

Office of the CGDA, West Block-V, R.K.Puram, New Delhi-66
Pr. IFA Wing
Financial Advice Circular No. 5 of 2009

No.PIFA/MAR/15024/Vol. VI

Dated: 5th Oct. 2009

To

All PCsDA/CsDA/ PCDA HRD /IFAs(Dedicated and Nominated)/RTC

Sub: Savings.

Cases of financial advice rendered by IFA which have resulted in substantial savings are circulated herewith for information and guidance of all concerned.

IFA BR Delhi Cantt.

1. Case study on Approximate Estimate for improvement of Class-9 road to NHDL specifications from Km 15.00 to Km 235.00 on Phuentsholing-Thimphu road under Project Dantak in Bhutan

DPR for Phase-I (Km 131.000 to Km 161.500) was approved by MEA and improvement works were sanctioned under various Jobs. DPR for Phase-II i.e. improvement of road from Km 5.00 to km 82.40 was approved by MEA for Rs 152.015 crores which was revised to Rs. 186.76 crores and the same was approved by MEA. DGBR WP Dte initiated an AE amounting to Rs 3157.70 lacs for improvement of class-9 road to NHDL specifications from Km 15.00 to Km 25.00 on Phuntsholing-Thimphu road in Bhutan. The following major points/deficiencies were observed during the scrutiny of estimate:-

- (a) Detailed calculation for jungle clearance was not furnished.
- (b) Supervision/Adm overhead charges in respect of rate analysis were to be considered on manpower.
- (c) The extra transportation charges in respect of surfacing work for stone boulders were required to be corrected.
- (d) Only one layer for correction work (WMM-75 cum) was to be considered in surfacing work in hard rock portion.
- (e) Planning of formation work proposed in estimate was not in consonance with that given in Annual Works Programme (RE) 2008-09.
- (f) The difference in pay and allowances due to increase in Bhutan Compensatory Allowance in respect of other Job Nos 607/425, 607/424 (RAE), 607/427 (RAE) and 607/434 was considered in present AE which was not correct.

In response to above observations, the DGBR HQ furnished their replies. Therefore, as a result of IFA BR advice/suggestion based on scrutiny of the estimate, the overall cost of estimate was brought down from Rs 3157.70 lacs to Rs 2371.21 lacs. Thus, a notional saving to the extent of Rs 3157.70-Rs 2371.21 =Rs 786.49 lacs at the time scrutiny of estimate could be achieved.

2. Work study on Approximate Estimate for improvement of formation of existing Manali-Sarchu road from Km 207.000 to 223.390 to National Highway (Double Lane) specifications (12 Mtr width).

DGBR WP Dte initiated an AE amounting to Rs 3739.50 lacs for improvement of formation of existing Manali-Sarchu road covering a stretch from Km 207.000 to 223.390 to National Highway Double Lane specifications (12 Mtr width) for financial concurrence. On scrutiny of the estimate in IFA Office. The following major points/deficiencies were observed during the scrutiny of estimate:-

- (a) Royalty charges were not correctly worked out.
- (b) Neither any copy of Technical Board of Officers nor Army HQ GS Branch (MO4) letter for improvement of road to NHDL specifications was placed in file.
- (c) Planning for execution of work was proposed in four years instead of three years.
- (d) Permanent works provisioned/costed were on higher side and required to be justified in comparison to other Jobs in adjoining sector.
- (e) Difference in cost of POL between market rate and SSR-2004 rate considered in estimate was not admissible as per policy in vogue.
- (f) NOC from the forest department which was required was not found placed in file.
- (g) CE Project prepared the extra lead 63.73 Km whereas WP Dte increased it to 71.42 Km.

In response to above observations, cost of the Approximate Estimate was brought down to Rs. 3377.10 lacs by HQ DGBR and submitted for financial concurrence. The AE was examined and was returned to WP Dte of HQ DGBR to resubmit the same with fresh cost and quantity wise cost comparison statement with similar type of work in the nearby road stretch . On IFA BR suggestion, the estimate was again reviewed by the WP Dte of HQ DGBR and the cost of the estimate was reduced from Rs 3377.10 lacs to Rs 3063.23 lacs resulting in a saving of Rs. 676.27 lacs (3739.50-3063.23).

3. Case study on three Approximate Estimates for construction/improvement of road Zozila-Kargil-Leh (NH-1D) from class-9 single lane specifications to double lane 10

Mtrs formation width (Surfaced) specifications Sectors (i) from Km 147.00 to Km 161.00, (ii) Km 161.00 to 182.00 & (iii) from Km 182.00 to Km 205.00

The Detailed Project Report for construction/improvement of above mentioned road stretches were approved by MOSRT&H as per details given below:-

Road Sector	No & date of DPR approved by MOSRT&H and amount involved	No & date of modified DPR on the suggestion of MOSRT&H duly approved by DGBR sent for the information of MOSRT&H and amount involved
Zozila-Kargil-Leh (NH-1D) sector Km 147 to 161 in J & K State	RW/NH-12037/ 188/2006/J&K/ NH-1 dt 30-10-2006 Rs 32.96 crore	23042/Z-K-L/147-161/NH(0)/DGBR/Estg-II dt 17-12-2008 Rs 36.213 crores.
-do- Sector 161 to Km 182	12037/186/2006/J &K/NH-I dt 07-11-2006 for Rs 39.613 crore	23042/Z-K-L/161-182/NH(0)/DGBR/ESTG-II dt 17-12-2008 for Rs 47.533 crore
-do- Sector 182 to 205.457	12037/189/2006/J &K/NH -I/127-128 dt 07-11-2006 for Rs 36.965 crore	23042/2Z-K-L/782-205.4571 NH(O)/DGBR/Estg-II dt 17-12-2008 for Rs 48.013

Following major points /deficiencies were observed during the scrutiny of estimates:-

- (a) No budget planning for execution of works at above stretches were made for the 2008-09.
- (b) Execution of works was planned through contracts, therefore, it was suggested that AEs may please be reframed based on last contract rates or on all CPL rates instead of Pioneer: CPL ratio as 1:7. The Pioneer: CPL ratio is normally applicable when the work is to be carried out departmentally.
- (c) The DPRs for above road stretches were approved in Oct and Nov 2006 whereas AEs were initiated in Dec 2008. The reasons for initiating AEs after two years of the approval of DPRs were also to be furnished.
- (d) Road side accommodation charges were not justified in the estimates as the execution was to be planned through execution contract.
- (e) Status of forest clearance was not clearly indicated in the estimates.
- (f) It was observed that per Km cost was on higher side in comparison to the job in adjoining/nearby sector. Therefore, item wise cost comparison alongwith detailed justifications were called for in respect of each estimate.

In response to the above observations, HQ DGBR revised amount of AE. The matter was again referred to WP Dte of HQ DGBR to re-examine once again the Approximate Estimates and delete the amount of road lift charges, extra transportation charges, physical contingency charges and Royalty charges as the work was to be executed through contract instead of departmental

execution. It was, further, advised that items of works where contract rates were available may be catered for in the AE. On IFA's suggestion, the estimate were again reviewed by the WP Dte of HQ DGBR and the cost of the estimates was further reduced as under:-

Road stretch	Cost of AE submitted originally	Reduced cost of AE	Amount concurred and approved by CFA	Total amount reduced
Z-K-L(NH-1D), Km 147 to Km 161	Rs. 3621.28 lacs	Rs. 3211.77 lacs	Rs. 2712.70 lacs	Rs. 908.58 lacs
Km 161 to Km 182	Rs. 4753.31 lacs	Rs. 4538.97 lacs	Rs. 3635.75 lacs	Rs. 1117.56 lacs
Km 182 to Km 205.457	Rs. 4801.33 lacs	Rs. 4982.72 lacs	Rs. 3696.50 lacs	Rs. 1104.83 lacs

Total **Rs. 13175.92** **Rs. 12733.46** **Rs. 10044.95** **Rs. 3130.97**

A notional saving to the extent of Rs 3130.97 lacs was achieved due to advice of IFA BR.

Jt. CGDA (IFA) has seen.

Sd/-
(R. K. Kaul)
Dy. IFA

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