

## **Controller General of Defence Accounts**

Ulan Batar Road Palam Delhi Cantt-11 0010.

IFA WING

IFA/54/Vol-11

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To

All CsDA/PCsDA/PrIFAs/IFAs(Dedicated/Nominated)RTC

Sub: - Case studies- Savings

Cases of financial advice rendered by IFAs which has resulted in substantial savings are circulated herewith for information and guidance to all concerned

1. Case study forwarded by IFA SWAC Gandhinagar

### **1.1 Topic :Procurement of isolated Transformer.**

Background:- A proposal for procurement of Taxi Light assembly for Air Field lighting along with the proposal of isolated transformers for taxi lights at an estimated cost of Rs 2.17 lakh and Rs 4.55 lakh were received for AON concurrence.

**View of IFA:-** IFA after examining the proposal observed the following shortcomings

- (a) The items are inter connected and can be clubbed together
- (b) Further the quantity of both the items should have been in identical number which were found in different numbers
- (c) Whether the execution/procurement of project can be executed through MES/CPWD ?

The observation resulted in withdrawal of proposal which ultimately led to savings to the tune of Rs 2.17 lakh.

**Remarks:-** IFAs observation on clubbing of interconnected items while processing the procurement proposal and also insisting that quantity procured for inter related item should be in identical number is an useful observation.

1.2 Topics **Proposal for procurement of Gramin GPS 465/496  
by 32 Wing Jodhpur**

**Background:-** A proposals for procurement of Gramin GPS MAP 495/496 was received in IFA SWAC office.

**View of IFA:-** IFA after examining the proposal observed from the case file that same item has also been authorised for procurement to other lodger units. IFA advised HQ SWAC to submit a consolidated proposal taking into the requirement of all the dependent units. IFA also advised the CFA to procure a cheaper variant of GPS. Model No GPS 495 which serves the same purpose for navigation was cheaper by Rs 52250.( Viz difference between the unit cost GPS model496 and GPS model 495 is Rs 140000-Rs 87750=Rs52250) HQSWAC accordingly resubmitted the proposal thereby saving of Rs 4.70 lakhs was achieved

**Remarks:-** The savings advice are the result of clubbing of proposals of dependent units and procurement of economically cheaper version of GPS navigation system which has resulted in reduction of quantity/ financial value of proposal

2. Case study forwarded by IFA Southern Naval Command Kochi

2.1 Topic: Case study Repair of 500 KVA load Bank

**Background:** - NSRY (Kochi) had submitted a proposal for repair of 500 KVA load bank. Repair cost was estimated at Rs 40 lakh based on Budgetary Quotation obtained from a local vendor. On examining the proposal at AON stage IFA had advised the yard to process for OTE since the estimated cost was more than 10 lakh. Procurement cost in 2003 was not known to the Yard. However present procurement cost was assessed at Rs 85 lakh Post tendering on OTE basis 5 firms responded OEM did not respond. As per CST L1 offer was Rs 6,44.736/-. However NSRY have recommended to accept the offer of L2 who have quoted for Rs 27, 08,339 lakh for the reason L1 did not understand the scope of repair clearly. IFA did not agree to the proposal and had made the following observations:

(a) EMD was not obtained from any of the firms

(b) Firm did not indicate the CST/VAT/TIN/Service Tax Registration numbers

(c) TE was issued on two bid system but processed for single bid system without Technical Evaluation.

Pursuant to IFA observation NSRY resubmitted the proposal after a gap of 3 months duly recommending to Re-tender the case on OTE basis stating that L1 have withdrawn the offer. However NSRY did not address the observation. Upon re-tendering eight firms responded. TEC rejected two firms in Technical Evaluation for the reason that firm did not have any past experience in subject repair. CST was prepared with price bids of six firms who have been technically qualified. L1 was identified for Rs 12, 29,110/-. The highest bid was for Rs.38,30,522. L1 did not participate in initial tendering. The firm did not offer reduction. The offer of L1 was therefore accepted being competitive.

**Findings** Study brings out the wide variations between BQ and the lowest quotation. It implies that the Budgetary Quotation (BQ) was inflated. There is a need to assess the reasonability of Budgetary Quote obtained by vendors. Repair Yard should also be competent to prepare an estimate of the repair cost. When BQ forms the basis for AON OTE should be the preferred mode of tendering over LTE

3 Case study forwarded by IFA HQ Maintenance Command (AF) Nagpur

**3.1 Topic Procurement of security equipment**

**Background:** - HQ Maintenance Command AF Nagpur looks after the provisioning procurement and maintenance of Aircraft. A consolidated proposal for procurement of security equipment for an estimated cost of Rs 65.05 lakh was received in IFA office. The proposal was concurred by IFA from AON angle and approved by CFA for floating of RFP as two bid system i.e techno commercial and price bid separately. The mode of tendering adopted was LTE on the ground of sensitive nature of item. Consequent upon issue of AON/RFP a revised proposal was submitted to

IFA for cancellation of the earlier approved RFP and issue of fresh RFP with revised specification. It was brought out by the executives that while floating the RFP the height of bullet proof morcha was mentioned as 1900mm X 850 mm and weight as 152 KG. On receipt of TE few vendor sought clarification on technical specifications of bullet proof morcha. They submitted that the dimension given as 1900mm x 850 mm is not feasible in the specified weight of 152 KG. It was suggested that the weight of morcha for referred specification should be 275 Kg approximately. On the suggestion of the vendor amendment to the specification was issued by **CFA without financial concurrence of IFA**. In response to amendment to specification issued by HQ MC two firms sought the rationale for change of specification and submitted that the change of specification has been carried out to favour a group of firms.


**Views of the CFA** As per para 4.10.1 of DPM and amendment to RFP can be carried out on the basis of feedback from the vendors on genuine mistakes

**Remarks** As per para 4.21.1(g) DPM 2009 there should be no waiver of parameters after issue of RFP whereas amendment to specification which involves financial implications and has been issued without financial concurrence. In view of IFA's observation and firms representation the entire proceeding was cancelled and procedure started afresh.

Sd/-  
(T Kabilan)  
Sr.ACGDA(IFA)

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5	Jt CGDA(Trg)
6	EDP Centre (Local) with a request to place the matter on web site
7	IFA SWAC Gandhinagar
8	IFA SNC Kochi
9	IFA HQ MC(AF) Nagpur

  
(T Kabilan)  
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