

**ANNEXURE-I**

*(Referred to in Paragraph 1.10)*

**Recovery at the instance of audit**

Sl. No	Unit/formation		Nature of over payment / non recovery	Amount objected (amt in ₹)	Amount accepted (amt in ₹)	Amount recovered (amt in ₹)
1	CO Chennai	i)	Non-recovery of training & living charges from Ministry of External Affairs.	15640800	17404637	17404637
		ii)	Short-Recovery of Training & living charges from Min of External Affairs	2058000	2052000	2052000
2	CSD HO Mumbai	i)	Recoveries from suppliers on account of Excise duty reduction.	---	1797947	1797947
		ii)	Non-recovery of difference in price due to reduction of MRP in market	8243076	7671878	7671878
		iii)	Blockage of Government funds due to delay in raising debit note and back loading the stock to supplier	910000	998018	998018
		iv)	Non recovery of Liquidity Damage (LD) charges.	382625	193455	193455
		v)	Recovery on a/c of irregular payment	---	88334	88334
3	PCDA(O) Pune	i	Recovery on a/c of Irregular payment of Transportation Allowance	607910	635850	628036
		ii	Recovery on a/c of Irregular payment of Qualification Grant.	250500	250500	250500
		iii	Recovery on a/c of irregular payment of Children Education allowance	241110	206883	206883
		iv	Recovery on a/c of encashment of leave/LTC	1704639	1797338	1733141

Sl. No	Unit/formation		Nature of over payment / non recovery	Amount objected (amt in ₹)	Amount accepted (amt in ₹)	Amount recovered (amt in ₹)
		v	Recovery on a/c of field allowance	276235	355866	352919
		vi	Recovery on a/c of other allowances	1879361	3375738	3362587
4.	PCDA SC Pune	i)	Recovery on a/c of overpayment to the Supplier	265000	248788	<sup>(14)</sup> 248788
		ii)	Non recovery of HBA	150000	150000	150000
		iii)	Recovery on a/c of minus bal GPF/ Overpayment of TA/ under recovery of CGHS/ Others.	865148	387700	387700
5.	VRDE Ahmednagar	i)	Recovery in r/o fixation of Grade Pay of A 4800/- for Tech Officer 'A' in DRDO	-	2115000	2984469
	ARDE Pashan	ii)	-do-	-	1736581	1736581
6.	RCI Hyderabad		Non-recovery of Service Tax	-	1352891	1352891
7.	GE(W) Colaba		Electricity Charges from regimental shop	-	1255267	1255267
8.	AFMSD Mumbai		Recovery towards non-replacement of life expired drugs	526000	526000	552750
9.	DIAT Girinagar	(i)	Recovery of excess Pay & Allowances	-	258193	258193
	JCDA(R&D) Pashan	(ii)	Recovery of computer advance - DIAT	-	59952	59952
10.	ARDE Pashan	(i)	Recovery of	118632	142216	142216
	R&DE(E) Dighi	(ii)	Transportation Allowance	88064	88064	88064
11.	ARDE Pashan		Recovery of Telephone bills	101560	101089	101089
12.	DMRL Hyderabad	(i)	Recovery of rent & allied charges from URC run by DMRL	161978	161978	161978
	EME School Baroda	(ii)	Recovery of rent and allied charges in r/o foreign trained para military force trainees	10040	8990	8990
13.	VRDE Ahmednagar		Recovery on a/c of non-imposition of LD on a firm	-	149610	149610
14.	CCE(R&D) West Pashan		Non-deduction of I-Tax	-	101210	103000

Sl. No	Unit/formation		Nature of over payment / non recovery	Amount objected (amt in ₹)	Amount accepted (amt in ₹)	Amount recovered (amt in ₹)
15.	MGASC Pune		Recovery on account of risk and cost purchases	157126	177426	177426
16.	ASL Hyderabad	(i)	<b>Misc recoveries</b> Excess overhead charges/compensation	-	81875	81875
	HEMRL Pune	(ii)	Recovery of Penal Interest	35568	35568	35568
	CEPZ Pune	(iii)	Railway Warrants	-	3560	3560
	MH Golconda	(iv)	Excess issue of Railway Warrants	7020	7020	7020
	ACC&S Ahmednagar	(v)	Auction money of condemned stores	-	11914	11914
17	PAO GREF Dighi		Recovery on a/c of Transportation and Field allowances		214655	214655
	PAO(ORs) Guards Kamptee			31798	36270	36270
18	PAO(ORs) MIRC Ahmednagar		Recovery on a/c of Other Allowances	0	3375	3375
	PAO(ORs) AOC Secunderabad			117960	1460660	1316660
19	GE Kota		Recovery of electricity and water charges from an Officer Mess	-	-	209712
20	250 Transit Camp		Crediting of AC charges to Regimental Fund instead of Govt. treasury	-	-	38460
	<b>Total</b>			<b>34830150</b>	<b>47704296</b>	<b>48618368</b>

Say ₹ 4.86 crore

## ANNEXURE-II

(Referred to in Paragraph 1.10)

## Savings at the instance of Audit

Sl No	Unit/formation	Nature of irregularity pointed out by audit	Remedial measures taken by units	Amount involved (₹ in lakh)
1	GE(CME) Dapodi	Unauthorised provision of 04 Type V married accommodation for MES Civilian Officers	A/A cancelled	108.41
2.	HQ MG&G Area Mumbai	Irregular sanction for provision of Single living accommodation for one JCO and two Havs at Baroda	A/A cancelled	12.85
		Irregular sanction for provision of approach road from PT Gate to swimming pool at 3 TTR Margoa	A/A cancelled	5.60
3.	HQ SC Pune	Irregular transfer of public money into regimental fund	Amount Deposited into Govt Treasury	3.00
4.	COD Dehu Road	Over provisioning of an Item	Demand reduced	8.30
5.	MITSD&D	Special Repairs to sewage system OTM accommodation at MINTSD Pune under GE(S) Pune	A/A revised with reduction in work	14.18
6.	HQ Andhra Sub Area	Provision of falls ceiling in bldg No. E2 DD of 161 Med Regt under GE(N) Secunderabad	A/A cancelled	1.91
7.	HQ Pune Sub Area	Special repairs to chain link fencing at ALC under GE(S) Pune (N)	A/A cancelled	14.24
		Provision of wire fencing at INI Pune under GE(CME) Kirkee (D)	A/A cancelled	9.1
		Special repairs to Bldg No. 37 at Aurangabad Cantt under GE(S) Ahmednagar (N)	Reduction of excess Market Variation	0.33
		Provision of Incinerator for destruction of office papers/material at CSD under GE(N) Pune	Reduction of excess Market Variation	0.11
8.	PCDA, SC, Pune	Reduction in the amount of CGEGIS & Encashment of earned leave	Amount restricted	1.89
9.	HQ ACCS, Ahmednagar	Provision of Syntex water tanks along with staging and water connection in OR MdAccn at JK road (Qty 12) (capacity 1000 Ltrs) at ACC&S Ahmednagar	Reduced the work	0.10
10.	Stn HQ Aundh	Provision of Trestle Stores Room for CSD at CME	A/A cancelled	0.82
11.	PCDA(O) Pune	Savings on account of Terminal Gratuity Claims (Through PS)	Claims amended	27.95
		Savings on account of Terminal Gratuity Claims (Through TAOS)	Claims amended	11.05
12.	HQ 21 Mtn. Div	Special repairs to building	A/A cancelled	14.50

Sl No	Unit/formation	Nature of irregularity pointed out by audit	Remedial measures taken by units	Amount involved (₹ in lakh)
13.	Station HQ Sukna	Special repairs to boundary wall	A/A cancelled	13.30
14.	HQ 111 Sub area	Provision of Standby Air Handling Units and Cooling Tower and Allied works	A/A cancelled	12.96
		Provision of Aluminium Frame portion wall with glass	A/A cancelled	0.98
15.	HQ 20 Mountain Div.	Provision of Solar Water Heater system for cook house and unit lines	A/A cancelled	10.70
		Comprehensive special repair to building	A/A cancelled	9.73
16.	HQ 417 Engr Bde	Provision of two wheeler Parking stand	A/A cancelled	1.70
17.	Station HQ Barrackpore	Provision of Aluminium partition for LPG offices	A/A cancelled	1.47
18.	Station HQ Vairentage	Provision of vitrified ceramics tiles	A/A cancelled	0.97
19.	Station HQrs, Nabha	Provision of chain link fencing between building No P-124 to building No. P-130 at Military Station, Nabha	A/A cancelled	1.98
20.	-do-	Provision of chain link fencing between Gate No 1 to building No P-124 at Military Station, Nabha	A/A cancelled	1.98
21.	-do-	Provision of chain link fencing between building No. 137 to Gate No. 2 of Armd Wksp at Military	A/A cancelled	1.98
22.	HQ 61 Sub Area	Provn of addition/alteration in auditorium building under zone I area at Jaipur Mil stn	A/A cancelled	14.16
23.	HQ 61 Sub Area	Provn of guard room, stores & ancillaries at Haldighati line at Jaipur Military Station	A/A cancelled	14.98
24.	HQ 61 Sub Area	Provn of extension in of building No. P-803 in Zone I Area at Jaipur Mil Station	A/A cancelled	14.99
25.	15 Inf Div	Admin Approval Cum Released Order for Provn of Four Servant Quarters at 615 EME Bn Officers Mess at Amritsar Cantt.	A/A cancelled	14.44
26.	HQ 71 Sub Area	Provision of store for Clothing and Signal Store.	A/A cancelled	10.60
27.	HQ 135 Works Engr	Excess provision of OR institute amounting to Rs. 20.56	Reduction Statement issued	21.18
28.	HQ 71 Sub Area	Provision of Environment Control System for operationalising E – library portion seen as not in order	A/A cancelled	14.90
29.	HQ 71 Sub Area	Provision of 01x Guard Room (05 persons) with toilet and bathroom in Wksp morh at 14 EME Bn viewed as irregular as guard rooms are not authorized for OR Md Accn	A/A cancelled	14.52

Sl No	Unit/formation	Nature of irregularity pointed out by audit	Remedial measures taken by units	Amount involved (₹ in lakh)
30.	HQ 71 Sub Area	Provision of Main Gate renovation work at HRDC HQ 71 Sub Area under GE (North) Udhampur	A/A cancelled	3.91
31.	HQ NC	Militancy Area charges applied in Adm Approval of provision of road connecting Inf Bn 2 with Inf Bn 3 at Bhalara Station @ 10% instead of 5%	Reduction Station issued by HQrs NC after applying correct charges	14.03
32.	HQ 9 corps	Provision of covered footpath was viewed as irregular by audit as no scale has been laid down for such work	A/A cancelled	14.77
33.	HQ NC	Construction of 01x40 men barrack and Provision of 08x Single Officers living accommodation for 625 EME Bn at Rajouri.	Reduction Statement issued	6.55
34.	HQ 20 Mtn. Div	Comprehensive Spl Repair to Block No 0/54 and 0/55 under GE Binnaguri	A/A cancelled	43.00
35.	HQ 4 Corps	Provision of 01 High Mast security light at JCOs/OR Married Accommodation Complex	A/A cancelled	7.57
36.	HQ 4 Corps	Provision of Rest Room near Building No. P-25 at Station HQ Tezpur	A/A cancelled	6.10
Total				507.79

**Say ₹ 5.08 crore**

**ANNEXURE-III***(Referred to in Paragraph 1.10)***Adjustment in Annual Accounts at the instance of Audit**

Sl No	Unit/formation	Nature of irregularity pointed out by audit	Remedial measures taken by units	Amount involved (₹ in crore)	Net effect of the amount involved (ie. 50%) (₹ in crore)
1.	CSD HO MUMBAI	Saving on a/c of amendment to Annual Accounts for the year 2014-15	Annual Accounts 2014-15 amended accordingly	97.40	48.70
		Under statement of liability towards CST/VAT		2.44 crore	
		Under statement of Sundry Creditors		79.38 crore	
		Non-accounting of expenditure towards completed Deposit Works		2.61 crore	
		Non-accounting of outstanding liabilities		0.99 crore	
		Over statement of value of closing stock in the Annual Accounts for the year 2014-15		5.63 crore	
		Non provision towards Service Charges/VAT		6.35 crore	
		<b>TOTAL</b>		97.40 crore	<b>48.70</b>

Say ₹ 48.70crore

**ANNEXURE-IV***(Referred to in Paragraph 1.12)***Position of outstanding ATNs****Ministry of Defence - excluding Ordnance Factory Board****(i) Pending for more than ten years**

<b>Sl. No.</b>	<b>Report No. and Year</b>	<b>Para No.</b>	<b>Subject</b>
1.	No. 2 of 1989	11**	Purchase and licence production of 155mm towed gun system and ammunition
2.	No.12 of 1990	9**	Contract with Bofors for (a) purchase and licence production of 155mm gun system and (b) Counter Trade
3.	No.8 of 1991	13*	Central Ordnance Depot, Agra.
4.	No.8 of 1993	29*	Import of mountaineering equipment and sports items
5.		31*	Avoidable payment of detention charges
6.	No. 7 of 1998	32*	Infructuous expenditure on procurement of substandard cylinders
7.	No. 7 of 2001	15**	Procurement of an incomplete equipment
8.	PA Report No. 7A of 2001	*ATN for 7 out of 42 paras yet to be received even for the 1 <sup>st</sup> time while one part ATN referred back to Ministry	Review of Procurement for OP VIJAY(Army)
9.	No. 6 of 2003	14*	Irregular recruitment of personnel
10	No. 6 of 2004	3.2*	Recoveries/Savings at the instance of Audit.
11	No. 6 of 2005	3.2*	Recoveries/savings at the instance of Audit
<b>(ii) Pending more than 5 years up to 10 years</b>			
12	Report No. 4 of 2007	3.5*	Recoveries/Savings at the instance of audit
13	PA Report No. PA 4 of 2008	Chapter I**	Supply Chain Management of General Stores and Clothing in the Army
14	Report No. CA 17 of 2008-09	2.7*	Non-renewal of lease of land occupied by Army Golf Club
15		3.5*	Utilisation of Government assets for non-governmental purposes

16	Report No.12 of 2010-11	3.6*	Recoveries/Savings at the instance of audit
17		2.1**	Defective import of SMERCH Multi Barrel Rocket Launcher System
18	PA Report No. 6 of 2010-11	Standalone Report*	Supply Chain Management of Rations in Indian Army
19	PA Report No. 14 of 2010-11	Standalone Report**	Canteen Stores Department
20	PA Report No. 35 of 2010-11	Standalone Report*	Defence Estates Management
21	PA Report No. 11 of 2011-12	Entire Report*	Special report on Adarsh Co-operative Housing Society, Mumbai
<b>(iii) Pending more than 3 years up to 5 years</b>			
22	Report No. 24 of 2011-12	3.1**	Extra expenditure due to acceptance of higher rates
23		3.14*	Recoveries and savings at the instance of Audit
24		5.2**	Non-completion of bridge after twelve years of sanction
25	PA Report No. 18 of 2012-13	3.1,3.2,4.5,5.8,5.9,5.11,5.14 & 7.3**	Performance Audit of the Medical Establishments in Defence Services
<b>(iv) Pending up to 3 years</b>			
26	Report No. 30 of 2013	2.1*	Improper management of Defence land
27		2.5*	Absence of effective controls resulting in non recovery of outstanding dues
28		3.7*	Recoveries, savings and adjustment in accounts at the instance of Audit
29	Report No. 35 of 2014	2.1*	Inordinate delay in indigenization of TATRA vehicles
30		2.2*	Procurement of unacceptable equipment valuing ₹27.32 crore
31		3.1***	Nugatory expenditure of ₹88.39 crore in the procurement of Chemical, Biological, Radiological and Nuclear (CBRN) Equipment
32		3.2*	Extra expenditure of ₹2.33 crore due to failure to accept the tender for procurement of tea within the validity period
33		3.3*	Loss of revenue due to non collection of metal scrap from Field Firing Range

34		3.6**	Recoveries, savings and adjustment in accounts at the instance of Audit
35		7*	Defence Grants-in-Aid Scheme of Defence Research and Development Organization
36	PA Report No. 19 of 2015	Entire Report***	Performance Audit on Ammunition Management in Indian Army
37	Report No. 44 of 2015	2.1*	Working of Cantonment Boards
38		2.2***	Non-availability of Specialized Parachutes
39		2.3*	Short recovery of interest on mobilization advance
40		3.1***	Functioning of Army Aviation Corps
41		3.2***	Shortfall in availability of BMP vehicle in Indian Army
42		3.3*	Unwarranted procurement of image intensifier sight for Commander of Tank T-55
43		3.4*	Excess procurement of stores
44		3.5***	Less deduction of Liquidated Damages
45		3.6*	Non-Installation of Hydraulic Test Benches
46		3.7***	Avoidable expenditure in procurement of Hi-Lo-Beds
47		3.8*	Recoveries, savings and amendment of annual accounts at the instance of Audit
48		4.1***	Loss due to excess payment and short recovery of electricity charges
49		4.2***	Inadequate monitoring of execution of a project
50		4.3***	Non utilization of assets
51		4.4***	Blockage of Government money due to conclusion of contracts without availability of site
52		4.5***	Infructuous expenditure due to procurement of substandard pipes
53		5.1**	Avoidable expenditure due to acceptance of contract at higher rates
54		5.2**	Under recovery of Services Tax from the contractors
55		5.3**	Delay in procurement of Water Truck resulted in extra expenditure
56		6.1*	Project Management in Terminal Ballistic Research Laboratory (TBRL) Chandigarh

57		6.2***	Information Technology Audit of SAP Enterprise Resource Planning System at Research Centre Imarat, Hyderabad
58	PA Report No. 51 of 2015	Entire Report***	PA on Implementation of Ex-servicemen Contributory Health Scheme
59	Report No. 19 of 2016	2.1***	Functioning of Director General Resettlement
60		2.2***	Supply Chain Management of Ration in Indian Army-Follow up Audit
61		2.3***	Procurement of Environmental Control Units found incompatible during exploitation
62		2.4***	Non-deduction of income tax on field allowances granted to Junior Commissioned Officers in the Army
63		2.5***	Short acquisition of land measuring 73.826 acres
64		3.1***	Unwarranted procurement of Radio Sets for trial purposes
65		3.2***	Irregular attachment of service personnel with private institute
66		3.3***	Irregular sanction of an additional laundry facility
67		3.4**	Recoveries, savings and adjustment in accounts at the instance of audit
68		4.1***	Inordinate delay in completion of works sanctioned for operational military requirements
69		4.2***	Non recovery of water charges from Personnel Below Officer Ranks
70		5.1***	Improper selection of sites for bridges
71		5.2***	Procurement of Cranes without proper need assessment
72		6.1*	Avoidable procurement of a mobile Nitrogen Gas Generator Plant
73		6.2*	Infructuous procurement of material

\* ATNs examined by Audit but yet to be revised by the Ministry in the light of Audit remarks – 33

\*\* ATNs vetted by Audit but finalized ATNs are awaited from Ministry – 14

\*\*\* Action Taken Notes not received even for the first time - 26

**ANNEXURE-XI***(Referred to in Paragraph 7.1.2.6)***Details of Cost of Production and Value of Issues****(₹ in crore)**

	<b>M&amp;C</b>	<b>WV&amp;E</b>	<b>A&amp;E</b>	<b>AV</b>	<b>OEF</b>	<b>Total</b>
<b>Cost of Production</b>						
<b>2011-12</b>	2,074.90	3,812.50	5,266.51	3,818.35	961.17	<b>15,933.43</b>
<b>2012-13</b>	2,363.68	3,693.91	5,285.98	3,515.71	1,113.16	<b>15,972.44</b>
<b>2013-14</b>	2,286.95	3,655.37	5,517.54	2,930.54	1,246.27	<b>15,636.67</b>
<b>2014-15</b>	2,518.20	4,084.51	6,017.46	2,536.31	1,319.25	<b>16,475.73</b>
<b>2015-16</b>	2,740.60	3,897.10	6,844.32	3,294.47	1,517.58	<b>18,294.07</b>
<b>Value of Issue</b>						
<b>2011-12</b>	2,321.00	4,176.00	5,662.00	4,239.00	875.00	<b>17,273.00</b>
<b>2012-13</b>	2,516.28	4,109.93	5,540.77	3,836.42	1,115.90	<b>17,119.30</b>
<b>2013-14</b>	2,382.40	3,966.44	5,584.44	2,926.91	1,261.91	<b>16,122.10</b>
<b>2014-15</b>	2,676.65	3,937.18	6,128.84	2,519.04	1,402.66	<b>16,664.37</b>
<b>2015-16</b>	2,896.31	3,953.51	6,961.70	2,949.83	1,862.59	<b>18,623.95</b>
<b>Breakup of cost of 2015-16 (with % of COP)</b>						
<b>Material</b>	1,310.14	1,891.32	4,519.26	2,176.39	657.46	<b>10,554.57</b>
	<b>(47.81%)</b>	<b>(48.53%)</b>	<b>(66.03%)</b>	<b>(66.06%)</b>	<b>(43.32%)</b>	<b>(57.69%)</b>
<b>Labour</b>	329.59	491.25	541.29	285.67	392.35	<b>2,040.15</b>
	<b>(12.03%)</b>	<b>(12.61%)</b>	<b>(7.91%)</b>	<b>(8.67%)</b>	<b>(25.85%)</b>	<b>(11.15%)</b>
<b>Direct Expense</b>	132.25	49.12	60.86	49.36	6.21	<b>297.80</b>
	<b>(4.83%)</b>	<b>(1.26%)</b>	<b>(0.89%)</b>	<b>(1.50%)</b>	<b>(0.41%)</b>	<b>(1.63%)</b>
<b>FOH</b>	708.59	1018.71	1430.49	578.98	354.22	<b>4,090.99</b>
	<b>(25.86%)</b>	<b>(26.14%)</b>	<b>(20.90%)</b>	<b>(17.57%)</b>	<b>(23.34%)</b>	<b>(22.36%)</b>
<b>VOH</b>	260.02	446.7	292.43	204.07	107.34	<b>1,310.56</b>
	<b>(9.49%)</b>	<b>(11.46%)</b>	<b>(4.27%)</b>	<b>(6.19%)</b>	<b>(7.07%)</b>	<b>(7.16%)</b>
<b>Total</b>	<b>2,740.59</b>	<b>3,897.10</b>	<b>6,844.33</b>	<b>3,294.47</b>	<b>1,517.58</b>	<b>18,294.07</b>
<b>Inventory position</b>						
<b>Stores in hand</b>	643.23	1,256.41	2,507.31	2,142.32	189.41	<b>6,738.68</b>
<b>WIP</b>	417.54	1,091.69	1,132.13	1,438.04	66.95	<b>4,146.35</b>
<b>Finished Stock</b>	349.07	344.42	244.02	575.92	21.50	<b>1,534.93</b>
<b>Stores in transit</b>	66.94	188.5	620.47	111.59	0.88	<b>988.38</b>
<b>Total</b>	<b>1,476.78</b>	<b>2,881.02</b>	<b>4,503.93</b>	<b>4,267.87</b>	<b>278.74</b>	<b>13,408.34</b>
<i>Source : Annual Accounts of the Ordnance Factories for the year 2011-12 to 2015-16</i>						

**ANNEXURE-XII**

*(Referred to in Paragraph 7.4.2)*

**Year-wise break-up of outstanding warrants as of 31 March 2015**

<b>Year of Issue</b>	<b>No. of Outstanding Warrants</b>
1999-00	2
2004-05	8
2005-06	3
2006-07	3
2007-08	8
2008-09	17
2009-10	27
2010-11	51
2011-12	53
2012-13	186
2013-14	3490
2014-15	20858
<b>Total</b>	<b>24706</b>