

Annexure-I
(Referred to in Paragraph 2.1 and 4.1)

**Action taken by the Ministry/OFB on earlier audit comments/
recommendations**

Issues commented in earlier Report	Paragraph /Report No.	Action taken on the earlier audit comments / recommendations
Over-provisioning of stores	Para 3.2 of Report No.19 of 2007	The following corrective actions have been taken by OFB: (a) Directives given to all the factories for strict adherence of the existing guideline for procurement of stores vide OFB Circular No. 14/4/OPP/MM(P&C) dt. 4-1-2007. (b) New Material Procurement Manual has been issued. (c) If dispensation is required, factory should take OFB's approval as a special case.
Cartelisation of vendors	Para 4.2.2 of Report No.19 of 2007	To eliminate cartel formation, detailed guidelines were formulated in consultation with Central Vigilance Commission by a Special Committee and those conditions were circulated to all factories in July 2007. The tender conditions were, accordingly, modified by incorporating such clauses so that firms are well informed and desist from forming cartel while quoting.
Spill-over of production	Para 8.2.6 of Report No.6 of 2005	All out efforts are being made to match the actual issues from the reported issue figure and accordingly OEF Hqrs has made the action plan to liquidate all the spill-over items of previous years in a time bound manner.
Avoidable overtime payment	Para 8.2.5 of Report No.6 of 2005	The necessity for working beyond normal working hours (OT) arises due to less input man-hour (normally available) than the output man-hour required for meeting the production target given by the indentors.
Wide variation in the cost of production of common items in different factories	Para 8.2.6 of Report No.6 of 2005	The main reason for variation in cost of common items produced by more than one factory was outsourcing by one of the factories. For better cost control, separate estimate for in-house manufacture and fabrication through trade have been made for common items. From time to time, instruction has also been issued to the factories to ensure that material and labour estimates for common items are pegged at minimum.
Underutilisation of machine hours	Para 8.2.5 of Report No.6 of 2005	OFB issued directives to the factories in March 2008 for calculation of capacity utilisation of machines engaged in production shops on the basis of working in two shifts daily.
Fixation of annual production target	Para 3.7.1 of PA Report No. 4 of 2008	OFB regularly reviews the production target vis-a-vis existing capacity of the factories before target fixation meeting and also periodically interacts with the end users with a view to improving capacity utilisation to the maximum extent.

Annexure-II
(Referred to in Paragraph 5.2)
Item-wise target, production, issue and shortfall during 2008-12

Sl. No.	Name of Item	Target	Production	Issue	Shortfall	Percentage of shortfall	Issue Price (₹)	Value of shortfall (₹ in crore)
		(In number)						
2008-09								
1	Socks Woollen OG	500000	460000	460000	40000	8	43	0.17
2	Trouser Combat Disrupt.	300000	203500	203500	96500	32	904	8.72
3	Trouser Combat ICK	200000	200000	200000	0	0		0
4	Jacket Combat Disrupt	300000	203500	203500	96500	32	837	8.08
5	Jacket Combat ICK	100000	100000	100000	0	0		0
6	Combination Harness	3100	1500	1500	1600	52	1480	0.24
7	Splint Inflatable	577	577	577	0	0		0
8	Tent 2M	10000	10000	10000	0	0		0
9	ECAD Parachute SD 8.5	25000	16921	16921	8079	32	6710	5.42
10	PTA(M)	2100	0	0	2100	100	61060	12.82
11	Mattress Kapok	100000	72693	32135	67865	68	700	4.75
12	Gloves Leather White Line	200000	75000	59493	140507	70	627	8.81
13	Boot High Ankle DVS	500000	400000	143304	356696	71	1395	49.76
14	Heater Space Oil Burning	22000	15000	13698	8302	38	5200	4.32
15	Ground Sheet TPO-OG	86000	35000	8698	77302	90	620	4.79
16	Chagul Universal	200000	200000	188049	11951	6	203	0.24
17	Tent Arctic Medium	3500	3000	2022	1478	42	35470	5.24
18	Cover Water Proof 9.1X 9.1 M	7500	2000	2000	5500	73	12670	6.97
19	Cover Water Proof 5.5X 4.5 M	3300	0	0	3300	100	3442	1.14
20	Cover Water Proof 2.4X 1.8 M	300	0	0	300	100	932	0.03
21	Cover Water Proof 1.7X 1.2 M	1100	0	0	1100	100	447	0.05
22	Cover Water Proof 3.7X 3.0 M	850	0	0	850	100	1761	0.15
23	Bucket Water Canvas without lid	100000	100426	85996	14004	14	194	0.27
24	Bag Kit Universal OG	10000	10000	10000	0	0		0
25	Hat FS Disr. ICK	10000	10000	10000	0	0		0
26	Shell outer Parka	25000	25000	25000	0	0		0
27	Coat Combat ICK	10000	0	0	10000	100	1410	1.41
28	Shirt Angola Drab	200000	200040	200000	0	0		0
29	Trouser Serge BD	450000	440680	440680	9320	2	984	0.92
30	Coat ECC	40000	24498	24498	15502	39	7300	11.32
31	Jersey V neck Woollen OG	150000	150000	150000	0	0		0
32	Durry	205994	125000	125000	80994	39	369	2.99
33	Vest Men FS OG	50000	0	0	50000	100	204	1.02
34	Cap Glacier	20000	15185	15000	5000	25	300	0.15
35	Blanket Barrack	196160	110061	110060	86100	44	548	4.72

Sl. No.	Name of Item	Target	Production	Issue	Shortfall	Percentage of shortfall	Issue Price (₹)	Value of shortfall (₹ in crore)
		(In number)						
36	Tent 4M	20000	24880	21481	0	0		0
37	Gaiter Glacier	20000	20000	20000	0	0		0
38	Jacket Wind cheater	10000	10000	10000	0	0		0
39	Trouser Wind cheater	10000	10000	10000	0	0		0
40	Bag Sleeping	50000	45364	45309	4691	9	2370	1.11
41	Poncho Glacier	23900	23900	23900	0	0		0
42	Bag Waterproof	20000	20000	20000	0	0		0
43	Socks Woollen Khaki	400000	260000	260000	140000	35	69	0.97
44	Fly Outer 4M	6290	6360	3635	2655	42	9500	2.52
45	End Curtain	15130	15130	8640	6490	43	5500	3.57
46	Overall Mazri	5000	750	750	4250	85	603	0.26
47	Shirt PW PC Khaki	25000	25000	25000	0	0		0
48	Trouser PC PW Khaki	10000	10000	10000	0	0		0
49	Boot Paratrooper	12556	0	0	12556	100	900	1.13
50	Net Mosquito	205000	196000	184093	20907	10	560	1.17
51	HAP(M)	50	0	0	50	100	65690	0.33
52	Tank Canvas Water 230 ltr Body	4000	4000	4000	0	0		0
Total								155.56
2009-10								
1	Socks Woollen OG	800000	500000	500000	300000	38	130	3.90
2	Trouser Combat Disrupt.	300000	376500	376500	0	0		0
3	Trouser Combat ICK	200000	2620	2620	197380	99	820	16.19
4	Jacket Combat Disrupt	300000	376500	376500	0	0		0
5	Jacket Combat ICK	200000	1200	1200	198800	99	915	18.19
6	Combination Harness	3000	3000	3000	0	0		0
7	Splint Inflatable	600	600	600	0	0		0
8	Tent 2M	14112	13112	13112	1000	7	31900	3.19
9	ECAD Parachute SD 8.5	50000	4816	4816	45184	90	7880	35.60
10	PTA(M)	2100	1075	1075	1025	49	72000	7.38
11	Mattress Kapok	125600	85062	85062	40538	32	800	3.24
12	Set Harness web type SDM	50000	47000	47000	3000	6	284	0.09
13	Set Harness web type Strape 4.12	50000	42000	42000	8000	16	120	0.10
14	Boot High Ankle DVS	487444	32500	32500	454944	93	1550	70.52
15	Ground Sheet TPO-OG	48547	95107	95107	0	0		0
16	Chagul Universal	100000	100000	100000	0	0		0
17	Tent Arctic Medium	1000	1500	1500	0	0		0
18	Cover Water Proof 9.1X 9.1 M	5000	700	700	4300	86	12670	5.45
19	Cover Water Proof 5.5X 4.5 M	3300	0	0	3300	100	4200	1.39
20	Cover Water Proof 2.4X 1.8 M	400	0	0	400	100	1310	0.05
21	Cover Water Proof 3.7X 3.0 M	400	0	0	400	100	2890	0.12

Performance of Ordnance Equipment Group of Factories

Sl. No.	Name of Item	Target	Production	Issue	Shortfall	Percentage of shortfall	Issue Price (₹)	Value of shortfall (₹ in crore)
		(In number)						
22	Tank fab. Collap. 6140 lt.	250	250	250	0	0		0
23	Bucket Water Canvas without lid	24000	4000	4000	20000	83	300	0.60
24	Bag Kit Universal OG	50000	35080	35080	14920	30	185	0.28
25	Cap/Hat FS Disr. ICK	170000	0	0	170000	100	220	3.74
26	Coat Combat ICK	75000	0	0	75000	100	1660	12.45
27	Shirt Angola Drab	200000	150000	150000	50000	25	665	3.33
28	Trouser Serge BD	50000	10000	10000	40000	80	1120	4.48
29	Coat ECC	69000	236	236	68764	99.65	8000	55.01
30	Jersey V neck Woollen OG	250000	21100	21100	228900	92	570	13.05
31	Durry	100000	0	0	100000	100	435	4.35
32	Vest Men FS OG	50000	11550	11550	38450	77	240	0.92
33	Cap Glacier	15000	6298	6298	8702	58	350	0.30
34	Blanket Barrack	326160	180000	180000	146160	45	750	10.96
35	Tent 4M	18889	14789	14789	4100	22	42500	17.43
36	Gaiter Glacier	10000	10000	10000	0	0		0
37	Jacket Wind cheater	5000	5000	5000	0	0		0
38	Trouser Wind cheater	5000	5000	5000	0	0		0
39	Bag Sleeping	50000	50000	50000	0	0		0
40	Poncho Glacier	10000	2000	2000	8000	80	1800	1.44
41	Bag Waterproof	10000	10000	10000	0	0		0
42	Socks Woollen Khaki	400000	440000	440000	0	0		0
43	Fly Outer 4M	34689	818	818	33871	98	10500	35.56
44	End Curtain	41568	0	0	41568	100	6200	25.77
45	Liner Inner 4M	18624	12744	12744	5880	32	5375	3.16
46	Lt.Wt.Belt waist	100000	100000	100000	0	0		0
47	Net Mosquito	205000	30000	30000	175000	85	560	9.80
48	Boot Paratrooper	12556	9010	9010	3546	28	900	0.32
49	Shirt PW PV DD OG	400000	110000	110000	290000	73	510	14.79
50	Trouser PW PV DD OG	1750000	643750	643750	1106250	63	580	64.16
51	PTA(R)	565	415	415	150	27	38500	0.58
52	HAP (M)	50	48	48	2	4	65690	0.01
Total								447.90
2010-11								
1	Socks Woollen OG	1000000	1000000	1000000	0	0		0
2	Trouser Combat ICK	500000	467500	467500	32500	7	1370	4.45
3	Jacket Combat ICK	500000	468000	468000	32000	6	1150	3.68
4	Combination Harness	5000	0	0	5000	100	1600	0.80
5	Splint Inflatable	904	904	904	0	0		0
6	Tent 2M	4700	1000	1000	37000	79	33500	12.40
7	ECAD Parachute SD 8.5	65000	23800	23800	41200	63	8300	34.20
8	PTA(M)	500	514	514	0	0		0

Sl. No.	Name of Item	Target	Production	Issue	Shortfall	Percentage of shortfall	Issue Price (₹)	Value of shortfall (₹ in crore)
		(In number)						
9	PTA(R)	150	100	100	50	33	44200	0.22
10	Mattress Kapok	70000	0	0	70000	100	976	6.83
11	Boot High Ankle DVS	300000	200292	200292	99708	33	2015	20.09
12	Set Harness web type SDM	50000	27000	27000	23000	46	373	0.86
13	Set Harness web type strape 4.12M	40000	25000	25000	15000	38	155	0.23
14	Tent Arctic Large	80	47	47	33	41	176700	0.58
15	Tent Arctic Medium	1500	1500	1500	0	0		0
16	Cover Water Proof 9.1X 9.1 M	6473	5450	5450	1023	16	15300	1.57
17	Cover Water Proof 5.5X 4.5 M	2700	2700	2700	0	0		0
18	Cover Water Proof 2.4X 1.8 M	1150	0	0	1150	100	1310	0.15
19	Cover Water Proof 1.7X 1.2 M	3810	0	0	3810	100	593	0.23
20	Cover Water Proof 3.7X 3.0 M	731	731	731	0	0		0
21	Cover Water Proof 7.3X 5.5 M	3100	0	0	3100	100	7500	2.33
22	Bucket Water Canvas without lid	50000	0	0	50000	100	300	1.50
23	Bag Kit Universal OG	300000	265567	265567	34433	11	200	0.69
24	Cap/Hat FS Disr. ICK	100000	10000	10000	90000	90	310	2.79
25	Coat Combat ICK	50000	2000	2000	48000	96	4100	19.68
26	Shirt Angola Drab	160000	152886	152821	7179	4	730	0.52
27	Trouser Serge BD	100000	75587	75000	25000	25	1180	2.95
28	Coat ECC	50000	25539	25000	25000	50	8400	21.00
29	Jersey V neck Woollen OG	200000	205000	205000	0	0		0
30	Durry	50000	10443	10443	39557	79	780	3.09
31	Vest Men FS OG	200000	125000	125000	75000	38	270	2.03
32	Cap Glacier	30000	1087	1050	28950	97	403	1.17
33	Blanket Barrack	350000	260397	260000	90000	26	865	7.79
34	Tent 4M	18800	18800	18800	0	0		0
35	Gaiter Glacier	27220	27220	27220	0	0		0
36	Jacket Wind cheater	27000	600	600	26400	98	1270	3.35
37	Trouser Wind cheater	29000	600	600	28400	98	830	2.36
38	Bag Sleeping	100000	105000	105000	0	0		0
39	Poncho Glacier	27000	19000	19000	8000	30	1800	1.44
40	Bag Waterproof	5000	5000	5000	0	0		0
41	Socks Woollen Khaki	250000	120000	120000	130000	52	124	1.61
42	Fly Outer 4M	18000	10623	10623	7377	41	11000	8.11
43	End Curtain	20000	10016	10016	9984	50	6470	6.46
44	Pouch Ammn. ICK	30000	30000	30000	0	0		0
45	Shirt PW PV DD OG	500000	470003	470000	30000	6	608	1.82
46	Trouser PW PV DD OG	1300000	1350503	1350030	0	0		0

Performance of Ordnance Equipment Group of Factories

Sl. No.	Name of Item	Target	Production	Issue	Shortfall	Percentage of shortfall	Issue Price (₹)	Value of shortfall (₹ in crore)
		(In number)						
47	Net Mosquito	205000	99300	99300	105700	52	560	5.92
48	Tank fab. Collap. 6140 lt.	300	300	300	0	0		0
49	Liner Inner 2M	900	900	900	0	0		0
50	Liner Inner 4M	6400	5485	5485	915	14	5630	0.52
51	Fly Outer 2M	1540	1540	1540	0	0		0
52	Tank Canvas 230 ltr. Body	2500	2500	2500	0	0		0
						Total		183.42
2011-12								
1	Socks Woollen OG	1200000	1200000	1200000	0	0	137	0
2	Trouser Combat ICK	550000	538500	535400	14600	3	1493	2.18
3	Jacket Combat ICK	550000	538500	535400	14600	3	1254	1.83
4	Combination Harness	8000	2556	2556	5444	68	1600	0.87
5	Splint Inflatable	400	350	350	50	13	3100	0.02
6	Tent 2M	8300	2550	2550	5750	69	35845	20.61
7	ECAD Parachute SD 8.5	30000	28400	28254	1746	6	9047	1.58
8	PTA(M)	645	450	450	195	30	84334	1.64
9	PTA(R)	1000	386	386	614	61	48241	2.96
10	Mattress Kapok	100000	56000	56000	44000	44	1064	4.68
11	Boot High Ankle DVS	400000	217078	217078	182922	46	2200	40.24
12	Set Harness web type SDM	40000	35000	35000	5000	13	407	0.20
13	Set Harness web type strape 4.12M	50000	40000	40000	10000	20	166	0.17
14	Tent Arctic Large	130	130	130	0	0		0
15	Tent Arctic Medium	2000	2000	2000	0	0		0
16	Bag carrying rescue	3500	0	0	3500	100	7358	2.58
17	Cover Water Proof 9.1X9.1 M	14000	1950	1950	12050	86	20543	24.75
18	Cover Water Proof 5.5X4.5 M	4000	0	0	4000	100	4548	1.82
19	Chagul Universal	50000	50000	50000	0	0		0
20	Overall Winter	927	0	0	927	100	4120	0.38
21	Cover Water Proof 7.3X5.5 M	2200	0	0	2200	100	8250	1.82
22	Bucket Water Canvas without lid	100000	100000	100000	0	0		0
23	Bag Kit Universal OG	180000	214433	214433	0	0		0
24	Cap/Hat FS Disr. ICK	350000	50480	50480	299520	86	326	9.76
25	Coat Combat ICK	115000	93183	93183	21817	19	4305	9.39
26	Shirt Angola Drab	350000	315170	315170	34830	10	796	2.77
27	Trouser Serge BD	400000	145305	145305	254695	64	1270	32.35
28	Coat ECC	80000	27000	27000	53000	66	8500	45.05
29	Jersey V neck Woollen OG	250000	201507	201507	48493	19	1200	5.82
30	Durry	50000	0	0	50000	100		0
31	Vest Men FS OG	250000	140432	140432	109568	44	294	3.22
32	Cap Glacier	57000	21628	21628	35372	62	431	1.52

Sl. No.	Name of Item	Target	Production	Issue	Shortfall	Percentage of shortfall	Issue Price (₹)	Value of shortfall (₹ in crore)
		(In number)						
33	Blanket Barrack	300000	256348	256348	43652	15	943	4.12
34	Tent 4M	17100	2971	2971	14129	83	50290	71.05
35	Gaiter Glacier	100000	95000	95000	5000	5	551	0.28
36	Jacket Wind cheater	54000	18200	18200	35800	66	1334	4.78
37	Trouser Wind cheater	49000	18400	18400	30600	62	872	2.67
38	Bag Sleeping	140000	121000	121000	19000	14	3771	7.16
39	Poncho Glacier	35000	23000	23000	12000	34	1890	2.27
40	Bag Waterproof	27000	10172	10172	16828	62	257	0.43
41	Socks Woollen Khaki	450000	450000	450000	0	0		0
42	Fly Outer 4M	9000	20298	20125	0	0		0
43	End Curtain	34700	2050	2050	32650	94	7684	25.09
44	Pouch Ammn. ICK	40000	42000	42000	0	0		0
45	Shirt PW PV DD OG	500000	457534	457534	42466	8	663	2.82
46	Trouser PW PV DD OG	500000	474474	474474	25526	5	774	1.98
47	Net Mosquito	390000	162669	162669	227331	58	610	13.86
48	Tank fab. Collap. 6140 lt. body	700	390	390	310	44	23160	0.72
49	Liner Inner 2M	1550	1550	1550	0	0		0
50	Liner Inner 4M	8200	2365	2255	5945	73	6200	3.69
51	Fly Outer 2M	2000	3625	3625	0	0		0
52	Tank Canvas 230 ltr. Body	7000	4500	4500	2500	36	4465	1.12
						Total		360.25
						Grand Total		1147.13

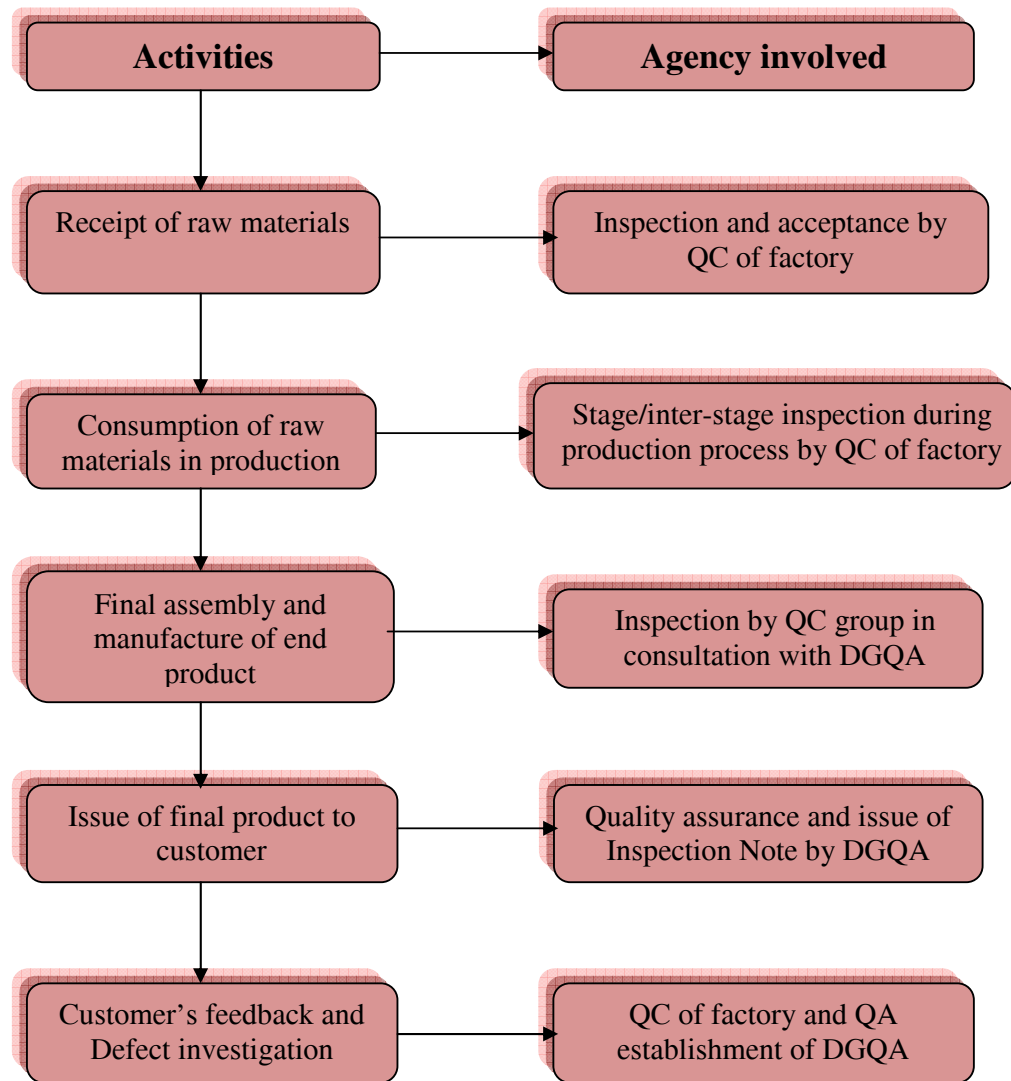
Source : (i) Minutes of final target fixation meeting between OEF Group HQ Kanpur and DGOS New Delhi.

(ii) Monthly Achievement Reports of Principal items (Army) for March 2009, 2010, 2011 and 2012 prepared by OEF Group HQ Kanpur.

Remarks: Target was fixed by OEF Group HQ, Kanpur in respect of items at sl.no. 44 to 49 for 2008-09 and at sl.no. 8 and 35 for 2009-10 for which no target was given by DGOS in the target fixation meeting.

Annexure – III
(Referred to in Paragraph 7.1)

Flow chart of activities relating to Quality Management in ordnance factories



NOTE

QC – Quality Control

QA – Quality Assurance

Annexure-IV
(Referred to in Paragraph 7.6)

Details of consignee-end rejections

Brief of the cases	Audit comments
OPF	
<p>After development of CFF parachute by ADRDE in 2006, Army placed (October 2008) an order for 700 parachutes on OFB. 40 CFF systems were to be produced for validation by April 2009 before according bulk production clearance (BPC). However, OPF despatched 42 parachutes valuing ₹4.10 crore to Army Aviation Training School Agra (AATS) in February-March 2010. The parachutes were also checked and cleared in inspection by DGQA and ADRDE before issue to the user for validation trials. However, Director General Infantry pointed out in July 2010 that the parachutes had numerous life threatening defects like tearing of canopies, material cracks in connector links, explosion of oxygen bottle, etc. and requested OFB to take action against the vendors / individuals involved in manufacturing the defective components of the parachutes as the issue was related to the operational preparedness of strategic elements of the Army.</p> <p>The Ministry stated (May 2012) that the initial development problems had been sorted out and bulk production clearance given.</p>	<p>The life threatening defects observed by the users indicated inefficient and ineffective quality control by the factory as well as failure in quality assurance inspection by SQAE(GS). Besides, delayed production and users' trials had adversely affected the operational preparedness of the Army.</p>
<p>OPF Kanpur dispatched 25 sets of CFF Parachutes to Army Airborne Training School (AATS) Agra in December 2008 against Army's order of August 2007 for gift-issue to Mongolia. AATS intimated (March 2009) OPF that 25 sets were inspected by ADRDE and failed in their fitness/worthiness test. Hence, the parachutes were back-loaded to OPF Kanpur for rectification and after rectification; the same were again dispatched to AATS, Agra in January 2010. Army further requested OPF in January 2011 to forward the necessary certificate specifying the parachutes were fit to be used for combat free-fall in all respects. OPF Management, however, responded that the parachutes had been inspected by SQAQ, SQAE (GS) and the inspection notes were issued by them.</p> <p>The factory management stated in February 2011 that the system was fit in all respect as per specification.</p>	<p>Due to non-submission of necessary certificate by OPF, 25 sets CFF parachute (₹1.94 crore) were yet to be issued to Mongolia as of July 2012.</p>
OEFH	
<p>COD Kanpur raised a Defect Report in September 2008 in respect of Tent 4M, manufactured by OEF, Hazratpur in 2008-09. The physical examination and tests of the textile components by CQA (T&C) revealed (December 2008) that the variation in respect of dimensions, workmanship and finish, water-proofing and chlorite test were significant which might affect the serviceability and durability of the textile components of the tents during end use. Further, CQA (GS), Kanpur after testing of the defective samples of the metal components observed (January 2009) that the samples did not meet the specification requirement. Hence, CQA (T&C), in January 2009, recommended for replacement of the defective tents. Accordingly, COD Kanpur requested the factory in April 2009 to replace 500 defective tents valuing ₹1.86 crore which were declared unserviceable by CQA (T&C). However, OEFH replaced only the textile components in November 2009 followed by issue of the tents to the units by COD Kanpur. Thus, issue of the substandard tents without replacing defective metal components indicates poor quality control of the factory apart from compromising quality on the part of COD Kanpur.</p> <p>The Ministry stated (May 2012) that textile portions were replaced but metal components were not found unserviceable and by and large, acceptable to COD Kanpur.</p>	<p>The reply is not tenable as non-replacement of metal components by OEFH despite being declared defective by CQA(GS) Kanpur and subsequent acceptance of such tents only confirmed that the quality was compromised by both OEFH and COD Kanpur.</p>

Brief of the cases	Audit comments
<p style="text-align: center;">OEFC</p> <p>OEFC issued 74 Tents 4M to COD Kanpur during March 2008. During surveillance/ audit check of sample stores by CQA (T&C), the sample lot was recommended (May 2008) for rejection due to non-conformance to the specifications related to BWR²⁰ and Cone test. CQA (T&C) further requested (June 2008) COD Kanpur to freeze the consignment worth ₹27.59 lakh and not to issue the same to the users. The factory admitted in March 2009 that there was major deviation implying poor quality of base fabric resulting in leakage of water, waiting of inner surface of the tents and cracking/leakage of the fabric at the folds. The Ministry stated in May 2012 that the tents were accepted by COD Kanpur and no loss occurred.</p>	<p>The reply is not acceptable because COD issued the defective tents to the indenting units in violation of CQA (T&C)'s instruction to freeze the consignment.</p>
<p style="text-align: center;">OCFS</p> <p>OCFS manufactured blanket for issue to Army based on the specifications by CQA(T&C) which was subjected to change from time to time. During October 2008 it was revealed that OCFS was holding 40,000 defective blankets (manufactured during 2005-09) valuing ₹2.35 crore. Subsequently, 1872 blankets were issued to various factories for their use. Hence, 38,128 blankets worth ₹2.24 crore were still awaiting disposal by the factory. The Ministry stated in May 2012 that accumulation of rejected blankets was due to frequent changes of the acceptable limits of texture of yarn without changing the acceptable norms of ready blanket. It added that the UAR of 1 <i>per cent</i> provided in the estimate had not been changed to 5 <i>per cent</i> as demanded by the production shop.</p>	<p>The contention is not tenable as the factory supplied 10,28,840 blankets during 2005-08. Of which, only 40,000 (3.89 <i>per cent</i>) were rejected due to variation in weight. This indicates that the problem was not in the specification but in defective production and poor quality control which cannot be resolved by increasing the UAR percentage. The reply is silent about the corrective measures to improve the production efficiency and quality control mechanism.</p>
Common item in OPF, OCFS and OEFH	
<p>Against 6.20 lakh Coat Combat ICK received by the Army, 1.85 lakh Coats were rejected till March 2007 due to tight upper arm (when closed) and overextending sleeves when worn with the inner and lying as defective stock in different Command Offices of Army and Depots. OEF HQ intimated DGOS (June 2008) that bulk repairing was not possible by them and requested for placing repairing order if at all any repair was to be done. However, shelf/piece life of major portion of Coat ICK had already expired. Subsequently, 14,909 Coats were declared 'repaired' and 'under repair' by COD Kanpur as of March 2011. Neither any indent nor any communication for repair of balance quantity of 1.70 lakh rejected coats valuing ₹22.48 crore was received from DGOS/COD Kanpur so far and consequently they were still lying with the Army as of July 2012.</p>	<p>Failure in quality control and quality assurance led to rejection of the coats at users' end. Further, lack of proactive action of the factories for repair of the rejected coats resulted in expiry of its shelf life.</p>

²⁰ Burdman's Water Repellency Test

Annexure-V
(Referred to in Paragraph 7.7)

Factory-wise customers' complaints

Factory	Items rejected (Consignee)	Nature of main defects (Period)	Remarks
OEFC	Boot High ankle (Army)	Less hardness and less percentage of polymer content in sole. (September 2009)	Fresh stores issued
	Bag Kit Universal (Air Force)	Different shades of cloth, cut-marks, improper stitch, formation of fungus. (May 2008 to September 2009)	Fresh items issued/to be issued
	Shoe Black Leather DMS(Air Force)	Infected with fungus. (November 2008 to July 2009)	Fresh stores issued
	Ballistic Tail Unit (Air Force)	Corrosion dents and cracks on tail unit. (August 2009)	Rectification to be done
	Belt Waist White Web (Air Force)	Weaving defects, short in length, improper nickel coating. (June and August 2009)	Replacement to be made
	Boot Ankle DMS (Air Force)	Defective (1430 no.) (2011-12)	Defective stores rectified and complaint settled
OPF	Shirt PV LB HS & PC HS (Air Force)	Stain mark, weaving defects, improper alignment/different size of pockets, shade variation (January 2009 to September 2010)	Replacement made
	Trouser PV BG/PC BG (Air Force)	Moisture content, formation of fungus (September 2009 to October 2010)	Replacement made
	Socks woollen black (Air Force)	Shade variation (850 pairs) (2011-12)	Replacement made
OCFS	Blanket Blue (Air Force)	Stain mark, weaving defects, wool not spread equally (January to March 2010)	Partly replaced
		Weight difference (637 No.) (2011-12)	Board of Enquiry constituted
	Blanket Barrack (Army)	Not mentioned (November 2010)	Under investigation
	Shell outer Parka (Air Force)	Poor workmanship and cloth material (October 2010)	Rectification/ replacement awaited
	Jersey men woollen (Army)	Poor workmanship and finish (September 2010)	Under investigation
	Trousers Serge PW & PW PV OG(Army)	Poor workmanship and finish (August 2010)	Rectification/ replacement awaited
	Shirt men angola Drab (Army)	Poor workmanship and finish (July 2010)	Rectification/ replacement awaited
OCFA	Trouser PV DD OG (Army)	Inferior stitching, poor finish, improper pressing (May-June 2010)	Replacement made.
	Improved combat uniform (Army)	Fading of colour, uncomfortable during summer (February 2010)	Investigation awaited
	ECAD Parachute (Army)	Wet and poor condition of stores (November 2008)	Replacement made
	Shirt Angola Drab (Army)	Wet and damaged condition. (December 2008)	Replacement made
	Trouser & Jacket combat disruptive (Army)	Quantity found deficient. (September 2010)	Result of enquiry awaited

Factory	Items rejected (Consignee)	Nature of main defects (Period)	Remarks
OEFG	Main Suspension Strap	Premature failure of arrester barrier, breaking of steel wire rope inside strap (September 2009)	Complaint partly settled
	TEFS 4M and 2M	Deficiency in tentage consignment, tents received without wooden crates (November/December 2010)	Complaint not yet settled
	MENA-30/40 ft.	Packing found infected by rodent, termite and fungus (January/December 2010)	Complaint partly settled
	Jacket combat disruptive	Defective (11370 No.) (2011-12)	Complaint not yet settled
	Trouser combat disruptive	Defective (25514 No.) (2011-12)	Complaint partly settled

Annexure-VI
(Referred to in Paragraph 8.1.1)
Item-wise analysis of estimated cost, actual cost and issue price

Year	Item	Estimated cost (EC) (₹)	Actual cost (AC) (₹)	Issue price (IP) (₹)	Percentage of variation between EC and AC	Percentage of variation between EC and IP	Percentage of variation between AC and IP
Factory : OEF, Kanpur							
2008-09	Bag Sleeping	2723.06	2824.44	2370	3.72	12.97	16.09
	Boot Ankle Leather DVS	720.31	725.31	651	0.69	9.62	10.25
	Bag Carrying Rescue	6862.96	6779.27	5660	-1.22	17.53	16.51
	Screen Latrin	1341.51	1406.52	1180	4.85	12.04	16.1
	Coller Head Pass Large	1290.26	1332.06	921	3.24	28.62	30.86
	Straps Supporting Pack	36.05	34.48	24	-4.36	33.43	30.39
2009-10	Mattress Kapok	878.86	909.68	800	3.51	8.97	12.06
	Bag Sleeping Medium	3676.77	3586.92	3200	-2.44	12.97	10.79
	Boot High Ankle DVS	1935.49	1911.75	1550	-1.23	19.92	18.92
	Heater Space Oil Burning	5869.53	5866.4	5200	-0.05	11.41	11.36
	Screen Latrin MK-III	6061.26	5810.48	4900	-4.14	19.16	15.67
	Ground Sheet TPO	714.23	732.37	620	2.54	13.19	15.34
	Tank Fabricated 6140 ltr	23821.73	24048.07	18490	0.95	22.38	23.11
	Lt.Wt. Belt Waist	117.54	115.19	60	-2	48.95	47.91
	Lining Felt Brown	218.53	232.7	170	6.48	22.21	26.94
	Anklet Webbing	259.3	253.7	155	-2.16	40.22	38.9
2010-11	Bag Sleeping Medium	4251.26	4267.54	3460	0.38	18.61	18.92
	Tape Tracing	3981.94	4115.87	3700	3.36	7.08	10.1
	Bag Sleeping Large	4548.47	4311.38	3460	-5.21	23.93	19.75
	Boot High Ankle DVS	2634.38	2826.36	2015	7.29	23.51	28.71
	Mattress Kapok	1272.8	1256.47	976	-1.28	23.32	22.32
	Bag Kit Universal OG	288.65	290.32	200	0.58	30.71	31.11
	Strap Girth PGS-1	246.03	260.87	205	6.03	16.68	21.42
	Crupper PGS	795.22	784.35	666	-1.37	16.25	15.09
	Tank Canvas Water - 230 L	4440.86	4595.33	4000	3.48	9.93	12.96
	Boot Ankle DVS	1491.7	1537.28	1300	3.06	12.85	15.44
	Belt Waist Synthetic Black	321.99	348.4	250	8.2	22.36	28.24
2011-12	Bag Sleeping Large	5182.75	5247.30	3771	1.25	27.24	28.13
	Tent Arctic Medium	66972.67	63525.79	56175	-5.15	16.12	11.57
	Fly outer 4M	14062.10	13911.97	11990	-1.07	14.74	13.82
	Tank Canvas Water - 230 L	5247.00	5252.85	4465	0.11	14.90	15.00
	Screen Latrin MK-III	9221.19	9056.65	8645	-1.78	6.25	4.55
	Mattress Kapok	1438.72	1397.20	1368	-2.89	4.92	2.09
	Roll Bedding	1351.14	1280.74	1058	-5.21	21.70	17.39

Performance of Ordnance Equipment Group of Factories

Year	Item	Estimated cost (EC) (₹)	Actual cost (AC) (₹)	Issue price (IP) (₹)	Percentage of variation between EC and AC	Percentage of variation between EC and IP	Percentage of variation between AC and IP
Factory : OPF, Kanpur							
2008-09	Tent Extn. 4M	30788.24	31204.32	27080	1.35	12.04	13.22
	ECAD Parachute 8.5m	7372.84	7329.94	6710	-0.58	8.99	8.46
	Trouser Dis. Jungle	1192.88	1134.37	904	-4.9	24.22	20.31
	Jacket CD Jungle	965.86	956.98	837	-0.92	13.34	12.54
	Trouser PV OG	645.08	655.19	580	1.57	10.09	11.48
	Trouser PV BG	948.31	903.16	760	-4.76	19.86	15.85
	Coat CD	2005.06	1864.42	1410	-7.01	29.68	24.37
	Stit Shirt PV SBS	563.42	518.57	415	-7.96	26.34	19.97
	Brake Parachute SU 30	100598.48	104394.39	94650	3.77	5.91	9.33
	Brake Parachute MIG 23	29681.25	30246.61	24730	1.9	16.68	18.24
	Parachute PTA M	71211.15	74753.82	61060	4.97	14.26	18.32
	Parachute PTA R	41692.03	45269.21	32310	8.58	22.5	28.63
2009-10	Para Tactical Assault	45196.15	44965.51	38500	-0.51	14.82	14.38
	Trouser PV BG	1073.63	1006.35	905	-6.27	15.71	10.07
	Stit Shirt PV SBS	640.31	589.62	500	-7.92	21.91	15.2
	Coat CD	2104.69	2306.87	1660	9.61	21.13	28.04
	Brake Parachute MIG 21	26209.6	24850.76	23410	-5.18	10.68	5.8
2010-11	PTA -M	84333.61	91036.96	77870	7.95	7.66	14.46
	Parachute Tactical Assault	48241.16	52935.98	44200	9.73	8.38	16.5
	Stit Shirt PV SBS	693.28	609.8	550	-12.04	20.67	9.81
	Brake Parachute MIG	26550.9	27498.53	24500	3.57	7.72	10.9
	Brake Parachute MIG 23	35154.23	32129.86	31900	-8.6	9.26	0.72
2011-12	Jacket CD Army Logo	1371.40	1352.72	1231	-1.36	10.24	9.00
	Tent 2M	39786.98	36604.58	35845	-8.00	9.91	2.08
	PTA -M	97046.00	90738.81	84334	-6.50	13.10	7.06
	Parachute PTA R	56936.56	51766.42	48241	-9.08	15.27	6.81
	Brake Parachute MIG-29	57141.09	51526.95	50085	-9.83	12.35	2.80
	Brake Parachute SU 30	129802.83	127563.19	116255	-1.73	10.44	8.86
Factory : OCF, Shahjahanpur							
2008-09	Blanket Barrack NG	793.97	864.32	548	8.86	30.98	36.6
	Jersey Woollen V Neck OG	572.95	606.59	458	5.87	20.06	24.5
	Shell Outer Parka	2248.42	2297.84	1570	2.2	30.17	31.67
	Durry	501.87	538.72	369	7.34	26.47	31.5
	Shirt Man AD	611.77	622.11	554	1.69	9.44	10.95
	Blanket Blue	1707.56	1536.2	1220	-10.04	28.55	20.58
	Coat CD	1951.46	1807.01	1410	-7.4	27.75	21.97
	Parka Man	3460.58	3177.39	2718	-8.18	21.46	14.46
	Suit Terry Wool BG	3842.74	3530.64	2880	-8.12	25.05	18.43

Year	Item	Estimated cost (EC) (₹)	Actual cost (AC) (₹)	Issue price (IP) (₹)	Percentage of variation between EC and AC	Percentage of variation between EC and IP	Percentage of variation between AC and IP	
2009-10	Shirt PV DD OG	728.12	807.87	625	10.95	14.16	22.64	
	Blanket Barrack NG	1010.69	1090.87	750	7.93	25.79	31.25	
	Shirt Man AD PW	797.85	849.69	665	6.5	16.65	21.74	
	Shirt PW PV DD OG	636.98	726.9	560	14.12	12.09	22.96	
	Coat CD	2280.76	3203.51	1660	40.46	27.22	48.18	
	Parka Man	4210.56	5885.18	3620	39.77	14.03	38.49	
	Suit Terry Wool BG	4407.68	6149.45	3700	39.52	16.06	39.83	
	Cap FS BG	400.85	548.05	332	36.72	17.18	39.42	
	Shirt Man AD PW (Air Force)	800.38	1128.48	665	40.99	16.91	41.07	
	2010-11	Shirt PV DD OG	765.9	817.14	724	6.69	5.47	11.4
Blanket Barrack NG		952.75	1034.38	865	8.57	9.21	16.38	
Jersey Woollen V Neck OG		1371.69	1425.65	1100	3.93	19.81	22.84	
Shirt PW PV DD OG		669.98	708.61	608	5.77	9.25	14.2	
Blanket Air Force Blue		2019.65	2116.83	1650	4.81	18.3	22.05	
Suit Terry Wool BG		4898.47	4850.41	4000	-0.98	18.34	17.53	
Cap FS BG		435.1	422.46	360	-2.91	17.26	14.78	
Jersey Woollen DARK BG		1275.39	1340	1030	5.07	19.24	23.13	
2011-12		Coat CD	5343.61	4818.96	4305	-9.82	19.44	10.67
		Blanket Barrack NG	1184.44	1152.05	943	-2.73	20.38	18.15
	Jersey Woollen V Neck OG	1630.64	1587.32	1200	-2.66	26.41	24.40	
	Shirt PV DD OG	856.30	838.45	663	-2.08	22.57	20.93	
	Suit Terry Wool BG	6026.41	4381.62	4360	-27.29	27.65	0.49	
	Blanket Air Force Blue	2456.35	2258.25	1799	-8.06	26.76	20.34	
Factory : OCF Avadi								
2008-09	250 GSM FA & D & VD	1172.29	1083.63	904	-7.56	22.89	16.58	
	Jacket CD	1025.98	961.71	837	-6.26	18.42	12.97	
	Shirt Man Angola PW	687.36	694.69	586	1.07	14.75	15.65	
	SD Parachute	7533.67	7415.85	6710	-1.56	10.93	9.52	
	Overall Deep Brown	1397.16	1416.55	1156	1.39	17.26	18.39	
	Shirt PV LB FS	634.32	696.32	462	9.77	27.17	33.65	
	Overall Drill Khaki	966.61	1003.94	771	3.86	20.24	23.2	
	Trouser PW PC Khaki	717.99	772	517	7.52	27.99	33.03	
	Shirt PV LG	599.6	664.31	459	10.79	23.45	30.91	
	Overall Greenish Khaki	1184.15	1192.93	982	0.74	17.07	17.68	
Shorts Disposable	191.34	190.54	89	-0.42	53.49	53.29		
2009-10	250 GSM FA & D & VD	1408.45	1485.7	1300	5.48	7.7	12.5	
	Jacket CD	1153.31	1217.58	1100	5.57	4.62	9.66	
	Shirt Man Angola PW	784.27	853.07	665	8.77	15.21	22.05	
	SD Parachute	8627.52	8338.48	7880	-3.35	8.66	5.5	

Year	Item	Estimated cost (EC) (₹)	Actual cost (AC) (₹)	Issue price (IP) (₹)	Percentage of variation between EC and AC	Percentage of variation between EC and IP	Percentage of variation between AC and IP
	Overall DB	1597.23	1545.95	1390	-3.21	12.97	10.09
	Shirt PV LB FS	716.37	692.3	591	-3.36	17.5	14.63
	Shirt PV LG	714.04	691.62	596	-3.14	16.53	13.83
2010-11	Shirt Man Angola PW	793.59	801.44	730	0.99	8.01	8.91
	Shirt PW Poly	669.83	666.27	608	-0.53	9.23	8.75
	Overall Deep Brown	1530.04	1647.57	1460	7.68	4.58	11.38
2011-12	Trouser CD	1810.26	1728.95	1466	-4.49	19.02	15.21
	Jacket CD	1549.94	1418.79	1231	-8.46	20.58	13.24
	Trouser PW PV Khaki	992.99	877.12	774	-11.67	22.05	11.76
	Shirt Man Angola PW	991.57	1026.84	796	3.56	19.72	22.48
	SD Parachute	9192.45	10899.06	9047	18.57	1.58	16.99
	Overall Deep Brown	1907.58	1817.73	1591	-4.71	16.60	12.47

Source : Annual Accounts, Vol.II of O.F.Organisation for 2008-09, 2009-10, 2010-11 and 2011-12.

Annexure-VII
(Referred to in Paragraph 8.3)

Extra expenditure due to cost variation for common items in two factories

Year	Item	Factory	Cost of Production (₹)	Difference (₹)	Quantity manufactured (No)	Extra Expenditure due to higher cost (₹)
2008-09	ECAD Parachute SD 8.5M	OEFH	6295.78		1854	
		OCFA	7415.85	1120.07	8600	9632602
	Tent 4M	OEFC	23403.66		2300	
		OPF	31204.32	7800.66	5000	39003300
2009-10	Tent 2M	OEFC	25360.96		3000	
		OPF	29539.66	4178.7	9000	37608300
	Tent 4M	OEFH	6119.9		1671	
		OEFC	33684.95	27565.05	5361	147776233
	ECAD Parachute SD 8.5M	OCFA	8338.48		1723	
		OEFH	16608.25	8269.77	2073	17143233
	Trousers Combat Disruptive	OEFH	891.8		95120	
		OCFA	1485.7	593.9	276500	164213350
	Jacket Combat Disruptive	OEFH	677.91		95120	
		OCFA	1217.58	539.67	276500	149218755
2010-11	Tent 4M	OEFC	38208.97		6732	
		OEFH	40360.85	2151.88	1029	2214285
	Trousers PV DD OG	OEFH	344.5		100000	
		OCFS	817.14	472.64	421188	199070296
	Trousers Combat Disruptive	OCFA	1427.52		291000	
		OEFH	1592.15	164.63	100000	16463000
	ECAD Parachute SD 8.5M	OEFH	7522.88		5000	
		OCFA	8624.8	1101.92	4800	5289216
	Fly Outer 4M	OCFA	6457.57		2424	
		OEFC	11983.91	5526.34	2318	12810056
2011-12	Jacket Combat	OCFA	699.90		125000	
		OEFH	1418.79	718.89	289829	208355170
	Fly outer of Tent 4M	OEFH	7810.11		5489	
		OEFC	13911.97	6101.86	7272	44372726
	Net Mosquito	OEFC	376.96		16000	
		OCFS	564.75	187.79	300	56337
	Bag Kit universal	OEFH	264.09		6000	
		OEFC	1182.39	918.30	1600	1469280
					Total	1054696139

Source : Data compiled from Annual Accounts of Ordnance Factories