

Office of the CGDA West Block-V, R.K.Puram, New Delhi-110605  
(Pr. IFA Wing)

Financial Advice Circular No. 15 of 2008\*

No. PIFA/MAR/15023/Vol. IV

Dated: 1<sup>st</sup> Dec. 08

To  
All PCsDA/CsDA/IFAs/RTCs (Dedicated and Nominated)

Sub: Savings.

Cases of financial advice rendered by IFAs which have resulted in substantial savings are circulated herewith for information and guidance of all concerned. The details are given in the enclosed Annexure.

Jt. CGDA (IFA) has seen.

*B. Vikraman*  
(B. Vikraman)  
Dy. IFA

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} for kind information.

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Dy. IFA

**IFA Air HQ New Delhi****(i) Procurement proposal for 60 tyres N/W of SU-30 MK-I Aircraft**

A proposal for procurement of qty 60 tyres N/W of SU-30 MK-I aircraft, was concurred conditionally by IFA from AON angle at an estimated cost of USD 44,400 (Rs 18,20,400 @Rs. 41 = 1US\$) to effect procurement through A.A Moscow. However another contract for procurement of 984 Tyres N/W was also under operation.

Accordingly, A.A Moscow obtained quote from M/s AHC Sukhoi. The rate offered by the firm were 67.58% higher than indent cost based on the earlier contract and the total value for 60 Tyres worked out to Rs 30,25,800 (US \$ 73,800)

Air HQrs. was advised to reconsider the AOG demand of 60 Tyres as 350 Tyres against the earlier order were under dispatch. Based on the advice of the IFA Air HQrs. the proposal of AOG was cancelled, and saving to the tune of Rs. 12,05,400 was achieved as per details shown below:

	Rate		Qty	USD	Rs
Total cost 60 Tyres proposed for procurement through A A Moscow	1230 USD	x	60	73,800	30,25,800
Total cost of 60 Tyres through contract No. 9407 at 23.01.2007	740 USD	x	60	44,400	18,20,401
			<b>Net Saving</b>	<b>29,400</b>	<b>12,05,400</b>

**(ii) Procurement proposal of 30 Motor Cycles**

A case for expenditure angle concurrence for procurement of 20 Motor Cycles model Splendour Plus from M/S Hero Honda @ Rs. 39,181.78 and total cost of Rs. 7,83,635-60 and 10 TVS Victor GLX Model Motor Cycles from M/S TVS Motors @ Rs 44348-92 and total cost of Rs. 4,43,489-20 (the total cost of 30 Motorcycles worked out to Rs. 12,27,124-80 (7,83,635.60+4,43,489.20)) was received. As the TVS Victor GLX Motor Cycle was of higher technical specifications and costlier than Hero Honda Splender Plus, the executive authorities were advised to reconsider the proposal. As a result MT Dte. decided to procure all 30 Motor cycles of hero Honda Splender Plus make with JS QR specifications resulting in a saving of Rs 51,671-40 as shown below:

Previous Total amount of proposal (20 Qty Hero Honda + 10 Qty TVS Victor)	=	12,27,124-80
Revised amount of Revised proposal (Total Qty 30 Hero Honda Splender Plus)	=	11,75,453-40
39181-78 x 30		
<b>Saving =</b>		<b>51,671-40</b>

**(iii) Procurement proposal of three Cranes of 3 T on capacity (Diesel Hydraulic Mobile Crane)**

A case for expenditure angle concurrence for procurement of three Cranes of 3T on capacity (Diesel Hydraulic Mobile Crane) at total cost of Rs. 2,39,80,320 was received. It was found during scrutiny of CSQ that the CIF value of Rs. 14.91 lacs in respect of M/s Til and Freight charges were accounted for incorrectly. Air HQrs. was advised and revised CSQ by working out correct amount of CIF value and freight charges was prepared and M/s Til emerged as L1 instead of M/s Escorts constructions, who was earlier declared as L-1..

As there was already a contract in operation with M/s Til New Delhi for 3 ton cranes. Accordingly Air HQrs. was advised to procure 3 nos. of cranes 3 Ton under option clause at a cost of Rs. 20489526/- which resulted in saving of Rs. 34,90,794/-.

**(iv) Procurement of 236 lines of arrester barrier spares**

A proposal for procurement of 236 lines of arrester barrier spares for the period 2007-12 at estimated cost of Rs. 15,95,30,578/- (189 lines of import spares for Rs. 15,82,12,301+47 lines of indigenized sources for Rs. 13,18,277/-) was received. It was found during the scrutiny that the quantity has been proposed for the years from 2007 to 2012 whereas 2007-08 was already over. Therefore, reduction of quantity by 20% was advised.

The quantity was revised as per advice of IFA resulting in saving of Rs. 3,41,91,754 as per details below:

(i) Total amount of 236 lines as proposed	=	Rs. 15,95,30,578
(ii) Amount of 236 lines as per revised quantity	=	Rs. 12,53,38,824
Saving	=	Rs. 3,41,91,754

**(v) Procurement proposal for 134 lines of helicopter spares through import**

Air HQ\_(Dte of Proc) submitted a proposal for procurement of 134 lines of Helicopter spares through Import at an estimated cost of USD \$ 964323/-

These spares were out of the outstanding lines of previous indents, which could not be contracted due to reasons as shown below: -

- a) No quote received on TE
- b) Item offered was technically unsuitable.
- c) There was wide variation between offered price and indent price.
- d) Firms withdrew offers.

As the indents were old, it was advised that Indentor (3 BRD) may review the requirement with reference to present stock, dues in etc. Based on the advice of IFA (Air HQrs.).

BRD reduced the requirement of 28 lines from these indents. Due to this a saving of Rs. 61 lacs approximately could be achieved.

- (i) Original proposal for 134 lines = USD \$ 9,64,323.20
- (ii) Revised proposal for 106 lines at = USD \$ 8,11,619/-
- (iii) Saving = USD \$ 1,52,704/- (Rs 61 lakhs approx).

#### IFA HQ MC Nagpur

##### (i) Procurement of Radar spares (Shielded Grid Beam Power Tube)

A case for procurement of SGBPT for one line numbering 74 at the cost of Rs. 6,49,15,316/- was submitted by HQ MC for concurrence.

The case was examined and in addition to other points it was asked whether 74 Nos. proposed for procurement were based on consumption pattern. Further, the proposal included a float of 22.5% over and above the spares for each Radar @ one each. Thus, reserves were provided for in two places.

The point was accepted by HQ MC and they agreed to reduce 24 nos. of excess requirement. Thus, HQMC submitted revised proposal for 50 nos. amounting to Rs. 4,38,61,700/- resulting in saving of Rs. 2,10,53,616/- due to the advice rendered IFA.

##### (ii) Provisioning and procurement of life expired rubber seals of KIRAN Spares

A proposal for provisioning and procurement in respect of L.E. (Life expired) rubber seals of KIRAN Weapon system for an amount of Rs. 1,12,39,265/- was submitted to IFA MC for concurrence.

While scrutinizing the proposal amongst other observations, it was observed by the IFA that some rubber seals belonged to KIRAN (MKI) and other seals belonged to Kiran (MK-II) which have different Forecast Factors. Forecast Factor in respect Kiran (MK-I) for 42 months is 2.1 while F.F. in respect of Kiran (MK-II) for 42 months is 6. However, it was observed that for all rubber seals FF applicable to Kiran MK-II was uniformly applied. Since FF is a multiplicative factor, wrong application of FF of Kiran MK-II to Kiran MK-I seals could have resulted in over provisioning. This aspect was brought to the notice of HQ MC who agreed to this and reduced the proposal after applying correct FF of Kiran (MK-I). The proposal was revised to 75,82,151/-. Thus a saving due to reduction in quantity amounting to Rs. 36,57,114/- was achieved.

**(iii) Replacement of OH 11 KV line with VG X LPE Cable at technical and domestic area at one of the BRDs**

The case was submitted for AON and AA angle concurrence. Initially the AE Part I amounted to Rs. 179 lakhs.

While scrutinizing the case from AON angle it was observed that provision of 126 of street lights was shown in AE Pt. II whereas it was not included in the terms of reference ordered by Competent Authority. This item of work was not in BP, but was shown in AE Part II. This was brought to the notice of HQ MC. The item was accordingly removed from the AE Pt. II and the proposal got reduced to Rs. 155 lakhs resulting in a saving of Rs.24 lakhs.

**IFA WC Chandimandir**

(i) In a proposal amounting to Rs. 47,06,814/- for extension of Delivery period without imposition of LD for procurement of Motorola batteries for radio sets through DGS&D rate contract, it was observed that the DGS&D rate contract, on which the SO was placed had already expired and a new rate contract had been issued in which the rates of same batteries were on lower side. It was advised that the firm could be approached to supply the items at reduced rates by invoking the Fall Clause. The vendor agreed to supply the batteries at reduced rates. i.e. at Rs. 42,58,116/-. As a result of advice of IFA WC, saving to the tune of Rs.4,48,698/- was achieved.

(ii) In a proposal for procurement of various IT equipments for Est/Upgradation of 20 CTLs of various formations of HQ WC through DGS&D rate contract out of IT grant amounting to Rs. 1,55,19,280/-, it was observed that out of 20 proposed CTLs, three CTLs had already been upgraded during the previous financial years. Accordingly, it was advised that proposal for those may be reviewed. It was also advised that proposal for other CTLs may also be reviewed by taking into account the existing holding and deficiency in terms of AHQrs. policy dated 27.12.2005 for scaling of IT equipments. The formation submitted the revised proposal by dropping the proposals for 3 CTLs and reviewing the quantity of the items proposed to be procured by taking into account the existing holding of PCs, Printer, UPS, Video Projection System and other networking items. The proposal was revised and concurred for Rs. 1,13,12,130/-. As a result of advice of IFA WC, savings to the tune of Rs. 42,07,150/- was achieved.

(iii) In a proposal for procurement of 6 UPS (online 20 KVA) at Chandimandir, it was observed that same was proposed to be procured through Limited tendering based on market survey/budgetary quote for Rs. 5,39,200/- each. It was observed that same was also available on DGS&D rate contract at more economical rates. Accordingly, the formation was advised that possibility of procuring the same through DGS&D rate contract may be explored. The formation resubmitted the proposal by proposing the procurement of UPS (online 20KVA) through DGS&D rate contract costing Rs. 3,20,117/- each and same was concurred for Rs. 19,20,702. Due to financial advice rendered by IFA WC, savings to the tune of Rs. 13,14,498/- was achieved.

#### AAO Kolkata

Signals Branch HQ Bengal Area initiated a proposal for installation of 256 kbps Broad Band Internet connections, Business Plan 1200, for 25 major/minor units. The yearly rental of one connection was Rs. 12000/-.

On scrutiny of the case it was seen that Business Plan 700 (New ) will cost less i.e. Rs. 7000/- per annum but will be equally effective and can be adopted by them in place of Business Plan 1200. Subsequently, the proposal was accepted by Signals Branch HQrs. Bengal Area which resulted in a savings of Rs. 5000/- per connection per year. A total saving of Rs. 1,25,000/- per year (5000x25) could be achieved due to the advice of IFA.

#### IFA BR Delhi Cantt.

(i)

Diary No.	Project	Job No.	Name of Job
781	Beacon	208/1410	RAE strengthening of existing pavement between km 129.35 to km 136.00 on Jammu-Srinagar road (NH-1A)

Initially, the RAE was received for Rs. 508.17 lacs. In the subject RAE, Bitumen was proposed to be procured from the market on supply order. However, escalation charges were also considered for Bitumen, which was not allowed since the item proposed was not on DGBR SSR 2004. Secondly, difference in cost of POL between market rate & DGBR SSR 2004 was disallowed as the same is covered in annual escalation charges allowed on DGBR SSR 2004. The same was accepted by the WP Dte., HQrs. DGBR and the amount of RAE was reduced accordingly. Finally the AE was concurred for Rs. 477.72 lacs resulting in a saving of Rs.30.45 lacs.

(ii)

Diary No.	Project	Job No.	Name of Job
849	Himank	206-A/34	AE for construction/improvement of road Anku-Khumbathang-Sapi-Sapila-Mulbek from Km 32.00 to km 44.50 National Highway double lane specifications in J&K State

The subject AE was received for Rs. 2743.63 lacs. The difference in cost of POL between market rate & DGBR SSR 2004 was not allowed since the same is covered in annual escalation charges allowed on DGBR SSR 2004. The same was accepted by the WP Dte., DGBR and the amount of AE was reduced accordingly. Finally the AE was concurred for Rs. 2650.45 lacs resulting in a saving of Rs. 93.18 lacs.

(iii)

Diary No.	Project	Job No.	Name of Job
889	Vartak	108/143	AE for provision of surfacing and road bases from km 47.00 to km 57.00 on road Tato-Manigong

(iv)

Diary No.	Project	Job No.	Name of Job
890	Vartak	108/144	AE for provision of surfacing and road bases from km 37.20 to km 47.00 on road Tato-Manigong

Two AEs were received for Rs. 273.74 lacs (Job No. 108/143) and Rs. 230.50 lacs (Job No. 108/144). As per estimates, stone required for surfacing work was to be taken and used from the stone retrieved during formation cutting. However, it was observed that Royalty charges were considered on retrieved stone which were not allowed as per order on the subject. Accordingly, Royalty Charges were not admitted by IFA BR and subtracted from the Estimates. Finally, these two AEs were concurred for Rs. 240.01 lacs and Rs.197.33 lacs respectively resulting in a saving of Rs. 66.90 lacs.

*[Handwritten Signature]*  
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