

## OVERVIEW

The total expenditure of the Defence Services during the year 2014-15 was ₹2,37,394 crore. Of this the Indian Air Force (IAF) spent ₹55,481 crore which was 23 per cent of the total expenditure on the Defence Services. The major portion of expenditure of IAF was capital in nature, constituting 59 per cent of their total expenditure.

This Report contains major findings arising from the test audit of transactions of IAF, Military Engineer Service, Hindustan Aeronautics Limited and related records of the Ministry of Defence. An amount of ₹11.20 crore was recovered after having been pointed out by Audit. Highlights of findings included in the Report are as under:

### I Audit of Air HQ Communication Squadron (AHCS)

Utilization of current VIP fleet was low and its low utilization observed in C&AG's Audit Report of 1998, was further reduced. Significant flying efforts went in training of pilots although for Embraer aircraft and Mi-8 helicopter the training was lower than that prescribed in Air Force Orders.

The controls designed to ensure that OEPs utilized the VIP fleet only in inescapable cases for routes connected by commercial air services were not working. Detention charges amounting to ₹32.25 crore were not raised/levied.

Procedure for authorization of VIP flights for senior service officers was not followed. Further despite assurance given by MoD in Action Taken Note, Indemnity Bonds and Duty Flight Certificates were not being obtained from users of airlift.

(Chapter II)

### II Acquisition and operation of C-17 Globemaster III aircraft

IAF procured (June 2011) ten C-17 Globemaster III aircraft and associated equipment at a total cost of USD 4,116 million (₹18645.85 crore) from Government of United State of America (USG) under Foreign Military Sales (FMS) route. There was delay in completion of specialist infrastructure and setting up of simulators required for training to pilots and loadmasters was also

delayed. Operational capabilities of C-17 aircraft were under-utilized partially due to non-availability of runway with appropriate pavement classification number (PCN) and lack of ground equipment at various bases.

*(Paragraph 3.1)*

### **III Procurement of 14 additional Dornier aircraft**

Indian Air Force (IAF) worked out the requirement of Dornier aircraft at below the envisaged utilisation rate resulting in procurement of 14 additional aircraft costing ₹891 crore.

*(Paragraph 3.2)*

### **IV Refurbishment of 'X' system**

IAF failed to timely conclude contract which led to extra expenditure of ₹19.31 crore due to rate revision by OEM. The Total Technical Life (TTL) of 104 'X' systems expired in April 2009, but even after lapse of over six years and incurring expenditure of ₹101.52 crore, efficacy of 'X' system was doubtful.

*(Paragraph 3.3)*

### **V Excess provision of hangars resulting in avoidable expenditure of ₹24.28 crore**

Incorrect projection of requirement resulted in excess provision of hangars at an avoidable cost of ₹24.28 crore.

*(Paragraph 4.1)*

### **VI Irregularities in drafting tender resulting in excess payment**

Insertion of irregular price adjustment clause in the contract for construction of infrastructure for induction of Medium Light Helicopter (MLH) resulted in extra payment of ₹4.27 crore as the contractor was found using excess cement continuously.

*(Paragraph 4.2)*

## **VII Excess provision of 200 seats capacity in an Auditorium**

There was excess provision of 200 seats capacity in an Auditorium sanctioned in March 2013 for Air Force Station, Maharajpur in Gwalior due to deviation from Scale of Accommodation - Defence Services 2009, which resulted in an extra provision of ₹1.29 crore in sanction.

*(Paragraph 4.3)*

## **VIII Avoidable creation of permanent assets at a cost of ₹1.10 crore**

Air Force Station (AFS) Thanjavur created permanent infrastructure by using provisions meant for exceptional circumstances, for housing temporary Unmanned Aerial Vehicle (UAV) squadron which operated only for two months at the AFS.

*(Paragraph 4.4)*

## **IX In-effective usage of Access Control System**

Access Control Systems (ACSs) procured for 100 AF units at ₹13.65 crore had shortcomings. Further, in spite of procurement of add-on facilities to enhance its utility at additional ₹7.38 crore, the utilisation of the ACS was ineffective.

*(Paragraph 5.1)*

## **X Irregular payment of Transport Allowance**

Transport Allowance was paid even while AF officers/ Airmen were absent from their places of regular duty for full calendar month, which was in contravention to orders of the Ministry of Defence and Air HQ.

*(Paragraph 5.2)*

### **XI Avoidable expenditure of ₹131.45 lakh due to payment of Electricity tax**

Despite provisions for exemption of electricity tax available under Article 287 of Constitution of India, Air Force Station New Delhi paid ₹131.45 lakh on account of electricity tax to New Delhi Municipal Corporation during April 2009 to December 2014.

*(Paragraph 5.3)*

### **XII Avoidable expenditure of ₹80.07 lakh on repair of an aero engine**

Failure of the Indian Air Force (IAF) to ensure compliance to the contractual provisions against unauthorized trans-shipment led to avoidable payment on repair of the aero engine damaged in transit.

*(Paragraph 5.4)*