

CHAPTER III: ARMY

3.1 Acceptance of sub-standard stores without prior technical inspection from an unregistered and inexperienced firm

Integrated Headquarters of the Ministry of Defence (Army) concluded a contract with a new and unregistered firm for supply of Mask Face Extreme Cold Weather for ₹2.54 crore without prior approval of sample. The Masks purchased were subsequently found sub-standard by the users. As a result 92,783 Masks valuing ₹1.82 crore could not be used.

Paras 4.4.1 and 4.4.2 of the Defence Procurement Manual (DPM) 2005 and 2006 (Revenue Procurement) respectively stipulate that, in open tender enquiry cases, where an unregistered firm claims compliance of technical specifications to meet the technical parameters of the proposed item, approval of sample and capacity verification of the firm by the AHSP¹²/designated inspection agency is mandatory before opening the commercial bid of such firm.

The Mask Face Extreme Cold Weather (Mask) developed by the Defence Materials and Stores Research & Development Establishment (DMSRDE) Kanpur in 1988, is a special clothing item fabricated from 12 different materials which were required to be procured from the list of suppliers quoted in DMSRDE specifications. The AHSP of the item was the Controllerate of Quality Assurance (Textile & Clothing) [(CQA (T&C)] Kanpur.

Against the indents of Director General, Ordnance Services (DGOS) for August and November 2005, Integrated Headquarters of Ministry of Defence (Army) [IHQ of MoD (Army)] concluded a contract with M/s Heritage Creations, Delhi (firm), in December 2006, for supply of 1,29,873 Mask at a total cost of ₹2.54 crore. In violation of DPM (2006) the order was, however, placed without prior approval of the sample. Since the item was new and the firm was also new and unregistered, CQA (T&C) suggested (February 2007) DGOS to incorporate the requirement of advance sample in the contract so as to ensure that proper manufacturing technique had been established by the firm before the commencement of the bulk production. The DGOS, however, turned down the suggestion stating that the sample of the firm had already been approved by DMSRDE and therefore the clause for advance sample had not been incorporated in the contract.

Audit scrutiny revealed (February 2013) that the contention of DGOS of the sample having already been approved by DMSRDE was factually incorrect as DMSRDE confirmed that the sample of the firm had not been approved by them. CQA (T&C) also contested the assertion made by DGOS and clarified in June 2007 that the sample submitted by the firm had been examined only visually by DMSRDE for make, shape and design without observation on

¹² Authority Holding Sealed Particulars is the authority empowered to draw up the specification of the item and hold the detailed particulars of the item.

technical parameters and hence there was need for advance sample clause to have been duly incorporated in the contract.

The firm eventually made all the supplies without getting the samples technically approved. All quantities ordered were received by the Central Ordnance Depot (COD) Kanpur between April 2008 and August 2008. However, during a presentation to Army Commander, users' concerns regarding quality of clothing items including Masks were raised by the Headquarters Northern Command (HQNC). HQ NC accordingly took up the case with IHQ of MoD (Army) in March 2011 for improving the quality of the item. Further, in response to a specific query by Audit (July 2011) to the user units, regarding quality of masks, two units, viz., 71 Ordnance Maintenance Platoon and 8 Mountain Division Ordnance Unit, to whom a large number of masks had been issued, confirmed (August 2011 and June 2012) the deficiency in quality of the Masks. It was intimated that the difficulty was mainly in wearing, breathing and skin irritation caused by poor quality of cloth used, etc.

We further examined the matter and enquired (February 2013) about the stock position of Masks, from the Master General Ordnance (MGO) Branch, IHQ of MoD (Army). It was intimated by the MGO (April 2013) that out of the total quantity of 1,29,873 Masks received between April 2008 and August 2008, 22,169 Masks were still held in stock at COD Kanpur as of March 2013. Given the prescribed life of three years, this stock valuing ₹43.35 lakh had, therefore, outlived its shelf life in storage. We also observed from the MGO's reply that a quantity of 26,908 Masks valuing ₹52.67 lakh was released from COD Kanpur in 2012 after expiry of their shelf life. In addition, 43,706 Masks valuing ₹85.55 lakh were condemned in Northern, Eastern and Western Commands between July 2009 and July 2011.

Thus, Masks valuing ₹2.54 crore were accepted from an unregistered and inexperienced firm, without proper survey and prior approval of the sample, as necessitated by the DPM. The Masks so procured were also found deficient in quality by the users and 92,783 numbers valuing ₹1.82 crore were either used/stocked even after expiry of their prescribed shelf life or had to be condemned.

The matter was referred to the Ministry in December 2012; their reply was awaited (November 2013).

3.2 Holding of X-ray generators in stock for nine years

X-ray generators imported in September 2004 for ₹ 2.28 crore, for detection and disposal of Improvised Explosive Devices in the militant affected area, were not issued to the users for want of release orders from IHQ. Consequently 90 per cent of the in-service life of the Generators had expired in storage.

Out of 124 X-ray generators procured in September 2004 for detection and disposal of Improvised Explosive Devices, 32 X-ray generators costing ₹2.28

crore could not be issued to the users even after expiry of 90 *per cent* of their in-service life.

Real Time Viewing System MK-IV i.e. X-Ray generator is an essential tool for detection and disposal of Improvised Explosive Devices (IED). Necessity of the item assumed enhanced significance due to increased IED threat in militancy affected areas of the country. In order to meet the deficiency of this critical class 'A' Tank, Ministry of Defence (MoD) concluded a contracts, on 15 February 2002 with M/s Sector -6 Technologies, Belgium for the supply of 124 X-Ray generators, at a cost of € 2.073 million equivalent to ₹8.85 crore. The in-service life of X-Ray generator was 10 years and as per the contract provisions the firm was required to provide product support for 10 years to the Tank after delivery.

Against the contracted quantity, 117 numbers of X-Ray generators (complete with all accessories) were received in Central Ordnance Depot (COD), Agra in September 2004 and the balance seven numbers were received in March 2006. Out of this quantity, only 49 Tank could be issued to user units against release orders issued by the Army Headquarters. The remaining 75 Tank were declared 'Factory Repair (FR)', as the batteries were not holding charge. A quality claim for the FR Tank was accordingly raised by COD on 29 July 2005. The firm replaced the 75 defective batteries in June 2006. However, even after their replacement of the batteries, only 36 X-ray generators could be issued to user units. Remaining 39 which included 32 for free issues stock, two awaiting base overhaul and five as Integrated Headquarters (IHQ) reserve, were still held in the stock of COD as of August 2013. In reply to an audit query raised in December 2011, about the continued holding of the Tank in stock, COD stated that the Tank being class 'A' is issued against Release Orders/issue Orders (RO/IO) released by IHQ of MOD (Army). The RO/IOs were not received from the IHQ of MOD (Army), as such the same were lying in the depot.

During inspections carried out by COD in May 2011, these 38 X-Ray generators were again declared FR as their batteries had outlived their shelf life. Hence Tank was still held in COD as of August 2013 awaiting issue.

The case reveals that despite the specialized need of the Tank and its specific requirement as a IED Tank, 32 X-Ray generators worth ₹2.28 crore¹³, procured on the basis of urgent requirement, were not issued timely for their utilization in the field. As the Tank was lying idle in free issue stock of COD Agra for nine years after their receipt, 90 *per cent* of their in-service life and product support period had expired in storage.

The matter was referred to Ministry in April 2013; their reply was awaited (November 2013).

¹³ EURO 20.73 Lakh x ₹42.699 per EURO = ₹885.15 lakh x 32/124 = ₹228.42 lakh = ₹2.28 crore.

3.3 Loss due to non-maintenance of batteries

Army HQ/Central Ordnance Depot Delhi Cantonment procured 37957 low maintenance batteries for vehicles at a cost of ₹21.32 crore. Out of these, 6993 batteries became defective/unserviceable due to inadequate maintenance required during their storage, resulting in a loss of ₹4.18 crore.

Director General of Quality Assurance (DGQA) replaced (January 2007) the old Controllerate of Quality Assurance (Electronics) (CQAL) specification 540 for batteries with new CQAL specification 637: 2006, which envisaged less charging time, low maintenance, having higher cranking performance¹⁴ and better longevity for the batteries. The new specification batteries were to be supplied with electrolyte filled and fully charged. As the batteries had a shelf life of six months and a service life of two years, they were required to be used within six months from the date of supply by the manufacturer and stored for the barest minimum period in fully charged condition in the depots. The voltage was to be checked periodically during the stocking period (maximum six months) and if it fell below 10.75 volt and 4 volt in respect of 12 volt and 6 volt batteries respectively during this period, it was to be revived to its full capacity.

Integrated Headquarter of Ministry of Defence (Army) (IHQ of MoD (Army)) placed a supply order on M/s Exide Industries in February 2008 for procurement of 8620 batteries (12 volt AH 70)¹⁵ valuing ₹3.20 crore. Central Ordnance Depot (COD) received the entire quantity in July/August 2008. To meet further requirement of batteries, COD placed two more supply orders against Director General Supplies and Disposal (DGS&D) rate contract on M/s Amar Raja in September 2008 and October 2008 for 8714 batteries (12 V AH 70) and 20623 batteries (12 V AH 120) valuing ₹3.25 crore and ₹14.87 crore respectively. Supplies were made by M/s Amar Raja between December 2008 and November 2010 against the first order and between May 2009 and November 2010 against the second order.

Audit scrutiny (September 2010) regarding functioning of these batteries in respect of 29 units revealed that 6993 batteries received against the above three supply orders during 2009 and 2010 were not retaining charge and had therefore, become defective/unserviceable in 2010 and 2011. On detailed analysis of some of these cases CQAL Bangalore, noticed (February 2011) that defects in batteries were not due to manufacturing flaws but due to prolonged storage in Ordnance Depots without the required maintenance charge. The CQAL further stated that such batteries could not be revived and utilised. The case was also taken up with both the firms in July 2010 and September 2010 for repair and replacement of defective batteries. The firms refused to replace defective batteries on the ground that those batteries were not stocked as per CQAL specification.

¹⁴ Performance of the battery to give the higher discharge current for a specified period of time (in Seconds) to start the vehicle.

¹⁵ 12 Volt is the nominal voltage of the Batteries, which a battery can provide at the output terminals. 70 AH is the Capacity in Ampere-Hours of the Batteries.

In response to audit queries COD, Delhi Cantonment stated (April 2012) that the low maintenance batteries were introduced in service as per CQAL specification 2006, the storage life of these batteries was only six months and maximum warranted service life two years. The Army till such time had no experience in carrying out the specialized functions required for handling of these batteries and therefore CQAL should not have arbitrarily superseded its specification without taking the stocking echelons and related testing facilities into consideration. Further, these batteries are packed in pallets and the pallets have to be broken for charging the batteries and repalletisation was not feasible due to lack of infrastructure. Meanwhile DGOS, in August 2010, had instructed all commands to trickle charge¹⁶ all batteries to ensure their effective utilization within the shelf life.

Thus, procurement of newly introduced low maintenance batteries without adequately sensitising the holding depots about its storage and without catering for infrastructure for their recharging during storage had resulted in a loss of ₹4.18 crore for batteries declared defective/unserviceable prematurely.

The case was referred to the Ministry in May 2013; their reply was awaited (November 2013).

3.4 Avoidable expenditure on re-transportation of stores

Central Ordnance Depot Mumbai received tyres and Integrated Field Shelters from various suppliers and re-dispatched them to dependent units instead of the Suppliers dispatching them direct to such units as envisaged in the transportation model. Re-transporting of 67652 tyres and 64 Integrated field Shelters during 2008-09 to 2011-12 by COD Mumbai resulted in avoidable expenditure of ₹5.45 crore.

Central Ordnance Depots (COD) operates as Mother Depots for All India provisioning and supply of full range and depth of stores of specified commodities to dependent lower Ordnance Depots. The existing system of supply chain management operates on the basis of lower formations recouping their stores from the higher formations through demands.

In 1979, the Master General of Ordnance Branch (MGO), Army Headquarters (AHQ) introduced the system of 'Transportation Model' (model) for select categories of stores. The model envisaged direct dispatch of the select stores by the suppliers to the consignees. The objective of introducing the model was to achieve economy in cost of transportation of stores arising from direct dispatch by the suppliers to the consignees instead of routing them through CODs. Besides, reduction was also envisaged in the scope for damages arising from multiple handlings. To start with, the model was to be applied to select range of items, which were bulky, fast moving and occupy more volumetric space. Commandants, CODs were, however, authorised to select other items on their own initiative.

¹⁶ Charging a fully charged battery under no-load at a rate equal to its self-discharge rate, thus enabling the battery to remain at its fully charged level.

We observed, during Audit (September 2010 and January 2012), that in the following two cases transportation model was not invoked in respect of stores received by COD, Mumbai, which resulted in avoidable expenditure of ₹5.45 crore.

Case A

Audit scrutiny (September 2010) of supply orders for tyres placed by the AHQ during 2005-06 to 2009-10 revealed that while only one supply order each in 2005-06 to 2006-07 was placed on the basis of the Transportation Model, the balance 96 supply orders were placed as per earlier procedure with COD Mumbai as the initial consignee. Tyres so received were re-dispatched to the ultimate consignees by the COD through civil hired transport. We worked out the extra expenditure due to dual transportation of the tyres as per the formula adopted by the AHQ. The avoidable expenditure on re-transportation worked out to ₹4.15 crore during 2008-09 to 2011-12 in respect of 67652 tyres re-transported from COD Mumbai to five dependent depots/units in respect of 16 supply orders test-checked for supply of 1.59 lakh tyres which were placed by AHQ.

In reply to the audit observation raised in September 2010, the COD stated (September 2010) that the model was applicable only when there are a number of sources and destinations and the item has to be substantive, fast moving and of continuous use all over India. It also stated that certain items of tyres were not fulfilling these criteria and as such it was not possible to adopt the model for all orders placed during a particular financial year.

The reply is however not factually correct as “Tyres” featured in the initial selected list of items approved by the AHQ in November 1979. Further, the Commandants of CODs were empowered¹⁷ to select other items which lend themselves to easy application in meeting mounting dues-out quantities. The supply orders also qualified against other criteria, i.e. number of destinations involved (five Dependent depots), substantive nature and the item being fast moving and of continuous use. Therefore, the transportation model, as approved by the AHQ should have been invoked for direct dispatch of stores.

COD Mumbai, however, subsequently clarified in October 2011, that all the indents and demands pertaining to 2009-10 and thereafter were forwarded to the AHQ based on Transportation Model.

Case B

Ministry of Defence concluded two contracts in July 2008, one each with M/s Dass Hitachi Ghaziabad and M/s Titagarh Wagons, Kolkata for supply of 101 numbers of Integrated Field Shelters (IFS) with COD Mumbai as consignee. Out of 101 Shelters, 50 numbers were to be dispatched to Northern Command, 34 numbers to Western Command/South Western Command and 17 numbers to Southern Command. COD Mumbai received all the stores between March

¹⁷ Para 27 of Master General of the Ordnance Branch, Army Headquarters letter No. A/05240/104/OS-12 dated 14.11.1979 refers.

2009 and May 2012, out of which 64 Shelters were issued to various units up to March 2012.

In March 2009, Commandant COD pointed out that one IFS comprises 295 packages and requires four to five civil hired transports for dispatch to a particular destination and that an amount of approximately ₹2 crore would be required for dispatching all the IFS from COD Mumbai to various units. The Commandant advised AHQ to dispatch all the IFS directly to various Regional Ordnance Depots to save on double handling and avoidable expenditure on hiring of transport. However, AHQ did not amend the ultimate consignee, which resulted in re-transportation of 64 IFS to various units up to March 2012. The expenditure on re-transportation of those stores worked out to ₹1.30 crore, which was avoidable.

On being pointed out in audit in January 2012, COD Mumbai took up the case with the AHQ. AHQ accepted the audit contention (April 2012) and stated that the transportation model has been implemented for the upcoming contracts.

Thus, failure of the AHQ to implement the 'Transportation Model' resulted in an avoidable extra expenditure of ₹5.45 crore, defeating the purpose for which the transportation model was envisaged.

The matter was referred to the Ministry in May 2013; their reply was awaited (November 2013).

3.5 Extra expenditure on account of provision of unauthorised strengthening measures in buildings

Concerned competent financial authorities accorded sanctions incorporating additional plinth area rates for construction of buildings in seismic zones II and III in violation of Indian Standard 1893:2002, National Building Code of India 2005 and Central Command Works Specifications resulting in extra expenditure of ₹2.34 crore.

Based on the approximate estimates prepared by the engineers by wrongly including additional plinth area rates, concerned competent financial authorities (CFA) in the Army accorded sanctions for construction of buildings in seismic zones II¹⁸ and III¹⁹ resulting in extra expenditure of ₹2.34 crore.

Scales of Accommodation stipulate that the engineers prepare design and specification of structures with due regard to economy, consistent with local architecture and normal building practices. As per Indian Standard 1893: 2002, National Building Code of India 2005 and the Central Command Works Specifications, Military Stations Raipur, Jabalpur/ Pachmarhi and Mhow fall under seismic zones II and III.

¹⁸ Zone II- This is said to be the least active seismic zone.

¹⁹ Zone-III- It is included in the moderate seismic zone

Engineer-in-Chief, Integrated Headquarter of Ministry of Defence (Army) (E-in-C) notified plinth area rates for various groups of buildings in April 2001 and July 2007 based on Standard Scheduled Rates 1996 and 2004, respectively. While the basic plinth area rates were applicable to all seismic zones, additional plinth area rates over and above the basic rates were admissible in respect of buildings in framed construction, in seismic zones IV²⁰ and V²¹, for strengthening measures. Additional plinth area rates were not authorised for buildings in framed construction in seismic zones II and III.

Our scrutiny of sanctions issued between October 2003 and March 2012 revealed, that based on estimates prepared by the engineers, concerned CFA had issued sanctions for construction of buildings having framed construction at Military Station²² falling in seismic zones II and III by incorporating additional plinth area rates duly concurred by the Integrated Financial Adviser. Against 39 such sanctions 33 contracts were concluded to execute the works leading to extra expenditure corresponding to ₹2.34 crore on account of strengthening measures. Contracts in respect of the remaining sanctions were yet to be concluded.

The Chief Engineer Jabalpur Zone (CEJZ) stated, in June 2011 and March 2012 that though Jabalpur and Pachmarhi areas were falling under zone III, certain additional amount had been considered for providing additional reinforcement due to recent earthquake and other factors like soil conditions, sub soil water, etc. In future, extra amount for seismic zone would not be considered. Further, in the light of the audit observation, all subsequent sanctions were issued without including additional plinth area rates.

Thus, the case reveals that the CFA accorded sanctions for construction of buildings in seismic zones II and III on the basis of plinth area rates, by including additional plinth area rates, in violation of the E-in-C's instructions. Contracts concluded by the Military Engineer Services based on these inflated sanctions led to an extra expenditure of ₹2.34 crore.

The matter was referred to the Ministry in May 2013; their reply was awaited (November 2013).

3.6 Unauthorised use of Defence accommodation

In gross disregard of Government orders, the local Commanders misused their delegated powers by re-appropriating Government buildings for non-bona fide purposes

Keeping in view the unauthorized use/re-appropriation of defence assets by local Commanders of the Army as reported by the Comptroller & Auditor General of India (C&AG) from time to time, Ministry of Defence (MoD), in October 2001, issued directions that cases of re-appropriation involving

²⁰ Zone IV- This is considered to be the high seismic zone

²¹ Zone V- It is the highest seismic zone

²² Zone-II – Raipur Zone-III- Jabalpur, Panchmarhi, and Mhow.

increase in scales or introducing a new practice, requires sanction of Government. It was also instructed that disciplinary action would be taken against those violating these regulations.

Mention was made again in Reports No. 4 of 2008 and 16 of 2011 of the C&AG, Union Government (Defence Services) Army and Ordnance Factories regarding misuse of delegated powers by Station Commanders by re-appropriating Government buildings for unauthorised purposes. In the Action Taken Note to the Report No. 4 of 2008 the MoD agreed with audit conclusions and confirmed in October 2011 that the said building had been vacated by the Girls Hostel and handed over to the Local Military Authorities.

Notwithstanding the laid down regulations, instructions on the subject issued by the Ministry and regular audit paragraphs raised by the C&AG, we further noticed the following cases of misuse of delegated powers by local Commanders by way of re-appropriating Government buildings for non-bona fide purposes in gross violation of the laid down regulations:

Case I

Based on the recommendations of the Board of Officers convened by HQ Delhi Area, MoD in March 2007, sanctioned a work for provision of transit accommodation for 20 Officers, 20 Junior Commissioned Officers (JCOs) and 60 Other Ranks (ORs) for accommodating the patients and their escorts near Base Hospital (BH) Delhi Cantonment as a special work at an estimated cost of ₹4.40 crore. However, while the work comprising three blocks was nearing completion, Station HQ Delhi Cantonment initiated a case in January 2011, for re-appropriation of two of the three blocks to accommodate Army Boys Hostel (ABH), already running in old BH barracks. The ABH was raised in the year 2000 on the directions of HQ Western Command for the wards of all ranks pursuing higher education/vocational training courses in the National Capital Region.

The work for transit accommodation was completed on 28 February 2011 at a cost of ₹4.98 crore. In July 2011, General Officer Commanding (GOC), HQ Delhi Area accorded sanction for temporary re-appropriation of two blocks of JCOs and ORs transit accommodation for its use as ABH for a period of one year, from January 2011 to December 2011, on the ground that the key location plan (KLP) of the BH was likely to come up at a different location away from the existing site; hence the newly constructed transit accommodation would not be put to optimal use. The re-appropriation sanction was further renewed by GOC Delhi Area from January 2012 to December 2012 and, again from January 2013 to December 2013.

Third block of the transit accommodation was being used to run a Palliative Care Center (PCC), established from Adjutant General's Welfare Fund, by a Non-Government Organisation. Between 12 July 2011 and 31 August 2012, the PCC functioned under a Memorandum of Understanding executed between BH Delhi Cantonment and Global Cancer Concern India for treatment of terminally ill patients. The BH Delhi Cantonment eventually took over the management of PCC with effect from September 2012.

Thus the entire new accommodation constructed at a cost of ₹4.98 crore for the benefit of patients and their attendants was being unauthorisedly used for non-bona fide purposes. The attendants/escorts for whom the accommodation was sanctioned by the Government as a special case, were being put up in barracks, messes and guest rooms.

Case-II

A government building built over land measuring 1302.43 square metres valuing ₹49.49 lakh in Pune Cantonment was originally constructed as Junior Commissioned Officers' Mess of an Infantry Brigade and other than married accommodation. These buildings, including two buildings constructed subsequently during 2003-04, were occupied by the Army Wives Welfare Association (AWWA), a non-government organisation, for use as Girls Hostel from June 2004. On shifting of the AWWA Girls Hostel to its new location at Kirkee, the Boys Hostel started functioning there with effect from September 2005 under the name 'Southern Command Boys Hostel'.

In April 2007, and then in April 2008, we took up the matter with HQ Southern Command (SC) and HQ Pune Sub Area (PSA) regarding use of government buildings for non-bona fide purposes. In July 2008, HQ PSA stated that ex-post facto sanction of the competent authority for re-appropriation of the Building had been obtained and a Board of Officers had also been convened for recovery of licence fee.

The reply that 're-appropriation sanction of the competent authority was obtained' was factually incorrect as instead of obtaining re-appropriation sanction from the MoD as per rules, the sanction had been obtained from Station Commander, Pune, in May 2007.

Thus despite specific Government orders and various Reports of the Comptroller and Auditor General highlighting such serious irregularities the local Commanders continued to misuse the delegated powers by according re-appropriation sanctions for use of Government buildings for non-bona fide purposes without obtaining sanction from the MoD which warrants detailed investigation and appropriate action.

The matter was referred to the Ministry in June 2013; their reply was awaited (November 2013).

3.7 Recoveries, savings and adjustment in accounts at the instance of Audit

Based on our observations, the audited entities had recovered overpaid pay and allowances, sundry charges, electricity & rent charges, cancelled irregular works sanctions and amended annual accounts, having a net effect of ₹68.94 crore.

During the course of audit, we observed several instances of irregular payments, under/non-recovery of charges, issue of irregular sanctions and

accounting errors. Acting on the audit observations, the audited entities took corrective action, the net effect of which is summarised below:

Recoveries

The check of records of Defence Research and Development Organisation, Principal Controllers of Defence Accounts, Military Engineer Services (MES), Pay and Accounts Offices, Canteen Stores Department (CSD) HQ and Border Roads Organisation revealed instances of irregular payment of pay and allowances, sundry charges, non-recovery of fixed charges of electricity from Defence Personnel (Officers, Junior Commissioned Officers and Other Ranks) and rent and allied charges, etc amounting to ₹7.04 crore. On being pointed out, the entities concerned recovered/ agreed to recover the irregular payments.

Savings

Various sanctioning authorities such as the Ministry of Defence, Area/Sub-Area HQ of the Army, Station HQ, Corps HQ, etc cancelled irregular administrative approvals to works. Some of the MES officers reduced the administrative approval amount by issue of reduction statements in respect of works under execution by them. The net result of these actions was a saving of a total of ₹42.57 crore.

Amendment of annual accounts

When we pointed out instances of irregular accounting such as overvaluation of closing stock, inadequate provision towards liabilities and under-reporting of amounts due from State Governments, etc, the CSD HQ corrected the annual accounts. But for these corrections, profit would have been inflated and sundry debtors underreported. The net effect of these corrections was ₹19.33 crore.