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सत्यमेव जयते

UNION GOVERNMENT

APPROPRIATION ACCOUNTS

OF

THE DEFENCE SERVICES

FOR THE YEAR

2007-2008

Presented in Lok Sabha on.....

held in Rajya Sabha on 2-0-2009



सत्यमेव जयते

UNION GOVERNMENT

APPROPRIATION ACCOUNTS

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FOR THE YEAR

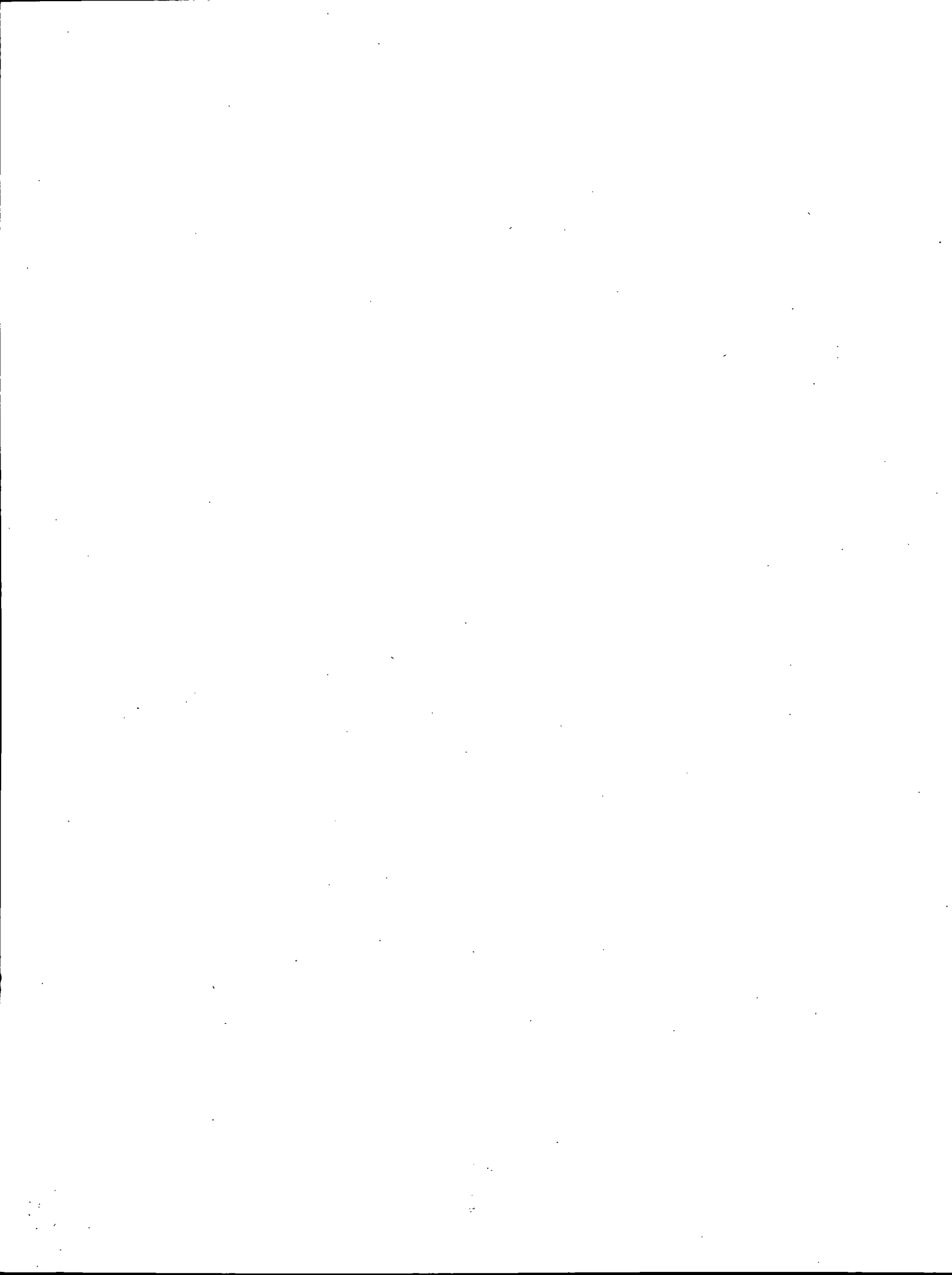
2007-2008



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APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES FOR THE YEAR 2007-2008

INTRODUCTORY

This compilation contains the Appropriation Accounts of the Defence Services for the year 2007-2008, Certificate of the Controller General of Defence Accounts, review on the expenditure incurred by the Military Engineer Services, Appendices relating to losses of cash and stores, cases of infructuous expenditure and gifts and transfer of property to Non-Government Organisations and financial review on the accounts of Military Farms together with their Accounts.

The Appropriation Accounts present the accounts of sums expended in the year ended 31st March 2008 compared with the several sums specified in the schedules appended to the Appropriation Acts passed under Articles 114 and 115 of the Constitution of India.

In the accounts, the amounts of original and supplementary grant(s) or appropriation(s) have been shown separately where supplementary grants or appropriations were obtained; otherwise the amount shown under column "total grant or appropriation" represents the "Original Provision".

In these Accounts: -

"O" stands for Original grant or appropriation.

"S" stands for supplementary grant or appropriation.

"R" stands for re-appropriation, withdrawals or surrenders sanctioned by a Competent authority.

Charged Appropriation and expenditure are shown in italics.

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CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

It is certified that the Appropriation Accounts of the Defence Services contained in Sections I and II of this compilation have been examined under my direction. These accounts are the responsibility of the Financial Adviser (Defence Services) and the Secretary to Government of India, Ministry of Defence. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of accounts. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the information and explanations that my officers required and have obtained, and according to the best of my information as a result of test audit of the accounts, I certify, in pursuance of the provisions of Article 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act, 1971, that these accounts give a true and fair view of sums expended in the year ended 31st March 2008 compared with the sums specified in the schedule appended to the Appropriation Acts passed by the Parliament under Articles 114 and 115 of the Constitution of India, subject to the following observation and my detailed comments in Chapters 2, 7 and 8 of my Report on accounts of the Union Government for the year ended 31st March 2008.

- (i) Rs. 2745 crores has been disbursed by the Ministry of Defence to two Defence Public Sector Undertakings in 2007-08 for meeting the committed liabilities that would arise in the next year 2008-09.

**(Vinod Rai)
Comptroller and Auditor General of India**

New Delhi
Dated the , 2008

9 फरवरी 2009

SECTION - I

Summary of Appropriation Accounts for the year 2007-2008

		(In thousands of rupees)			
Number and name of Grant/ Appropriation		Total amount of Grant/ Appropriation	Expenditure	Savings	Excess
1		2	3	4	5
Expenditure met from Defence Revenue					
22 - Defence Services - Army	<i>Charged</i>	163800	95848	67952	--
	Voted	354101000	354812878	--	711878
					(Rs. 711878075)
23 - Defence Services - Navy	<i>Charged</i>	13700	12944	756	--
	Voted	71726800	71155831	570969	--
24 - Defence Services - Air Force	<i>Charged</i>	19400	9760	9640	--
	Voted	107270300	105579332	1690968	--
25 - Defence Ordnance Factories	<i>Charged</i>	13000	6524	6476	--
	Voted	13854500	12741443	1113057	--
26 - Defence Services - Research & Development	<i>Charged</i>	7400	5581	1819	--
	Voted	32253200	31906064	347136	--
Total Expenditure met from Revenue	<i>Charged</i>	217300	130657	86643	--
	Voted	579205800	576195548	3722130	711878
Capital Expenditure					
27 - Capital Outlay on Defence Services	<i>Charged</i>	682500	217685	464815	--
	Voted	418576000	374399049	44176951	--
GRAND TOTAL	<i>Charged</i>	899800	348342	551458	--
	Voted	997781800	950594597	47899081	711878

The excess over Grant/Appropriation against Grant No.22 requires regularisation under article 115 of the Constitution.

2. As the Grant and Appropriation are for the gross amounts required for expenditure, the figures shown against them do not indicate recoveries which are adjusted in the accounts as reduction of expenditure. The net expenditure figures are shown in Finance Accounts. The details of recoveries referred to are given in annexure "A" (at page 5).

	(In thousands of rupees)		
	REVENUE	CAPITAL	TOTAL
Total expenditure according to Appropriation Account	576326205	374616734	950942939
Deduct - Total recoveries shown in Annexure 'A'	2749500	--	2749500
Net total expenditure on Defence Services as shown	573576705	374616734	948193439

3. Certified that to the best of my knowledge and belief, no part of the expenditure included in these Appropriation Accounts has been incurred without the sanction of the Government of India where such sanction is required under the regulations or other orders.

New Delhi
Dated the

16 दिसम्बर 2008
DEC

(H. K. PANNU)
Financial Advisor (Defence Services)

New Delhi
Dated the

16 दिसम्बर 2008
DEC

(VIJAY SINGH)
Secretary, Ministry of Defence



ANNEXURE 'A'

The following table shows by grants, the total recoveries adjusted in the accounts as reduction of expenditure.

(In thousands of rupees)

No. and Name of Grant	Budget	Actuals	Actual compared with Budget estimates More(+) Less(-)	
1	2	3	4	
22 - Defence Services - Army	215000	374464	(+) 159464	
25 - Defence Ordnance Factories	3000000	2375036	(-) 624964	
Total :	3215000	2749500	(-) 465500	

SECTION II

DETAILED (GRANT - WISE) APPROPRIATION ACCOUNTS

Grant No.22 - DEFENCE SERVICES - ARMY

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
<u>Major Head 2076</u>							
101 - Pay and Allowances of Army	<i>Charged</i>	(O	5000	5000	1355	(-)	3645
	<i>Voted</i>	(O	141365200				
		(S	2322200				
		(R (+)	1543000	145230400	148557430	(+)	3327030
103 - Pay & Allowances and Miscellaneous expenses of Auxiliary Forces	<i>Charged</i>	(O	100	100	0	(-)	100
	<i>Voted</i>	(O	2655600				
		(R (+)	114300	2769900	2913997	(+)	144097
104 - Pay and Allowances of Civilians	<i>Charged</i>	(O	19400	19400	8000	(-)	11400
	<i>Voted</i>	(O	15394300				
		(R (+)	322300	15716600	16045403	(+)	328803
105 - Transportation	<i>Charged</i>	(O	100				
		(R (+)	100	200	0	(-)	200
	<i>Voted</i>	(O	12706200				
		(R (+)	800000	13506200	13119041	(-)	387159

Grant No.22 - DEFENCE SERVICES - ARMY(Contd)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
106 - Military Farms	<i>Charged</i>	(O	1500	1500	6	(-)	1494
	Voted	(O	1813000				
		(R (+)	150000	1963000	1997806	(+)	34806
107 - Ex-Servicemen Contributory Health Scheme	Voted	(O	3299100				
		(R (+)	1600000	4899100	4828208	(-)	70892
109 - Inspection Organisation	<i>Charged</i>	(O	3500				
		(R (-)	1500	2000	296	(-)	1704
	Voted	(O	4115500				
		(R (-)	559500	3556000	3335793	(-)	220207
110 - Stores	<i>Charged</i>	(O	5000	5000	145	(-)	4855
	Voted	(O	106156700				
		(R (-)	8058100	98098600	94885963	(-)	3212637
111 - Works	<i>Charged</i>	(O	4000				
		(R (+)	3400	7400	7245	(-)	155
	Voted	(O	33401600				
		(R (+)	2798000	36199600	36482425	(+)	282825

Grant No.22 - DEFENCE SERVICES - ARMY(Contd)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
112 - Rashtriya Rifles	<i>Charged</i>	(O	2000				
		(R (+)	1000	3000	2399	(-)	601
	<i>Voted</i>	(O	14499900				
		(R (+)	1149000	15648900	16032511	(+)	383611
113 - National Cadet Corps	<i>Charged</i>	(O	22200	22200	1427	(-)	20773
		(R (+)	218000	4327800	4956190	(+)	628390
800 - Other Expenditure	<i>Charged</i>	(O	101000				
		(R (-)	3000	98000	74975	(-)	23025
	<i>Voted</i>	(O	12261900				
		(R (-)	77000	12184900	11658111*	(-)	526789
Surrender or Withdrawal within Grant / Appropriation	<i>Charged</i>		0	0	0		0
		<i>Voted</i>		0	0	0	0
TOTAL	<i>Charged</i>	(O	163800	163800	95848	(-)	67952
		(O (S	351778800 2322200	354101000	354812878	(+)	711878

*Includes Rs. 4,05,35 thousands on account of contribution paid to Commonwealth War Graves Commission, UK through the High Commission of India in UK for the year ended 31.03.2008

GRANT No. 22-DEFENCE SERVICES- ARMY

(Rs. in thousand)

		FINAL GRANT OR APPROPRIATION	ACTUAL EXPENDITURE	EXCESS (+) SAVING (-)
CHARGED				
Original	163800)	16,38,00	9,58,48	(-) 6,79,52
Supplementary	---			
Surrender during the year				NIL
VOTED				
Original	351778800)	35410,10,00	35481,28,78	(+) 71,18,78
Supplementary	2322200)			
Surrender during the year				NIL

NOTES AND COMMENTS

1. In the Charged portion of the Grant overall saving of Rs. 680 lakh occurred due to non-finalization of Court cases than anticipated.
2. In the Voted portion of the Grant saving/excess occurred under the following Minor heads: -

I. The saving occurred under the following Minor heads:

Minor Head – 105

The increase of Rs. 8000 lakh at the Final Estimates Stage was mainly due to increased number of units moving to UN Missions, increased chartered flights for troops serving in Northern and Eastern Commands, additional expenditure due to free addl warrants authorized and enhanced LTC facilities announced by Govt.

The saving of Rs 3872 lakh in the Final Grant was mainly due to less booking than anticipated under permanent moves, rail charges, for movement of stores and Rolling Stocks.

Minor Head – 107

The increase of Rs. 16000 lakh at the Final Estimates Stage was mainly due to increased expenditure on account of Medical Treatment and Medical Stores, as a result of increase in membership of ECHS.

The saving of Rs. 709 lakh in the Final Grant was mainly due to less procurement of medical stores and in Information Technology than anticipated. This has been due to slippages in certain proposals on DGS&D rates.

Minor Head – 109

The decrease of Rs. 5595 lakh at the Final Estimates Stage was mainly due to excess allocation surrendered due to savings achieved on Non-Plan Expenditure viz. OTA, Mov of Pers & Foreign Travel, delay in finalization of DGQA Automation Plan and rescheduling of production targets by Ordnance Factories including excess allocation.

The saving of Rs. 2202 lakh in the Final Grant was mainly due to less booking in proofing. This is due to the reason that the expenditure as intimated by the proof establishments is the value of proof stock components already received at their end, whereas the expenditure shown in the CGDA's compilation is the actual value of stores for which payment has been made by CDAs.

Minor Head – 110

The decrease of Rs. 80581 lakh at the Final Estimates Stage was mainly due to re - classification of expenditure from Revenue to Capital, slow progress of expenditure due to non-fructification of certain projects, reduced expenditure for provisions and petroleum products and variation in anticipated expenditure which is primarily dependent on fructification of contracts.

The saving of Rs. 32126 lakh in the Final Grant was mainly due to non-materialization of certain contracts in full; pertaining to provisions (viz. meat, pulses, edible oils, sugar and tea & coffee) and FOL (Petrol, Diesel, LPG & other stores), routine slippage in finalized contracts pertaining to electronics, missiles, general stores, clothing and MT Stores.

Minor Head – 800

The decrease of Rs. 770 lakh at the Final Estimates Stage was mainly due to low expenditure in TAG and DMRF.

The saving of Rs. 5268 lakh in the Final Grant was mainly due to low expenditure in TAG, I&M Grant, MIFD and Army Adventure Wing etc., unforeseen slippages in materialization of proposals.

II. The excess occurred under the following Minor heads:

Minor Head -- 101

The increase of Rs. 15430 lakh at the Final Estimates Stage was mainly due to enhancement of DA vis – a – vis calculated rate at BE stage.

The excess of Rs. 33270 lakh in the Final Grant was mainly due to sanction of higher DA vis-à-vis anticipated DA and special allowances for the personnel serving in the high altitude areas.

Minor Head -- 103

The increase of Rs. 1143 lakh at the Final Estimates Stage was mainly due to enhancement of DA vis – a – vis calculated rate at BE stage.

The excess of Rs. 1441 lakh in the Final Grant was mainly due to sanction of higher DA vis-à-vis anticipated DA.

Minor Head -- 104

The increase of Rs. 3223 lakh at the Final Estimates Stage was mainly due to enhancement of DA vis – a – vis calculated rate at BE stage.

The excess of Rs. 3288 lakh in the Final Grant was mainly due to sanction of higher DA vis-à-vis anticipated DA.

Minor Head -- 106

The increase of Rs. 1500 lakh at the Final Estimates Stage was mainly due to increase in rate of milk purchased through milk schemes/NCDFI and increase in Nerrick rates of labour.

The excess of Rs. 348 lakh in the Final Grant was mainly due to hike in fodder price and miscellaneous charges.

Minor Head -- 111

The increase of Rs. 27980 lakh at the Final Estimates Stage was mainly due to payment of long outstanding cases for hired and leased buildings and rental for land particularly in J&K, increased in tariff rates of electricity and water and increased rates of maintenance and constructive due to inflation.

The excess of Rs. 2828 lakh in the Final Grant was mainly due to increase in rates than anticipated in major works, maintenance of hired & leased buildings and rentals for land.

Minor Head – 112

The increase of Rs. 11490 lakh at the Final Estimates Stage was mainly due to enhancement of DA vis-à-vis calculated rate at BE stage and increase in prices of ASC Stores, and Ordnance stores and MT Vehicles.

The excess of Rs. 3836 lakh in the Final Grant was mainly due to sanction of higher DA vis-à-vis anticipated DA and slight over expenditure under Transportation and Miscellaneous Expenditure due to minor slippages.

Minor Head – 113

The increase of Rs. 2180 lakh at the Final Estimates Stage was mainly due to additional demands for funds by NCC Directorates and increase in camp expenditure due to restructuring of NCC as approved by MoD.

The excess of Rs. 6284 lakh in the Final Grant was mainly due to higher pricing of Soft Loading Rifle (Refurbished) procured from Ordnance Depot than the rate approved by the Govt. and booking of carry forward liabilities of previous years in this year by DGS&D pertaining to the stores procured under DGS&D rate contract.

Grant No. 23 - DEFENCE SERVICES - NAVY

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
<u>Major Head 2077</u>							
101 - Pay and Allowances of Navy	<i>Charged</i>	(O	700				
		(R (-)	600	100	0	(-)	100
	Voted	(O	9949300				
		(S	500000				
		(R (+)	10000	10459300	10749302	(+)	290002
102 - Pay and Allowances of Reservists	Voted	(O	0	0	0		0
104 - Pay and Allowances of Civilians	<i>Charged</i>	(O	8000				
		(R (-)	1000	7000	5612	(-)	1388
	Voted	(O	6892000				
		(S	101000				
		(R (+)	207100	7200100	7081117	(-)	118983
105 - Transportation	<i>Charged</i>	(O	0				
		(R (+)	100	100	105	(+)	5
	Voted	(O	1700000				
		(R (-)	125500	1574500	1422213	(-)	152287
106 - Repairs & Refits	Voted	(O	11400000				
		(R (-)	4012400	7387600	7352403	(-)	35197
110 - Stores	<i>Charged</i>	(O	500				
		(R (-)	500	0	0		0
	Voted	(O	29049500				
		(R (+)	3225200	32274700	31794555	(-)	480145

Grant No. 23 - DEFENCE SERVICES - NAVY (Contd)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
111 - Works	<i>Charged</i>	(O	500				
		(R (+)	4500	5000	6299	(+)	1299
	Voted	(O	4858100				
		(R (+)	811700	5669800	5570748	(-)	99052
112 - Joint Staff	Voted	(O	4591800				
		(S	638300				
		(R (-)	80800	5149300	4972608	(-)	176692
800 - Other Expenditure	<i>Charged</i>	(O	4000				
		(R (-)	2500	1500	928	(-)	572
	Voted	(O	2046700				
		(S	100				
		(R (-)	35300	2011500	2212885	(+)	201385
Surrender or Withdrawal within Grant / Appropriation	<i>Charged</i>		0	0	0		0
	Voted		0	0	0		0
TOTAL	<i>Charged</i>	(O	13700	13700	12944	(-)	756
		Voted	70487400				
		(S	1239400	71726800	71155831	(-)	570969

GRANT No. 23-DEFENCE SERVICES- NAVY

(Rs. in thousand)

		FINAL GRANT OR APPROPRIATION	ACTUAL EXPENDITURE	EXCESS (+) SAVING (-)
CHARGED				
Original	13700)	1,37,00	1,29,44	(-) 7,56
Supplementary	---			
Surrender during the year				NIL
VOTED				
Original	70487400)	7172,68,00	7115,58,31	(-) 57,09,69
Supplementary	1239400)			
Surrender during the year				NIL

NOTES AND COMMENTS

1. In the Charged portion of the Grant overall saving of Rs. 8 lakh occurred due to finalization of lesser number of Court cases than anticipated.

2. In the Voted portion of the Grant saving/excess occurred under the following Minor heads: -

I. The saving occurred under the following Minor heads:

Minor Head – 104

The increase of Rs. 2071 lakh at the Final Estimates Stage was mainly due to cater for DA increments in current financial year.

The saving of Rs. 1190 lakh in the Final Grant was mainly due to DA increment of Jan 08 was paid in April 08 and delay in induction of new recruits.

Minor Head – 105

The decrease of Rs. 1255 lakh at the Final Estimates Stage was mainly due to lower than anticipated expenditure on passage and conveyance of Naval Personnel and hired transport till formulation of MAR.

The saving of Rs. 1523 lakh in the Final Grant was mainly due to lower expenditure on passage and conveyance of Naval Personnel than anticipated and non-materialization of transportation of submarine from Russia.

Minor Head – 106

The decrease of Rs. 40124 lakh at the Final Estimates Stage was mainly due to shifting of expenditure from Revenue to Capital, reduce expenditure in respect of Repairs and refit of Ships, Submarines and Aircrafts. The balance allocation was also made to meet committed liabilities including expenditure towards repair of other miscellaneous stores.

The saving of Rs. 352 lakh in the Final Grant was mainly due to reduced expenditure for repairs of miscellaneous equipment in respect of Private firms and abroad and reduced outgo of schemes of Repair and refits of Aircrafts.

Minor Head – 110

The increase of Rs. 32252 lakh at the Final Estimates Stage was mainly due to higher expenditure on Aviation, Naval Stores and Machinery Spares for maintenance of aging ships and aircraft, to cater for hike in fuel price, slippage in work projects and lower than anticipated expenditure bill formulation of MAR.

The saving of Rs. 4801 lakh in the Final Grant was mainly due to delay in signing of contracts for indigenous machinery & spares and delay in supply of weapon spares resulting in lesser than anticipated expenditure.

Minor Head – 111

The increase of Rs. 8117 lakh at the Final Estimates Stage was mainly due to increase in tariff rates on electricity in Mumbai, increase in the cost of raw material viz. cement, steel and allied construction material and enhanced expenditure on maintenance of buildings, infrastructure.

The saving of Rs. 991 lakh in the Final Grant was mainly due to delay in conclusion of fresh maintenance contracts, delay in submission of Electricity/tariff bills by SEBs and delay in claiming of Departmental charges by MES.

Minor Head – 112

The decrease of Rs. 808 lakh at the Final Estimates Stage was mainly due to re-classification of expenditure for procurement of stores (IT and MT) under capital head, re-appropriation to Minor Head 800 for allocation to CENJOWS and non-utilization of funds by HQ SFC/Missile Brigades.

The saving of Rs. 1767 lakh in the Final Grant was mainly due to frequent in in/out posting of Officers and PBORs between respective services and Joint Staff, under utilisation of funds by ADG SI towards payment to foreign vendors procedural delay, non-materialization of training programme abroad due to service exigencies/diplomatic issues, non-progress of certain revenue, minor and Ops Works, non utilization of funds

towards Refrigerator and AC repairs, special repair of building E/M maintenance and non payment of electricity bill of March 07 due to late receipt of bills.

II. The excess occurred under the following Minor heads:

Minor Head – 101

The increase of Rs. 100 lakh at the Final Estimates Stage was mainly due to cater for DA increments in current financial year.

The excess of Rs. 2900 lakh in the Final Grant was mainly due to higher expenditure on account of cash account bookings for the last two months which cannot be accurately forecasted being variable in nature.

Minor Head -- 800

The decrease of Rs. 353 lakh at the Final Estimates Stage was mainly due to reduced expenditure incurred in respect of unit allowances and miscellaneous expenses, lesser expenditure than anticipated on account of Sagar Parikrama, North Pole Expedition, MILAN 08, sports activities and Indian Ocean Naval Symposium.

The excess of Rs. 2014 lakh in the Final Grant was mainly due to increase in contracts and trials related depositions, liabilities on account of Goshawk training in USA for fighter pilots, higher than anticipated expenditure in respect of unit allowances and miscellaneous expenditure and expenditure incurred on Grant-in-Aid for CENJOWS as no expenditure was catered for in current financial year.

Grant No. 24 - DEFENCE SERVICES - AIR FORCE

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
Major Head 2078							
101 - Pay and Allowances of Air Force	<i>Charged</i>	(O	500	500	0	(-)	500
	Voted	(O	23210500				
		(S	1360000				
	(R (+)	16200	24586700	24670669	(+)	83969	
102 - Pay and Allowances of Reserve and Auxiliary Services	Voted	(O	0	0	0		0
104 - Pay and Allowances of Civilians	<i>Charged</i>	(O	1300	1300	16	(-)	1284
	Voted	(O	3350000				
		(S	240000				
	(R (+)	116000	3706000	3623800	(-)	82200	
105 - Transportation	<i>Charged</i>	(O	100	100	0	(-)	100
	Voted	(O	2200000				
	(R (+)	254000	2454000	2254259	(-)	199741	
110 - Stores	Voted	(O	64926000				
		(R (-)	2541000	62385000	61912956	(-)	472044
111 - Works	<i>Charged</i>	(O	3000	3000	54	(-)	2946
	Voted	(O	9012200				
		(S	1382100				
	(R (+)	1506100	11900400	11669792	(-)	230608	

Grant No.24 - DEFENCE SERVICES - AIR FORCE (Contd)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
200 - Special Projects	Voted	(O	0	0	14	(+)	14
800 - Other Expenditure	<i>Charged</i>	(O	10500				
		(S	4000	14500	9690	(-)	4810
	Voted	(O	1589500				
		(R (+)	14200	1603700	1447842	(-)	155858
Surrender or Withdrawal within Grant / Appropriation	<i>Charged</i>		0	0	0		0
	Voted		634500	634500	0	(-)	634500
TOTAL	<i>Charged</i>	(O	15400				
		(S	4000	19400	9760	(-)	9640
	Voted	(O	104288200				
		(S	2982100	107270300	105579332	(-)	1690968

GRANT No. 24-DEFENCE SERVICES- AIR FORCE

			(Rs. in thousand)	
		FINAL GRANT OR APPROPRIATION	ACTUAL EXPENDITURE	EXCESS (+) SAVING (-)
CHARGED				
Original	15400)	1,94,00	97,60	(-) 96,40
Supplementary	4000)			
Surrender during the year				NIL
VOTED				
Original	104288200)	10727,03,00	10557,93,32	(-) 169,09,68
Supplementary	2982100)			
Surrender during the year				63,45,00

NOTES AND COMMENTS

1. In the Charged portion of the Grant overall saving of Rs. 96 lakh occurred due to finalization of lesser number of Court cases than anticipated.
2. In the Voted portion of the Grant saving/excess occurred under the following Minor heads: -

I. The saving occurred under the following Minor heads:

Minor Head – 104

The increase of Rs. 1160 lakh at the Final Estimates Stage was mainly due to trend of expenditure, enhancement of DA vis – a – vis calculated rate at BE stage and incremental benefits.

The saving of Rs. 822 lakh in the Final Grant was mainly due to actual booking towards the end of the year, which was lower than anticipated, whereas the MA was finalized based on trend of expenditure.

Minor Head – 105

The increase of Rs. 2540 lakh at the Final Estimates Stage was mainly due to President's visit abroad, additional funds requirement for operation Ex-Indra Dhanush sanctioned by MoD and for UN Missions.

The saving of Rs. 1997 lakh in the Final Grant was mainly due to non-materialization of booking of funds catered for Presidential chartered Air Craft due to delayed issue of sanction and strict economy measures.

Minor Head – 110

The decrease of Rs. 25410 lakh at the Final Estimates Stage was mainly due to expenditure was to be booked under Capital Head based on MoD directives and less requirement projected by HAL.

The saving of Rs. 4720 lakh in the Final Grant was mainly due to non-materialization of projected/anticipated cash outgo, deferment of HAL payment, non-receipt of bills from IOC as projected, carry forward of certain contractual liabilities to the next financial year and less payment due to non finalization of schemes/delivery of items.

Minor Head – 111

The increase of Rs. 15061 lakh at the Final Estimates Stage was mainly due to amount adjusted from OPW, authorization/requirements for upkeep/maintenance of assets and revision of norms for maintenance of Buildings, review of re-assessment of OPW, improvement of runways and roads, additional requirement of furniture, tariff/revision of rates of domestic/non-domestic construction, to cater for escalation, special repair to Hangers, Messes & billets and demand raised by North Barrack pore Municipality and by DEO Delhi.

The saving of Rs. 2306 lakh in the Final Grant was mainly due to less expenditure by Commands in respect of New Measure Revenue Works, the arrears of Rent payable of Mumbai Port Trust against their land occupied by Air Force Authorities which could not be paid for want of issue of Govt Sanction by DGDE, less amount spent against the rates & Taxes payable to Cantonment Boards and less amount of departmental charges levied than anticipated in the last quarter of 07-08.

Minor Head – 800

The increase of Rs. 142 lakh at the Final Estimates Stage was mainly due to additional requirement by Commands and field units.

The saving of Rs. 1559 lakh in the Final Grant was mainly due to enforcement of economy measures/non booking of funds catered for Embassies/Missions etc., reduction in tariff rates, non-submission of the bills by the Meteorology Department and non booking of funds committed towards exercises and Embassies/Training activities.

II. The excess occurred under the following Minor head:

Minor Head – 101

The increase of Rs. 162 lakh at the Final Estimates Stage was mainly due to trend of expenditure, enhancement of DA vis – a – vis calculated rate at BE stage and incremental benefits.

The excess of Rs. 840 lakh in the Final Grant was mainly due to heavy rush of booking by CGDA towards end of the financial year.

Grant No.25 - DEFENCE ORDNANCE FACTORIES

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
<u>Major Head 2079</u>							
001 - Direction and Administration	<i>Charged</i>	(O	0				
		(S	3000	3000	2334	(-)	666
	Voted	(O	470000				
		(R (-)	2200	467800	455448	(-)	12352
004 - Research and Development	Voted	(O	100000				
		(R (+)	150000	250000	249055	(-)	945
053 - Maintenance - Machinery and Equipment	Voted	(O	142100	142100	132821	(-)	9279
054 - Manufacture	<i>Charged</i>	(O	3000				
		(R (-)	500	2500	1350	(-)	1150
	Voted	(O	20301400				
		(R (-)	401400	19900000	19851404	(-)	48596
105 - Transportation	Voted	(O	750000				
		(R (-)	50000	700000	673053	(-)	26947
106 - Renewal and Replacement	<i>Charged</i>	(O	0	0	18	(+)	18
		Voted	(O	3000000			
		(R (-)	675000	2325000	2375018	(+)	50018
110 - Stores	<i>Charged</i>	(O	3000				
		(R (-)	2500	500	0	(-)	500
	Voted	(O	42782300				
		(R (-)	1841500	40940800	40120593	(-)	820207
111 - Works	Voted	(O	700000				
		(R (-)	50000	650000	632919	(-)	17081

Grant No.25 - DEFENCE ORDNANCE FACTORIES (Conld)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
797 - Transfer to Renewal Reserve Fund - Renewal Reserve Fund Ordnance Factories - Inter Account Transfer	Voted	(O	3000000				
		(R (-)	700000	2300000	2300000		0
800 - Other Expenditure	Charged	(O	4000	4000	2822	(-)	1178
	Voted	(O (R (-)	5120000 494000	4626000	4457639	(-)	168361
901 to 904 - Deduct-Recoveries for Supplies to Army, Navy and Air Force etc.	Voted	(O (-) (S	64450600 1939300				
		(R (+)	3923600	(-) 58587700	(-) 58506507	(+)	81193
Surrender or Withdrawal within Grant / Appropriation	Charged		3000	3000	0	(-)	3000
	Voted		140500	140500	0	(-)	140500
TOTAL	Charged	(O	10000				
		(S	3000	13000	6524	(-)	6476
	Voted	(O (S	11915200 1939300	13854500	12741443	(-)	1113057

GRANT No. 25 - DEFENCE ORDNANCE FACTORIES

		FINAL GRANT OR APPROPRIATION	ACTUAL EXPENDITURE	(Rs. in thousand) EXCESS (+) SAVING (-)
CHARGED				
Original	10000)	1,30,00	65,24	(-) 64,76
Supplementary	3000)			
Surrender during the year				30,00
VOTED				
Original	11915200)	1385,45,00	1274,14,43	(-) 111,30,57
Supplementary	1939300)			
Surrender during the year				14,05,00

NOTES AND COMMENTS

1. In the Charged portion of the Grant overall saving of Rs. 65 lakh occurred due to finalization of lesser number of Court cases than anticipated.
2. In the Voted portion of the Grant saving/excess occurred under the following Minor heads: -

I. The saving occurred under the following Minor heads:

Minor Head - 001

The saving of Rs. 124 lakh in the Final Grant was mainly due to amount kept for expenditure for FS/Tech, Moscow for central booking which had not taken place.

Minor Head -004

The increase of Rs. 1500 lakh at the Final Estimates Stage was mainly due to high value R&D projects like Armoured Recovery Vehicle, Futuristic Air Defence Gun, Up-gradation of T-72 and Mounting of LFG on BMP Classic etc.

Minor Head - 053

The saving of Rs. 93 lakh at the Final Estimates Stage was mainly due to spill over of payments to next year in some of the factories caused due to holding over of final payment on account of unsatisfactory work or incomplete work done by the contractors.

Minor Head – 054

The decrease of Rs. 4014 lakh at the Final Estimates Stage was mainly due to reduction in planned deployment plan due to non-availability of product supports for conversion to end products, which also brought down value of issue.

The saving of Rs. 486 lakh in the Final Grant was mainly due to non-materialization of anticipated payment.

Minor Head – 105

The decrease of Rs. 500 lakh at the Final Estimates Stage was mainly due to reduction movement of stores due to non-materialization of imports planned for input.

The saving of Rs. 269 lakh in the Final Grant was mainly due to lower booking against movement of stores by Sea, late receipt of documents/vouchers in respect of shipment of imported consignments and also due to non-materialization of some of the supplies against Foreign Purchases.

Minor Head – 110

The decrease of Rs. 18415 lakh at the Final Estimates Stage was mainly due to reduction in Issue Targets.

The saving of Rs. 8202 lakh in the Final Grant was mainly due to non-materialization of supplies/booking under Foreign Purchase, against HVF viz. T-90, T-72, T-90 MBT etc., non receipt of Issue Vouchers for Govt supply and non-materialization of Local Purchase/Central Purchase booking for IT items.

Minor Head – 111

The decrease of Rs. 500 lakh at the Final Estimates Stage was mainly due to reduction in issue targets many of the works which are directly/indirectly related to production activities like maintenance/repairing of steam lines, compressed air lines, furnace linings, electrical equipments, cable lines, floors of production shops and godowns etc.

The saving of Rs. 171 lakh in the Final Grant was mainly due to holding over of final payment on account of unsatisfactory work/incomplete work done by the contractors.

Minor Head – 797

The decrease of Rs 7000 lakh at the final Estimates Stage was mainly due to reduction in transfer of RR fund at the level approximately equal to Annual

Depreciation. The balance requirement of fund for RR expenditure will be accommodated from RR fund balance.

Minor Head – 800

The decrease of Rs. 4940 lakh at the Final Estimates Stage was mainly due to reduction in requirement for Electricity & Water on account of reduction in Issue Targets and measures taken for energy saving and other savings in miscellaneous expenditure due to reduction in Issues.

The saving of Rs. 1684 lakh in the Final Grant was mainly due to non-receipt of debit vouchers from Central Depots for Medicines etc. supplied by AFMSD to the factories, reduction in Electricity & Water/Misc Expenses.

II. The excess occurred under the following Minor heads:

Minor Head – 106

The decrease of Rs.6750 lakh at the final Estimates State was mainly due to review of supply status vis-à-vis delivery schedule of various P&M and likely cash outgo thereof.

The excess of Rs. 500 lakh in the Final Grant was mainly due to excess expenditure over MA projection which had however been adjusted against the RR Fund account of Ordnance Factories and overall Consolidated Fund of India was not affected.

Minor Head – 901 to 904

The increase of Rs. 39236 lakh at the Final Estimates Stage was mainly due to increased demand from Naval Authorities, and Issues to be made to Coast Guard and Misc. Credits.

The excess of Rs. 812 lakh in the Final Grant is due to lower issues made to Army. This has been mainly from Ammunition Group and mainly because of less issues amounting to Rs. 40.03 Crores made by OF, Bolangir, which could not be issued due to non-availability of Bulk Production Clearance from Army. However, due to higher issues made by other factories to Army and to other Defence indenters, net variation in respect of Issues has been reduced to above amount.

Grant No.26 - DEFENCE SERVICES - RESEARCH AND DEVELOPMENT

(In thousands of rupèes)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
Major Head 2080							
003 - Training	Voted	(O	85800	60700	53273	(-)	7427
		(R (-)	25100				
004 - Research/Research Development	Voted	(O	6200000	6830000	6775813	(-)	54187
		(S	90000				
		(R (+)	540000				
101- Pay and Allowances of Service Personnel	Voted	(O	744200	871200	831718	(-)	39482
		(S	37000				
		(R (+)	90000				
102 - Pay and Allowances of Civilians	Charged	(O	1400	1400	336	(-)	1064
	Voted	(O	6658600	6625000	6611903	(-)	13097
		(S	55000				
	Voted	(R (-)	88600				
		(O	730600	670900	676047	(+)	5147
(R (-)	59700						
110 - Stores	Charged	(O	0	2000	1629	(-)	371
		(S	2000				
		Voted	(O	13759200	13170500	13011798	(-)
(R (-)			588700				
111 - Works	Charged	(O	0	0	11	(+)	11
	Voted	(O	3070800	3219700	3257714	(+)	38014
		(S	48900				
(R (+)		100000					

800 - Other Expenditure	<i>Charged</i>	(O	1000				
	(S	3000	4000	3605	(-)	395	
	<i>Voted</i>	(O	773100				
	(R (+)	32100	805200	687798	(-)	117402	
Surrender or Withdrawal within Grant / Appropriation	<i>Charged</i>		0	0	0	0	
	<i>Voted</i>		0	0	0	0	
TOTAL	<i>Charged</i>	(O	2400				
	(S	5000	7400	5581	(-)	1819	
	<i>Voted</i>	(O	32022300				
	(S	230900	32253200	31906064	(-)	347136	

GRANT No. 26 - DEFENCE SERVICES – RESEARCH AND DEVELOPMENT

(Rs. in thousand)

		FINAL GRANT OR APPROPRIATION	ACTUAL EXPENDITURE	EXCESS (+) SAVING (-)
CHARGED				
Original	2400)	74,00	55,81	(-) 18,19
Supplementary	5000)			
Surrender during the year				NIL
VOTED				
Original	32022300)	3225,32,00	3190,60,64	(-) 34,71,36
Supplementary	230900)			
Surrender during the year				NIL

NOTES AND COMMENTS

1. In the Charged portion of the Grant overall saving of Rs. 18 lakh occurred due to finalization of lesser number of Court cases than anticipated.

2. In the Voted portion of the Grant saving/excess occurred under the following Minor heads: -

I. The saving occurred under the following Minor heads:

Minor Head – 003

The decrease of Rs. 251 lakh at the Final Estimates Stage was mainly due to non-finalization/cancellation of certain courses & training programmes.

The saving of Rs. 74 lakh in the Final Grant was mainly due to non-materialization/deferment of certain courses/ training programmes at some Labs/Estts.

Minor Head – 004

The increase of Rs. 5400 lakh at the Final Estimates Stage was mainly due to additional provision to ADA against their outstanding projected, urgent requirement for LCA programmes and Bharathiar University against the provisions kept in BE.

The saving of Rs. 542 lakh in the Final Grant was mainly due to cumulative effect of savings from various R&D Boards and non booking of adjustment of pay & allowances of service personnel attached to DIAT.

Minor Head – 101

The increase of Rs 900 lakh at the Final Estimates Stage was mainly due to some promotions and increase in DA and control on overtime.

The saving of Rs. 395 lakh in the Final Grant was mainly due to incorrect estimation of Pay and Allowances at MA stage.

Minor Head – 102

The decrease of Rs 886 lakh at the Final Estimates Stage was mainly due to some promotions and increase in DA and control on overtime.

The saving of Rs. 131 lakh in the Final Grant was mainly due to cumulative effect of small savings from Labs/Estts.

Minor Head - 110

The decrease of Rs 5887 lakh at the Final Estimates Stage was mainly due to non-materialization of purchases and re-appropriation of funds to Grants-in-Aid for some urgent requirement of ADA for LCA programme & Bharathiar University.

The saving of Rs. 1587 lakh in the Final Grant was mainly due to cumulative effect of marginal savings from Labs/Estts. and delay in delivery of some stores against CCS projects.

Minor Head – 800

The increase of Rs. 321 lakh at the Final Estimates Stage was mainly due to enhanced requirements under sub head Miscellaneous, Education facilities and Amenity & Sports grant.

The saving of Rs. 1174 lakh in the Final Grant was mainly due to non-materialization of certain security and hygiene & maintenance contracts, late materialization of Govt. sanction against provisions made for DRDO run schools, late appointment/joining of JRFs/SRFs at some of the Labs.

II. The excess occurred under the following Minor heads:

Minor Head – 105

The decrease of Rs. 597 lakh at the Final Estimates Stage was mainly due to adoption of economy measures and reductions on movements.

The excess of Rs. 51 lakh in the Final Grant was mainly due to wrong bookings, allocations were strictly made less than the MA provisions due to observance of economy measures.

Minor Head – 111

The increase of Rs. 1000 lakh at the Final Estimates Stage was mainly due to general increase & higher requirements from work centers for maintenance of existing facilities

The excess of Rs. 380 lakh in the Final Grant was mainly due to erroneous bookings as the expenditure at all work centers have been reported within the allocations.

Grant No.27 - CAPITAL OUTLAY ON DEFENCE SERVICES

				(In thousands of rupees)			
Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
Major Head 4076							
Sub Major Head 01 - Army							
050 - Land	<i>Charged</i>	(O	500000	150000	137175	(-)	12825
		(R (-)	350000				
	Voted	(O	501500	231700	78274	(-)	153426
		(R (-)	269800				
101 - Aircraft and Aero-engine	Voted	(O	10404900	15542700	15606222	(+) (+)	63522
		(R (+)	5137800				
102 - Heavy and Medium Vehicles	Voted	(O	7191900	13894000	13786129	(-)	107871
		(R (+)	6702100				
103 - Other Equipments	<i>Charged</i>	(O	0	0	14513	(+) (+)	14513
		(R (-)	66164700				
	Voted	(O	66164700	60606000	61363073	(+) (+)	757073
		(R (-)	5558700				
105 - Military Farms	Voted	(O	75000	48000	41380	(-)	6620
		(R (-)	27000				
106 - Rolling Stock	Voted	(O	720000	250400	253481	(+) (+)	3081
		(R (-)	469600				
107 - Ex-Servicemen Contributory Health Scheme	Voted	(O	570000	81000	96469	(+) (+)	15469
		(R (-)	489000				
112 - Rashtriya Rifles	Voted	(O	729500	245500	264740	(+) (+)	19240
		(R (-)	484000				
113 - National Cadet Corps	Voted	(O	131600	201600	46731	(-)	154869
		(R (+)	70000				
202 - Construction Works	<i>Charged</i>	(O	25000	40000	28061	(-)	11939
		(R (+)	15000				
	Voted	(O	29327700	27542100	27581563	(+) (+)	39463
		(R (-)	1785600				
799 - Stock Suspense	Voted	(O	0	0	(-) 19	(-)	19
800 - Other Expenditure	Voted	(O	0	0	0		0

Grant No.27 - CAPITAL OUTLAY ON DEFENCE SERVICES (Contd)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
Major Head 4076							
Sub Major Head 02 - Navy							
050 - Land	<i>Charged</i>	(O	10000	10000	6650	(-)	3350
		(R					
	Voted	(O	451200				
		(R (-)	238700	212500	211318	(-)	1182
101 - Aircraft and Aero-engine	Voted	(O	19655700	3726100	4100027	(+)	373927
		(R (-)	15929600				
102 - Heavy and Medium Vehicles	Voted	(O	30000	40500	15988	(-)	24512
		(R (+)	10500				
103 - Other Equipments	Voted	(O	14521800	12162400	11618565	(-)	543835
		(R (-)	2359400				
104 - Joint Staff	Voted	(O	3206700	2429800	2243362	(-)	186438
		(R (-)	776900				
202 - Construction Works	<i>Charged</i>	(O	30000	50000	264	(-)	49736
		(R (+)	20000				
	Voted	(O	4270000	2885000	2852265	(-)	32735
		(R (-)	1385000				
204 - Naval Fleet	Voted	(O	56392700	60653600	61621628	(+)	968028
		(R (+)	4260900				
205 - Naval Dockyards	<i>Charged</i>	(O	4000	4000	0	(-)	4000
		(R					
	Voted	(O	7039800	6811100	6681511	(-)	129589
		(R (-)	228700				

Grant No.27 - CAPITAL OUTLAY ON DEFENCE SERVICES (Contd)

(In thousands of rupees)

Minor Head			Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
Major Head 4076						
Sub Major Head 03 - Air Force						
050 - Land	<i>Charged</i>	(O	10000			
		(R (-)	10000	0	15347	(+)
	Voted	(O	26000			
		(R (+)	221500	247500	16379	(-)
101 - Aircraft and Aero-engine	Voted	(O	102967000			
		(R (+)	8230700	111197700	111193613	(-)
102 - Heavy and Medium Vehicles	Voted	(O	75200			
		(R (+)	56100	131300	199111	(+)
103 - Other Equipments	Voted	(O	56046360			
		(R (-)	41039160	15007200	15019929	(+)
202 - Construction Works	<i>Charged</i>	(O	0			
		(S	38500			
		(R (+)	300	38800	7762	(-)
	Voted	(O	7477111			
		(R (+)	1148389	8625500	7740290	(-)
206 - Special Projects	Voted	(O	1685629			
		(R (-)	946129	739500	727459	(-)

Grant No.27 - CAPITAL OUTLAY ON DEFENCE SERVICES (Conld)

(In thousands of rupees)

Minor Head				Final Grant or Appropriation	Actual Expenditure		Excess(+) Saving (-)
Major Head 4076							
Sub Major Head 04 - Defence Ordnance Factories							
052 - Machinery and Equipment	Voted	(O	763400				
		(R (-)	493600	269800	244022	(-)	25778
111 - Works	Charged	(O	5000				
		(R (-)	2000	3000	4143	(+)	1143
	Voted	(O	636500				
		(R (+)	245400	881900	871304	(-)	10596
799 - Suspense	Voted	(O	135900				
		(R (+)	248200	384100	384798	(+)	698
Sub Major Head 05 - Research and Development Organisation							
052 - Machinery and Equipment	Voted	(O	22908600				
		(R (+)	2386400	25295000	24122519	(-)	1172481
111 - Works	Charged	(O	60000				
		(R (-)	35000	25000	3770	(-)	21230
	Voted	(O	4038900				
		(R (+)	1248600	5287500	5342662	(+)	55162
Sub Major Head 06 - Inspection Organisation							
111 - Works	Voted	(O	430700				
		(R (-)	358000	72700	74256	(+)	1556
Surrender or Withdrawal within Grant / Appropriation	Charged		361700	361700	0	(-)	361700
		Voted	42872300	42872300	0	(-)	42872300
TOTAL	Charged	(O	644000				
		(S	38500	682500	217685	(-)	464815
	Voted	(O	418576000	418576000	374399049	(-)	44176951

GRANT No. 27 - CAPITAL OUTLAY ON DEFENCE SERVICES

(Rs. in thousand)

		FINAL GRANT OR APPROPRIATION	ACTUAL EXPENDITURE	EXCESS (+) SAVING (-)
CHARGED				
Original	644000)	68,25,00	21,76,85	(-) 46,48,15
Supplementary	38500)			
Surrender during the year				36,17,00
VOTED				
Original	41857,60,00)	41857,60,00	37439,90,49	(-) 4417,69,51
Supplementary	---			
Surrender during the year				4287,23,00

NOTES AND COMMENTS

1. In the Charged portion of the Grant overall saving of Rs. 4648 lakh occurred due to finalization of lesser number of Court cases than anticipated.

2. In the Voted portion of the Grant saving/excess occurred under the following Minor heads: -

I. Sub Major Head – 01(Army)

(a) Under this Sub Major Head the saving occurred under the following Minor heads:

Minor Head – 050

The decrease of Rs. 3500 lakhs (Charged) at the Final Estimates Stage was mainly due to less number of finalization of court cases than anticipated.

The decrease of Rs. 2698 lakh at the Final Estimates Stage was mainly due to non-fructification of anticipated Land acquisition case.

The saving of Rs. 1534 lakh in the Final Grant was mainly due to non-fructification of anticipated Land acquisition case and non-finalization of some court cases.

Minor Head – 102

The increase of Rs. 67021 lakh at the Final Estimates Stage was mainly due to re-classification of expenditure from Revenue to Capital.

The saving of Rs. 1079 lakh in the Final Grant was mainly due to less booking due to slippages in HRV-AV-15.

Minor Head – 105

The decrease of Rs. 270 lakh at the Final Estimates Stage was mainly due to non-materialization of some schemes/projects.

The saving of Rs. 66 lakh in the Final Grant was mainly due to non-fructification of projects.

Minor Head – 113

The increase of Rs.700 lakh at the Final Estimates Stage was mainly due to surrender/non-utilization of funds by State Dtes/CPWD and procurement of motorized gliders already approved in APR 2007-2008.

The saving of Rs. 1549 lakh at the Final Estimates Stage was mainly due to non-utilization of allotted funds by State NCC Directorates as budget for procurement of Microlite/Motorised Gliders was allocated at RE stage.

(b) The excess occurred under the following Minor heads:

Minor Head – 101

The increase of Rs. 51378 lakh at the Final Estimates Stage was mainly due to supply of additional Quantity of equipments & corresponding additional payments envisaged in certain major schemes.

The excess of Rs. 635 lakh in the Final Grant was mainly due to additional booking by HAL for Advanced Light Helicopter.

Minor Head – 103

The decrease of Rs. 55587 lakh at the Final Estimates Stage was mainly due to non-materialization of anticipated delivery of A-Vehicles.

The excess of Rs. 7571 lakh in the Final Grant was mainly due to additional on account of payment of BEL in contracts of Radio Set, project SHAKTI and early delivery and payment in respect of new schemes.

Minor Head - 106

The decrease of Rs. 4696 lakh at the Final Estimates Stage was mainly due to non-fructification of schemes and delay in delivery in Bogie Railway Special and DBMK by the vendor.

Minor Head – 107

The decrease of Rs. 4890 lakh at the Final Estimates Stage was mainly due to slow progress in construction/procurement and reduced expenditure on purchase of Land.

The excess of Rs. 155 lakh in the Final Grant was mainly due to additional expenditure for purchase of medical equipment, acquisition of land & construction of buildings.

Minor Head – 112

The decrease of Rs. 4840 lakh at the Final Estimates Stage was mainly due to non-fructification of new schemes.

The excess of Rs. 192 lakh in the Final Grant was mainly due to slippage against the scheme 'Hand Held Thermal Imager for Rashtriya Rifles'.

Minor Head – 202

The increase of Rs. 150 lakh (Charged) at the Final Estimates Stage was mainly due to finalisation of more number of court cases than anticipated.

The decrease of Rs.17856 lakh at the Final Estimates Stage was mainly due to surrender of funds by MAP which were required to meet increased expenditure on carry over works, CCE Projects, CSG Roads and Rohtang Tunnel.

The excess of Rs. 395 lakh in the Final Grant was mainly due to heavy booking by the CGDA in the last month of the financial year.

II. Sub Major Head – 02(Navy)

(a) Under this Sub Major Head the saving occurred under the following Minor heads:

Minor Head – 050

The decrease of Rs. 2387 lakh at the Final Estimates Stage was mainly due to delay in progress of resettlement of Geeta Nagar, Mumbai and acquisition of land at Haryali village, Powai.

Minor Head – 102

The increase of Rs. 105 lakh at the Final Estimates Stage was mainly due to revised policy regarding all procurement of vehicles either New/replacement are to be procured under Capital Head.

The saving of Rs. 245 lakh in the Final Grant was mainly due to delay in delivery of contracted vehicles.

Minor Head – 103

The decrease of Rs. 23594 lakh at the Final Estimates Stage was mainly due to meet committed liabilities on account of Long Range Surface to Air Missile, Naval Communication Satellite, outgo on new schemes Barak Missiles, reduced outgo in certain schemes such as AMASS, SEWS, STP, AMD systems etc and lesser than anticipated expenditure in respect of Revenue to Capital.

The saving of Rs. 5438 lakh in the Final Grant was mainly due to reduced outgo in certain schemes such as AMASS, SEWS, Sewerage Treatment Plant and Anti Missile Defence systems resulting in lesser than anticipated expenditure.

Minor Head – 104

The decrease of Rs. 7769 lakh at the Final Estimates Stage was mainly due to surrendering of funds under Capital works due to slow progress of carry over works and non-sanction of new works by HQ SFC, HQ ANC & HQ NDA.

The saving of Rs. 1864 lakh in the Final Grant was mainly due to procedural delays in materialization/progress of cases and exchange rate variation.

Minor Head – 202

The increase of Rs.200 lakh (Charged) at the Final Estimates Stage was mainly due to finalization of more number of court cases.

The decrease of Rs.13850 lakh at the Final Estimates Stage was mainly due to delay in progress of MAP Projects at Kochi, Vizag and Mumbai.

The saving of Rs 327 lakh in the Final Grant was mainly due to slow progress of up-gradation of Visakhapatnam Airfield and lesser than anticipated expenditure incurred for MAP Project.

Minor Head – 205

The decrease of Rs. 2287 lakh at the Final Estimates Stage was mainly due to lesser than appreciated progress on account of Armament Repair Facility and RTDs for P15, P16A and P25A and P1135.6 and other projects resulting in reduced Outgo.

The saving of Rs 1296 lakh in the Final Grant was mainly due to lesser than appreciated progress on account of RTDs for P15, P16A & P25A, RTDs for P1135.6 and Armament Repair Facility projects resulting in reduced Outgo.

(b) **The excess occurred under the following Minor heads:**

Minor Head – 101

The decrease of Rs. 159296 lakh at the Final Estimates Stage was mainly due to delay on account of MIG 29 and IL 38 MLU.

The excess of Rs. 3739 lakh in the Final Grant was mainly due to progress of LCA (Navy) development programme, Exchange rate variation and increased expenditure in respect of repairs of aircraft.

Minor Head – 204

The increase of Rs. 42609 lakh at the Final Estimates Stage was mainly due to improved progress of ship building projects and outgo in respect of ships/submarine refits.

The excess of Rs. 9680 lakh in the Final Grant was mainly due to exchange rate variation and higher than anticipated outgo in respect of ships/submarine refits review increase in work progress.

II. Sub Major Head – 03(Air Force)

(a) **Under this Sub Major Head the saving occurred under the following Minor heads:**

Minor Head – 050

The decrease of Rs. 100 lakh (Charged) at the Final Estimates Stage was mainly due to finalization of less number of court cases than anticipated.

The increase of Rs. 2215 lakh at the Final Estimates Stage was mainly due to actual acquisition of land.

The saving of Rs. 2311 lakh at the Final Estimates Stage was mainly due to non-utilization of funds for want of Govt Sanction for Nima Range.

Minor Head - 101

The increase of Rs. 82307 lakh at the Final Estimates Stage was mainly due to requirement of funds towards new schemes.

Minor Head – 202

The increase of Rs. 11484 lakh at the Final Estimates Stage was mainly due to delay in finalization of contracts, slow progress by contractors, unexpected change in weather conditions hampering execution of works etc.

The saving of Rs. 8852 lakh in the Final Grant was mainly due to slow progress of work and delay in contract action.

Minor Head – 206

The decrease of Rs. 9461 lakh at the Final Estimates Stage was mainly due to slow progress of work, incomplete supply, publication, NOCC and other contractual issues yet to be resolved.

The saving of Rs. 120 lakh in the Final Grant was mainly due to slow progress of work

(b) The excess occurred under the following Minor heads:

Minor Head – 102

The increase of Rs. 561 lakh at the Final Estimates Stage was mainly due to additional requirement of funds under classification of expenditure for revenue schemes to be paid from Capital.

The excess of Rs. 678 lakh in the Final Grant was mainly due to additional requirement of funds under classification of expenditure for revenue schemes to be paid from capital.

Minor Head – 103

The decrease of Rs. 410392 lakh at the Final Estimates Stage was mainly due to non-fructification of new schemes and slippages in cash outgo of certain ongoing schemes and other miscellaneous schemes.

The excess of Rs. 127 lakh in the Final Grant was mainly due to additional requirement of funds under classification of expenditure for revenue schemes to be paid from capital.

III. Sub Major Head – 04 (Defence Ordnance Factories)

(a) Under this Sub Major Head the saving occurred under the following Minor heads:

Minor Head – 052

The decrease of Rs. 4936 lakh at the Final Estimates Stage was mainly due to net result of increase in sale of P&M and increase/reduction in likely cash outgo.

The saving of Rs. 258 lakh in the Final Grant was mainly due to higher receipts through sale proceeds of condemned M&E.

Minor Head – 111

The increase of Rs. 2454 lakh at the Final Estimates Stage was mainly due to increase in MES works and DRDO's requirement of Nalanda and Korwa Project.

The saving of Rs. 106 lakh in the Final Grant was mainly due to less booking by the factories for non-completion of works by the contractors.

(b) The excess occurred under the following Minor head:

Minor Head - 799

The increase of Rs. 2482 lakh at the Final Estimates Stage was mainly due to procurement of copper by OF Ambarnath to replenish the stockpile balance.

IV. Sub Major Head – 05 (Research and Development Organisation)

(a) Under this Sub Major Head the saving occurred under the following Minor head:

Minor Head – 052

The increase of Rs. 23864 lakh at the Final Estimates Stage was mainly due to some urgent requirement for special schemes and programmes against a number of contracts lying dormant for past several years which were finalized during the current year.

The saving of Rs. 11725 lakh in the Final Grant was mainly due to less booking attributed to non-materialization of certain commitments against programmes/special schemes and non-materialization of LCs against ATVP.

(b) The excess occurred under the following Minor head:

Minor Head – 111

The decrease of Rs. 350 lakh (Charged) at the Final Estimates Stage was mainly due to less number of finalization of court cases than anticipated.

The increase of Rs. 12486 lakh at the Final Estimates Stage was mainly due to increased requirements against carry over capital works and new works.

The excess of Rs. 552 lakh in the Final Grant was mainly due to erroneous bookings as all work centers has confirmed that allocations are made within MA provisions.

Sub Major Head - 06 (Inspection Organisation)

(b) The excess occurred under the following Minor head:

Minor Head - 111

The decrease of Rs. 3580 lakh at the Final Estimates Stage was mainly due to surrender of funds earmarked for Aero India and slow progress of works by MES.

SECTION III
CERTIFICATE OF THE
CONTROLLER GENERAL OF DEFENCE ACCOUNTS

2007-2008

11(i) I certify that, to the best of my knowledge and belief, no part of the expenditure contained in these 2007-2008 Appropriation Accounts has been incurred without the sanction of the Government of India, where such sanction is required under the Regulations or other orders, with the exception of cases exceeding Rs. 50,000 in value in each case, as shown in Annexure I to this certificate. In addition, there are certain old items (five numbers amounting to Rs. 14.58 Crore as per Annexure I), where the necessary sanction is awaited.

(ii) I also certify that the test check of the Defence Services Store Accounts for the year 2007-2008 has been carried out under my instructions. The Store Accounts of units and formations brought under the War System of Accounting were, however, subjected to the reduced scope of check prescribed by the Government of India.

(iii) A few cases of incomplete maintenance/non-maintenance/non-production of Store Accounts and connected documents were reported during the year as in the past.

(iv) Stock verification in Defence Installations, where carried out, revealed surpluses and deficiencies of value exceeding Rs.50,000 in the following cases:

Surpluses valued at Rs.3.85 Lakh in two C.O.Ds and one O.D. and deficiencies valued at Rs. 24.18 Lakh in one C.O.D.

(v) Cases continued to occur in which certain Army Depots/Units, Ordnance Factories, Naval Establishments and Equipment Depots of the Air Force could not link

the vouchers, on which the stores were brought on charge by them, with the relevant issue vouchers/packing accounts/ invoices. The number of such vouchers relating to the period ending 31st March 2008, remaining unlinked as on 30th June 2008 was 9,483 (Army 60, Navy 8741, Air Force 233 and Ordnance Factories 449). The oldest item relates to 1972-73.

(vi) Cases also occurred in which credits for stores could not be verified in the ledgers of the consignees. The number of such vouchers relating to the period ending 31st March 2008 but outstanding as on 30th June 2008 were 11060 (Army 2707, Navy 690, Air Force 1717 and Ordnance Factories - 5946). The oldest item pertains to 1979-80. These include vouchers of value between Rs. 5,000 and Rs. 15,000 each (the total amounting to Rs. 0.95 Crore approximately) and the vouchers of Rs. 15,000 or above in each case (the total amounting to Rs. 3282.01 Crore approximately).

(vii) Credit for imported stores and equipment valued at Rs. 1714.27 Crore (approximately) could not be verified in the ledgers of certain Store Depots of Army, Navy and Air Force as the certified receipt vouchers in respect of 663 Specification Certificates of Quality and invoices have not been made available to Internal Audit. The oldest item relates to 1968-69.

(viii) Outstanding dues on account of stores supplied and services rendered on payment by the Defence Services, (other than Ordnance Factories) upto 31st March 2008 to others including Central Civil Departments and State Governments amounted to Rs. 93.05 Crore (approximately) as on 30th June 2008. In respect of work done or stores supplied by the Ordnance Factories upto 31st March 2008 to Civil Departments, Railways and outside bodies etc., the amount due for recovery was Rs. 40.85 Crore (approximately) as on 30th June 2008. The number of cases in which the amount due in each instance exceeds Rs. 50,000 in case of private individuals and institutions and Rs. One Lakh in other cases and recovery of which is outstanding for more than one year is 707 and the total amount due in such cases amounted to Rs. 45.58 Crore (approximately). The oldest item relates to 1963-64.

In the case of special flights/airlifts provided by the Air Force upto 31st March 2008, the amount due for recovery from Central/State Governments/ PSUs/Pvt. Parties was Rs. 315.77 Crore (approximately) as on 30th June 2008 in respect of 2326 cases. In respect of 68 other cases the amount of recovery due is yet to be assessed by Air Headquarters. In 1688 cases, the amount due exceeds Rs. 5,000 in each case and is outstanding for over a year; the total recovery involved in such cases is Rs. 241.91 Crore approximately. The oldest item relates to 1968-69.

(ix) Outstanding dues on account of Licence Fee and allied charges upto 31st March 2008 from Central Ministries and State Governments, Private Bodies, Messes and Clubs and Individual Officers etc. as on 30th June 2008 amounted to Rs. 27.03 Crore (approximately). The dues on account of Defence Department land given for cultivation etc. by Defence Estates Officers upto 31st March 2008 but outstanding as on 30th June 2008 amounts to Rs. 1.72 Crore (approximately). The dues on account of Defence Department land, under the management of Ordnance Factories, rented or leased out to outside parties upto 31st March 2008 but outstanding as on 30th June 2008 amounted to Rs. 9.41 Lakh (approximately).

The number of cases in which the amount due in each case exceeds Rs. 50,000 in respect of private individuals and institutions and Rs. One Lakh in other cases and the recovery of which is outstanding for more than 1 year is 72 and the total recovery involved in such cases amounted to Rs.6.08 Crore (approximately). The oldest item relates to 1951-52.

(x) The number of cases of losses which are awaiting regularisation for more than one year as on 30th June 2008 and where the amounts involved are substantial enough to require sanction of Government of India or Ministry of Defence under delegated powers is 1286 involving a sum of Rs. 2470.34 Crore (approximately) (Army 652 cases - Rs. 870.72 Crore, Navy 215 cases - Rs. 538.65 Crore, Air Force 243 cases - Rs. 983.54 Crore and Ordnance Factories 176 cases - Rs. 77.43 Crore). The 176 cases of losses relating to Ordnance Factories include 84 cases of losses exceeding the authorised

percentage of rejections in production amounting to Rs. 19.30 Crore (approximately). Losses, which do not require formal regularisation under the existing orders, have not been included in the Appropriation Accounts. The oldest item relates to 1964-65.

The number of claims against the Railways/Shipping Corporation/ Airways raised upto 31st March 2008 as on 30th June 2008 for losses or damages of stores in transit awaiting finalisation is 259 amounting to Rs. 11.17 Crore (approximately) (Army: 192, Navy: 37, Air Force: Nil and Ordnance Factories: 30). The oldest item relates to 1980-81.

(xi) During the year 2007-2008, a sum of Rs. 3.28 Crore (approximately) has been kept out in reckoning the cost of production in the consolidated final accounts of Ordnance Factories being abnormal losses which occurred during manufacture.

(xii) The number of audit objections raised upto 31st March 2008 but outstanding as on 30th June 2008 was 76141 (Army: 57776, Navy: 2142, Air Force: 12253 and Ordnance Factories: 3970 including objections against the Railways). Out of these outstanding audit objections, 9076 were raised by Statutory Audit and the balance by Internal Audit. The oldest item relates to (Internal Audit) 1983-84 and (Statutory Audit objection) 1984-85.

(xiii) A few important cases of financial and procedural irregularities are detailed separately in Annexure III to this certificate.

(xiv) A few important cases of unsatisfactory planning or performance such as non-achievement of the rated target/capacity, shortfall in production, delay in the commissioning of plant and equipment, defective planning and unsatisfactory execution of projects, delay in disposal of surplus and obsolete stores etc. are listed in Annexure IV to this certificate.

(xv) I also certify that the expenditure met from Special Grants-in-Aid to Cantonment Boards from Defence Services Estimates has been checked under my directions. The Conditions, on which such grants were made, have been fulfilled.

(xvi) The certificate does not cover the following:

(a) The expenditure incurred by the High Commissioner for India in the United Kingdom and booked in the Accounts of the Defence Services for the year 2007-2008 which is audited by the Principal Director of Audit, Indian Accounts in the United Kingdom on behalf of the Comptroller and Auditor General of India.

(b) The expenditure incurred by the Director General Supplies and Disposals on the purchase of stores for the Defence Services, which is audited by the Principal Director of Audit, Economic and Service Ministries.

(c) The expenditure incurred on Defence Works undertaken by Civil agencies, as the local audit of these accounts is conducted by the Principal Director of Audit, Economic and Service Ministries and State Accountants General.

(BULBUL GHOSH)
CONTROLLER GENERAL OF DEFENCE ACCOUNTS

NEW DELHI
DATED: 11TH SEPTEMBER' 2008

COUNTERSIGNED

(H.K. PANNU)
FINANCIAL ADVISER (DEFENCE SERVICES)

NEW DELHI
DATED: SEPTEMBER' 2008

ANNEXURE-I TO SECTION-III

[Referred to in paragraph 11 (i)]

Statement showing items of expenditure exceeding Rs. 50,000 in each case in respect of which sanctions of Government of India is awaited.

Sl. No.	Brief Particulars	Amount involved	Head of Account	Circumstances in which the expenditure was incurred without sanction of Government of India or was admitted without proper authority.	Month & year in which the objection was first raised	Month and year in which the case was first reported to Higher Authorities/Service Headquarters.
1	2	3	4	5	6	7
				-Nil-		
Note : The number of such items which have been enumerated in the Appropriation Accounts, Defence Services for the previous years and still awaiting regularisation on 30th June' 2008 is five involving a sum of Rs. 14.58 Crore.						

ANNEXURE-II TO SECTION-III
[Referred to in paragraph 11 (iii)]

**STATEMENT SHOWING CASES OF INCOMPLETE
MAINTENANCE/NON-MAINTENANCE/NON-PRODUCTION OF
STORE ACCOUNTS & CONNECTED DOCUMENTS
REQUIRING SANCTION OF GOVERNMENT OF INDIA.**

-Nil-

ANNEXURE-III TO SECTION-III

[Referred to in Paragraph-11 (xiii)]

STATEMENT SHOWING A FEW IMPORTANT CASES OF FINANCIAL AND PROCEDURAL IRREGULARITIES

ARMY

Item no.1: IRREGULARITIES IN HIRING OF CIVIL TRANSPORT RESULTING IN OVERPAYMENTS TO CONTRACTORS.

The irregularity relates to the hiring of civil transport (CHT) from the civil sources, for stocking duties conducted in Northern Command done in terms of the Govt. of India orders. Contracts for civil hiring of transport in HQrs. Northern Command are concluded once a panel of officers fixes the rates and the same is approved by the competent financial authority. 100% payments is made to the (CHT) Contractors out of S&S Imprest Accounts on completion of duty by the executive authorities. Paid vouchers are forwarded to the PCDA (NC) Jammu for carrying out post audit.

During the course of post audit on account of payments made for CHT transportation of stores from Pathankot to Leh via Rohtang and Zojila routes, it has been observed that overpayment to the tune of Rs.2.49 crores has been taken place due to reasons as under.

(a) All CHT Vehicles carrying stores (Volumetric and other stores) from Pathankot to Leh via Rohtang and Zojila were paid on the basis of ' Full Truck capacity utilised @ 9 Metric Tonnes per CHT basis for the contracts to be paid on per Metric Tonnes basis. The load actually carried by the trucks was however 4 to 6 Metric Tonnes as ascertained from Load Tally sheets. The tonnage authorized by J& K Govt. for Leh via Rohtang and Zojila are 5 Metric Tonnes and 6 Metric Tonnes respectively.

(b) The clause regarding Full truck carrying capacity of 5 MT and 6 MT for Leh via Rohatang and Zojila, which existed in the memorandum of understanding (MOU), pertained the contracts for and up to the year 1997-98. The said clause was found deleted in the MOUs for the year 1998-1999 and 1999-2000, which in turn has resulted in huge overpayment to the contractors.

(c) After the overpayments were made, the above-mentioned clause was brought to the notice of HQrs NC. Full Truckload capacity of tonnage 5 and 6 Metric Tonnes was included in the MOU for the year 2000-2001.

(d) HQrs. Sub Area has initiated action for the recovery of overpayments by way of sending letters to the contractors concerned in respect of certain cases. The overpayments made to the contractors have so far not been recovered and credited to the Govt. account.

(e) Immediate action is required to be initiated to recover the overpayments made to the contractors concerned and the reasons for excluding the special clause regarding the tonnage authorization of 5/6 MT for Leh via Rohtang and Zojila is also required to be investigated.

Item no.2: SURPLUS STORE PROCURED UNDER OPERATIONAL WORKS LYING UN-UTILISED AFTER CLOSURE OF WORK.
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The case relates to sanctioning of Work under the Operational Works Procedure during the year 1986-1987. The O.P. work was closed w.e.f. 30.6.1992. Out of total stores (Rs. 11.43 Crore) procured for Operational Work "OP FALCON", stores worth Rs. 1.20 Crore are still lying in stock. The liquidation of balance Surplus Stores is still awaited. The matter has been reported to HQrs. 4 Corps. The matter needs immediate attention and action taken to liquidate the store un-utilised under the sanction of the GOI.

Item no.3: PROCUREMENT OF STORES ON FAKE SUPPLY ORDERS.

During the review of reports on Central Purchase Vouchers, it was observed that 67 C.P. vouchers amounting to Rs. 72,00,474.00 were pending for clearance in respect of

various MES formations under CWE Allahabad. It also came to light that all the 13 Supply orders against which the stores were supplied to various MES formations, were signed by one official functioning as Officiating CWE Allahabad. These were later on established as fake, as the copies of these supply orders are not available with the executive authorities. This is therefore, a case of fraudulent procurement against fake supply orders.

In this connection CWE Allahabad approached Chief Controller of Accounts, DG S&D to recover the cost of stores already paid from the other pending bills of the supplier concerned. The firm filed a suit on 13.4.1998 in the High Court of Allahabad against the recovery imposed on them and Hon'ble Court has ordered to maintain Status-quo till finalisation of departmental enquiry.

As a result of departmental enquiry disciplinary action was initiated against the erring individual. However, the officer has been exonerated, as charges against him could not be proved. Thus, neither the responsibility for issue of fake Supply Orders could be established nor seems possible to recover the cost of Stores. Suitable remedial measures for regularizing the infructuous expenditure/cash loss are required to be taken under the orders of GOI.

Item no.4: WRONG ENROLMENT OF RECRUITS AND LATER ON DISCHARGING THEM, RESULTING IN INFRUCTUOUS EXPENDITURE INCURRED ON THEIR TRAINING AND PAY & ALLOWANCES.

During the course of Internal Audit of recruits, it revealed that a large number of recruits were discharged on medical grounds within a short period of service of 2-6 months or little more. Further during the scrutiny of their Medical Board confidential Part-II, it was noticed that disability pointed out during the Medical Examination, on the basis of which the recruits have been discharged, existed before their entry into service and disability is not connected with service.

The above wrong enrolment was due to improper Medical Examination at recruiting center. Hence entire expenditure incurred on account of Training, Pay and

Allowances Ration and Clothing is infructuous and require regularisation under the orders of Government of India.

AIR FORCE

Item no.5: FLYING ACCIDENT CASES AWAITING REGULARISATION.

A review of outstanding cases of losses carried out revealed that total of 1418 cases of Flying accident reported upto 31.3.2008 were awaiting regularisation action as on 30.6.2008. Out of 1418, 1201 cases are those in which Court of Inquiry or other related papers are awaited from Air HQrs. In the remaining 217 cases are those in which Audit reports have already been rendered and regularisation sanction are awaited. The monetary value of above 217 cases has been calculated as 978.93 Crore (approximately). Out of which loss of Rs. 871.94 crore (Approximately) pertain to 120 cases of losses awaiting regularisation/sanction on "Write off" basis and Rs. 72.30 crore (approximately) pertain to 97 cases awaiting regularisation sanction on "Strike-off" basis. The oldest case pertains to 17.8.1990. Air HQrs. have already been requested to expedite regularisation sanctions in respect of 217 cases on which audit reports have already been rendered. The updated position is being included in the AAC every year. We may, therefore, if agreed to, update the position as an item this year also.

Item no.6: OUTSTANDING LOANS OUT OF INDIAN AIR FORCE

Under the existing instructions the normal period of loan of equipments out of IAF is not to exceed 12 months in India and 24 months in case of loans outside India. If the items loaned out are not returned within the specified time from the date of loan issues, it should be converted into payment issues and the value of such items/issues are, as such, chargeable at the latest rates for the same pattern of articles, as were originally

issued on loan. A total of 3231 items of loan issues to various parties are outstanding in the books of IAF units as on 30.6.2008 without a proper sanction for extension of loan period and/or recoveries from the parties concerned. The oldest dates relate to 1980-81. The value of 2456 items out of 3231 is Rs. 323.25 Crore while the value of remaining 775 items is not known. The outstanding loan items have been increased by 896 and the outstanding amount has been increased by Rs. 4.13 Crore in comparison to last year's AAC for the year 2006-2007. Out of total of 3231 items outstanding, 2493 items valuing at Rs. 317.18 Crore (approximately) pertain to one command alone. These items are stated to have been sent on loan for repair/overhaul etc. and are awaited return from loanees. If the items are not received back, the operational capacity of IAF is bound to be affected.

R & D

Item no.7: VARIOUS IRREGULARITIES NOTICED DURING THE SPECIAL AUDIT OF A LAB.

During the special audit of cash account of a Lab carried out for the period 1-1-1998 to 31-8-2006 various irregularities along with a cash loss of Rs. 52,82,927.00 was noticed by the team due to the following reasons:

- (a) Improper Maintenance of Public Fund Account No. 36193, Public Fund Account No .36132, Imprest Account No. 36183 and Regimental Account No. 46022
- (b) Non accounting of Cash.
- (c) Preparation of fake MROs and entering false transaction entries.
- (d) Cash collected through cash receipts but not accounted/ less accounted in the cashbook as per the Cash Book but not found credited in the relevant account in the bank and made the false entries to maintain the balance.

- (e) Preparation of fake MROs or preparation of MROs for lesser amount and reflecting the wrong amount in the cash book reducing the liability column and then withdrawing money from the bank through Public Fund Account cheques.
- (f) Failure of internal control and supervisory system, and
- (g) Non adherence to canons of financial propriety/GFR/FR guidelines issued by the executive authorities.

A loss statement for Rs. 52.82 lakh along with the Audit report has been forwarded to the DRDO HQrs., New Delhi for regularisation of loss.

Item no. 8: NON-LINKING OF DUPLICATE COPIES OF MROs ALONG WITH THE CREDIT SCROLLS WITH ORIGINAL MROs IN A LAB.

The case relates to non-linking of duplicate copies of MROs along with Credit scrolls with the original MROs received from a laboratory during the month of March' 1996. This came to light when a number of cases in which duplicate copies of MROs along with Credit Scrolls were not received in the Accounts section of one of the office for linking with original MROs received from the laboratory. The matter was reported to the Director of the concerned lab forwarding a list of 43 cases of remittances through MROs from 04/1994 onwards. The value of these 43 MROs amounted to Rs. 2,11,779.00. Further the matter has been reported to DRDO HQrs. in 05/1996.

Bank authorities were also written about the non-receipt of duplicate copies of MROs along with the Credit Scrolls. Bank authorities have stated that MROs do not bear the seal and initials of the Bank officials in all the 43 cases referred to them. In an inquiry and preliminary investigation carried out by the DRDO organization, the cashier was held responsible for the irregularity.

On the basis of the departmental enquiry an official of the laboratory was dismissed from service w.e.f. 17.5.2001. A case has also been lodged by CBI in the Court of Law at Bangalore. The hearing on the case is being going on.

MISCELLANEOUS ITEMS

Item no.9: OUTSTANDING ADVANCES AGAINST PUBLIC SECTOR UNDERTAKINGS AND PRIVATE PARTIES.

It is observed that a huge amount of Rs. 1601.27 Crore is outstanding as old advances (more than 5 years) as on 30th June' 2008, in the books of some Pr. Controllers/Controllers against Public Sector Undertakings (PSUs) like HAL, BEL, BEML, BHEL, ITI etc. to name a few, and a host of other private parties. The oldest advance awaiting liquidation pertains to the year 1973-74. This is a matter of concern as these PSUs and private parties may be getting unintended benefit by earning interest on these advances at the cost of the State. Adequate monitoring mechanisms need to be evolved to ensure that these advances are not kept outstanding for unusually long periods.

Item no. 10: ACTION STILL PENDING ON ITEMS REPORTED IN ANNEXURE-III AND IV OF EARLIER ANNUAL AUDIT CERTIFICATES.

The pace of action taken on items reflected in Annexure-III and Annexure-IV of past years' AACs needs to be stepped up. A number of such items relating to financial irregularities, which were included in Annexure-III and Annexure-IV of the Annual Audit Certificates during previous years, are reported by the Pr.CsDA/CsDA to be still outstanding. A list of such cases is contained in Appendix "A".

There is need for a determined follow up action.

ANNEXURE-IV TO SECTION-III

[Referred to in para – 11(xiv)]

STATEMENT SHOWING A FEW IMPORTANT CASES INDICATING DEFECTIVE PLANNING AND IMPLEMENTATION OF PROJECTS ETC. INVOLVING SIGNIFICANT INVESTMENT.

AIR FORCE

Item no. 1: SHORTFALL IN ACHIEVING THE TARGETS OF OVERHAUL/REPAIR
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In six Base Repair Depots (BRDs) (Air Force), the shortfall in achieving the targets of repair/overhaul of Air Crafts, Rotables, Engines and Ground equipments etc, as related to annual targets, ranged from 9% to 100% during the year 2007-2008. The utilization of the exiting facilities like Plant and machinery and manpower to the optimum level is to be looked into. As the position is being updated in the AAC every year, we may include the updated position in this year's AAC also.

Item no. 2: DELAY IN FINALISATION OF JOB-CARDS

In eight Base Repair Depots (BRDs), a total of 10,528 Job Cards are outstanding upto 2007-2008, the oldest being 2002-2003. Two BRDs alone are having 5751 jobs outstanding. The remaining 4777 jobs are outstanding with six Base Repair Depots. To avoid delay in completion of jobs, an integrated planning and procurement system needs to be introduced, apart from initiating a purposeful drive to reduce the number of outstandings with special emphasis on clearance of the oldest ones. As the position is being updated in the AAC every year, we may include the updated position in this year's AAC also.

Item no. 3: NON-UTILIZATION / NON-INSTALLATION OF COSTLY PLANT AND MACHINERY.

In various Air force units and formations, a total number of 81 items have remained un-utilised/un-installed/idle for a long period. The value of 63 is Rs. 255.91 Crore (approximately) and the value of remaining 18 items is not known. The oldest case pertains to the year 1988. The reasons cited for non-utilisation etc. are delay in completion of work services, un-serviceability, non-installation, non-issue of disposal instructions from Air HQrs. etc. Urgent action is required either to put the costly equipment etc. in the use or dispose these off, if not required, as non-utilisation of machines may lead to deterioration in their condition and avoidable losses. The reasons for the abnormal delay need examination and immediate corrective action. As the position is being updated in the AAC every year, we may include the updated position in this year's AAC also.

Appendix "A" to item no. 10 of Annexure-III to section-III

Sl. No.	Year of AAC	Item no. of Annexure to the AAC	Subject
I. CDA Chennai			
1	1997-1998	Item no. 1 of Annexure IV	Non-disposal of costly equipments of the closed Maintenance Station.
2	1998-1999	Item no. 7 of Annexure-III	Extra-mileage run with F.O.L. consumption in excess of sanction accorded by competent authority.
3	1999-2000	Item no. 8 of Annexure-III	Non-realisation of lease rent due to non-execution of lease agreement.
4	1999-2000	Item no. 9 of Annexure-III	Re-appropriation of a building for unauthorised purpose.
5	1999-2000	Item no. 10 of Annexure-III	Un-authorized construction of Transit Accommodation on Defence Land from Regimental Fund.
6	1999-2000	Item no. 1 of Annexure-IV	Infructuous expenditure on the provision of external water supply to an Air Force Station.
7	2000-2001	Item no. 11 of Annexure-III	Irregular Fixation of Scales of free consumption of Electricity for Junior Commissioned Officers/Other Ranks (JCOs/Ors).
8	2000-2001	Item no. 12 of Annexure-III	Non-Accounting/Delayed Accounting of Stores purchased locally out of I & M Grant.
9	2000-2001	Item no. 13 of Annexure-III	Non-Accounting of Stores transferred between two MES Formations.
10	2000-2001	Item no. 2 of Annexure-IV	Immovable Government Asset lying idle awaiting disposal action.
11	2001-2002	Item no. 1 of Annexure-IV	Government assets lying idle awaiting disposal action.
12	2001-2002	Item no. 2 of Annexure-IV	Loss of revenue to state due to non-allotment of quarters.
13	2002-2003	Item no. 1 of Annexure-III	Non-Remittance and irregular utilization of Lapsed Allotment.
14	2002-2003	Item no. 3 of Annexure-III	Irregular leasing of the Defence Land for A.T.M. Counter at nominal rent of Rs. 300/- per month.
II. PC of A. (Fys.)Kolkata			
15	1997-1998	Item no. 13 of Annexure-III	Non-closure of warrants and booking of expenditure even after the work is over and supply is completed.
16	1998-1999	Item no. 16 of Annexure-III	Over-stayal of 9 years beyond the date of superannuation.
17	1998-1999	Item no. 17 of Annexure-III	Installation of Telephone cable lines without examining eligibility.
18	1998-1999	Item no. 8 of Annexure-IV	Non-allotment of 39 quarters involving a loss of Rs. 4.84 lakh.
19	1999-2000	Item no. 9 of Annexure-IV	Infructuous expenditure caused due to manufacture of an unwanted item not meant for production.
20	2000-2001	Item no. 20 of Annexure-III	Embezzlement of Rs. 2.54 lakh of cash from Public Fund Account.
21	2001-2002	Item no. 14 of Annexure-III	Infructuous expenditure on procuring and holding of 20 new tyres for 12 Ton trucks disposed off long back.
22	2001-2002	Item no. 15 of Annexure-III	Non-recovery of arrear surcharge of electricity from the occupants of factory quarters of Ordnance Factory Estate.
23	2001-2002	Item no. 16 of Annexure-III	Non-credit of Income earned from Public money.
24	2001-2002	Item no. 6 of Annexure-IV	Holding of huge Primary Cartridges required for production of 81MM Bomb illuminating for over two decades without any use

			involving loss of Rs. 27.25 lakh.
25	2002-2003	Item no. 12 of Annexure-III	Loss of Rs. 27.33 lakh incurred on account of Short Delivery of Stores.
26	2002-2003	Item no. 7 of Annexure-IV	Infructuous Expenditure due to Non-Utilisation of a Tractor.
27	2003-2004	Item no. 9 of Annexure-III	Loss of Rs. 83.00 lakh to state due to Government Quarters lying vacant.
28	2003-2004	Item no. 10 of Annexure-III	Mis-Appropriation of Rs. 1.89 lakh in an Industrial Canteen of an Ordnance Factory.
29	2003-2004	Item no. 4 of Annexure-IV	Non-Utilisation/Non-Disposal of stores worth Rs. 6.15 crore in an Ordnance Factory.
30	2005-2006	Item no. 7 of Annexure-III	Un-authorized use of Factory Land for Agricultural purpose by Women Welfare Association (WWA) without Lease Agreement.
31	2006-2007	Item no. 5 of Annexure-III	Non-liquidation of outstanding Warrants resulting in blocked Inventory without any prospect of further issues/gainful utilization.
32	2006-2007	Item no. 6 of Annexure-III	Fictitious advance booking of labour without drawal of material and undertaking production of mortar bomb
III. PCDA (Navy) Mumbai			
33	1992-1993	Item no. 5 of Annexure-III	Delay in repairing Naval Stores in Controller Warehousing/Controller Technical Services.
34	1995-1996	Item no. 21 of Annexure-III	Non-return of repairable stores given to various agencies.
35	1995-1996	Item no. 23 of Annexure-III	Deposit Stores NSD in Western Naval Command.
36	1995-1996	Item no. 20 of Annexure-III	Non-Crediting of Sale Proceeds of Usufructs to Government accounts.
37	1995-1996	Item no. 22 of Annexure-III	Non-receipt of Adjustment bills against 100% Advance payments.
38	1995-1996	Item no. 24 of Annexure-III	Clothing items lying without turnover/un-utilised.
39	1995-1996	Item no. 25 of Annexure-III	Release of payment without Government sanction.
40	1995-1996	Item no. 19 of Annexure-III	Non-reconciliation of Armed Forces Personnel Provident Fund/Defence Services Officers Provident Fund Balances of Naval Personnel with compiled actuals.
41	1996-1997	Item no. 9 of Annexure-III	Non-verification of Credit in respect of Stores imported from erstwhile USSR.
42	1997-1998	Item no. 6 of Annexure-III	Defalcation/Embezzlement of Public money.
43	1997-1998	Item no. 7 of Annexure-III	Un-authorized provision of Residential Civil telephones.
44	1997-1998	Item no. 3 of Annexure-IV	Non-utilisation of Man-power and equipments of a Dehaussing Range which has become non-operational.
45	1998-1999	Item no. 3 of Annexure-IV	Abnormal delay in execution of slip-way project resulting in Infructuous expenditure.
46	1999-2000	Item no. 27 of Annexure-III	Irregularities in Cash Accounts.
47	1999-2000	Item no. 29 of Annexure-III	Irregular purchase of fuel costing Rs. 11.05 crore at Singapore by Indian Naval Ship "Jyoti".
48	1999-2000	Item no. 7 of Annexure IV	Deficiency in implementation of contract in procurement of INS 3 System, an Electronic Warfare equipment.
49	1999-2000	Item no. 8 of Annexure-IV	Irregularities by Logistic Delegations to Ex-USSR countries.

50	2000-2001	Item no. 16 of Annexure-III	Irregularities in transfer of Initial balances from manual to computerized system.
51	2002-2003	Item no. 6 of Annexure-IV	Non-Installation of High Value Sophisticated Equipments worth Rs. 8.20 crore.
IV CDA Guwahati			
52	1998-1999	Item no. 1 of Annexure-III	Fraudulent Drawal of Medical Reimbursement by Civilian staff of MES.
53	1999-2000	Item no. 12 of Annexure-III	Less recovery of electricity and water charges by MES from Contractors.
54	2005-2006	Item no. 4 of Annexure-III	Restructuring of existing Farm House in Several Parts
V. PCDA (Air Force) Dehradun			
55	1991-1992	Item no. 9 of Annexure-III	Irregularities in supply of Compound Foam making.
56	1993-1994	Item no. 12 of Annexure-III	Irregular local purchase of Store AMSE.
57	1996-1997	Item no. 8 of Annexure-IV	Non-availability of Glider Strip hanger and other infrastructures to impart training.
58	1997-1998	Item no. 7 of Annexure-IV	Slow progress in Radar Warning Receiver (RWR) Project.
59	1999-2000	Item no. 5 of Annexure-IV	Temporary transfer of post unauthorizedly by a Command HQrs. and payment of Pay & Allowances to idlemen.
60	1999-2000	Item no. 20 of Annexure-III	Short deposit of Revenue earned on cultivation of Surplus Defence land.
61	1999-2000	Item no. 21 of Annexure-III	Downgradation of an Specialist Vehicle imported at a cost of Rs. 20.00 lakh.
62	1999-2000	Item no. 22 of Annexure-III	Irregular payment of LTC claims amounting to Rs. 4.28 lakh to Defence Civilians.
63	1999-2000	Item no. 23 of Annexure-III	Encroachment of Air Force land by unauthorised persons
64	2000-2001	Item no. 5 of Annexure-IV	Costly items of a complex lying idle since 11/94
65	2000-2001	Item no. 6 of Annexure-IV	Non-utilisation of costly equipment LUCH-74 since 6/95.
66	2001-2002	Item no. 7 of Annexure-III	Irregular procurement of Gestetner copy printer at a cost of Rs. 6.48 lakh.
67	2001-2002	Item no. 8 of Annexure-III	Fraudulent release of Rs. 5.86 lakh for procurement of Duplicating papers.
68	2001-2002	Item no. 9 of Annexure-III	Irregular procurement of 50 Servo Motors Operated Line Voltage Correctors costing Rs. 6.66 lakh.
69	2001-2002	Item no. 10 of Annexure-III	Irregular purchase of a Tractor costing Rs. 2.38 lakh.
70	2002-2003	Item no. 7 of Annexure-III	Irregularity in procurement of Photocopier Paper.
71	2002-2003	Item no. 8 of Annexure-III	Irregular procurement of 12 Air Conditioners.
72	2002-2003	Item no. 9 of Annexure-III	Irregular procurement of Engine Spares.
73	2002-2003	Item no. 10 of Annexure-III	Irregular disposal under Buy-Back Scheme.
74	2003-2004	Item no. 6 of Annexure-III	Uncalled for procurement of 9,900 Reams of Photocopier Papers.

75	2003-2004	Item no. 7 of Annexure-III	Non-installation/Non-utilisation of three Aerial Film Processors for 3 to 4 years procured at a cost of Rs. 14.31 lakh.
76	2006-2007	Item no. 4 of Annexure-III	Outstanding Loans of Equipments out of Indian Air Force.
77	2006-2007	Item no. 1 of Annexure-IV	Short-fall in achieving the targets of Overhaul/Repair.
78	2006-2007	Item no. 2 of Annexure-IV	Delay in finalisation of Job Cards.
79	2006-2007	Item no. 3 of Annexure-IV	Non-Utilisation/Non-Installation of costly Plant & Machinery.
VI. PCDA (R&D) New Delhi			
80	1998-1999	Item no. 19 of Annexure-III	Machine procured through D.G.S.&D – Neither taken on charge nor installed.
81	1998-1999	Item no. 20 of Annexure-III	Procurement of three Defective Machines/Equipments lying non-functional.
82	2002-2003	Item no. 13 of Annexure-III	Non-accounting of Stores worth Rs. 1.95 lakh on Ledger Charge.
VII. PCDA (SC) Pune			
83	1996-1997	Item no. 3 of Annexure-III	Non mutation of land acquired from the state in 1942-43.
84	1996-1997	Item no. 5 of Annexure-III	Irregularities in conclusion of MES Contracts.
85	1996-1997	Item no. 6 of Annexure-III	Provision of Pyramid Pins at a Sector and repairs to Target Ranges.
86	1996-1997	Item no. 7 of Annexure-III	Acceptance of revised quotations after opening of Tenders in MES.
87	1996-1997	Item no. 8 of Annexure-III	Procurement of revolving chairs for conference room.
88	1997-1998	Item no. 2 of Annexure-III	Classification of P&M Procurement as Works Services.
89	1997-1998	Item no. 3 of Annexure-III	Loss/Irregular use of Railway Warrants, Form 'D' etc.
90	1997-1998	Item no. 4 of Annexure-III	Extra expenditure due to belated concurrence for conclusion of a Contract in MES
91	1997-1998	Item no. 5 of Annexure-III	Alterations in clothing Ledger after conducting the audit.
92	1998-1999	Item no. 5 of Annexure-III	Non-lifting of rice within the stipulated period by a Supply Depot from Food Corporation of India inspite of advance payments.
93	1999-2000	Item no.17 of Annexure-III	Payment of Modified Field Area Allowances to Defence Civilians.
94	1999-2000	Item no. 19 of Annexure-III	Irregularities in increase in Ceiling of free consumption of electricity.
95	2001-2002	Item no. 3 of Annexure-III	Holding of Millennium New Year Party "AHOY -2000" on defence land without permission.
96	2001-2002	Item no. 4 of Annexure-III	Irregular fixation of scales of free consumption of electricity
97	2002-2003	Item no. 5 of Annexure-III	Irregular Credit of Dealership Commission L.P.G. to Regimental Fund.
VIII. PCDA New Delhi			
98	1998-1999	Item no. 9 of Annexure-III	Passing of an unintended benefit to a supplier due to reproduction terms and conditions of a seven year old supply order.
99	1999-2000	Item no. 4 of Annexure-III	Unsatisfactory features of a contract operated by Directorate General of Signals Army Head Quarters.

100	1999-2000	Item no. 6 of Annexure-III	Double authorisation of payments against some items contracted with foreign suppliers and double authorisation of opening of letters of credit by Air HQrs.
101	2000-2001	Item no. 7 of Annexure-III	Release of payment on the basis of false endorsement on Inspection Note.
102	2000-2001	Item no. 8 of Annexure-III	Short Closure of a contract after acceptance of substandard stores worth Rs. 1.08 crores by inspecting officers.
103	2003-2004	Item no. 3 of Annexure-III	Irregularities in Armed Forces Medical Services.
IX. CDA Bangalore			
104	2001-2002	Item no. 1 of Annexure-III	Procurement of Cellular Phones out of Project Contingency
105	2001-2002	Item no. 2 of Annexure-III	Execution of another project out of a Project Contingency
106	2003-2004	Item no. 2 of Annexure-III	Non-realisation of dues amounting to Rs. 8.48 crore by a Defence Estate Office from the Advertising Agencies.
X. PCDA (WC) Chandigarh			
107	1999-2000	Item no. 3 of Annexure-III	Loss of Railway Warrants.
108	2003-2004	Item no. 1 of Annexure-III	Charging Off 7,300 Litres of FOL in Excess from Ledger.
109	1993-1994	Item no. 2 of Annexure-III	Irregular adjustment of cost of stores to Works.
110	2000-2001	Item no. 1 of Annexure-III	Transfer of Defence Land without Govt. Sanction and keeping heavy Cash Balances in Pulic Fund Account for more than five years.
111	2005-2006	Item no. 2 of Annexure-III	Payment of Pay and Allowances out of ATG Grant.
112	2005-2006	Item no. 3 of Annexure-III	Issue of Cheque amounting to Rs. One Crore without Payment Orders.
XI. CDA (Army) Meerut			
113	2000-2001	Item no. 6 of Annexure-III	Destruction of stores within 4 to 6 months of their purchase.
114	2005-2006	Item no. 1 of Annexure-III	Appointment of Junior Engineers (Civil) on deputation-cum-Re-employment basis without any Government sanction.
115	2006-2007	Item no. 1 of Annexure-III	Embezzlement and Irregular/Non-maintenance/Improper maintenance of Cash Book by the cantonment board.
XII. CDA (Air Force) New Delhi			
116	2006-2007	Item no. 3 of Annexure-III	Flying Accident cases awaiting regularization.
XIII. PCDA (NC) Jammu			
117	1998-1999	Item no. 6 of Annexure-III	Financial and Procedural irregularity in acceptance of Tender for construction of "Air-Crew Rest Room"
118	2002-2003	Item no. 4 of Annexure-III	Cash irregularity of Rs. 36.58 lakh in Hiring of Civil Transport.
XIV. CDA Secunderabad			
119	1998-1999	Item no. 3 of Annexure-IV	Abnormal Delay in Execution of Slip-Way Project resulting in infructuous expenditure.
XV. CDA Patna			
120	2004-2005	Item no. 1 of Annexure-III	Conservancy Service done by a private party without contract.
121	2006-2007	Item no. 2 of Annexure-III	Use of Government Accommodation for purpose other than for which it was constructed.

XVI. Miscellaneous Items			
122	2006-2007	Item no. 7 of Annexure-III	Outstanding Advances against Public Sector Undertakings and Private Parties.
123	2006-2007	Item no. 8 of Annexure-III	Action still pending on items reported in Annexure-III and IV of earlier Annual Audit Certificates.

SECTION – IV
REVIEW OF WORKS EXPENDITURE

12. The total expenditure incurred on Capital Projects and Revenue Works Services during 2007-2008 was Rs. 10413.86 Crore. A comparison of the original grant and final grant in respect of works executed is given below:

(Rs in Crores).

	Original Grant (Including Charged expenditure)	Final Grant	Actual Expenditure	Actual Expenditure More (+) or Less (-) than the	
				Original Grant	Final Grant
1	2	3	4	5	6
Expenditure met from Capital					
Army	2935.27	2758.21	2757.17	-178.1	-1.04
Rashtriya Rifles	Nil	Nil	Nil	Nil	Nil
NCC	9.50	6.25	4.67	-4.83	-1.58
ECHS	42.00	5.00	5.86	-36.14	0.86
Navy	430.00	293.5	285.25	-144.75	-8.25
Joint Staff	71.82	63.97	61.36	-10.46	-2.61
Air Force	747.71	866.43	774.81	27.1	-91.62
Defence Ordnance Factories	64.15	91.90	87.54	23.39	-4.36
R & D	409.89	516.09	534.64	124.75	18.55
DGQA	43.07	7.27	7.43	-35.64	0.16
Total Capital	4753.41	4608.62	4518.73	-234.68	-89.89
Expenditure met from Revenue					
Army	3340.56	3620.7	3618.99	278.43	-1.71
Rashtriya Rifles	22.00	23.63	23.62	1.62	-0.01
NCC	3.00	3.2	2.55	-0.45	-0.65
ECHS	2.5	1.42	1.37	-1.13	-0.05
Navy	485.86	567.48	557.7	71.84	-9.78
Joint Staff	106.67	102.05	96.73	-9.94	-5.32
Air Force	901.52	1190.34	1166.98	265.46	-23.36
Defence Ordnance Factories	70.00	72.00	63.29	-6.71	-8.71
R&D	307.08	311.97	325.77	18.69	13.8
DGQA (Inspection)	45.1	41.00	38.13	-6.97	-2.87
Total Revenue	5284.29	5933.79	5895.13	610.84	-38.66

These figures include Budget provisions for and actual expenditure incurred on Defence Works executed by MES as well as through other agencies.

It will be seen from the figures mentioned above that in the Capital Account, the actual expenditure was less than the Original Grant by about 4.94 percent and of final grant by about 1.95 percent.

In the Revenue Account, the actual expenditure exceeded the Original Grant by about 11.56 percent and fell short of the Final Grant by about 0.65 percent.

The details of allotment and expenditure incurred on DGMAP Works included in above figures are as follows: -

(Rs in Crores)

	Original Grant (Incl. Charged expendr)	Final Grant	Actual Expenditure	Actual Expenditure More (+) or Less (-) than the	
				Original Grant	Final Grant
1	2	3	4	5	6
Expenditure met from Capital					
<i>Army</i>	1279.90	1084.63	1100.19	-179.71	15.56
<i>Navy</i>	268.00	159.05	161.61	-106.40	2.56
<i>Air Force</i>	271.44	257.45	220.13	-51.14	-37.15
Total	1819.34	1501.13	1482.09	-337.25	-19.04

It will be seen from above figures that the DG MAP works actual expenditure in respect of all the three Services viz., Army, Navy & Air Force was less than the Original Grant by about 18.54 percent and of Final Grant by about 1.27 percent.

13. A statement showing the amounts originally allotted to certain important projects during the year and the actual expenditure incurred against those allotments is given in Annexure-V Part -I.

A statement showing the details of non-budgeted works (not included in the Approved Advance Works Programme) carried out during the year is given in Annexure V Part -II.

14. A review of works costing Rs. 25 lakhs or more (estimated cost or actual expenditure) completed during the year, was carried out to see in which of the cases the completion cost varied from original estimates by more than the tolerance limit of 10 per cent. Detail of such cases is given in Annexure VI. Out of 5 cases of works completed during the year of review, there was variation between 4.72 and 26.72 more than the tolerance limit of 10 percent as against the variation of 1.83 percent during the year 2006-07.

15(a) Defence Works Procedure was generally complied with by the Executive Authorities. Annexure -VII to this section shows the amount of expenditure objected to by the Internal Audit Authorities for non-compliance of the rules governing Defence Works for the period ending 31st March, 2008. Wherever deviations have taken place they have been of a serious nature.

In addition to the above, the total value of the Works commenced, due to non-regularization of administrative approval by the competent authorities under the normal works procedure remaining outstanding at the end of 31.3.2008 was Rs 23.43 crore.. A major portion (Rs. 10.95 crores) of the outstanding amount as on 31.3.2008, pertains to 3 works of Western Air Command and Rs. 8.30 crore has been objected by PCDA(NC) during the year 2007-08. Besides, objections falling under other categories as shown in Annexure -VII are also awaiting regularization.

(b) **In cases of unexpected circumstances, short-circuiting of the normal procedure is permitted** on grounds of operational military necessity or on urgent medical grounds when reference to the CFA may entail dangerous delay. In such circumstances any commander may order in writing execution of the Work under Para 11 of the Defence Works procedure provided.

- The case cannot be referred to the CFA as it would cause dangerous delay.
- The facts could not have been known to the appropriate CFA
- He will immediately inform the appropriate CFA, in addition to Intermediate Commander and CDA.

In all such cases Administrative Approval based on subsequently prepared AEs should be obtained within **Six months**.

The detail of such cases is shown in Annexure-VIII. These include eight Works for the Air Force. Out of these Works amounting to Rs. 134.32 crores, three Works amounting to Rs. 20.34 crores and Rs. 10.95 crores, which would ordinarily require the approval of GOI, were ordered by the station commanders way back in 2002 at two Air Force stations for construction of some technical accommodation. Most of the work has been completed. However, sanction of the appropriate CFA, is still to be obtained even after a lapse of nearly 5 years.

The Go-Ahead sanctions do not appear to satisfy the criteria of 'facts could not have been known to the CFA' or that the circumstances were unexpected as the accommodation was constructed for some imported systems.

16. In areas declared as '**Operational Works Area**', Formation Commanders are empowered to order execution of certain specific categories of works, which are actually needed for the prosecution of operations.

Expenditure incurred during the year under review on 1539 Works of this nature amounted to Rs. 377.85 crore, (including expenditure on maintenance of such assets) against the expenditure of Rs 384.11 crore incurred during the preceding year. The expenditure incurred on Operational Works form part of expenditure incurred on Army Works. MES as well as Engineer Regiments are executing the Operational Works.

17. Out of the amount of Rs. 72.65 Crores as on 1.4.2007 pending regularization of losses, an amount of Rs. 6.76 Crores was cleared during the year. However, there was a net addition of cases amounting to Rs. 17.56 Crores during the year and consequently an amount of Rs. 83.44 Crores was outstanding as on 31.3.2008 awaiting regularization of losses. This has resulted in a 14.85 percent increase over and above previous year figure.

18. The outstanding amount as on 30th June 2008 in regard to recoveries of licence fee and allied charges in respect of bills issued upto 28th February 2008 was about Rs. 24.91 Crore, as compared to the amount of Rs. 21.37 Crore outstanding as on the 30th June 2007 in respect of bills issued upto 28th February 2007. A comparative position of the outstanding recovery of rent, as on 30.6.2007 and 30.6.2008 is given below.

Amount in Lakhs of Ruppes

S.No	Department/Body		
		As on 30.6.2007	As on 30.6.2008
1	Displaced persons	Nil	Nil
2	State Government Departments	36.08	39.46
3	Other Central Government Departments	273.18	233.81
4	Released/Retired Officers	51.33	36.64
5	Departmental Officers in Service	270.58	346.31
6	Departmental Messes/Clubs	104.02	143.04
7	Private parties including MES contractors	997.40	991.72
8	Cantonment Boards, Municipalities etc.	404.25	700.11
	Total	2136.85	2491.08
	Say Rs.	21.37 Crore	24.91 Crore

It is seen that there is an increase in amount against State Govt. Dept. from Rs.36.08 Lakh to 39.46 lakh , Departmental Officers in Service from 270.58 Lakh to 346.31 lakh, against Departmental Messes/ Clubs from Rs. 104.02 lakh to Rs. 143.04 lakh and against Cantonment Boards, Municipalities etc. from 404.25 lakh to 700.11 lakh. On the other hand there is a decline in the amount of other Central Govt. depts. From 273.18 Lakh to Rs. 233.81 Lakh and released c/Retired Officers from Rs. 51.33 Lakh to Rs. 36.64 lakhs and in r/o Private Parties including MES Contractors from Rs. 997.40 to 991.72 lakh.

19. The outstanding amount of non-recovery of Barrack Damages at the end of the year under review was Rs.48.32 lakhs as against the outstanding amount of Rs.26.35 lakhs at the end of the preceding year.

20. The flow of cash expenditure continued to be comparatively large during the closing months of the year. The expenditure during each of the four quarters of the year was 17 percent, 23 percent, 24 percent and 37 percent respectively of the total expenditure as against 16,22,24 and 38 percent of the corresponding quarters of the previous year.

21. In regard to operation of contracts *by Engineer* authorities, the following unusual features in the year under review were noticed.

(a) In a large number of contracts, deviation orders continued to be issued 'ex-post-facto' after completion of the works, regularizing works already carried out by the contractors. The total number of cases in which such covering deviation orders were issued is 732 as against 760 during the previous year. Majority of the cases were reported by PCDA Southern Command Pune (311 cases), PCDA (WC) Chd (100 cases), PCDA (NC) Jammu (153 cases) and CDA Secunderabad (47 cases)

(b) Extensions of time were granted in 4478 cases excluding term contracts as against 3886 cases during the previous year. **Out of 4478 cases, in 1700 cases, the period of extensions were disproportionately large as compared to the periods originally fixed for completion, the periods of extension being more than 100 % of the original periods in 554 cases and more than half of the original periods in 1146 cases.** Majority of the cases were reported by PCDA Southern Command (1191 cases) PCDA Western Command (943 cases), PCDA Northern Command (417) cases, CDA Chennai (252 cases), CDA Guwahati (157 cases), PCDA(CC) Lucknow 168 cases, CDA Secunderabad (341 cases) and PCDA (SWC) Jaipur (231 cases). The main reasons for the grant of extension of time by the Engineers in these cases were stated to be:

- i) Due to climatic conditions/heavy rains in rainy season.
- ii) Non availability of skilled labour due to harvesting and sowing season, celebration of festivals like Dussehra, Diwali and other festivals.
- iii) Due to Non-availability of Sch 'B' Stores
- iv) Non-availability of site/buildings and delay in handing over site/buildings.
- v) Non-availability of stores/Steel in the Market.
- vi) Due to non-availability of Compressor stores in the market.
- vii) Due to shortage of electricity in civil areas.
- viii) Due to scarcity of water in summer.
- ix) Due to delay in supply of material by the manufacturer.

- x) Due to certain equipment not handed over/deposited by the user unit.
- xi) Due to additional work ordered and changes proposed by the user.
- xii) Due to delay in concluding the new contract.
- xiii) Due to sickness of the Contractor.
- xiv) Non-availability of Lift in the building and CR 100 rails.
- xv) Due to election in the cantonment
- xvi) Frequent visits of the VVIPs
- xvii) Choking of Pipe.
- xviii) Due to missile/range firing.
- xix) Due to building found locked as occupants proceeded on summer holidays.
- xx) Due to delay in handing over the site.
- xxi) Due to additional work ordered by the user.
- xxii) Due to agitation in Gujrat.
- xxiii) Non-availability of site due to heavy flying.
- xxiv) Due to fixation of Star Rates.
- xxv) Change in lay out.

Many of the reasons given by the Engineers do not prima-facie justify grant of extension and reflects laxity in control system.

- (c) As per reports received from Controllers of Defence Accounts, in 4503 cases, the contract agreements were not submitted within the stipulated period to the Controllers for scrutiny. Majority of the cases of delayed submission were reported by CDA Patna (937 cases), PCDA Southern Command (804 cases), CDA Bangalore (276 cases), PCDA Northern Command (784 cases), PCDA Western Command (576 cases), PCDA Central Command Lucknow (613 cases) and CDA Secunderabad (157 cases). The number of such cases during the previous year was 4086. The practice of releasing payment to contractors before scrutiny of contract agreements by the respective Controller still continues.
- (d) Cases, where the prescribed period of four to six weeks time, was not allowed to the contractors to quote their rates continued to occur. 402 cases have been reported by the Controllers of Defence Accounts during the year under review as compared to 664 cases during 2006-2007.
- (e) Reports received from the Controllers of Defence Accounts indicate that an amount of Rs. 358.51 crore was outstanding on account of overpayments / short or non- recoveries from contractors at the end of the year under review as against the amount of Rs. 357.08 crores outstanding at the end of 2006-2007. Since there is an increase in amount of recovery due from the Contractors and recovery is very less in comparison, the matter is of great concern. There was no appreciable recovery during the year under Review of the amount Outstanding against the Contractors as on 31.3.07 as only Rs. 6.33 Crore out of the total Outstanding amount of Rs. 357.08 Crore was recovered during 2007-2008.

(f) Tenders other than the lowest have not been accepted in any case.

22. The report received from Controllers of Defence Accounts indicates that the maintenance of accounts in Engineer Parks was generally satisfactory except 585 EsP under CDA Patna. CDA Patna and PCDA Chandigarh have reported the following instances of deviation in MES Divisions/Engineer Parks.

- a) Stock verification was not carried out in 11 cases in respect of CDA Patna and in one case in respect of PCDA Chandigarh.
- b) Non- production of documents in one case in respect of CDA Patna and in four cases in respect of PCDA Chandigarh.
- c) Discrepancies in Stock and store accounting detected in one case in respect of CDA Patna and in four cases in respect of PCDA Chandigarh.
- d) Partial verification was carried out in one case in respect of CDA Patna.
- e) Quantitative limit of Stock holding not fixed in 15 cases in respect of CDA Patna and in two cases in respect of PCDA Chandigarh.
- f) Stock Book rates not worked out in 16 cases of MES in respect of CDA Patna and in two cases in respect of PCDA Chandigarh.
- g) In 3 cases Division rates were not fixed for payment for the material of local origin in respect of CDA Patna.

23. An examination of the working of Standard Schedule of Rates (S.S.R) was carried out with reference to the contracts concluded during the year 2007-2008. 2 contracts of Rs one lakh and above priced on the basis on the basis of SSR 1996 and 8824 contracts of Rs one lakh and above, on the basis of SSR 2004 were analyzed. The percentage of cases, where the contractor offering the lowest rate had quoted 21 % or higher above the respective SSR is given below.

%age above SSR	%age of cases priced on the basis of	
	SSR 1996	SSR 2004
21-50	Nil	39.12
51-100	Nil	11.57
101-150	Nil	0.58
151-200	Nil	0.20
Above 200	Nil	0.17
Total 21% or above	Nil	51.64

It may be mentioned that SSR 1996 was divided into 8 Zones whereas SSR 2004 is based on average market rates of labour and material in various Zones.

24. Except one case, where remission of Dept. charges to the amount of Rs. 0.01 Lakhs was given, no other case occurred in Deposit Works undertaken by MES during the year under review, was reported.

ANNEXURE V TO SECTION IV
(Referred to in Para 13) Part-I

Statement showing variations of over 50% between the original allotment and expenditure in respect of Works costing Rs. 25 Lakhs and above carried out during the year 2007-08.

(Amount in lakhs)

Sl. No.	Description of works	Original Allotments	Actual Expenditure	Variations More(+) or Less (-) than the original allotment	Main reasons for variations
1	2	3	4	5	6
1	WAC/Spl/Prog/03/05-06 prov of work Services	119.53	41.91	(-) 77.62	Due to heavy snow fall after 20 yrs.
2.	Const. Of Airmen Mess at Thanjore	134.52	377.81	(+) 243.29	Due to progress of work.
3.	Dredging of flood channel at Vishakhapatnam DDG & E CE (v) of 2007-08	1237.1	265.5	(-) 971.6	i) Due to delay accrued by obtaining permission from Visakhapatnam Port Trust Authority ii) Due to mechanical problem
4	CAC/CAP/46/07-08 Improvement of 33 KV/MOCB with 33 KV	13.32	3.32	(-) 10	Late release of UBC date of release.
5)	CAC/CAP/47/07-08 up gradation of HT panel by releasing OCB	10.6	0.60	(-) 10	Late release of UBC date of release.

ANNEXURE V TO SECTION IV
(Referred to in Para 13) Part-II

Statement showing the details of "Non-Budgeted" works costing Rs. 10 Lakhs & above.

(Amount in Lakhs)

Sl. No.	Description of works	Original Allotment	Estimated Cost	Actual Expenditure	Variations More(+) or Less (-) than the original allotment	Main reasons for variations
1	Const of 08 Staff quarters for KV at Dehradun	47	46.03	46.22	(-) 0.78	
2	Spl repair to Bldg No. 132 at Mil Stn Nahan	11.44	21.59	11.44	Nil	
3	Spl. Repair to Officers Married Accommodation at Military Station Nahan.	8.91	15.12	8.14	(-) 0.77	Due to less work done
4	Spl repair roof leakage etc in r/o certain buildings of ASC Battalion 'N' Area Chandigarh	9.95	15.72	9.88	(-) 0.07	Due to less work done
5	Spl repair to Bldgs No. 128 at Mil Stn Nahan.	5.41	21.83	5.41	Nil	
6	Spl. Repair to building at 18 Engineering Regiment 'K' Area Chandigarh	4.09	34.36	4.09	Nil	
7	Spl. Repair to building field work shop EME 'K' Area Zirakpur	1.93	11.95	1.93	Nil	
8	Spl. Repair to certain buildings at Cartatic line at Damana	10.74	10.69	10.74	Nil	
9	Construction of Airmen Mess/Airmen accommodation at GE Thanjore	402.86	1826.41	1072.15	669.29	Due to progress of work
10	Carried over works	5.67	16.35	5.67	Nil	
11	New works	19.11	24.07	19.11	Nil	

**Annexure VI to Section IV
(Referred to in Para 14)**

Statement showing variations over 10% between the original estimates and the actual final cost in respect of works costing Rs. 25 Lakhs and above completed during the year 2007-08.

(Amount in lakhs)

Sl. No.	Description of works	Original Estimate	Final Cost	Variations over 10% More (+) or less (-) than the original estimates	Reasons for variation
1	GE AFU-40/04-05 of GE AF Udhampur	160.61	101.64	(-) 26.72	Due to common tendering
2	CEUZ-29/04-05 of GE 862 EWS	85.60	70.31	(-) 7.86	Due to land dispute
3	CEUZ-32/04-05 of GE 862 EWS	102.40	83.41	(-) 8.54	Due to non-availability of site
4	Provision of watch tower & Guard Post/ rest room at ND(V) CA No. DDG&CE(V) of 06-07 with DGNP(V)	58.63	50	(-) 4.72	Due to reduction in scope of work by the user
5	Provision of defi DG set for water supply installation under GE Jabalpur	59.51	78.65	22.16	Certain addition to DG set works as per CP CB, Min of Environment Forest guidelines

Annexure VII to Section -IV
{(Referred in Para 15 (a))}

(Amount in Rupees only)

S. No.	Nature of Objections	Amount outstanding as on 1st April, 2007	Amount objected to during the year 2007-08	Amount settled during the year 2007-08		Amount outstanding as on 31 st March 2008.
				Objection pertaining to the previous years.	Objection pertaining to the current year.	
1.	2.	3.	4.	5.	6.	7.
1.	Want of Administrative Approval	1513205 00	83004130	Nil	Nil	234324630
2.	Want of Technical sanction	1491665 00	Nil	149039000	Nil	127500
3.	Want of Allotment of Funds	Nil	135710	38073	114882	58901
4.	Excess over Administrative Approval	5318171 38	3334460	7216900	Nil	527934698
5	Excess over Technical sanction	4194868 8	Nil	Nil	Nil	41948688
6	Excess over Allotment of Funds	Nil	37138108	Nil	15175693	21962415

**Annexure VIII to Section IV
{Referred to in Paragraph 15 (b)}**

(Amount in Rupees Only)

SL.N O.	Nature of Objections	Amount outstanding as on 1st April, 2007	Amount objected to during the year 2007-08	Amount settled during the year 2007-08		Amount outstanding as on 31 st March 2008.
				Objection pertaining to the previous years.	Objection pertaining to the current year.	
1.	2.	3.	4.	5.	6.	7.
(a) Works commenced under Para 10 of the Defence Works Procedure						
1	Want of administrative Approval	294932171	Nil	Nil	Nil	294932171
2.	Want of Technical Sanction	Nil	Nil	Nil	Nil	Nil
3.	Want of Allotment of Funds	Nil	Nil	Nil	Nil	Nil
4.	Excess over Administrative Approval	Nil	Nil	Nil	Nil	Nil
5.	Excess over Technical sanction	Nil	Nil	Nil	Nil	Nil
6.	Excess over Allotment of Funds	Nil	Nil	Nil	Nil	Nil
(b) Works commenced under Para 11 of the Defence Works Procedure						
1.	Want of Administrative Approval	1639432452	1124557570	432568585	42994000	2297103186
2.	Want of Technical Sanction	149040000	Nil	1000	Nil	149039000
3.	Want of Allotment of Funds		Nil	Nil	Nil	Nil
4.	Excess over Administrative Approval.	20683584	3284350	Nil	Nil	23967934
5.	Excess over Technical Sanction		Nil	Nil	Nil	Nil
6.	Excess over Allotment of Funds		Nil	Nil	Nil	Nil
(c) Works commenced under Para 12 of the Defence Works Procedure						
1.	Want of Administrative Approval	8426000	Nil	8426000	Nil	Nil
2.	Want of Technical Sanction		Nil	Nil	Nil	Nil
3.	Want of Allotment of Funds		Nil	Nil	Nil	Nil
4.	Excess over Administrative Approval	Nil	Nil	Nil	Nil	Nil
5.	Excess over Technical Sanction	Nil	Nil	Nil	Nil	Nil
6.	Excess over Allotment of Fund		Nil	Nil	Nil	Nil

SECTION V

APPENDICES

A statement showing the total amount of cash losses under various categories, written off during the year 2007-08 is given in Appendix 'A'. Details of cash losses exceeding (i) Rs. 25,000 due to theft, fraud or gross neglect, and (ii) Rs. 50,000 due to other causes in each case are given in Annexure to this Appendix.

A statement showing the total amount of store losses under various categories, written off during the year 2007-08 is given in Appendix 'B'. Details of store losses exceeding (i) Rs. 75,000 due to theft, fraud or gross neglect, and (ii) Rs. 2,00,000 due to other causes in each case are given in Annexure to this Appendix.

Appendix 'C' contains details of infructuous expenditure regularized during the year 2006-07 with annotations of individual cases exceeding Rs. 1,00,000 in each case.

Details of gift and cases of transfer of Government property of the value of Rs. 1 lakh each and above free or at concessional rate to non-Government Organisations during the year 2007-08 are given in Appendix 'D'.

APPENDIX 'A' TO SECTION V

**Statement showing various categories of total amount of cash losses pertaining to
Defence Services finally dealt with during the year 2007-2008.**

Categories of losses	(In thousands of rupees)						
	Loss of Cash proper	Over-payments and irrecoverable claims	Fraudulent use of Railway Warrants	Demurrage Charges	Un-authorised use of Government or hired Transport	Other Categories	Total
1	2	3	4	5	6	7	8
I. Loss due to theft, fraud or gross neglect	2,34	0,17	0,19	1,31		4,79	8,80
II. Loss due to other causes	1,53	26,86		3,16	0,34	15,35	47,24
Grand Total Head I & II	3,87	27,03	0,19	4,47	0,34	20,14	86,04
Total amount of Cash losses shown in Appendix 'A' to Appropriation Accounts (Defence Services) 2004-2005	1,99	5,52	0,46	0,58	1,40	86,75	96,70
Total amount of Cash losses shown in Appendix 'A' to Appropriation Accounts (Defence Services) 2005-2006	3,51	10,60	0,09	11,13	2,19	97,73	1,25,25

NOTE :- Details of losses exceeding (i) Rs.25,000 due to theft, fraud or gross neglect and (ii) Rs.50,000 due to other causes in each case are given in Annexure to this Appendix.

DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

APPENDIX: A-I

AMOUNT: Rs. 1,88,083/-

The case relates to loss caused to one of the Laboratory of Defence Research and Development Organization due to misplacement of imported items by Airport Authority of India. During August 1985 Laboratory had placed a supply order on a Foreign firm for procurement of certain scientific equipments/components for carrying out of their research and development activities. The stores were received by Airport Authority during May to July 1986. At that time the International Airport Authority had commissioned their new cargo terminal and started functioning in May 1986 onwards. Before commissioning this, the work was carried out through Central Ware House Corporation. While shifting the office premises, certain items of Defence Research and Development Organization were misplaced/untraceable. The claim was preferred on Airport Authority of India in January 1987 for misplaced stores. Subsequently an FIR was lodged by Airport Authority with the local police on 24.4.1989 but was of no avail. However, consistent efforts made by Lab authorities with the help of Airport Authority of India six items were traced out. The remaining two items could not be traced out and finally Airport Authority of India expressed their inability to trace out the stores. The loss has been regularized under the orders of Government of India. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX : A-II

AMOUNT : Rs. 2,48,384/-

The case relates to loss occurred in one of the institute of DRDO due to the difference in the rates of the two security contracts running concurrently. Institute of Defence Research and Development Organization had called for quotations for service of two supervisors and 13 guards. On receipt of quotations from various parties the same were evaluated by Technical Evaluation Committee. The price quoted by M/S Sharma

Security Services was found lowest amongst technically accepted venders. After negotiation, M/s Sharma Security Service agreed to provide service of two supervisors and 13 guards at Rs. 61,847.00 per month or Rs. 7,42,164.00 for one year. Consequently, the proposal for hiring services of 02 Supervisors and 13 Guards were sent to R&D HQrs for release of financial sanction. R&D HQrs reduced the strength of Security person from 02 Supervisors to 01 Supervisor and 13 Guards to 09 Guards and sanctioned a sum of Rs. 4,74,000.00 for the period of one year. Accordingly Security Contract was awarded to M/s Sharma Security Services for one year from 01 September 2000 to 31 August 2001, which was subsequently extended for another one year. During audit, Test Audit authorities has pointed out that Technical Evaluation Committee held in July 2000 ignored the technical bids of one vender i.e. M/s United Services who was providing their satisfactory service on another Security Contract at cheaper rates. Thus ignoring the cheaper offer of established contractor, Institute of DRDO has incurred extra expenditure to the extent of Rs. 2,48,348. This has been viewed as Cash loss to state and regularized under the orders of Government of India. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX : A-II

AMOUNT : Rs. 3,59,586/-

The case relates to loss of consignment of imported stores in transit in one of the Defence Research and Development Establishments. A purchase order was placed on a foreign firm on 19 June 1997 for supply of UHV Grade Materials by DRDO Centre. The consignment consisting of five packages were handed over by supplier for shipment to Freight forwarders who had been entrusted to ship all these packages. On arrival of the consignment at airport on 30 January 1998 clearing agent observed that out of 05 packages shipped only 04 packages had landed at airport. The Freight and clearing agent were asked repeatedly to trace out the missing store. The Freight forwarders had forwarded the short landing certificate, based upon which, a claim was preferred on the Carrier agency for early settlement of the claim. After the protracted correspondence

Carrier agent finally intimated that as per the conditions of the contract the claim became time barred and was unable to process the subject further. Thus the loss has been regularized as cash loss under the order of Govt. of India. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX : A-II

AMOUNT : Rs. 95,706/-

The case relates to payment of demurrage/ground rent charges paid to Airport authorities during the year 1988-89 by one of the Defence Research and Development Establishments. DRDO had paid demurrage charges/ground rent to Airport/Ware Housing Corporation for not collecting the imported items in time due to lengthy procedure involved. The institute had explained that it was not possible to collect the stores within stipulated time. Hence the payment made to the Airport authorities was unavoidable. A board constituted to investigate the case, fixing the responsibility for the loss and suggest corrective measures to avoid such occurrences in future, had recommended that there was no delay on the part of any concerned officials and the loss had occurred due to inherent limitation in the procedure. The board has recommended for simplifying the procedure. The HQrs of Defence Research and Development Organisation has now appointed the air consolidation agents for clearing/handling of all consignments received from aboard. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX : A-II

AMOUNT : Rs. 1,41,885/-

The case relates to regularization of loss caused due to payment of demurrage/ground rent charges paid to Airport Authorities during the year 1987-88 by one of the Defence Research and Development Establishments. Defence Research and Development Organization had paid demurrage charges/ground rent to Airport/Ware

Housing for not collecting the imported stores in time. The Defence Research and Development Organization had explained that it was not possible to collect the stores within the stipulated period due to lengthy procedure involved. Hence the payment made to the Airport Authorities was unavoidable. A Board constituted to investigate the case and to suggest remedial measures to avoid the recurrence of such incidents in future had recommended that there was no delay on the part of any concerned officials. The Board had opined that the store could not be collected from Airport premises due to inherent limitations in the procedure. As remedial measures, Defence Research and Development authorities has now appointed the air consolidation agent for clearing/handling of all consignment received from abroad, Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX 'B' TO SECTION V

Statement showing various categories of the total amount of store losses pertaining to Defence Services finally dealt with during the year 2007-2008

(In thousands of rupees)

Categories of losses	Food and Forage	Petrol, Oil and lubric- ants and aviation spirits	Other Army Services Corps Stores	Mechani- cal Trans- port Vehicle and connected Stores	Other Ord- nance and Clothing Stores	Medical Stores	MES Stores and Building	Miscell- aneous Stores	Aviation Stores	Naval Stores	Total
1	2	3	4	5	6	7	8	9	10	11	12
I. Losses due to theft, fraud or gross neglect.		1,21	2,15	1,13,95	37,64		19,08	54,75	42,00		2,70,78
II. Actual losses due to other causes :											
a) Fire				3,15	74,58	4,14	89,87	15,66			1,87,40
b) Deficiencies in actual balances	0,07	5,50		30,32	49,81	0,02	1,04	0,31	0,23	0,48	87,78
c) Deterioration		0,86		3,22	46,57		6,83	17,75	0,50		75,73
d) Defective Stores		0,21	2,82	0,02	0,04	0,29		16,27	8,46		28,11
e) In transit	7,08	5,95	12,39	32,01	1,26,74		5,41	5,37	2,93,57	1,16	4,89,68
f) Miscellaneous causes	8,63	8,12	12,70	1,71,85	14,60,19		49,87	4,01,39	1,97,69,30	80,78	2,19,55,83
Total - II	8,78	20,64	27,91	2,40,57	17,57,93	4,45	1,53,02	4,56,75	2,00,72,02	82,42	2,28,24,53
Grand Total Head I & II	8,78	21,85	30,06	3,54,52	17,95,57	4,45	1,72,10	5,11,50	2,01,14,06	82,42	2,30,95,31
Total amount of store losses shown in Appendix 'B' to Appropriation											
Accounts (Defence Services) 2005-2006	33,71	57,15	36,76	6,23,89	12,78,19	79,84	90,62	36,99,05	4,65,67,41	1,15,42	5,25,82,04
Total amount of store losses shown in Appendix 'B' to Appropriation											
Accounts (Defence Services) 2006-2007	1,24,02	1,90,02	28,76	3,74,67	10,10,25	0,36	6,29,90	21,42,59	2,59,11,80	2,01,85	3,06,14,22

NOTE: (1) Details of losses exceeding (i) Rs.75,000 due to theft, fraud or gross neglect (ii) Rs.2,00,000 due to other causes in each case are given in Annexure of this Appendix.

(2) Losses of Aircraft as a result of crashes due to incidence of service have not been included in the statement.

(3) Total of Head II under column "Miscellaneous Stores / Miscellaneous causes" includes manufacturing losses of Rs. 15501 thousands over and above normal rejection percentage provided in the Standard Estimates.

ENGINEER IN CHIEF'S BRANCH

APPENDIX : B-I

AMOUNT : Rs. 3,53,653/-

The case relates to loss on account of deficiency of store, which came to notice during handling and taking of store between two Garrison Engineers in August 1994. During handling taking over of store between two Garrison Engineers it was emerged that 29,640 Metric Ton of Tor steel 16 mm was short and almost 10 Metric Ton or Tor steel 10 mm was surplus. It was assumed that due to oversight, Tor steel 16 mm had been issued to consignee in place of Tor steel 10mm. Preliminary investigations revealed that deficiency of stores was due to neglect. The Court of Inquiry was ordered on 13 December 1995. The Court blamed one Lt. Col the then Garrison Engineer for not ensuring the proper control/administration on the division. The Court also blamed one Hon Lt. (then BS-Gde-1) for not ensuring proper stocking, not reporting the surplus/deficient steel items and not taking on charge the surplus stores. The Court further blamed the then CASO of one Engineer park for permitting the truck carrying stores other than mentioned in challan. The Court has recommended disciplinary action against the individuals blamed along with penal recovery. Court has also recommended that surplus Tor steel 10mm of quantity 30 MT to be taken on charge and deficiency of Tor steel 16mm of quantity 29.640 MT amounting to Rs. 3,64,590 to be written off and borne by state. Necessary administrative action has been initiated against the erring the officials and Rs. 10,937 has been recovered from them. The loss has been regularized by Government of India. Delay in regularization of loss was due to various procedural formalities involved.

QUARTER MASTER GENERAL'S BRANCH

APPENDIX : B-I

AMOUNT : Rs. 11,29,366/-

Loss represents the cost of damage caused to a Lorry 5/7.5 Ton ALS of an Army Service Corps Battalion in an accident on 15 June 2003. The accident occurred when the vehicle suddenly slipped and fell down into river. The vehicle submerged in the river and could not be recovered. The driver also could not be rescued and was presumed dead. A Court of Inquiry held on 15 June 2003 and subsequent days opined that the accident probably occurred due to mechanical failure and no one to be blamed for the accident. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX ; B-II

AMOUNT ; Rs. 12,67,464/-

Loss represents the cost of damage caused to a Lorry 3 Ton Shaktiman of a Army Service Corps Battalion in an accident on 23 June 1999. The accident occurred while vehicle was being towed with another defective vehicle Lorry 3 Ton negotiating the newly built operation track, which became wet and soggy due to overnight heavy rain. Both the vehicles skidded due to uneven and soggy ground and fell into a deep despite of applying brakes by the driver. As a result of the accident, both the vehicle were damaged and could not be retrieved due to stiff mountaneous terrain. A Court of Inquiry held on 25 June 1999 and subsequent days opined that the accident occurred due to uneven soggy ground condition due to overnight heavy rain. The Defence driver was not blamed for the accident. Adequate training is being imparted to the drivers to avoid recurrence of such accidents in future. Delay in regularization of loss was due to various procedural formalities involved.

DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

APPENDIX ; B-II

AMOUNT : Rs. 35,00,000/-

The case relates damage occurred to Government property by tidal waves. During the period from 17 May 2005 to 26 May 2005 tidal waves of a height of 3 to 4 meters have lashed against the bank/shore of the island causing heavy damage and large scales erosion of the banks. This led to the foundation of the structures of the launch sites of Integrated Test Range getting exposed. The observation towers of the launch sites ultimately collapsed on 22 May 2005 and on the same day security guard room was also shifted from its position due to erosion of soil under its foundation. A total of 70 mtrs of road cum rail track had become nonfunctional due to the erosion of soil underneath. The Board of Officers constituted to asses the loss caused by tidal waives recommended that the damaged Govt. property is beyond salvage. The cost of damage to Govt. property by tidal waives has been regularized by Govt. of India. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX ; B-I

AMOUNT ; Rs. 6,23,358.48/-

The case relates to regularization of loss of 203.2043 MT of bitumen worth Rs. 6,23,358.49 caused to one of the Garrison Engineers, Bitumen of quantity 1300 MT was stocked in one of Garrison Engineers, which were procured, by CE and CWE(P) during the period from December 1982 to February 1985 through Rate Running Contract. The store was procured for incorporation in the sanctioned R&D projects however; the requirement was far less than the quantity procured. As a result the bitumen was stored for long at different places available. It was neither stored properly nor the issue of bitumen was done as per First In First Out basis. As the store was located in coastal area hence due to the atmospheric action of saline water, the containers got rusted and the

leakage started gradually. It was detected in October 1987 at the time of handing/taking over between two BSO. A Court of Inquiry was ordered to pin point the responsibility. Court of Inquiry found that loss was caused due to leakages of drums for over procurement and poor stores management by the department. Administrative action was recommended against the officers held blame worthy in the Court of Inquiry along with penal recovery. Recovery of Rs. 5000 each from two Garrison Engineers has been made. Delay in regularization of loss was due to various procedural formalities involved.

APPENDIX 'C' TO SECTION V

Statement of Infructuous expenditure finally dealt with during the year 2007-2008

(In thousands of rupees)

S. No.	Particulars	No. of cases	Amount
1.	Infructuous expenditure exceeding Rs. 1,00,000/- in each case	5	14,99
2.	Infructuous expenditure exceeding Rs. 10,000/- but not exceeding Rs. 1,00,000/- in each case	71	12,55

APPENDIX 'D' TO SECTION V

Statement showing details of gifts and cases of transfer of Government property of the value of Rs. 1 lakh each and above free or at concessional rates to Non-Government Organisation during the year 2007-08

S. No.	Detail of property transferred	Book value (in lakh of Rupees)	To whom transferred	Purpose of Transfer
Nil				

SECTION VI

FINANCIAL REVIEW ON THE ACCOUNTS OF MILITARY FARMS FOR THE YEAR 2007-08

1. Military Farms provide reliable and hygienic supply of dairy produce to the Armed Forces besides production and provisioning of fodder for the animals of the Army.
2. The Accounts of the Farms are prepared separately for the main sections such as cultivation, fodder, cattle yard and dairy, based on cost accounting principles to analyse the efficiencies of the various activities i.e., agriculture, dairying and processing.
3. The Annual Accounts of the Military Farms for the year 2007-08 have been prepared and compiled by Military Farms Directorate, on the basis of approved revised accounting procedure effective from 1.4.97. The new accounting system is still in refining state.
4. The consolidated Annual Accounts of Military Farms for the year 2007-08 cover 37 Self Accounting Units.
5. During the year under review Military Farms incurred net loss of Rs. 813.28 lakhs as against net loss of Rs. 60.21 lakhs during 2006-07 showing increase of 1350.73% over the last year's figure.
6. Some of the salient features of the current year's account relating to the working of Military Farms are as under:-
 - a) There was minor increase in the average cost of production by Rs. 1.57 per litre of raw milk in cattle yard section during 2007-08 (Cost of production during 2007-08 comes to Rs. 17.15 per litre as compared to last year cost of production of Rs. 15.58 per litre).
 - b) The production of milk at Military Farms has decreased from 309.78 lakh litres during 2006-07 to 298.89 lakh litre during 2007-08. The comparison of production as compared to last year is appended below:

	2006-07 (lakh litres)	2007-08 (lakh litres)
Cows Milk	307.02	296.58
Buff Milk	2.76	2.31
Total	309.78	298.89

The milk produced at Military Farms is about 44% of total supply of 675.45 lakh litres of milk during 2007-08. The shortfall was met through purchases from the NCDFI/Market. The overall average milk yield per animal per day has slightly decreased by 1.16 litres i.e., from 7.93 litres during 2006-07 to 6.77 litres during 2007-08.

- c) The milk produced in the Military Farms is supplied without any blending as per specifications prescribed for ASC supplies. The shortfall has been met by procuring milk from NCDFI and State Milk Co-operative Federations as per GoI letter No. A/87236/SMP/Q/MF-3/1471/D(QS) dated 12th May 2004.
- d) The quantities of principal items of dairy produce issued as part of ration to Defence Services and also sold to entitled/non-entitled customers during 2007-08 are as follows:-

(quantities in lakh)

	Milk (in litres)	Butter (in Kg)	Cream (in Kg)
Free issue to troops and hospitals	669.41	2.92	-
Payment issue to entitled customers	6.04	0.01	-
Payment issue to non-entitled customers	-	-	-

- e) There was a profit of Rs. 0.24 lakhs during the year 2007-08 on issue of milk on payment to entitled/non-entitled customers as against the profit of Rs. 2.81 lakhs in the year 2006-07.
- f) Military Farms have incurred loss of Rs. 813.28 lakhs during 2007-08 as against loss of Rs. 60.21 lakhs during 2006-07. The activity-wise profit/loss position for the year 2006-07 and 2007-08 is as under:-

(Rs. in lakhs)

Activity	2006-07	2007-08
(i) Rearing of young stock	(-) 540.12	(-) 988.78
(ii) Trading activity		
(a) Dairy	434.46	195.46
(b) Fodder	301.68	239.85
(c) Cultivation	-	-
(d) Goat Farming	0.17	0.42
(e) Poultry	1.60	0.14
(iii) Capital Transaction	(-) 258.00	(-) 260.37
(iv) Overall	(-) 60.21	(-) 813.28

- g) The closing stock i.e., re-valued young stock as on 31.03.2007 and 31.03.2008 are as under:-

(Rs. in lakhs)

Year	Closing Stock as on 31 st March
2006-07	2017.41
2007-08	1955.95

- h) During the year 2007-08 dry fodder of Rs. 1940.70 lakh was purchased as against of Rs. 1585.95 lakh purchased during 2006-07. During the year 2007-08, fodder worth Rs. 879.52 lakh (14377 MT) has been produced as against the production of 4841.50 lakh (73892 MT) during 2006-07.
- i) In cultivation activities 100% requirement of Green Fodder has been produced. The production of dry fodder has increased from 14003 MT during last year to 14377 MT in 2007-08 due to the revival of dry fodder policy.
- j) The poultry section, which was started during 1995-96 in Eastern Command, is running efficiently and supplied 1804 Kg broilers chicken at the rate of Rs. 52.28 per Kg. against the average market rate of Rs. 75.00 per Kg. It indicates better opportunities to supply fresh poultry especially in remote areas to improve quality of life of Jawans at cost effective rates.
- k) The depreciation on buildings, live stock and machinery during 2007-08 is as under:-

(Rs. in lakhs)

Building	92.08
Live Stock	531.13
Plant & Machinery	215.53

COSNSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF MILITARY FARMS AS ON 31 MAR 2008

(in rupees)

Last Year	Liabilities	This Year	Last year	Assets	This year
1214637746	1. Net Capital (as per schedule I) as on 31 Mar 2008	1400036426		1. Fixed Assets	
	2. Sundry Creditors		3626413	(a) Land	3626413
	Liabilities on account of:-		233305434	(b) Building	255385041
16793271	(a) Salary for March paid in April	15605520	124692320	(c) Plant and Machinery	111516472
6566960	(b) Wages for March paid in April	8933561	385492120	(d) Livestock	389524413
66334402	(c) Dairy Produce	35207706		2. Stock in Hand	
	(d) Stores		340344	i) Store items	
419782	(i) Seeds	59281	64773912	(a) Seeds	396465
22025999	(ii) Concentrate	9755027	57493960	(b) Concentrates	80061427
21374816	(iii) Fodder	10920134	149526792	(c) Other Stores	51987363
2805874	(iv) Other Stores	1957458		(d) Dry Fodder	173952108
15068017	(e) Others (Misc)	8987097	4257399	ii) Production items	
215150	3. Amount received in advance	300511	314815	(a) Dairy Produce	3282109
319364	4. Cost of unredeemed coupons	371481	667874	(b) Silage	652394
	5. Profit by way of :-		123646858	(c) Manure	516869
0	(a) Capital transactions -	0	201740780	3. Crops not yet harvested & afforestation	131978484
0	(b) Sale of stores	0		4. Value of youngstock & Calves	195618228
73790738	(c) Trading results	43587155	138133	5. Sundry Debtors	
0	(d) Young Stock Section	0	1533976	I) Dairy Produce	96270
0	(e) Misc profit	0	7541617	ii) Rent & allied charges	1367162
73790738	Total profit	43587155	1447049	iii) Misc	9271166
				6. Unadjusted advance	1560767
			0	7. (i) Cash in hand	0
			0	(ii) Cash in bank	12856
			25799866	8. Losses due to:-	
			0	(a) Capital transaction	26036548
			0	(b) Sale of Stores	0
			0	(c) Trading result	0
			54012457	(d) Young Stock Section	98878802
			0	(e) Misc Losses	0
			79812323	Total Losses	124915350
1440352119	Total	1535721357	1440352119	Total	1535721357

Station : New Delhi

Dated : Nov 2008

Countersigned

(Bulbul Ghosh)

Controller General of Defence Accounts

(PK Tikoo)

Brig

Dy Dir Gen Military Farms

AUDIT CERTIFICATE

I have examined the Annual Accounts for the year ending 31st March 2008 and the Balance Sheet as at 31st March 2008 of the Military Farms. I have obtained all the information and explanation that I have deployed. I certify, as a result of my Audit, that in my opinion these accounts and balance sheet are properly drawn up so as to exhibit a true and fair view of the state of affairs of Military Farm according to best of information and explanations given to me and as shown by the books of the Military Farms subject to the following major audit observations:-

1. There has been continued short fall in milk production during the last three years. This year the shortfall was 10.89 lac liters over previous year production which was attributable to casualties/ condemnation/ culling of animals. There was no induction of animals to overcome the shortfall by way of procurement although Rs. 1.50 crore was released by Ministry in 2007-08, which was lapsed as the Ministry did not delegate the financial powers to Dy. Director General Military Farms.
2. An amount of Rs. 13.20 crore has been reflected in the accounts as cost of standing crops and afforestation. This was despite observation raised during the previous year to bifurcate the cost of standing crops and afforestation of trees.
3. Disposal of usufructs of trees on Military Farms land by way of auction are not exhibited in the accounts of the Military Farms despite extent orders.
4. The expert accounting committee formed by the Ministry in September 2006 to review the existing accounting system of 1997 has not yet been finalized, with a result norms for the apportionment of overhead charges amongst various activities viz. dry fodder, cultivation, cattle yard and dairy have not been fixed.

5. There is huge loss of Rs. 9.89 crore on account of young stock as against a loss of Rs. 5.40 crore during the previous year which is a major cause for Military Farms running under huge loss of Rs. 8.13 crore.

6. There was indiscrimination in the issue rates of bhussa, hay to their own farms and Army Service Corps (ASC). The issue rate to ASC was much higher than the production cost.

7. Miscellaneous stores procured at Rs, 5.19 crore in 2007-08 remained unutilized during the year.

New Delhi
Dated- 21.11.2008

(GAUTAM GUHA)
Director General Of Audit Defense Services

SCHEDULE 1 to t (Statement No. 1)

DETAILS SHOWING NET CAPITAL OF MILITARY FARMS AS ON 31 MARCH 2008

		(In rupees)
1	Balance at the beginning of the year 1.4.2007	1214637746
2	Add profit during the last year	-6021585
	Total	1208616161
3	Add withdrawal :-	
	(a) CDA	109980589
	(b) DMF	1891228909
4	Grand Total	3209825659
5	Less Remittance (Cash)	76374044
6	Net Results	3133451615
7	Add withdrawal (BT):-	
	(a) BT Cash	65378634
	(b) BT Cost other farms	177058078
	(C) BT Cost (other deptt)	80216500
	(d) Indirect charges	49165279
	Total (a) to (d)	371818491
8	Grand Total	3505270106
9	Less Remittance (BT Cash)	
	(a) BT Cash	211245129
	(b) BT Cost other farms	200769961
	(c) BT Cost (other deptt)	1693218590
	(d) Indirect charges	0
	Total (a) to (d)	2105233680
10	Net Results balance as on 31 Mar 2008	1400036426

Station : New Delhi

Dated : Nov 2008

(PK Tikoo)
Brig
Dy Dir Gen Military Farms

CONSOLIDATED CAPITAL ACCOUNT OF MILITARY FARMS FOR THE YEAR 2007-2008

PART-I ADDITIONS AND DECREASES

Sl	Particulars	Land	Buildings	Plant & Machinery	Livestock	Total
1	Opening Balance as on 01 Apr 2007	3626413	233305434	124692320	385492120	747116287
2	Purchases:-					
	(a) From New Demand Fund	0	27582218	4377823	0	31960041
	(b) From RR fund Programme	0	4840108	4355821	0	9195929
3	Transfer from other Farms :-					
	(a) Within Command	0	1226	9893741	16109315	26004282
	(b) Outside Command	0	0	1787488	0	1787488
4	Transfer from other Deptt	0	0	0	0	0
5	Maturity value Live Stock	0	0	0	132905200	132905200
6	Other adjustments	0	0	0	0	0
	Total (Col 2 to 6)	0	32423552	20414873	149014515	201852940
	Total Add (Col 1 to 6)	3626413	265728986	145107193	534506635	948969227
	DEDUCTION					
1	Depreciation	0	9207995	21553324	53112904	83874223
2	Casualties(Death/Destruction)	0	0	0	26736392	26736392
3	Condemnation	0	0	356168	49023611	49379779
4	Transfer to UPI	0	0	0	0	0
5	Transfer to other farms:-					
	(a) Within Command	0	1226	9893741	16109315	26004282
	(b) Outside Command	0	0	1787488	0	1787488
6	Transfer to other deptts	0	1134724	0	0	1134724
7	Net deduction (Col 1 to 6)	0	10343945	33590721	144982222	188916888
8	Closing balance net value on 31 Mar 2008	3626413	255385041	111516472	389524413	760052339
9	Profit(+) Loss (-) on Disposal/ Casualty/Condemnation to LS/ P&M/Bldgs etc less Realisation	0	0	677082	-26713630	-26036548

Station : New Delhi

Dated : Nov 2008

COUNTERSIGNED

(PK Tikoo)

Brig

Dy Dir Gen Military Farms

(Bulbul Ghosh)

Controller General of Defence Accounts

Statement No. 9

Appendix J'

(Refere to para 17(J) of RAP)

STATEMENT OF ITEMS OF PRODUCTION OF MILITARY FARMS FOR THE YEAR 2007-2008

PART - I STORES

Sl No	Item of Production	2007-2008			2006-2007			2005-2006		
		Qty	Value	Rate	Qty	Value	Rate	Qty	Value	Rate
Cost of Pasteurised product including Delivery Charges (Farm Statement No. 8(e))										
1	Cows Milk	37437087	819620655	21.89	39809443	776060711	19.49	39641859	712523712	17.97
2	Buff Milk	0	0	0.00	0	0	0.00	0	0	0.00
3	Standard Milk	10002644	217451164	21.74	9324508	189872091	20.36	6861050	132868034	19.37
4	Tonned Milk	6427643	129156290	20.09	9543469	173477749	18.18	2907243	51054349	17.56
5	Separated Milk	2178	17757	8.15	2352	17031	7.24	2288	15719	6.87
	Milk Fresh	13376001	280015072	20.93	14938996	285216446	19.09	25372028	450545189	17.76
6	Blended Milk	0	0	#DIV/0!	31121	627743	20.17	4148	69401	16.73
7	Concentrated Milk	0	0	0.00	0	0	0.00	0	0	0.00
8	Butter	292360	47219817	161.51	310621	42199845	135.86	278784	36277814	130.13
9	Cream	4377	437540	99.96	5004	454575	90.84	2277	240275	105.52
10	Paneer	49004	4873544	99.45	47160	4343854	92.11	36321	3179009	87.53
11	Cheese (Paneer)	0	0	0.00	0	0	0.00	0	0	0.00
12	Ghee	0	0	0.00	0	0	0.00	0	0	0.00

PART-II Dry Fodder (from statement No. 4)

1	Loose Hay(in MT)	40415	390091984	9652.16	42824	394095854	9202.69	41176	346437322	8413.57
2	Bhoosa(in MT)	29797	98859922	3317.78	27747	79928584	2880.62	26432	61710905	2334.70
3	Other dry fodder (Kirbi)(in MT)	3919	14302315	3649.48	3321	10127175	3049.44	3282	9488319	2891.02

Green Fodder (All varieties) From Statement No. 5)

1	Green Fodder(in MT)	120861	70037853	579.49	130337	62569425	480.06	118261	54665097	462.24
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PART - III LIVE STOCK

S.No	Particulars	2007-08	2006-07	2005-06	Remarks
1	Total No of adult animals at the beginning of the year (1Apr)	12691	13057	13439	
2	Total No of Young Stock & Calves at the beginning of the year(1Apr)	9023	8967	8694	
3	No. of Young stock that matured during the year	2945	2566	2722	
4	No of female wanted calves born during the year	4219	4056	4201	
5	No of casualties/condemnation of adults during the year	2929	2943	3113	
6	No of casualties/condemnation of Young stock & calves during year	1281	1415	1323	

Countersigned

Station : New Delhi

Dated : Nov 2008

(Bulbul Ghosh)

Controller General of Defence Accounts

(PK Tikoo)

Brig

Dy Dir Gen Military Farms

NOTE

1. General

The Financial Review Comments of Military Farms (MF) for the year 2007-08 are outlined in the following paragraphs. Conclusions derived hereunder indicate a gradual degeneration in the performance of the MFs. Over the years, MFs have metamorphosed themselves from being a producer of milk products and other items to a trader who is adding huge overheads, apportioned irrationally in order to show inflated financial results and working performance. The points stated below have already been mentioned in the previous year's Financial Review. However, there is no sign of change in the performance of MF. In fact, the situation seems to be further deteriorated this year with the MFs net loss has jumped by 12½ times during current financial year.

2. Financial Performance of MF

The consolidated financial performance of MF shows a loss of Rs. 813.27 lakh in the year 2007-08, which has increased from loss of Rs. 60.22 lakh during previous year. The MF follows a system of drawing separate statements to assess their operating performance in different areas like Cattle Yard, Young Stock, Dairy, Dry Fodder and others. The performance revealed from these accounting statements does not reflect true picture in absence of lack of a proper policy for apportionment of various overheads. Also, the MFs overcharge the Army Service Corps (ASC) for supply of dry fodder and other factors, which lead to under-reporting of costs of production of milk produced by the MF.

Table -1 Financial Performance of MF

Particulars	2007-08	2006-07	(Rs. In lakh)
			% Increase (+) /Decrease (-)
<u>Trading Activities</u>	435.88	737.91	(-) 40.93%
<u>Non-Trading Activities</u>	(-) 1249.15	(-) 798.12	56.51%
<u>Net Profits</u>	(-) 813.27	(-) 60.21	1250.50%

Losses under non-trading activities are mainly on account of rearing of young stock and capital transaction. Loss on account of capital transactions signify loss due to casualties and the difference between the value of Livestock condemned and amount realized on disposal of condemned animals. An amount of Rs. 490.23 lakh has been shown as realized against condemned animals. However, this amount is not actually realized in terms of money but a book adjustment as the animals condemned are given free of cost to Goushala etc. In view of this, the amount should not be treated as a receipt but as a loss. If this be the case, the net loss will amount to Rs.1303.50 Lakhs. The non-trading losses of the MF are so huge so as to wipe out the entire trading profit. Special efforts need to be made by the MF to control these losses in order to show better financial results.

The performance of MF leaves a lot to be desired. As mentioned in our previous Financial Review a Cost Benefit Analysis needs to be done with a view to closing down the uneconomical farms as also suggested by various committees from time to time. This argument is also buttressed by the fact of changed scenario in Indian Economy as a whole and Dairy Industry in particular, wherein self-sufficiency to a large extent has been achieved with the help of Milk Federations and other Cooperative Organizations like Amul and Mother Dairy. Thus, there is a necessity to revisit the entire subject of need for MF in big cities and towns, where alternative sources of supply exist. Especially in those areas where the MF is either incurring huge losses or procuring the major part of the requirement from the open market, there is an urgent need to decide whether they should be continued or not.

3. Abnormal Loss on Casualties and Condemnation of Livestock

It may be seen from the Table below that total value of write-off from Livestock on account of depreciation, casualties and condemnation has hovered around 32% every year (i.e. Approx. one-third of the animals at the beginning of the year), during last six years, which is very high. If the figures relating to casualties and condemnation of young stock are taken into account, then the situation becomes further alarming. Since depreciation is being provided on annual basis, the value of condemnation and casualty is

expected to be lower. Therefore, the high rates of condemnation and casualties of livestock require detailed examination by independent experts with reference to national and international benchmarks. Considering the position that MF affords best environment and quality feedstock to its livestock, the unusual high rates of casualties and condemnation is not understood. This has resulted in drastic decline in total number of adult milk yielding livestock.

Table – 2 Abnormal Attrition in the Value of Livestock

(Rs. In lakh)

Year	OB	Addition	Depreciation	Casualties and Condemnation	Total (4+5)	CB	% of (6) to(2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
01-02	5026	1485	566	919	1485	5027	30
02-03	5027	1347	566	1025	1591	4783	32
03-04	4783	1018	548	909	1457	4344	30
04-05	4344	1054	544	793	1337	4061	31
05-06	4061	1235	519	795	1314	3982	32
06-07	3982	1163	535	755	1290	3855	32
07-08	3855	1329	531	758	1289	3895	33

A perusal of Table would reinforce affirm the point that the condemnation and casualties of animals in numbers have exceeded 20% on annual basis over the last six years period. This is a cause of serious concern as already highlighted above.

Number of Adult Livestock Written Off due to Casualties and Condemnation

Year	Opening Balance	Number Written Off	Number Added	Closing Balance
01-02	14723	3607	3596	14712
02-03	14712	3591	3211	14332
03-04	14332	3195	2508	13645
04-05	13645	2849	2643	13439
05-06	13439	3113	2731	13057
06-07	13057	2943	2577	12691
07-08	12691	2929	2945	12707

The point regarding high rates of casualties and condemnation stated above takes into account the figures of **adult livestock** only.

Table below states the number of **young stock** being written off on account of casualties and condemnation, which also consistently follow a trend of 15% on an annual basis. In case, the rate of condemnation and casualties of Young Stock could be brought down substantially, the addition to matured adult livestock would have resulted in a situation, where MF could have become an important source for supply of high yielding breed of livestock to other Dairies and Milk Federations.

Number of Young Stock Written Off due to Casualties and Condemnation

Year	Opening Balance	Number Written Off	Matured during the year	Number Added	Closing Balance
01-02	9698	2178	3588	5014	8946
02-03	8946	2381	3192	4676	8049
03-04	8049	1824	2502	4589	8312
04-05	8312	1521	2627	4530	8694
05-06	8694	1323	2722	4318	8967
06-07	8967	1415	2566	4037	9023
07-08	9023	1281	2945	4219	9016

4. Irrational Apportionment of Overheads

There are no fixed norms for the apportionment of overheads amongst various activities of Military Farms. Distribution of overheads on various activities varies from Command to Command and year to year. DDGMF repeatedly says “there are no fixed norms for apportionment of overhead charges in the Accounting Procedure and distribution of overheads is carried out intelligently as per requirement of various activities.” This argument has no sound scientific basis and militates against logic. It would be interesting to see in the next year annual accounts that how the overheads are distributed as it is supposed that the overhead in that year would be apportioned on the basis of recommendation of Expert Accounting Committee. The overheads are distributed in a manner, so that the cost of production of milk and fodder, etc. for supply to MF and for internal consumption is under-stated, by over-charging ASC on supply of dry fodder.

5. Variations in Store Accounts

It is noticed that there are variations between the value of stores transferred in and transferred out, as given below. The variations, as clarified by way of footnote in statement No.3 (Consolidated Store Account), are due to adjustment of transportation and handling charges in the cost by some of the Farms and also due to items transferred during March 2008 but remaining in transit.

Variations in Store Transfer Figures

(In Rs.)

Particulars	Transfer In	Transfer out	Difference
Concentrate	11096071	11133168	37097
Other Stores	9064614	9134890	70276

6. Activity in Fodder Section & Overcharging ASC for Dry Fodder Supply

It may be observed from the accounts that production of Hay, other dry fodders etc. which does not involve any processing related to production/ conversion etc., Therefore, there is no justification of value addition of around 133% in the cost of purchase. It may also be advised that there are huge amount which is paid to petty contractor / mats etc.. MFs should curtail such expenditure as it involve expenditure of a huge amount as P & A to group 'D' staff, which can be utilized for some other useful purposes.

Further, In spite of raising the issue many times and at various platforms, MFs are issuing Dry fodder at much higher and unrealistic prices to the ASC in comparison to other agencies and their own section. The difference in the such rates is upto 225%. Whereas, all types of dry fodders are issued even less than the cost of production to the internal sections i.e. cattleyard, youngstock, cultivation etc., which is basically done with the intention of artificially depressing the cost of production of milk. It may also be seen from the Table below that hay continues to be issued to Army Service Corps (ASC) at much higher rates as compared to the rates applied for issue of hay to Military Farms within /outside command or for issue towards internal consumption. However, DDGMF has not provided their comments on the issue as the reply to the observation raised are still awaited.

Issue Rates of Hay to Different Agencies during 2007-08.

Sl. No.	Issues to	Rate (Rs./MT)
1.	<i>Own Farms</i> <i>Cattle yard</i> Young Stock Fodder	7087.96 8129.96 3678.01
2.	<i>Other Farms</i> Inside Command Outside Command	9278.50 6919.31
3.	ASC	11971.44

As the MFs are adding no value to the process (i.e. from purchasing to the issue) other than their own overheads and other costs, the task should be entrusted to ASC as mentioned in the Financial Review of the previous years. This would enable the MF to concentrate on their core-competence of producing milk efficiently at reasonable cost rather than fritter its resources in managing activities, which add very little value, if at all.

7. Cultivation Activity

The overall and command wise comparative position of profit / loss under Cultivation activity is as follows:

Comparative Position of Profit/Loss under Cultivation Activity
(Rupees in lakh)

Command	2005-2006	2006-07	2007-08
<i>Overall</i>	0.60	0.00	0.00
<i>Northern</i>	0.00	0.00	0.00
Western	0.00	0.00	0.00
Southern	0.00	0.00	0.00
Eastern	0.60	0.00	0.00
Central	0.00	0.00	0.00

It has been observed that there is no profit from cultivation activity in last two years. It was also mentioned in the Financial Review of the previous year that as per CAG Report, total of 8,617 hectares (2004-05) are held by the MF, out of which 2332 hectares is cultivable is not utilized at the optimum.

Details of fodder and grain produced by way of cultivation during the last three years are as under:

Comparative Position of Production of Fodder, Grains, etc.

(Quantity in MT)

Particulars	Production in 2005- 06	Production in 2006-07	Production In 2007-08	% Increase (+)/ Decrease (-)
	(1)	(2)	(3)	(3) to (2)
Green Fodder	118261	130337	120861	(-)7.27
Dry Fodder	13262	14003	14377	2.67
Grains	248	216	241	11.57
Vegetable	169	14	9	(-)35.71
Total	131940	144570	135488	(-)6.28

The value of standing crops not yet harvested and profit by way of cultivation for last four years have been tabulated below:

Value of Standing Crops and Profits by way of Cultivation

Particulars	2004-05	2005-06	2006-07	2007-08
Cost of standing crops (including afforestation) (Rs. In Cr.)	9.93	10.67	12.36	13.19
Profit (in lakh)	1.00	0.60	Nil	Nil

Value of standing crops not yet harvested has increased by 6.72% from Rs. 12.36 crore in 2006-07 to Rs. 13.19 crore in 2007-08. However, there are no details available regarding the value of standing crops not yet harvested and afforestation for analysis

Therefore, it may not be ensured whether the increase is in the value of afforestation or standing corps.

8. Production and Supply of Milk

As per figures furnished by DDGMF, cost of production of milk has increased by Rs. 1.57 (10.08%) from Rs 15.58 per litre in 2006-07 to Rs. 17.15 per litre. However, as stated earlier, the real cost of production of milk is higher in view of non- uniform and irrational apportionment of overheads, which artificially depress the prices of milk. However, the above stated cost of production does not include pasteurization and transportation cost. When these two costs are added to Cost of production, milk becomes costlier.

Details of Milk Produced

Year	Quantity of milk produced (in lakh litre)
2002-2003	370
2003-2004	357
2004-2005	348
2005-2006	336
2006-2007	310
2007-2008	299

It may be seen from above table that the production of milk is decreasing year after year. It has reduced by 3.55% in comparison to last year and has reduced by 19.19% since 2002-03. If compared with demand of Armed Forces the share of milk produced in the milk supply is continuously reducing.

It may be seen from the statement that only 43.64% of total demand is produced by the dairy farms of its own and 56.36% milk has been purchased from the market. Every time MFs states that they will purchase new animals to attain self-reliance in fulfilling the needs of the demand of armed force by indigenous production. Contrary to that, MFs are not showing their capability in maintaining their present status. The overall milking average per animals has fallen by 14.63% to 6.77 ltrs per day per animal in 2007-08 from 7.93 ltrs. per animal per day in 2006-07. Hence, the situation is getting worse

year after year as Incurred losses are increasing and cumulative losses are reaching new peaks. Therefore, it may be stated with a sad note that not even a single sign is visible from the Annual Accounts that MFs are looking towards the neutralization of losses.

It may be seen from the table below that huge amount of other milk products has also been purchased from market to fulfill the requirement of the Armed forces. Few items, which has been acquired from the market forms more than 90% shares of the total quantity required by armed forces. Apart from the fact that such huge quantity has been procured from the market, it may also be seen that the rates of the items are also cheaper than the cost of production of MFs.

Product	Quantity Produced (In ltrs. / Kgs)	Quantity Purchased (In ltrs. / Kgs)	Total Quantity (In ltrs. / Kgs)	% of Purchased Quantity to Total Quantity	Cost of Production (In Rs. Per ltr / kg)	Purchase Price (In Rs. Per ltr / kg)	Diff. in CoP and PP
Cream	4453	148021	152474	97.08%	93.15	79.65	13.50
Butter	87484	205622	293106	70.15%	142.96	155.91	-12.95
Separated Milk	35356	726075	761431	95.36%	11.73	9.29	
Paneer	50053	5735	55788	10.28%	86.70	101.46	

MFs have stated that state has made a likely saving of Rs. 592.40 lacs on DP, in case if same are purchased from the market. MF authorities have already stated above that more than 56% of milk and 10% to 95% of other dairy products have been acquired by them from open market. Further, it may also be seen from the concern statements that purchase price for most of the dairy product was less than its CoP at the stage of purchase. Therefore, No question of saving by the state on these product arise.

On the other hand, MFs have incurred heavy losses amounting to Rs. 1746.39 lacs on account of casualties / condemnation of animals in the dairy activities i.e. (Rs. 757.60 lacs+ Rs. 988.79 lacs respectively for livestock and young-stock respectively). Apart from this, trading profit shown by them is also an attempt of hiding their inefficiency in

agriculture activities, where in MFs charge rate more than thrice of what is charged by them to their own sections.

The quantity of milk produced by MF is continuously declining over the past few years, whereas the position should have been just reverse, coupled with the position that MF have turned themselves into handling agents for procuring milk from outside sources are hints towards deeper problems plaguing the system. It is seen that on the one hand, quantity of milk procured from outside is increasing consistently with simultaneous and sustained decline in in-house milk production in MF. Pasteurization charges and packing charges are being levied on the milk procured from outside and other dairy products which are being procured from state milk schemes and received in small size packing meant for delivery.

9. Production of large number of Milk Varieties

It has been mentioned a number of times and in various reviews and reports that MF produce a large number of milk varieties ranging from cows milk, standard milk, buffalo milk, concentrated milk, toned milk, separated milk, milk fresh and blended milk besides other dairy products. The aspect relating to need for these categories of milk, as listed above may be examined, in order to examine the possibility for its pruning in order to streamline operations as well as to reduce cost of production of different varieties of milk, when civil sector produces mainly three varieties of milk, viz. Full cream, toned and double toned.

10. Young Stock Section

Losses under Young Stock section continue to mount from year to year, which has jumped to Rs. 988.79 in 2007-08 to Rs. 540.12 lakh in 2006-07. The pricing policy of Young Stock along with its capitalization threshold with corresponding value may need review in order to keep losses at minimum level and for cost control measures.

11. Losses

It is seen that MF is incurring huge losses in nearly all its activities. In activities like fodder production, losses are hidden as there are no standards for determining the cost of production of fodder. Further, the issue prices to ASC are increased substantially to show profit.

However, in case of cattles, there is mechanism available for the pricing of animals, which deprived MFs to decide the value of animals of their own therefore, it may be seen that MFs incur huge and non-recoverable losses in that section. Carrying on the tradition, during 2007-08, MFs has incurred losses of Rs. 1249.15 lacs and an unaccounted loss of Rs. 490.24 lacs on condemnation of adult stock. Further, MFs also incur losses on payment issues of milk to entitled customers. It is presumed that all the losses stated above are cash losses. Therefore, it may be proposed that MFs should be asked for the regularization of the cash losses as per procedures laid in the Financial Regulations.

12. Payment of Wages to casual labourer

It may be seen from the accounts that a huge amount of Rs. 517 lacs (approximately) has been paid to casual labour as wages in addition to Rs. 1961 lacs paid to Group 'C' & 'D' staff. This amount to casual labour is paid apart from the amount, which is paid to the party contractors for various works like thaching charges, etc. It is presumed that the money incurred on the casual labour may be saved as MFs already paying approx. 4 times the money to Group 'C' & 'D' staff.

13. Performance Indicators

The important performance indicators are tabulated below:

4	Particulars	2007-08	2006-07	2005-06	2004-05
1.	Live Stock Strength	12707	12691	13048	13423
2.	Value of Live Stock (Rs in Crore)	38.95	38.55	39.82	40.61
3.	Production of Cow/Buff/ Goat milk (in lakh litre)	298.90	309.78	335.66	348.30
4.	Purchase of milk (In lakh litres)	386.07	431.10	407.98	318.84
5.	Average cost of Cow /Buff milk (Rs. per litre)	17.15	15.58	14.41	14.01
6.	Average yield of Cow milk Per animal in Lactation (In litre)	9.78	11.66	10.52	10.58
7.	Overall average of cow milk per day on whole Herd (including non- lactation) (in litre)	6.77	7.93	7.36	7.40

14. Financial Management

The comparison of budget (Modified Appropriation) under Revenue and capital with actuals is placed at Annexure-I. There was an excess expenditure over allotment in respect of purchase of fodder by 21.12%, production charges by 0.87% and Misc. expenses by 2.35%. This is indicative of deficiencies in expenditure management system in MF.

15. Conclusions

- I. Financial performance of MFs during 2007-08 is almost similar to their performance in previous years and does not reflect the ability of the

organization to achieving the objective of fulfilling the entire Dairy Products requirements of the army. The gap between the requirement of milk and the actual production by the MF is continuously widening year after year as only 43.64% of total milk required has only been produced by the dairy farms of its own and 56.36% milk is being procured from the market by the MF and being supplied to the army without any value addition.

- II. More than half of milk required by armed forces is met by Military Farms after procuring milk from local / state level dairy federations / cooperatives, at a price lower than the cost of production of MFs and then supplied to Army. It is suggested that, at least at peace stations where such Cooperatives / Dairy federations are available, the milk and other such items may be procured from / supplied by these organizations to Army units which would result in savings in pasteurization, packing and transportation expenses and thus ensure a uniform quality and avoid losses to MFs.
- III. The MF continue to incur abnormal losses under Livestock and Young stock Section, where casualties coupled with condemnation of animals have reached a situation, wherein the total number of milk yielding animals are dwindling. The situation assumes alarming proportion, if the number of casualties and condemnation of Young Stock is included for the purpose of assessment. For the purpose of exercising a check, it is advisable that the MFs should be asked to consider losses due to condemnation / casualties be treated as cash loss and be regularized accordingly.
- IV. The system of apportionment of overheads on different activities continues to be irrational despite our suggestion in previous year. Irrational apportionment of overheads is resulting in a possibility of manipulation of costs of production of various items. However, it may be seen in the next year that overheads are apportioned on the basis as proposed by the Expert Accounting Committee in its report. DDGMF should ensure its implementation by the MFs.

- V. The MF continues to overcharge ASC for supply of dry fodder and cost hay at a differential rate to 'Cattle Yard' and 'Young Stock'. It is recommended that task of procurement of fodder be handed over to ASC, rather than routing the requirement through MF by incurring additional cost. However, in this regard, it is also recommended that the norms for costing and pricing of fodder may also be laid down.
- VI. Review of the performance of the MFs over the years show that there are hardly any efforts on the part of the organization to fulfill the requirement of milk and other products of the armed forces. As advised last year, Annual Accounts of MFs should also include a statement showing the targets fixed by the MFs for the year and the amount of target achieved in that respect. It would also entail MFs to step towards the goal for which they were formed and take remedial measures required to achieve its target.

ANNEXURE-I

Annual Accounts of Military Farms for the year 2007-2008

General Information

1.1 The consolidated Annual Accounts of Military Farms for the year 2007-2008 cover 37 independent Self-accounting Units including Frieswal Project, Meerut. (List enclosed).

1.2 Military Farm Organisation has the following on-going projects:

(a) Goat farming activities undertaken at Military Farm Secunderabad and Bangalore under Southern Command.

(b) Activities of Poultry were undertaken at Military Farms Missamari, Tenga and Guwahati under Eastern Command.

1.3 The average herd strength of 12707 adult cattle during the year 2007-2008 shows an increase of 16 cattle during the year as compared to 12691 cattle during 2006-07.

1.4 The quantity of 289.90 lakh litre of milk(Cow/Buff/Goat) produced in Military Farms during the year 2007-2008 shows decrease of 3.5% over the year 2006-07 of 309.78 lakh litre. The quantity of milk produced at Military Farms has met approximately 43.64% of total demand of 684.97 lac litres. The shortfall has been met through purchase from trade.

1.5 The overall average yield per cattle per day was 7.93 litre during the year 2006-2007 as compared to 6.77 litre in 2007-2008, showing an decrease of 1.66 litre per cattle per day.

1.6 The Budget (Modified Appropriation) under Revenue and Capital vis-à-vis Actual during 2007-08 for Military Farms is as under:

(Rs. in lakh)

Head of Account	Budget (modified Appropriation)	Actuals
<u>REVENUE</u>		
Pay & Allowances	3415	3163.26
Purchase of Fodder	1800	2180.23
Production Charges	12500	12608.78
Transportation	650	574.07
Medical	30	24.80
Miscellaneous Expenses	1250	1279.32
deduct	0.00	5.05
Total	19630	19825.41
Charged		
Capital		
Building /Plant & Machinery	480	415.4
Live Stock	00	4.29
Deduct	00	- 5.95
Total	480	413.74

Annexure – II

(Rupees in lakh)

Years	Profit (+)/ Loss (-)	% Increase (+)/ decrease (-)	Command- Wise Position				
			Northern	Western	Southern	Eastern	Central including Meerut
1	2	3	4	5	6	7	8

Over all

2006-2007	(-) 60.22	(-) 348.33	91.48	89.46	(-) 166.36	8.76	(-) 83.56
2007-2008	(-) 813.28	1350.51	65.68	36.92	(-) 278.39	(-) 135.24	(-) 502.25

Activity wise Break up

(a) Dairy

2006-2007	434.46	5.90	86.26	129.92	83.94	69.44	64.90
2007-2008	196.03	(-) 54.88	124.08	111.07	73.69	22.03	(-) 134.78

(b) Fodder

2006-2007	301.67	(-) 10.53	95.57	26.15	3.82	159.45	16.68
2007-2008	239.84	(-) 20.50	82.56	32.16	0.00	93.77	31.14

(c) Cultivation

2006-2007	--	(-) 100.00	--	--	--	--	--
2007-2008	0.00	0.00	--	--	0.00	--	--

(d) Goat Farming

2006-2007	(-) 0.10	(-) 100.99	--	--	(-) 0.10	--	--
2007-2008	0.42	-----	--	--	0.42	--	--

(e) Poultry

2006-2007	1.60	8.11	--	--	--	1.60	--
2007-2008	0.14	(-) 91.25	--	--	--	0.14	--

(f) Young Stock

2006-2007	(-) 540.12	19.61	(-) 59.29	(-) 39.47	(-) 190.18	(-) 153.81	(-) 97.37
2007-2008	(-) 988.79	83.07	(-) 102.70	(-) 74.98	(-) 290.55	(-) 208.90	(-) 310.53

(g) Capital Transaction

2006-2007	(-) 258.00	(-) 6.13	(-) 31.07	(-) 27.14	(-) 64.11	(-) 67.91	(-) 67.77
2007-2008	260.37	0.91	(-) 38.26	(-) 31.33	(-) 61.53	(-) 42.28	(-) 86.97

**Particulars as required by Dir (Fin/O) in connection with the Accounts
of Military Farms for the year 2007-2008**

Quantity of milk, butter, cream sold during the year 2007-2008

I (A) Issued to Defence Services and other Govt. Institutions

(a) Milk	Litres	Kilograms
(i) Issued to Defence Services	66941396	-
(ii) Other Govt. Institutions	-	-
(b) Butter		
(i) Defence Services	-	292139
(ii) Other Govt. Institutions	-	-
(c) Cream		
(i) Defence Services	-	4377
(ii) Other Institutions	-	-
(d) Paneer		
(i) Defence Service	-	48576
(ii) Other Govt. Institutions	-	-
(e) Separated Milk		
(i) Defence Service	2178	-
(ii) Other Govt. Institutions	-	-
(B) Issued on cash payment		
(i) Milk	110992	-
(ii) Butter	-	1318
(iii) Cream	-	481
(iv) Paneer	-	7199
(v) Ghee		
(vi) Separated Milk	3537	

II Profit and loss position

37 Military Farms have shown a net loss of Rs. 813.28 lakh during 2007-2008.

III Closing Balance - The balance of stock (store and production items) hand as on 31.3.2007 and 31.3.2008 were as under

As on 31.3.2007	27.74 crore
As on 31.3.2008	31.08 crore

IV (a) Losses written off on account of stores in transit
(b) Losses written off on account of stores in stock
(c) Bad debts written off

Due to change in proforma the information is not available in the Annual Accounts for 2007-2008.

APPENDIX 'A'

LIST OF MILITARY FARMS AND GOAT/POULTRY FARMING DURING 2007-08

S.N	Name of Farm	Extra activities	Farms closed during the year
SOUTHERN COMMAND			
1	Ahmednagar	Nil	
2	Belgaum	Nil	
3	Deplali	Nil	
4	Pimpri	Nil	
5	Secunderabad	Goat Farming at MF Secunderabad	
6	Gwalior	Nil	
7	Jhansi	Nil	
EASTERN COMMAND			
8	Panagarh	Nil	
9	Bengdubi	Nil	
10	Binnaguri	Nil	
11	Missamari	Poultry Farming at MF Missamari	
12	Guwahati	Poultry Farming at MF Guwahati	
13	Dimapur	Nil	
14	Panitola	Nil	
15	Tenga	Poultry Farming at MF Tenga	
16	Jorhat	Nil	
17	Kolkata	Nil	
CENTRAL COMMAND			
18	Agra	Nil	
19	Allahabad	Nil	
20	Bareilly	Nil	
21	Jabalpur	Nil	
22	Kanpur	Nil	
23	Lucknow	Nil	
24	Mhow	Nil	
25	Namkum	Nil	
26	Ranikhet	Nil	
WESTERN COMMAND			
27	Ambala	Nil	
28	Jalandhar	Nil	
29	Ferozpur	Nil	
30	Dagshai	Nil	
31	Pathankot	Nil	
32	Yol	Nil	
NORTHERN COMMAND			
33	Jammu	Nil	
34	Newshera	Nil	
35	Rajouri		
36	Srinagar	Nil	
37	Udhampur	Nil	
FRISWAL PROJECT MEERUT			
38	Meerut	Nil	

