) The particular authority empowering the CFA to purchase the item for trial purposes be placed on file.

(ii) The methodology used alongwith the authority for arriving the Qty of 3450 pairs may be intimated for perusal.

(iii) Particular Schedule of DFPDS-2015 under which the purchases can be made for trial purposes be intimated, please.

(iv) Copy of the user trial report of the samples provided by the firm on NCNC basis may also be placed on file.

(v) The estimated cost of the item for determination of CFA before grant of AON concurrence may please be intimated.

(vi) Further, whether in view with make in India policy which MGO branch is pursuing, would it not be better to look for Indian firm, since already 3 foreign vendors/firms are there.

5. The case was again received with replies to our ibid observations. At this stage the case was again scrutinized with respect to the papers like user trial report etc and returned with observation i.e:

(i) The authority (i.e Schedule of delegation of financial powers) under which the purchase proposal was initiated was not correct authority for this purchase.

(ii) The methodology for arriving at the figure of 3450 is neither approved by Competent Authority nor any SOP for the same is there.

(iii) As per the user trial report this is not the Socks Woollen as authorized. Hence, this will be introduction of new item which require Govt. sanction.

(iv) The item being proposed for wider user trial the procedure for regularization may be brought on file.

6. Dte. Office then proposed a colligate meeting on 18<sup>th</sup> Dec. 2015 to discuss the proposal for purchase of the said item, since CFA had already approved PIFA(Army-O) was asked to attend the same.

7. Pr.IFA(Army-O) did not agreed to attend the meeting, but advised to present the case in the Empowered meeting, this being matter of purchase of special clothing item for issue to troops deployed in Siachen.

8. The case was not processed further by the Dte. Office.

9. From the above, it is evident that on proper scrutiny by office of Pr.IFA (Army-O) at Quantity vetting stage and repeated insistence for a re-look on the necessity aspect, the case is finally dropped by the Dte. Thereby resulted in **saving of least USD 34500.00 (Rs 23,11,500.00)** in this case under consideration.

**Case Study 3 : Three proposal of Solar Energy Projects (a) Provn of 2 MW Solar Energy project at Dehradun involving financial 1632 lacs (b) Provn of 2 MW Solar Energy project at Roorkee involving financial 1637.98 lakh & (c) Provn of 1.5 MW**

**Solar Energy project at Roorkee involving financial 1377 lakh have been received in this office:-**

1. IFA was received a proposal it was observed from the case file that consultancy @ 8% including Service Tax @ 14.5% was catered for in AE Part-I which had been pointed out/objected by IFA CC lucknow office to the executive authority and advised to incorporate consultancy as per Gol letter No. 30/69/2013-14/NNSM dated 10.06.2015. The executive authority agreed to the point suggested by IFA CC lucknow office to reduce to @ 4% including S.Tax @ 14.5%.

2. Accordingly, the total cost of proposal has been reduced to Rs. 1575.95/- lakh, Rs 1582.38 lakh & Rs. 1298.10 lakh. Thus, **a saving of (a) Rs. 56.05/- lakh (b) Rs. 55.60/- lakh & (c) Rs. 46.19 lakh (total Rs. 157.84 lakh) was achieved.**

**Case Study 4 : A proposal for 'Repair of Railway Siding' at COD Chheeki involving financial implications of Rs. 871.23/- lakh was received in this office from HQ MB Area for concurrence.**

1. IFA was received a proposal it was observed that Service Tax @ 5.6% on total value work was catered for in AE Part-I. The same was pointed out/objected to the executive authority and advised to incorporate Service tax as per instruction vide E-in-C Branch letter no. A/95533/22/Pol/E2W/PPC dated Dec 2015.

2. Accordingly, the total cost of proposal has been reduced to Rs. 825.04/- lakh. Thus, **a saving of Rs. 46.19/- lakh was achieved.**

**Case Study 5 : A proposal for 'Provn of OTM Accn of 304 FD Hosp at OLD Cantt Allahabad (AWMP 2015-16/List II SER 06), involving financial implication of Rs. 1624.87 lakh was received in this office for concurrence:-**

1. IFA was received a proposal it was observed that Service Tax @ 5.6% amounting to Rs. 86.17/- lakh on total value work was catered for in AE Part-I & amounting to Rs. 8.96 lakh was catered on account of built in furniture. The same was pointed out/objected to the executive authority and advised to incorporate Service tax as per instruction vide E-in-C Branch letter no. A/95533/22/Pol/E2W/PPC dated Dec 2015.

2. Accordingly, the total cost of proposal has been reduced to Rs. 1529.19/- lakh. Thus, **a saving of Rs. 95.68/- lakh was achieved.**

**Case Study 6 : A proposal for AE for Construction/Improvement of Road Ramgarh - Tanot-Kishangarh between Km 54.000 to 77.5000 (Net Length 23.500 Kms) from CI-9 to NHDL at estimated cost of Rs. 3826.29 lakh was received.**

**Amount proposed :** Rs. 3826.29 lakh

**Amount concurred:** Rs. 3515.14 lakh

**Saving :** Rs. 311.15

**Scope of work:-**

2. The Scope of work of related AE entails carrying out the work as indicated under on the proposed road stretch for upgrading it from class 9 to NHDL specification.

(i) **Formation of Work-** Rough excavation in soil/soil mixed with small boulders, Earth work in embankment and filling with earth free from road.

(ii) **Permanent work-** Excavation in trenches, earth work in embankment including excavation of earth and filling with earth free from roots, filling of stone, providing and laying stones.

(iii) **Surfacing work-** Granular sub base work, scarifying existing BT surfacing, WMM-100 mm work, WMM – 75 mm work, DBM-60 mm work, AC-40 mm work.

**Examination by the O/o IFA(BR)**

3. In this case, extra transportation charges @ Rs. 2,89,68,897/- was catered for collecting water for road work. IFA (BR) had advised HQ DGBR to explore the possibility of extracting water from earth such as sinking a bore well or digging of well. Now, HQ DGBR has made provision of boring and installation of tube well along with three phase generator. Resultantly AE has been resubmitted for Rs. 3515.14 lakh and saving to the tune of Rs. 311.15 lakh has been achieved.

**Savings on account of advice by IFA(BR):-**

4. The AE was rectified on the basis of the advice given as above by IFA (BR) and accordingly, the AE was re-drawn and concurred for Rs. 3515.14 lakh against the initial amount of RS. 3826.29 lakh., **saving to the tune of Rs. 311.15 lakh was achieved.**

**Case Study 7 : Rate Contract with M/S Oxford University Press For Development and Supply of Study Material to IAF for Imparting Quality Training on English Language to Airmen Trainees and Instructors at Airmen Training School, Belagavi:-**

**Amount Proposed :** Rs. 3,45,00,000/-

**Amount Concurred :** Rs. Nil

**Saving :** Rs. 3,45,00,000/- (Recurring Expenditure Also)

2. Details of the case:- Pr.IFA (Air HQrs) New Delhi received a proposal to accord AON concurrence for entering into a rate contract with M/S Oxford University Press for development and supply of study material to IAF for imparting quality training on English language to Airmen Trainees and Instructors at Airmen Training School, Belagavi. The complete set of study material consisted of following books and CDs:-

(a) Student Book (Books for 03 levels (Elementary, Pre-intermediate and Intermediate) Qty- 10,000 Per year @ Rs. 1018/-.

(b) Teachers Book (Books for 03 levels) Qty-50, One time and later as required on FW&T basis @ Rs. 2053/-.

(c) Class Audio CD Qty-50, One time and later as required on FW&T basis @ Rs. 795/-.

3. Advice of the IFA:- IFA scrutinized the proposal and drawn the attention of the executives towards following observations:-

(a) Various books on English language are available in market then why the development of new books is required and how the books will serve the purpose of IAF trainees as well as instructors?

(b) Oxford University Press has quoted that the books developed for IAF will be sold in open market also then how it can be termed as developed for IAF?

(c) How it was established that the proficiency of air warrior is not up to the mark/desired level and the conventional method of teaching English has not brought desired outcome and persistent short coming existed in airmen i.e inadequacy in basic oratory and communicative skill in English?

(d) Air Warriors are recruited on the basis of an entrance test where English is a mandatory subject and further all the subjects (technical/non technical) in IAF training are taught in English.

(e) The proposal has recurring cost of Rs. 66 lakh and will set precedence for other services hence approval of MoD is required.

(f) There are many training institutes imparting/conducting English language course, selection of OUP on proprietary basis may invite audit objection.

4. Concurrence/Saving Achieved:- As a result of careful scrutiny by the IFA the concerned Dte was asked to review the case. Subsequently, the proposal was dropped which resulted in instant **saving of Rs. 3,45,00,000/-** and also eliminated the scope of future recurring expenditures.