



भारत सरकार
Government of India

रक्षा मंत्रालय
Ministry of Defence

रक्षा लेखा महानियंत्रक

Controller General of Defence Accounts

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No. IFA/95

Dated 21.03.2018

Instruction Order No. 04 of 2018

To

All PIFAs/IFAs
(Through CGDA Website)

Sub: Shortcoming notices in contractual terms and conditions.

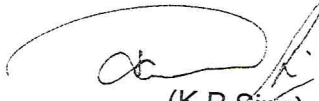
During audit of sanction/releasing of payments, the following shortcomings have been noticed by PCDA, New Delhi

- (i) The Effective Date of Contract (EDC) is either flexible, open ended or contradictory to the other clauses of same contract.
 - (ii) The Date of Delivery is either ambiguous, open ended or contradictory.
 - (iii) Various clauses of the contract relating to Performance Bank Guarantee, Advance Bank Guarantee wither foundabsent or are in contradiction to the provisions of the Defence Procurement Manual/Defence Procurement Procedure.
 - (iv) Clauses in the contract which are not in consonance with the "Uniform customs and practices in documentary credits (UCPDC) 600" norms or contradictory clauses in ex-import Defence stores contracts.
 - (v) Omission of crucial information in the contracts which require opening of revolving LCs etc.
 - (vi) Standard format of contracts, as given in the concerned manuals, not being used leading to unavailability of essential information.
 - (vii) Ambiguity in the clauses related to levy of liquidated damages/price variation.
2. Apart from the above substantive issues several procedural lacunae were also observed viz.
- (a) Contract concluded prior to the date of sanction as well as concurrence of the MoD (Fin)

- (b) non-inclusion of the appropriate authority in the sanctions/contracts,
- (c) extension of DP not having been accorded by the competent authority
- (d) non-inclusion of option clause/repeat order clause, even though required
- (e) Bank Gurantees being issued by the banks not authorized to conduct Govt. business
- (f) supply orders being placed after a gap of more than one/two months from the date of issuing the sanction letter, in contravention of the provisions of the DPM 2009.

3. Hence, it is advised that to ensure compliance with the various provisions of DPM 2009, GFR 2017 and other related Government orders/instructions while concurring the procurement proposals and vetting of draft RFP/draft supply order/contract documents. Further in case of advance payment it would be desirable to insist for the compliance of DPM provisions and full validating of PBG to safeguard interest of Govt.

This issues with the approval of Addl. CGDA (Finance).


(K.P. Sing)
AO (IFA)