

ANNEXURE-IA*(Referred to in Paragraph 1.8)***Position of outstanding ATNs****Ministry of Defence^Ψ - excluding Ordnance Factory Board****(i) Pending for more than ten years**

Sl.No.	Report No. and Year	Para No.	Subject
1.	Audit Report, Union Government (Defence Services) for the year 1985-86	34*	Loss due to delay in pointing out short/ defective supply.
2.	No.2 of 1988	9**	Purchase of Combat dress from trade.
3.	No. 2 of 1989	11**	Purchase and licence production of 155mm towed gun system and ammunition
4.	No.12 of 1990	9**	Contract with Bofors for (a) purchase and licence production of 155mm gun system and (b) Counter Trade
5.		10*	Induction and de-induction of a gun system.
6.		19*	Import of ammunition of old vintage.
7.		46**	Ration article-Dal.
8.	No.8 of 1991	10*	Procurement of stores in excess of requirement.
9.		13*	Central Ordnance Depot, Agra.
10.		17**	Infructuous expenditure on procurement of dal chana.
11.	No.8 of 1992	20**	Procurement of sub-standard goods in an Ordnance Depot.
12.		28**	Avoidable payment of maintenance charges for Defence tracks not in use.
13.	No. 8 of 1993	15**	Non-utilisation of assets.
14.		22**	Over-provisioning of corrugated card board boxes

^Ψ Position in respect of the Air Force, Navy, Coast Guard and AF/Naval R&D is indicated in the Audit Report on the Air Force and Navy

Sl.No.	Report No. and Year	Para No.	Subject
15.		29*	Import of mountaineering equipment and sports items
16.		31*	Avoidable payment of detention charges
17.	No. 7 of 1997	15*	Over provisioning of seats and cushions for vehicles
18.		18*	Management of Defence Land
19.		23**	Avoidable expenditure on Demurrage charges
20.		27**	Non-realisation of claims from the Railways.
21.		69**	Defective construction of blast pens and taxi track
22.	No. 7 of 1998	21***	Extra expenditure due to non-adherence of contract provision
23.		30**	Avoidable payment of container detention charges
24.		32*	Infructuous expenditure on procurement of substandard cylinders
25.		36**	Procurement of batteries at higher rates
26.		52*	Loss of revenue
27.	No. 7 of 2000	23**	Procurement of defective bullet proof windscreen glasses
28.		52***	Repowering of Vijayanta Tank
(ii)	Pending more than 5 years upto 10 years		
29.	No. 7 of 2001	15**	Procurement of an incomplete equipment
30.		19**	Infructuous expenditure on procurement of entertainment films
31.		20*	Inadequate follow up on deficient supplies leading to avoidable loss
32.		26**	Hiring of buildings by Defence Estates Officer from an unauthorised party
33.		27***	Undue benefit to a private society
34.		32***	Wrongful credit of sale proceeds of usufructs to regimental fund

Sl.No.	Report No. and Year	Para No.	Subject
35.	No.7A of 2001	@Entire Report (ATN for 8 out of 42 paras yet to be received even for the 1 st time.	Review of Procurement for OP VIJAY(Army)
36.	No.7 of 2002	35**	Construction of married accommodation for which no utility exists
37.	No. 6 of 2003	2*	Exploitation of Defence lands
38.		11**	Recoveries effected at the instance of Audit
39.		14***	Irregular recruitment of personnel
(iii) Pending more than 3 years upto 5 years			
40.	No. 6 of 2004	2.1**	Injudicious authorization of winter clothing leading to their non-utilisation.
41.		3.2*	Recoveries/Savings at the instance of Audit.
(iii) Pending more than 3 years upto 5 years			
42.	No. 6 of 2005	3.1**	Working of Army Base Workshops
43.		3.2*	Recoveries/savings at the instance of Audit
44.		3.4***	Non-removal of encroachment and non-levy of damages
45	No.18 of 2005 (Performance Audit)	Standalone Report**	Performance Audit of the Directorate General of Quality Assurance
46	No.3 of 2006 (Performance Audit)	Chapter I**	Working of Border Roads Organisation
47.	No. 4 of 2006	2.2*	Loss of revenue of Rs 2.33 crore for not organizing auction of sand
48.		3.1*	Recoveries/savings at the instance of Audit
(iv) Pending upto 3 years			
49.	Report No. 4 of 2007	2.1**	Delay in execution/renewal of lease
50.		2.4**	Follow up on Audit Reports
51.		3.3***	Unauthorised use of Defence assets and public fund for running educational institutes

Sl.No.	Report No. and Year	Para No.	Subject
52.		3.4***	Non-crediting of revenue into Public Fund
53.		3.5*	Recoveries/savings at the instance of Audit
54.		6.2**	Irregular payment of counter insurgency allowance
55.	No. 4 of 2007 (Performance Audit)	Chapter II**	Recruitment and Training of Personnel Below Officers Rank in the Army
56.		Chapter III*	Management of Transport in the Army
57.	Report No. CA 4 of 2008	2.1**	Irregularities in procurement of Bullet Proof Vehicles
58.		2.8***	Follow up on Audit Reports
59.		3.2*	Avoidable extra expenditure in procurement of blankets
60.		3.3***	Recovery and savings at the instance of Audit
61.		3.4*	Avoidable loss due to acceptance of defective ammunition
62.	Report No. PA 4 of 2008 (Performance Audit)	Chapter I***	Supply Chain Management of General Stores and Clothing in the Army
63.	Report No. CA 17 of 2008-09	2.7***	Non-renewal of lease of land occupied by Army Golf Club
64.		2.8**	Outstanding service charges of Territorial Army
65.		2.9*	Overpayment to Cantonment Board Ambala
66.		2.10***	Irregular payment of service charges to a Cantonment Board
67.		3.1***	Avoidable expenditure of Rs 7.98 crore on procurement of an item
68.		3.2**	Acceptance of substandard batteries
69.		3.3*	Abnormal delay in procurement of equipments after making advance payment
70.		3.4***	Unauthorized use of A-1 Defence land by Army Welfare Education Society
71.		3.5***	Utilisation of Government assets for non-governmental purposes
72.		3.6***	Misuse of special financial powers by Army Commanders
73.		3.7*	Irregular sanction of works out of operational funds
74.		3.8**	Non-recovery of training charges

Sl.No.	Report No. and Year	Para No.	Subject
75.		3.9*	Non-availing of concessions on Value Added Tax
76.		3.10***	Recoveries and savings at the instance of Audit
77.		4.1*	Irregular diversion of savings of a project for execution of new works
78.		4.2***	Avoidable cost overrun in civil works
79.		4.3*	Extra expenditure due to delay in obtaining financial concurrence
80.		5.1***	Defective Procurement of Hot Mix Plants

* Action Taken Notes examined by Audit but yet to be finalised by the Ministry in the light of Audit remarks – 27

** ATN vetted by Audit but copy of the finalised ATN awaited from Ministry – 32

*** Action Taken Notes not received even for the first time - 20

@ Part ATN received – 1

ANNEXURE-IB

(Referred to in paragraph No 1.8)

Ministry of Defence - Ordnance Factory Board

Action Taken Notes which have not been received even for the first time

Sl. No.	Report No. & Year	Para No.	Subject
1	No. PA 4 of 2008 (Performance Audit)	Chapter-IV	Manufacture and issue of 23mm and 30mm ammunition in ordnance factories
2	No. CA 17 of 2008-09	1.7	Response of the Ministry/ Department to Draft Audit paragraphs
3		1.8	Action Taken on earlier Audit Reports
4		7.1	Performance of Ordnance Factory Organisation
5		7.2	Extra expenditure due to delay in finalization of offer
6		7.3	Injudicious manufacture of an instrument
7		7.4	Failure to exercise option clause
8		7.5	Irregularities in procurement of aluminium plates
9		7.6	Avoidable import of components
10		7.7	Non incorporation of risk purchase clause leading to extra expenditure
11		7.8	Suspected fraud in reimbursement of Customs duty to a supplier
12		7.10	Non/under recovery of fixed electricity charges.

ANNEXURE-IC

(Referred to in paragraph No 1.8)

Ministry of Defence - Ordnance Factory Board

Action Taken Notes on which Audit has given comments/observations but revised ATNs were awaited from the Ministry/Department

Sl No.	Report No. & Year	Para No.	Subject	Remarks (Date of Return)
1	6 of 2004	7.11	Non recovery of inspection charges	13 June 2005
2		7.3	Functioning of CNC machines in ordnance factories	20 November 2009
3	4 of 2006	7.6	Rejection of imported propellant powder	27 November 2009
4	No. 4 of 2007	7.1	Performance of Ordnance Factory Organization	23 September 2008
5	No. 19 of 2007	Entire	Performance Audit review on Procurement of stores and machinery in Ordnance Factories	1 May 2009
6	No. CA 4 of 2008	6.2	Non utilization of costly X-ray machine	10 December 2009
7		6.3	Abnormal delay in execution of Ordnance Factory Project Nalanda	17 December 2009
8		6.6	Loss due to irregular risk purchase	27 January 2010
9		6.9	Questionable utilization of deficient items	26 November 2009
10		6.12	Recoveries at the instance of audit	9 February 2009
11		6.14	Response of the Ministry/Department to draft audit paragraph	22 June 2009

ANNEXURE-II*(Referred to in Paragraph 3.6)***Recoveries at the instance of Audit**

Sl. No.	Unit/Formation	Nature of overpayment/ non-recovery	Amount (Rs in lakh)
1	DRDO, New Delhi	Non-Adjustment /remittance of the interest earned by a society	993.00
2	RCI Hyderabad	Recovery of cost of Servo valves	227.36
3	46 BRTF	Non levy of departmental charges	150.00
4	GE Lalgah Jattan	Recovery of excess consumption of electricity, fixed charges from JCOs/ORs, recovery of water and electricity charges	72.60
5	(i) (a)GE Pithoragarh (b) 510 ABW Meerut (c) GE (STM) Pallavaram (ii) GE Sevoke Road PO Salugara Distt. Jalpaiguri (WB) (iii)GE Panagarh (iv)GE Bhuj (v) HQ MG&GA Mumbai/ RCI Hyderabad/ Programme AD Hyderabad/ JCDA (R&D) Pashan (vi) PAO (ORs) MLI Belgaum	Non-Recovery of rent, electric and water charges in respect of Defence buildings handed over to GREF and Punjab National Bank Non- recovery of LF from Nursery school at OTA Chennai Non-Recovery of electricity charges Non-Recovery of Water charges from JCOs/ORs Non-Recovery of rent, electric and water charges Non-Recovery of licence fee/ non-availing of 5% discount offered by Supplier/Non-Recovery of Income Tax Non-Recovery of Pay and allowances of JCO attached with AWHO	3.30 6.96 9.18 12.01 5.35 2.50 39.30
6	FOL Depot ASC Bathinda Cantt/Supply Depot ASC Ferozepur Cantt	Excess payment of VAT to IOC	3.70 3.70
		Total	1485.96

ANNEXURE-III

(Referred to in paragraph No 3.6)

Savings at the instance of Audit

Sl. No.	Unit/formation	Nature of irregularity	Remedial measure taken by auditee	Amount involved (Rs in lakh)
1.	16 Corps	Unauthorised sanction of shopping complex (Rs 49.06 lakh revised to Rs 83.17 lakh)	Cancellation of revised Admin Approval	83.17
2.	HQ Andhra Sub Area Secunderabad	Special repairs to Building No18 of AOC Centre	Cancellation of Administrative Approval	64.01
3.	HQ 16 Corps C/o 56 APO	Provision of 8 X Single Officer accommodation for minor units at Nagrota.	Cancellation of Admin Approval	48.27
4.	CCE (R&D) Secunderabad	Addition/alteration to management block at ASL.	Cancellation of Admin Approval	23.86
5.	15 Inf. Div	Sanction of eight shops at shopping complex over and above the authorisation	Cancellation of Administrative Approval	14.90
6.	HQ 2 Mountain Division C/o 99 APO	Provision of walking plaza	Cancellation of sanction	14.90
7.	HQ 9 Corps	Sanctioning of landscaping and arboriculture work as a separate project instead of a part project	Cancellation of Administrative Approval	14.87
8.	HQ 9 Corps	Sanctioning of landscaping and arboriculture work as a separate project instead of a part project	Cancellation of Administrative Approval	14.49
9.	HQ MSA Mumbai	Special Repair to Mahindra Gate at COD Kandivili, Mumbai	Cancellation of Admin Approval	13.00
10.	26 Infantry Division	Sanction of unauthorised items	Cancellation of Admin Approval	9.88
11.	19 Infantry Division C/o 56 APO	Sanction of unauthorised items	Cancellation of Admin Approval	7.46
12.	Station HQ Chandimandir	Unauthorised provision of training sheds for an Infantry Unit	Cancellation of Administrative Approval	3.76

Sl. No.	Unit/formation	Nature of irregularity	Remedial measure taken by auditee	Amount involved (Rs in lakh)
13.	CEPZ Pune	Erroneous inclusion of establishment charges	Issue of re-revised Admin Approval	2.98
14.	HQ Jodhpur Sub Area	Irregular sanction of shed for specialist vehicles for ILP Unit	Cancellation of Administrative Approval	1.98
15.	Adhoc Station HQ Mount Abu	Unauthorised provision of children park for JCOs/ORs married accommodation	Cancellation of Administrative Approval	1.97
16.	HQ ASA Secunderabad	Improvement of wall finishing and provisioning of vitrified tiles in flooring of College House Meadows Lines	Cancellation of Admin Approval	1.86
17.	HQ 11 Corps	Irregular sanction of AC for 11 Corps Library	Cancellation of Administrative Approval	1.54
18.	Station HQ Alwar	Unauthorised provision of glazed tiles in single JCO's accommodation	Cancellation of Administrative Approval	1.20
			Total	324.10

ANNEXURE-IV

(Referred to in paragraph No 7.1.6)

Overhead Charges

(Rupees in crore)

Division	Year	Fixed overhead Charges	Variable overhead Charges	Total overhead Charges (3+4)	Cost of Production	Percentage of overhead to Cost of Production	Average Percentage of overhead to Cost of Production
1	2	3	4	5	6	7	8
Materials and Components	2004-05	276.49	244.60	521.09	1100.66	47.34	44.69
	2005-06	288.67	238.20	526.87	1148.08	45.89	
	2006-07	321.86	226.91	548.77	1191.23	46.07	
	2007-08	337.07	251.54	588.61	1417.35	41.53	
	2008-09	403.98	301.82	705.80	1656.29	42.61	
Weapons, Vehicles and Equipment	2004-05	465.81	292.20	758.01	2232.62	33.95	35.03
	2005-06	540.49	308.58	849.07	2588.77	32.80	
	2006-07	506.76	264.21	770.97	2027.79	38.02	
	2007-08	544.71	287.29	832.00	2512.26	33.12	
	2008-09	636.85	238.87	875.72	2350.08	37.26	
Ammunition and Explosives	2004-05	358.50	208.05	566.55	2483.93	22.81	22.24
	2005-06	376.95	210.29	587.24	2611.83	22.48	
	2006-07	396.81	181.58	578.39	2736.10	21.14	
	2007-08	415.16	216.80	631.96	3149.68	20.06	
	2008-09	547.70	393.89	941.59	3807.14	24.73	
Armoured Vehicles	2004-05	228.42	106.88	335.30	1844.57	18.18	21.89
	2005-06	247.35	122.81	370.16	1830.41	20.22	
	2006-07	271.88	100.36	372.24	1422.57	26.17	
	2007-08	265.39	149.08	414.47	1682.75	24.63	
	2008-09	299.13	133.24	432.37	2137.34	20.23	
Ordnance Equipment Factories	2004-05	108.08	66.66	174.74	669.96	26.08	30.04
	2005-06	118.11	61.84	179.95	632.50	28.45	
	2006-07	117.21	54.31	171.52	579.84	29.58	
	2007-08	122.79	53.54	176.33	550.57	32.03	
	2008-09	162.31	62.32	224.63	659.55	34.06	
Grand total- Ordnance Factories as a whole	2004-05	1437.30	918.39	2355.69	8331.74	28.27	29.17
	2005-06	1571.57	941.72	2513.29	8811.59	28.52	
	2006-07	1614.52	827.38	2441.90	7957.53	30.69	
	2007-08	1685.12	958.25	2643.37	9312.61	28.38	
	2008-09	2049.97	1130.14	3180.11	10610.40	29.97	

NOTE : The figures incorporated in this paragraph are mainly based on the figures of the Consolidated Annual Accounts of Ordnance and Ordnance Equipment Factories in India finalised by Principal Controller of Accounts (Fys.), Kolkata for the year 2008-09, documents maintained by and information supplied by Principal Controller of Accounts (Fys.), Kolkata as well as Ordnance Factory Board, Kolkata.