

## CONTENTS

Paragraph		Page No.
	Preface	v
	Overview	vii
<b>CHAPTER I –INTRODUCTION</b>		
1.1	Profile of the audited entities	1
1.2	Authority for Audit	2
1.3	Audit methodology and procedure	2
1.4	Structure of Report	3
1.5	Financial aspects and Budgetary Management	3
1.6	Grant No. 22 to 27 – Defence Services Estimates	5
1.7	Break-up of Expenditure (Voted) relating to Army, Ordnance Factories & R&D (Capital & Revenue) – Grant No. 22, 25, 26 and 27	6
1.8	Trend of major components of Revenue expenditure (Voted)	8
1.9	Trend of Capital expenditure – Major Head-4076-Grant No. 27-Capital Outlay on Defence Services	11
1.10	Response of the Ministry/Department to Draft Audit Paragraphs	12
1.11	Action taken on earlier Audit Paragraphs	13
<b>CHAPTER II – MINISTRY OF DEFENCE</b>		
2.1	Functioning of Director General Resettlement	14
2.2	Supply Chain Management of Ration in Indian Army-Follow up Audit	39
2.3	Procurement of Environmental Control Units found incompatible during exploitation	52
2.4	Non-deduction of income tax on field allowances granted to Junior Commissioned Officers in the Army	53
2.5	Short acquisition of land measuring 73.826 acres	55

<b>CHAPTER III – ARMY</b>		
3.1	Unwarranted procurement of Radio Sets for trial purposes	57
3.2	Irregular attachment of service personnel with private institute	58
3.3	Irregular sanction of an additional laundry facility	60
3.4	Recoveries/savings and adjustment in accounts at the instance of Audit	62
<b>CHAPTER IV – WORKS AND MILITARY ENGINEER SERVICES</b>		
4.1	Inordinate delay in completion of works sanctioned for operational military requirements	63
4.2	Non recovery of water charges from Personnel Below Officer Ranks	64
<b>CHAPTER V – BORDER ROADS ORGANISATION</b>		
5.1	Improper selection of sites for bridges	66
5.2	Procurement of Cranes without proper need assessment	68
<b>CHAPTER VI –DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION</b>		
6.1	Avoidable procurement of a mobile Nitrogen Gas Generator Plant	70
6.2	Infructuous procurement of material	71
<b>CHAPTER VII-ORDNANCE FACTORY ORGANISATION</b>		
7.1	Performance of Ordnance Factory Organisation	73
7.2	<b>Planning</b> Extra expenditure due to delay in placement of order	81
7.3	Loss of savings due to failure to procure and install equipments	83
7.4	<b>Procurement of Machinery</b> Failure to operationalise a machine	85
7.5	<b>Manufacture</b> Injudicious manufacture of cartridge cases	88
7.6	<b>Miscellaneous</b> Blocking up of inventory due to non-replacement of rejected fuses	91
7.7	Recovery at the instance of Audit	94

<b>CHAPTER VIII-DEFENCE PUBLIC SECTOR UNDERTAKINGS</b>		
8.1	Delay in Supply by Defence Public Sector Undertakings	95
8.2	Avoidable loss due to non-availing of Customs Duty Exemption	118
<b>ANNEXURES</b>		
	Annexure-I	121
	Annexure-II	125
	Annexure-III	126
	Annexure-IV	127
	Annexure-V	128
	Annexure-VI	129
	Annexure-VII	133
	Annexure-VIII	134
	Annexure-IX	135
	Annexure-X	136
	Annexure-XI	138