CENTRAL GOVERNMENT

APPROPRIATION ACCOUNTS

OF

THE DEFENCE SERVICES

FOR

THE YEAR 1966-67

AND

COMMERCIAL APPENDIX THERETO

CORRIGENDA TO APPROPRIATION ACCOUNTS, DEFENCE SERVICES, 1966-67.

Page	Para/Line etc.	For	Read
6	1	ANNEXURE	ANNEXURE A
12	Para 3(i)	stationary	stationery
14	Sub-Head A(last column)	(+)1,55,5	(+)1,55,59
14	Sub-Head E(last column)	(-)266,59	(-)26,59
15	Sub-Head D(line 5)	Part	Partly
16	Sub-Head F(column 3)	1,77,2	1,77,29,45
19	Sub-Head D(	Sub-Head D	Sub-Head C
19	Sub-Head II	Sub-Head II	Sub-Head D
22	Sub-Head C(column 2)	31,0	31,07
24	Sub-Head C	Air Farce	Air Force
27	Para 23(d)(line 6)	and o	and to
27	Para 25(line 3)	1,33	1.33
41	Sl.No.9(line 5)	covered	recovered
44	Sl.No.19(line 1)	way adventitious	way of adventitious
47	Sl.No.2(line 1)	BL./929760	B.I/929760
68	Sl.No.34(line 8) after authorities	.	,
83	Sl.No.15(column 4)	16,13,27	16,13,271
85	Sl.No.28(column 2)	works area	works in anarea
87	Sl.No.47(column 2)	movel Armaunt Dept.	Naval Armament Depot.
94	Sl.No.18(line 2)	building	buildings
110	Heading	Productson	Production
111	line 3	(4,75,581 kgs.)	(4,75,587 kgs.)
113	Line 2 of DADS Certificate	may	my
121	Against surpluses under column 'cream-Qty'	46 kgs.	463 kgs.
124	Heading after 'Total'	fedder	fodder
127	Para 3 (line 6)	sale issue	sale/issue
127	After para 3 against item(a)	(a)	4.(a)
134	'C' side under		
	column 1965-66	26,10,0 8	26,10,098
	column 1966-67	56,81	56,813
	-do-	33,22,488	32,22,488

CONTENTS

APPROPRIATION ACCOUNTS

APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES, 1966-67

SECTION I—GENERAL REVIEW

The total expenditure during 1966-67 amounted to Rs. 974·84 crores (Revenue Rs. 858·75 crores plus Capital Rs. 116·09 crores) as against the total Final Grants and Appropriations of Rs. 1003·71 crores (Revenue Rs. 879·61 crores plus Capital Rs. 124·10 crores).

2. The Actuals for the year compared with the Final Grants/Appropriations, the Revised Estimates and Final Estimates are shown below:—

(In crores of rupees)

No. and Name of Grant			Final Grant or Appropriation	Revised Estimates	Final Estimates	Actual Expenditure
Expenditure met from Revenue:						
5.—Defence Services, Effective—Army	Voted	O	642·17	665·40	656·40	649·78
		S	23·23			
	Charged	O	*0·10*	*0·10*	*0·05*	*0·02*
6.—Defence Services, Effective—Navy	Voted	O	30·98	35·76	34·91	34·70
		S	4·78			
	Charged	O	**	**	..	..
7.—Defence Services, Effective—Air Force	Voted	O	147·43	153·86	151·79	149·68
		S	6·43			
	Charged	O	*0·01*	*0·01*	..	..
8.—Defence Services, Non-Effective	Voted	O	23·90	24·48	24·48	24·57
		S	0·58			
TOTAL ON REVENUE ACCOUNT	Voted		879·50	879·50	867·58	858·73
	Charged		*0·11*	*0·11*	*0·05*	*0·02*
Capital Expenditure:						
114.—Defence Capital Outlay	Voted	O	124·00	118·15	116·32	116·04
	Charged	O	*0.10*	*0·10*	*0·04*	*0·05*
GRAND TOTAL ON REVENUE AND CAPITAL ACCOUNT	Voted		1003·50	997·65	983·90	974·77
	Charged		*0·21*	*0·21*	*0·09*	*0·07*
TOTAL . .			1003·71	997·86	983·99	974·84

NOTE:—

'O' stands for Original Grant/Appropriation.

'S' stands for Supplementary Grant/Appropriation.

**A sum of Rs. 50,000 representing the Original Appropriation/Revised Estimates has not been exhibited due to rounding of figures.

3. *Supplementary Grants.*—During the year 1966-67 five Supplementary Grants totalling Rs. 35·02 crores were obtained in two batches, the details of which are given below:—

(In thousands of rupees)

No. and Name of the Grant	August 1966	March 1967	Total
5.—Defence Services, Effective—Army	..	23,23,64	23,23,64
6.—Defence Services, Effective—Navy.	80,00	3,97,61	4,77,61
7.—Defence Services, Effective—Air Force	..	6,42,85	6,42,85
8.—Defence Services, Non-Effective	..	57,40	57,40
TOTAL	80,00	34,21,50	35,01,50

The Supplementary Grant of Rs. 23·24 crores for "Army" was obtained to meet larger expenditure on Pay and Allowances due to increase in the rates of Dearness Allowance and on stores due to devaluation of the rupee as also due to larger materialisation of stores than anticipated earlier.

Supplementary Grant of Rs. 80 lakhs for "Navy" obtained in August, 1966 was required to recoup the advance drawn from the Contingency Fund in March, 1966, to meet additional expenditure on the Navy which could not be reimbursed to the Fund before the close of the year 1965-66. The second Supplementary Grant of Rs. 3·98 crores for "Navy" was obtained to meet (i) additional expenditure on account of increase in rates of Dearness Allowance, (ii) increase in the expenditure on stores due to devaluation and larger materialisation of supplies, (iii) training charges of Naval crew abroad and (iv) heavier payments on account of repairs and refits to ships.

Supplementary Grant of Rs. 6·43 crores for "Air Force" was obtained to cater for additional expenditure on stores as a result of devaluation and larger materialisation of supplies than anticipated.

Supplementary Grant of Rs. 57 lakhs for "Non-Effective" charges was obtained to meet additional expenditure on account of several miscellaneous reasons, such as, increase in Government contribution to Provident Fund consequent on a larger number of employees joining the Fund, payment of retrenchment compensation to industrial personnel of two Store Depots closed during the year, increase in number of pensioners after the end of 1965 operations, etc.

4. A sum of Rs. 5·85 crores on Capital Account was surrendered in February, 1967 on the basis of the Revised Estimates. The Final Estimates prepared in March, 1967 indicated a saving of Rs. 19·72 crores compared to the Final Grants/Appropriations (Rs. 11·98 crores on Revenue Account and Rs. 7·74 crores on Capital Account) which was finally surrendered on 31st March, 1967, in supersession of the earlier surrender in February, 1967.

5. *Excess over Grants.*—There was an excess of Rs. 9 lakhs over the Sanctioned Grant for Non-Effective Charges. This excess requires regularisation under Article 115 of the Constitution. The excess was due to heavier payments/adjustments towards the close of the year.

6. It will be seen from para. 1 above that taking the Revenue and Capital expenditure together there was a saving of Rs. 28·87 crores when compared with the Final Grants including Appropriations. The overall saving works out to 2·87 per cent. As compared with the Final Estimates, there is, however, a saving of Rs. 9·15 crores which works out to less than one per cent.

7. A detailed comparison of the Grants and Actuals is given in Section IV of the Accounts with suitable explanatory notes on important variations.

8. Comments on the store accounts and the results of stock verification have been dealt with in the certificate of the Controller General of Defence Accounts and Annexures thereto.

9. A detailed review of the expenditure incurred by the Military Engineer Services is given in Section V of these Accounts. A review of the accounts of the manufacturing concerns of the Defence Services other than Ordnance Factories is included in the Commercial Appendix.

New Delhi;
Dated the 17 APR 1968

V. N. SUKUL,
Financial Adviser,
Ministry of Finance (Defence).

New Delhi;
Dated the 17 APR 1968

V. SHANKAR,
Secretary to the Government of India,
Ministry of Defence.

SECTION II—CHANGES IN FORM AND CLASSIFICATION

10. No important change was made during the year 1966-67 in the form of the accounts of the Defence Services.

However, corresponding to a change made on the civil side, expenditure on works of capital nature costing more than Rs. 20,000 but not more than Rs. 1 lakh individually, which was hitherto debited to "Defence Capital Outlay" is, with effect from the 1st April, 1966, being debited to the Revenue Account.

SECTION III—MISCELLANEOUS OBSERVATIONS

11. *Excess over Voted Grant.*—The following statement shows an excess which occurred over one of the Grants. This excess requires to be regularised under Article 115 of the Constitution.

No. and Name of the Grant	Final Grant	Actual Expenditure	Excess
1	2	3	4
	Rs.	Rs.	Rs.
8.—Defence Services, Non-Effective . . .	24,47,40,000	24,56,80,225	9,40,225

12. Contributions paid to International Organisations and subsidies paid to canteens etc. from the Defence Services Estimates are mentioned in foot-notes to the Grants concerned in Section IV.

NOTE.—In the Appropriation Accounts exhibited at pages 14 to 25

'O' stands for Original Grant/Appropriation and appears in column 1 only when a figure is shown against it and is omitted from that column when the figure against it is *nil*.

'S' stands for Supplementary Grant/Appropriation sanctioned by the Parliament.

'R' stands for residual modifications (reappropriation/surrender) sanctioned by the competent authorities other than the Parliament.

The figures shown in the second column of the Accounts against all sub-heads are the figures as they stand after all modifications including surrenders or withdrawals but the figures shown in the same column against "Total" represent merely the totals of the Original and the Supplementary Grant(s)/Appropriation(s) (if any), unaffected by surrenders or withdrawals. In order to neutralise the effect of reductions made in the provision under different sub-heads on account of surrenders or withdrawals, a sub-head "Surrenders or withdrawals within Grant or Appropriation" is opened, where necessary, as the last sub-head in the Accounts.

Important cases of variations have been explained by way of suitable explanatory notes under each Grant.

SECTION IV—APPROPRIATION ACCOUNTS

13. *Summary of Appropriation Accounts for* 1966-67

(In thousands of rupees)

No. and Name of Grant		Amount of Grant/ Appropriation	Expenditure	Excess	Saving
1		2	3	4	5
5—Defence Services, Effective—Army	Voted	6,65,40,30	6,49,77,46	—	15,62,84
	Charged	*10,00*	*2,13*	—	*7,87*
6—Defence Services, Effective—Navy	Voted	35,75,71	34,70,46	—	1,05,25
	Charged	*50*	*2*	—	*48*
7—Defence Services, Effective—Air Force	Voted	1,53,86,16	1,49,68,17	—	4,17,99
	Charged	*1,00*	*9*	—	*91*
8—Defence Services, Non-Effective	Voted	24,47,40	24,56,80	9,40	—
TOTAL Expenditure met from Revenue :	Voted	8,79,49,57	8,58,72,89	9,40	20,86,08
	Charged	*11,50*	*2,24*	—	*9,26*
114—Defence Capital Outlay	Voted	1,24,00,00	1,16,03,91	—	7,96,09
	Charged	*10,00*	*4,39*	—	*5,61*
GRAND TOTAL	Voted	10,03,49,57	9,74,76,80	9,40	28,82,17
	Charged	*21,50*	*6,63*	—	*14,87*

NOTE:— Particulars of recoveries adjusted in the Accounts as reduction of expenditure are given in Annexure A.

ANNEXURE A

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

No. and Name of Grant	Budget Estimates	Revised Estimates	Actuals	Actuals compared with Budget Estimates More(+)/ Less(—)	Actuals compared with Revised Estimates More(+)/ Less(—)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
5—Defence Services, Effective—Army	22,24,86,000	16,89,89,000	17,86,37,235	(—)4,38,48,765	(+)96,48,235
6.—Defence Services, Effective—Navy	5,00,000	5,00,000	6,22,878	(+)1,22,878	(+)1,22,878
114.—Defence Capital Outlay	3,50,00,000	3,29,00,000	5,28,82,211	(+)1,78,82,211	(+)1,99,82,211
GRAND TOTAL	25,79,86,000	20,23,89,000	23,21,42,324	(—)2,58,43,676	(+)2,97,53 324

AUDIT CERTIFICATE

14. The Appropriation Accounts have been examined under my direction in accordance with the requirements of Article 149 of the Constitution of India, read with the provisions of the Government of India (Audit and Accounts) Order, 1936, as adapted under the India (Provisional Constitution) Order, 1947. On the basis of the information and explanations that my officers have obtained, I certify that these accounts are correct, subject to the observations in the Audit Report, 1968.

S. Jagannathan

NEW DELHI; 19 APR 1968
Dated the

Comptroller and Auditor General of India.

CERTIFICATE OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS, 1966-67

15. (i) I certify that to the best of my knowledge and belief, no part of the expenditure contained in these (1966-67) Appropriation Accounts has been incurred without the sanction of Government of India, where such is required by regulations or other orders, with the exception of certain items where the necessary sanction is awaited. There was one such item exceeding Rs. 5,000 in value, particulars of which are furnished in Annexure I to this certificate.

(ii) I also certify that the test-check of the Defence Services Store Accounts for 1966-67 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 revealed surpluses worth about Rs. 11·00 lakhs and deficiencies worth about Rs. 5·39 lakhs in nine Army Ordnance Depots and one Medical Stores Depot.

(v) The biennial stock-taking in seven Air Force Equipment Depots and three Air Force Formations revealed surpluses worth about Rs. 7·57 lakhs and deficiencies worth about Rs. 5·02 lakhs.

(vi) As a result of stock-verification, surpluses worth about Rs. 9·20 lakhs and deficiencies worth about Rs. 57·00 lakhs were brought to light in eleven Ordnance Factories.

(vii) Cases continued to occur in which certain Army Depots/Units, Naval Establishments and Equipment Depots of the Air Force could not link the vouchers on which the stores were actually brought on charge by them with the particular issue vouchers/packing accounts/invoices. The number of vouchers relating to the period ending 31st March, 1967 remaining unlinked on 30th September, 1967 was 37,150 (Army 2,098, Navy 1,682, Air Force 25,645 and Ordnance Factories 7,725).

(viii) 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, 1967 as on 30th September, 1967 was 25,213 (Army 5,992, Navy 1,851, Air Force 9,464 and Ordnance Factories 7,906).

(ix) Outstanding dues on account of stores supplied and services rendered on payment by Defence Services (other than Ordnance Factories) up to 31st March, 1967 to outside parties including Central Civil Departments and State Governments amounted to Rs. 2·53 crores (approximately) as on 30th September, 1967. In respect of work done or stores supplied by Ordnance Factories up to 31st March, 1967 to Civil Departments, Railways and private bodies, etc., the

amount due for recovery is Rs. 2·14 crores (approximately) on 30th September, 1967.

The number of cases where the outstandings exceed Rs. 5,000 in each individual case, pending for more than one year, is 133, amounting to Rs. 1·35 crores.

(x) Outstanding dues on account of rent and allied charges upto 31st March, 1967 from Central Ministries, State Governments, Private Bodies, Messes and Clubs and Officers, etc., as on 30th September, 1967 amounted to Rs. 2·18 crores (approximately). Outstanding dues on account of Defence Department lands given for cultivation, etc., by Military Estate Officers and/or other State Governments up to 31st March, 1967, but outstanding on 30th September, 1967 amounted to Rs. 9·51 lakhs (approximately). Outstanding dues on account of Defence Department lands under the management of Ordnance Factories, rented or leased out to outside parties upto 31st March, 1967 but outstanding on 30th September, 1967 amounted to Rs. 0·24 lakhs (approximately).

The number of cases where the amount of outstandings on account of rent and allied charges exceeds Rs. 5,000 in each individual case, pending for more than one year, is 160, amounting to Rs. 1·71 crores.

(xi) The number of cases of losses, awaiting regularisation for more than one year, where the amounts involved are substantial enough to require sanction of the Government of India, is 168, amounting to Rs. 2·88 crores.

Losses which do not require formal regularisation under the existing orders have not been included in these Appropriation Accounts.

(xii) The number of audit objections raised upto 31st March, 1967 but outstanding on 30th September, 1967 was 1,07,391 (Army 69,273, Navy 2,056, Air Force 20,564, Ordnance Factories 2,177 and 13,321 objections on account of irregular issue of Railway Warrants and Credit Notes, which are of comparatively minor character). Out of these outstanding audit objections, 1,399 were raised by statutory audit.

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

(xiv) I also certify that the expenditure met from the special grants-in-aid to Cantonment Boards from the Defence Services Estimates has been checked under my directions. The conditions on which such grants were made have been fulfilled.

(xv) This certificate does not cover:—

(a) the internal check of store accounts of Quaratermaster General's installations under the Ministry of Food and Agriculture, as the local audit of these accounts is conducted by the Accountant General, Commerce, Works and Miscellaneous on behalf of the Comptroller and Auditor General of India,

(b) 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 1966-67, which is audited by the Director of Audit, Indian Accounts in the United Kingdom on behalf of the Comptroller and Auditor General of India, and

(c) the expenditure incurred by the Director General of Supplies and Disposals on the purchase of stores for the Defence Services (including purchases by India Supply Mission, Washington) which is

reimbursed in cash to the Pay and Accounts Officers, Ministries of Works and Housing, Supply and Food and Agriculture and is audited by the Accountant General, Commerce, Works and Miscellaneous.

V. N. SUKUL,
Controller General of Defence Accounts.

NEW DELHI;
Dated the 7th February, 1968.

Countersigned.

M. K. HARIHARAN,
Financial Adviser,
Ministry of Finance (Defence).

NEW DELHI;
Dated the 14th February, 1968.

ANNEXURE I TO PARA 15

Statement showing items of expenditure exceeding Rs. 5,000 in each case in respect of which sanction of Government of India is awaited.

Serial No.	Brief particulars	Amount involved	Head of Account	Circumstances in which expenditure was incurred without sanction of Government of India or was admitted without proper authority	Month and year in which the objection was first raised	Month and year in which the case was first reported to higher authorities/Service HQrs.
1	2	3	4	5	6	7
		Rs.				
1	Expenditure incurred on hiring of Civil transport continuously from May, 1965 to March, 1966 at a military station on a casual basis or on short term agreements, without obtaining prior Government sanction for the expenditure as a whole	1,89,850	*Major Head* 79 Main Head 4	As the payment was due to a third party, the bills were paid for the respective periods for which sanction was accorded by lower authorities piecemeal.	September, 1965	July, 1966.

NOTE:—The number of such items which have been enumerated in the Appropriation Accounts for the previous years and which are still awaiting regularisation is 3 amounting to Rs. 8·62 lakhs (2 items for Rs. 7·91 lakhs pertaining to the year 1963-64 and 1 item for Rs. 0·71 lakh pertaining to the year 1965-66).

ANNEXURE II TO PARA 15

Statement showing a few important cases of financial and procedural irregularities.

1. Four dry-cleaning plants purchased in 1965 at a cost of Rs. 2 lakhs, for dry cleaning of Extra Issue Clothing of personnel of units located in forward areas, have not been installed yet, as fitment items required for operating the plants have not still been procured. Consequently, the Extra Issue Clothing received by a Field Ordnance Depot from the forward areas for dry cleaning has either been lying unwashed (in some cases for over two years *e.g.*, 6,500 Coats Parka) or has had to be transported to other places for washing through contractors.

2. An operational work, sanctioned in December, 1964 at an approximate cost of Rs. 1·4 crores, was commenced in March, 1965. The work had not been completed in December, 1966, although a total expenditure of Rs. 3·57 crores had been incurred by then. Certain Muster Rolls pertaining to the work, amounting roughly to Rs. 21 lakhs, which had been paid out of the Imprest Account from December, 1966 to January, 1967, contained acquittances (thumb impressions) of doubtful character. Examination of these Muster Rolls by the Finger Print Bureau disclosed identical finger impressions on the same Muster Roll(s), raising suspicions about the genuineness of the payments. The case is stated to be under examination by a Court of Enquiry.

3. A special stock-taking conducted on 30th June, 1965, to investigate certain alleged irregularities in the stationery accounts of a unit disclosed the following:—

(i) Discrepancies between ledger and ground balances of stationary.

(ii) Bulk Issues of locally purchased stationery items, alleged to have been made to various sections, were neither based on any demands nor supported by receipts from the sections concerned.

(iii) Many demands, which were in the form of chits, were found to be not genuine and consequently the issues made thereon were also doubtful.

On the basis of the information available so far, the loss due to the above causes has been estimated at Rs. 27,000. The case is stated to be under investigation by the Central Bureau of Investigation.

4. A sum of Rs. 22,000 representing advances made to certain individuals was charged off the cash account of a Military Farm Depot for October and November, 1966, but the charge-off was not supported by proper acquittances signed by the individuals concerned in token of their having received the payment. The date(s) of payment and the purpose for which the advances were paid, are also not available. It has been stated that a Staff Court of Inquiry was ordered, but it could not proceed due to a controversy on the terms of reference. Convening of a fresh Court of Inquiry is stated to be receiving attention.

5. At a certain station where, till 1963-64, stone edging had been adopted in road contracts, the specification was switched over to pre-cast cement concrete edging in 1964-65. As the use of pre-cast cement edging involved higher costs, and there was no justifiable reason for the change over, orders were issued by Army Headquarters in October, 1965 that the practice should be discontinued wherever stone was readily available. On receipt of these orders, the provision of PCC edging was stopped in the works-in-progress and substituted by stone edging; but by then an appreciable portion of work had already been completed, causing avoidable extra expenditure.

6. On a sanction accorded by the Government in July, 1964, 115 Cardex Machines were purchased by a Base Repair Depot of the Air Force at a total cost of Rs. 92,667 with the object of switching over to a more modern system of filing and recording of Stock Record Cards. Most of these are lying unutilised, because the machines require a special type of cards, which have not been purchased. Some 28 machines are stated to have been transferred to other Air Force Units without any specific authority.

7. In a number of units in the Air Force, on some of the occasions when the number of men for whom rations were drawn registered an increase, the units could not point out the relevant casualty reports in support of the increase, to show the men transferred in, or attached from other units etc. In one case, where the increase was stated to be based on the actual parade strength, 51 whole rations were underdrawn retrospectively for a period of 123 days after the objection was raised. This is only part of the increase, the balance of which (75) is yet to be accounted for.

APPROPRIATION ACCOUNTS

16. GRANT NO. 5— DEFENCE SERVICE, EFFECTIVE—ARMY

(In thousands of rupees)

Sub-Heads			Final Grant or Appropriation	Actual Expenditure	Excess(+)/ Saving(—)
Major Head 79					
A.—Pay and Allowances of the Army.	Voted	O.	1,77,81,87	1,91,87,87	1,93,43,46	(+)1,55,5
		S.	13,56,59			
		R.	49,41			
B.—Pay and Allowances and Miscellaneous expenses of the Territorial Army, etc.	Voted	O.	5,43,00	5,42,89	5,31,00	(—)11,89
		R.	(—)11			
C.—Pay and Allowances of Civilians employed with (or for) the Army.	Voted	O.	50,80,76	54,43,99	54,61,41	(+)17,42
		S.	2,52,13			
		R.	1,11,10			
	Charged	*R.*	*5*	*5*	*5*	..
D.—Transportation and Miscellaneous.	Voted	O.	42,83,04	42,24,15	42,93,98*	(+)69,83
		R.	(—)58,89			
	Charged	*O.*	*3,00*	*1,69*	*1,25*	(—)*44*
		R.	(—)*1,31*			
E.—Expenditure on Manufacturing and Research Establishments.	Voted	O.	1,32,47,37	1,36,75,76	1,36,49,17**	(—)266,59
		S.	7,14,92			
		R.	(—)2,86,53			
	Charged	*O.*	*50*	*1*	*2*	(+)*1*
		R.	(—)*49*			

*Includes Rs. 5,67,410 on account of contribution for 1966-67 to the Commonwealth War Graves Commission.

**Includes Rs. 1,32,736 paid as subsidy to Gun Carriage Factory Canteen, Jabalpur.

EXPLANATIONS

Sub-Head A

The excess of Rs. 156 lakhs is mainly due to larger expenditure on ration allowance etc. than anticipated.

Sub-Head D

The excess of Rs. 70 lakhs over the Final Grant is due to larger expenditure than anticipated :—

	(In lakhs of Rs.)
(*i*) Railo charges, on account of movement of personnel	173
(*ii*) Miscellaneous charges	3
	176
Part counter-balanced by less expenditure on:—	
(*i*) Hired transport due to non-submission/non-finalisation of bills (Rs. 46 lakhs).	
(*ii*) Printing and stationery due to less materialisation of supplies (Rs. 31 lakhs) and	
(*iii*) Telephone charges (Rs. 29 lakhs).	(—) 106
	70

16. GRANT NO. 5—DEFENCE SERVICES, EFFECTIVE—ARMY—*concld*

(In thousands of rupees)

Sub-Heads				Final Grant or Appropriation	Actual Expenditure	Excess(+)/ Saving(—)
F.—Expenditure on Stores [other than for Manufacturing and Research Establishments and Military Engineer Services (excluding Engineer Store Depots)].	Voted	O.	1,98,26,69	1,83,96,61	1,77,2	(—)6,67,16
		R.	(—)14,30,08			
	Charged	*O.*	*4,00*	*1,32*	..	(—)*1,32*
		R.	*(—)2,68*			
G.—Expenditure on Works (other than Capital Projects), Maintenance, etc.	Voted	O.	30,95,72	36,61,03	34,61,90	(—)1,99,13
		R.	5,65,31			
	Charged	*O.*	*2,50*	*1,33*	*81*	(—)*52*
		R.	*(—)1,17*			
H.—Charges in England	Voted	O.	3,58,21	5,05,40	5,04,71@	(—)69
		R.	1,47,19			
I.—Loss or Gain by Exchange.	Voted	R.	2,39	2,39	2,38	(—)1
Surrenders or withdrawals within Grant or Appropriation.	Voted	R.	9,00,21	9,00,21	..	(—)9,00,21
	Charged	*R.*	*5,60*	*5,60*	..	(—)*5,60*
TOTAL	Voted			6,65,40,30	6,49,77,46	(—)15,62,84
	Charged			*10,00*	*2,13*	(—)*7,87*

@Includes Rs. 8,400 on account of contribution for 1966-67 to the Commonwealth Advisory Aeronautical Research Council and Rs. 12,600 on account of contribution for 1965—67 to the Commonwealth Defence Science Organisation.

EXPLANATIONS—*concld.*

Sub-Head F

The reduction of Rs. 14,30 lakhs at the Final Estimates stage was made due to anticipated less expenditure on Central purchase of P.O.L. (Rs. 482 Lakhs), Clothing stores (Rs. 200 lakhs) Mechanical Transport (Rs. 759 lakhs) and Grain and salt (Rs. 9 lakhs) partly offset by anticipated larger expenditure on coal and firewood (Rs. 20 lakhs).

The saving of Rs. 667 lakhs against the Final Grant is due to less expenditure on:—

	(In lakhs of Rs.)
(*i*) ASC Stores (Rs. 473 lakhs);	
(*ii*) AOC stores (Rs. 242 lakhs) due mainly to lesser materialisation of supplies than anticipated; and	
(*iii*) Medical stores (Rs. 30 lakhs) due to non-finalisation of bills . . .	745
Partly counter balanced by larger expenditure on Engineer Stores, due to	
(*a*) larger materialisation of supplies than anticipated and	
(*b*) non-raising of debits for stores issued	(—) 78
	667

Sub-Head G

The saving of Rs. 199 lakhs compared with the Final Grant is due to (i) non-adjustment of transactions between different Government departments and (ii) non-materialisation of stores for Divisional stock/Engineer Parks.

17. GRANT NO. 6— DEFENCE SERVICES, EFFECTIVE—NAVY

(In thousands of rupees)

Sub-Heads				Final Grant or Appropriation	Actual Expenditure	Excess(+)/ Saving(—)
Major Head 80						
A.—Pay and Allowances of the Navy.	Voted	O.	7,56,45	8,04,20	8,15,43*	(+)11,23
		S.	32,05			
		R.	15,70			
B.—Pay and Allowances of Reservists.	Voted	O.	6,50	5,60	4,74	(—)86
		R.	(—)90			
C.—Pay and Allowances of Civilians.	Voted	O.	6,64,15	6,90,97	6,79,62	(—)11,35
		S.	23,85			
		R.	2,97			
D.—Transportation and Miscellaneous	Voted	O.	1,85,30	2,85,47	2,62,35†	(—)23,12
		S.	1,03,23			
		R.	(—)3,06			
	Charged	*O.*	*50*	..	..	..
		R.	*(—)50*			
E.—Expenditure on Stores.	Voted	O.	8,65,25	10,25,10	10,23,58	(—)1,52
		S.	1,98,13			
		R.	(—)38,28			
F.—Expenditure on Works (other than Capital Projects), Maintenance, etc.	Voted	O.	2,04,69	2,18,76	2,28,89	(+)10,13
		S.	8,57			
		R.	5,50			
	Charged	*R.*	*2*	*2*	*2*	..
G.—Charges in England	Voted	O.	4,15,76	4,58,54	4,53,67	(—)4,87
		S.	1,09,24			
		R.	(—)66,46			
H.—Loss or Gain by Exchange.	Voted	S.	2,54	2,20	2,18	(—)2
		R.	(—)34			
Surrenders or withdrawals within Grant or Appropriation	Voted	R.	84,87	84,87	..	(—)84,87
	Charged	*R.*	*48*	*48*	..	*(—)48*
TOTAL.	Voted			35,75,71	34,70,46	(—)1,05,25
	Charged			*50*	*2*	*(—)48*

*Includes Rs. 1,41 thousand erroneously booked to this head instead of under "suspense".
†Includes Rs. 1,33,861 paid as subsidy to Naval Dockyard Canteen Bombay.

EXPLANATIONS

Sub-Head A

The excess of Rs. 11 lakhs is mainly due to payment of certain allowances, etc. having been booked in accounts towards the close of the year.

Sub-Head D

The saving of Rs. 11 lakhs is mainly due to non-filling up of sanctioned posts and less expenditure on overtime allowance, etc. in a Naval establishment.

Sub-Head E

The saving of Rs. 23 lakhs is on account of less expenditure (Rs. 34 lakhs) on repairs and refits to ships, etc. due to non-completion of repairs, non-finalisation of bills, etc. partly counterbalanced by an excess of Rs. 11 lakhs under certain other items.

Sub-Head F

The excess of Rs. 10 lakhs is mainly due to payment of arrears of rent for railway lands at a particular station.

18. GRANT NO. 7—DEFENCE SERVICES, EFFECTIVE—AIR FORCE

(In thousands of rupees)

Sub-Heads.				Final Grant or Appropriation.	Actual Expenditure	Excess(+)/ Saving(—)
Major Head 81						
A.—Pay and Allowances of the Air Force.	Voted	O.	28,12,00	29,29,00	29,49,13	(+)20,13
		R.	1,17,00			
B.—Pay and Allowances of Reserve and Auxiliary Services.	Voted	O.	9	8	8	..
		R.	(—)1			
C.—Pay and Allowances of Civilians.	Voted	O.	7,80,00	8,35,00	8,39,42	(+)4,42
		R.	55,00			
D.—Transportation and Miscellaneous.	Voted	O.	6,58,55	7,25,50	7,09,88	(—)15,62
		R.	66,95			
	Charged	*O.*	*50*	..	..	..
		R.	*(—)50*			
E.—Expenditure on Stores.	Voted	O.	81,95,41	78,32,26	76,63,70	(—)1,68,56
		R.	(—)3,63,15			
F.—Expenditure on Works (other than Capital Projects), Maintenance, etc.	Voted	O.	11,73,05	10,35,20	9,81,84*	(—)53,36
		R.	(—)1,37,85			
	Charged	*O.*	*50*	*10*	*9*	(—)1
		R.	*(—)40*			
G.—Charges in England.	Voted	O.	11,24,21	18,13,84	18,15,33	(+)1,49
		S.	6,42,85			
		R.	46,78			
H.—Loss or Gain by Exchange.	Voted	R.	8,79	8,79	8,79	..
Surrenders or withdrawals within Grant or Appropriation.	Voted	R.	2,06,49	2,06,49	..	(—)2,06,49
	Charged	*R.*	*90*	*90*	..	(—)90
TOT	Voted			1,53,86,16	1,49,68,17	(—)4,17,99
	Charged			*1,00*	*9*	*(—)91*

*Does not include Rs. 12,16 thousand erroneously booked under Grant No. 114 Defence Capital Outlay, Sub-Head C.

EXPLANATIONS

Sub-Head D

The increase of Rs. 67 lakhs at the Final Estimates stage was made to meet additional expenditure on Miscellaneous charges like courses of training abroad (Rs. 46 lakhs), Telephone Charges (Rs. 34 lakhs) and printing and stationery (Rs. 5 lakhs) partly counter-balanced by reduction of Rs. 18 lakhs on account of Rail Charges.

The saving of Rs. 16 lakhs against the Final Grant is due to less expenditure on Rail Charges than anticipated.

Sub-Head E

The saving of Rs. 169 lakhs against the Final Grant is due to less expenditure on:—

(i) Aviation Stores (Rs. 344 lakhs), due to less materialisation of supplies (Rs. 179 lakhs) and less adjustment of customs duty (Rs. 165 lakhs), and

(ii) Miscellaneous Stores (Rs. 16 lakhs).

Partly off set by larger expenditure on:—

(i) Air frames and Engines (Rs. 46 lakhs),

(ii) Provisions (Rs. 69 lakhs),

(iii) Ordnance Stores (Rs. 73 lakhs) due to larger materialisation of supplies, and

(iv) Medical Stores (Rs. 3 lakhs).

Sub-Head F

The saving of Rs. 53 lakhs against the Final Grant is due to the less expenditure on works, maintenance of buildings/installations, general charges, etc.

19. GRANT NO. 8—DEFENCE SERVICES, NON-EFFECTIVE

(In thousands of rupees)

Sub-Heads				Final Grant or Appropriation	Actual Expenditure	Excess(+)/ Saving(—)
Major Head 82						
A.—Army . . .	Voted	O.	23,18,63	23,65,02	23,73,33	(+)8,31
		S.	48,54			
		R.	(—)2,15			
B.—Navy . . .	Voted	O.	41,61	47,93	49,96	(+)2,03
		S.	4,57			
		R.	1,75			
C.—Air Force . .	Voted	O.	27,36	31,[illegible]	30,13	(—)94
		S.	3,32			
		R.	39			
D.—Charges in England .	Voted	O.	2,40	3,36	3,36	..
		S.	97			
		R.	(—)1			
E.—Loss or Gain by Exchange.	Voted	R.	2	2	2	..
Surrenders or withdrawals within Grant . .			..	..	..	..
TOTAL . .	Voted			24,47,40	24,56,80	(+)9,40

GRANT NO. 8—DEFENCE SERVICES, NON-EFFECTIVE

EXPLANATIONS

20. GRANT NO. 114—DEFENCE CAPITAL OUTLAY

(In thousands of rupees)

Sub-Heads				Final Grant or Appropriation	Actual Expenditure	Excess (+) Saving (—)
Major Head 130						
A.Army . . .	Voted	O.	76,09,00	80,38,08	80,70,24	(+)32,16
		R.	4,29,08			
	Charged	O.	3,00	2,30	2,30	..
		R.	(—)70			
B.—Navy . . .	Voted	O.	6,42,00	5,79,22	5,56,04	(—)23,18
		R.	(—)62,78			
	Charged	O.	20	..	..	..
		R.	(—)20			
C.—Air Farce . .	Voted	O.	38,53,00	26,46,86	26,10,54*	(—)36,32
		R.	(—)12,06,14			
	Charged	O.	6,80	2,12	2,09	(—)3
		R.	(—)4,68			
D.—Outlay on Industrial and Other Organisations.	Voted	O.	2,96,00	3,67,47	3,67,09	(—)38
		R.	71,47			
Surrenders or withdrawals within Grant or Appropriation. .	Voted	R.	7,68,37	7,68,37	..	(—)7,68,37
	Charged	R.	5,58	5,58	..	(—)5,58
TOTAL .	Voted			1,24,00,00	1,16,03,91	(—)7,96,09
	Charged			10,00	4,39	(—)5,61

*Includes Rs. 12,16 thousand erroneously booked to this head instead of under Grant No. 7—Defence Services Effective—Air Force—Sub-Head F.

EXPLANATIONS

Sub-Head B

The reduction of Rs. 63 lakhs at the Final Estimates stage was due to less expenditure on (i) Works (Rs. 76 lakhs) due to change in scope/specifications for works, non-finalisation of site, non-payment of bills, etc., (ii) Land (Rs. 26 lakhs) due to delay in acquisition on account of legal and other difficulties, and (iii) Dockyard Expansion Scheme (Rs. 43 lakhs), partly off set by increase of Rs. 82 lakhs for purchase of Vessels.

The saving of Rs. 23 lakhs against the Final Grant was due to less expenditure on Works (Rs. 6 lakhs), Land (Rs. 6 lakhs), Purchase of Vessels (Rs. 8 lakhs) and Dockyard Expansion Scheme (Rs. 3 lakhs).

Sub-Head C

The reduction of Rs. 12.06 lakhs at the Final Estimates stage was on account of less expenditure on works, due to slower progress, delay in issue of sanctions, etc.

The saving of Rs. 36 lakhs against the Final Grant is due to less expenditure on works than anticipated.

SECTION V—REVIEW OF MILITARY ENGINEER SERVICES EXPENDITURE

21. The total expenditure incurred by the Military Engineer Services on Capital Projects and on Revenue Account during 1966-67 was Rs. 123·21 crores. A comparison of the figures with the Original Grants and Final Estimates is given below:—

(In crores of rupees)

	Original Grant (including Appropriation)	Final Estimates	Actual Expenditure	Actual Expenditure more (+) or less(—) than the Original Grant (including Appropriation)	Actual Expenditure more (+) or less(—) than the Final Estimates
Expenditure met from Capital . .	84·75	71·43	72·37	(—)12·38	(+)0·94
Expenditure met from Revenue. .	44·96	53·16	50·84	(+)5·88	(—)2·32

The expenditure shown above has been brought to account under the relevant Sub-Heads of the Grants shown in Section IV where explanations for variations have been furnished. It will be seen from the figures furnished above that in the Capital Account the variations between the Original Grant and Actual Expenditure and between the Final Estimates and the Actual Expenditure were (—) 14·61 per cent and (+) 1·31 per cent respectively; in the Revenue Account the corresponding variations were (+) 13·08 per cent and (—) 4·36 per cent respectively. While the variation in relation to the Final Estimates under Capital Account was small, that in relation to the Original Grant was mainly due to savings effected as a part of economy drive. The variation in relation to the Original Grant under Revenue Account was mostly on account of operational works and other standing charges including pay and allowances, while the variation in relation to the Final Estimates was mainly due to non-materialisation of stores and non-receipt of debits from other Departments for the services rendered.

22. A statement showing the amounts originally allotted to certain important projects during the year and the actual expenditure incurred against these allotments is given in Appendix 'G'. Some of the important non-budgeted works, *viz.*, those which were executed during the year but were not included in the Works Programme approved by the Inter-Services Works Priority Committee have also been shown in this Appendix.

The reasons for the variations have been given in each case in the Appendix. The main reasons for under-spending are late conclusion of contract, non-acceptance of contract, slow progress of work, suspension of work and

non-availability of stores. In the case of over-spending the variations are attributable mainly to accelerated progress of work and change in scope of work.

23. (a) The normal works procedure was generally complied with by the executive authorities. Annexure I to this Section shows the amount of expenditure objected to by the internal audit authorities for non-compliance with the basic rules governing normal works procedure.

(b) In the event of unexpected circumstances arising out of operational military necessity or on medical grounds when reference to the appropriate financial authority would entail dangerous delay, local Commanders are authorised under the rules to order commencement of works to meet such situations. Similarly, in the case of imminent danger to buildings, etc., or of a breakdown of supply from an installation when delay would be seriously detrimental to the public service, the local Engineer Officers are authorised to take steps to protect Government property or inhabitants. In such cases earliest possible steps are required to be taken to regularise the matter by normal action. Annexure II to this Section shows that sanctions of the competent financial authorities for an expenditure of Rs. 1,57,57,129 incurred on works of the nature were outstanding at the end of the year. Besides this, objections in respect of such works falling under other categories as shown in this Annexure are also awaiting regularisation.

(c) During the year 1962-63, a special works procedure called the "Emergency Works Procedure" was introduced to meet the requirements of works services connected with the Emergency. Annexure III to this Section shows the amount of expenditure objected to by the internal audit authorities for non-compliance with the basic rules governing the "Emergency Works Procedure".

(d) Under the "Emergency Works Procedure", if for urgent military reasons, delay in the issue of Administrative Approval based on approximate estimates cannot be accepted, competent financial authorities are empowered to order the commencement of work in whole or in part, prior to the issue of Administrative Approval. In such cases earliest possible steps are to be taken subsequently to prepare approximate estimates and to obtain Administrative Approval of the appropriate authority. Annexure IV to this Section shows that sanctions of competent financial authorities for an expenditure of Rs. 18,16,62,245 were outstanding at the end of the year. Besides this, objections in respect of such works falling under other categories as shown in this Annexure are also awaiting regularisation.

24. In areas specified as 'Operational Works Areas', Commanders are empowered to order the execution of Operational Works, which are works of temporary nature and are actually needed for the prosecution of operations or for formations directly assisting in such operations. In such cases no estimates are prepared.

Expenditure on 427 works of this nature incurred during the year, amounted to Rs. 5·15 crores. This includes a sum of Rs. 0·85 crore on the construction of shelters.

25. The position in regard to the finalisation of cases of losses indicates that while there has been a slight decrease in the total outstanding amount, it still calls for improvement. As agains a sum of Rs. 1,33 crores requiring regularisation at the end of the year 1965-66, an amount of Rs. 1·30 crores was outstanding on this account at the end of the year under review.

26. The position in regard to the recoveries of rent and allied charges has slightly improved but it still calls for further improvement. The outstanding amount up to the end of the year under review was Rs. 2·14 crores as on 30th September, 1967. The amount outstanding upto 30th September, 1966 was Rs. 2·16 crores. The bulk of the amount outstanding is against Displaced Persons/Ministry of Rehabilitation/Rehabilitation Departments of State Governments (Rs. 0·44 crore), other State Government Departments (Rs. 0·52 crore), other Central Government Departments (Rs. 0·60 crore) and Private Bodies including Military Engineer Services Contractors/Private Clubs (Rs. 0·40 crore).

27. Reports received from Controllers of Defence Accounts indicate that at the end of the year 1966-67 a sum of Rs. 8·66 lakhs has remained outstanding on account of recoveries against barrack damages. At the end of the years 1965-66 and 1964-65, the position of outstanding barrack damages was Rs. 6·78 lakhs and Rs. 6·64 lakhs respectively. This shows that the position is deteriorating and requires improvement.

28. The flow of cash expenditure continued to be large during the closing months of the year. The expenditure during each of the four quarters of the year was 18 per cent, 20 per cent, 24 per cent and 38 per cent respectively of the total expenditure as against the corresponding percentages of 15, 20, 23 and 42 in the previous year. The expenditure in the month of March, 1967 was 2·81 times the average expenditure for the first eleven months, 2·44 times the average expenditure of the year and 2·25 times the expenditure incurred in the month of February, 1967.

The rush of expenditure in the month of March, 1967 has been attributed mainly to the following factors:—

1. Late finalisation and preparation of final bills.
2. Larger 'on account' payments.
3. Accelerated progress of work.
4. Late conclusion of contracts.
5. Late receipt of allotments.
6. Late completion of work.
7. Accumulated payment of electric and water supply bills.
8. Slow progress of work during the earlier part of the year.
9. Late commencement of work.

29. A review of Works (where the estimated cost or the actual expenditure is Rs. 5 lakhs or more) completed during the year was carried out to see in which of these the completion cost varied from the original estimate by 10 per cent or more. Details of two such cases, with reasons for the variation, are given in Appendix 'H'.

30. In regard to operation of contracts by Engineer authorities, the following features were noticed:—

(a) In the year under review also, in a large number of contracts, orders continued to be issued *ex-post-facto*, after completion of works, regularising deviations of works already carried out by the contractors. The total number of covering deviation orders was 5,246. In the year 1965-66, the number of such deviation orders was 3,674.

(b) During the year, extensions of time were granted in 2,581 cases excluding term contracts. Of these, in 1,159 cases the period of extensions was disproportionately long as compared to the period originally fixed for completion, the period of extension being as long as or more than the original period itself in 572 cases and half or more than half the original period in 587 cases. The reasons for grant of extensions in these 1,159 cases were:—

(i) Non-availability of stores.—		
(a) To be supplied by Department	95	246
(b) To be procured by contractor	151	
(ii) Non-availability of site.		293
(iii) Bad weather		89
(iv) Change in scope/specification and site conditions		47
(v) Suspension of works		10
(vi) Non-availability of or breakdown of tools and plant		21
(vii) Other miscellaneous cases		453
TOTAL		1,159

(c) In one case, the tender other than the lowest was accepted, resulting in an extra expenditure of Rs. 6,759.

(d) In two cases, due to defective drawings in the contracts extra expenditure of Rs. 5,634 to the state was caused.

(e) In one Command, seven cases due to defective drafting, entailing uncertain liability, have been reported.

(f) In 22 cases, security/additional security deposits were not recovered as per existing orders.

(g) In three cases, contracts were concluded by negotiations with contractors, although this was not permissible under rules.

(h) In thirteen cases, tenders which were not accompanied by earnest money were accepted.

(i) In one contract, an extra item of work which was not required was ordered in order to keep up to the permissible deviation limit of 20 per cent, thus an extra expenditure for the unnecessary work was incurred whereas there should have been a saving to the State.

(j) In one contract, the market variation for pricing of deviation was given as 40 per cent in the tender documents whereas in the technical sanction issued only 5 days earlier 30 per cent market variation was indicated.

(k) In one case, the basic principle of secrecy in tendering was vitiated.

(l) In one case, completion certificate in respect of an incomplete work was issued and the incomplete portion of the work was ordered to be completed during the maintenance period.

(m) In one contract, extension of time was granted to the contractor who applied for the same after eight months of the stipulated date of completion.

(n) In one Command, three hundred and forty-one contract agreements were not submitted for scrutiny to the Controller of Defence Accounts within the stipulated period of three to four weeks.

(o) In one Command, in eighty-four cases the time of less than a fortnight against the prescribed period of four to six weeks was given to contractors to quote for the works.

(p) In one case, a contract for external electrification of a building was concluded and the work was to be completed even before the tenders for construction of that building were issued.

(q) In two contracts, standard conditions of contract were altered without the sanction of the competent authority.

(r) In one contract the following irregularities were noticed:—

(i) Lack of technical control.

(ii) Defective drafting of the contract/negotiations with the contractor at a later stage.

(iii) Provision of uncertain liabilities.

(iv) Infructuous expenditure.

(v) Unauthorised concession to the contractor.

(s) In one contract, proper planning and technical control were lacking and additional works were executed without the work/deviation orders to the extent of Rs. 2·52 lakhs.

(t) A cancelled contract was revived and restored to the defaulting contractor after seven months who even then could not progress the work. This action on the part of the Engineers was highly irregular.

(u) In twelve cases of handling contracts, certificates from Army Service Corps required under rules were not obtained.

(v) In eight cases, spot tendering was restorted to.

(w) In a contract there was a condition to test the concrete samples twice a day which was generally not done. This led to sub-standard works resulting in an infructuous expenditure of Rs. 1·85 lakhs.

(x) In a Command, two contracts were concluded without technical sanction.

(y) In a Command three contracts were given to unregistered contractors.

(z) Controllers' reports indicate that there has been some decrease in the total amount of over-payments to/short or non-recovery from contractors. As against a sum of Rs. 28·43 lakhs shown outstanding in the year 1965-66, an amount of Rs. 24·98 lakhs was outstanding at the end of the year under review.

31. The reports received from Controllers of Defence Accounts indicate that the maintenance of Store Accounts in Engineer Parks was generally satisfactory. Surplus stores continue to be held. In one of the Engineer Parks certain stores for which there has been no demand for over ten years are held and disposal orders therefor are still awaited. Stock verification was carried out in all cases.

Quantitative limits of stock holdings were fixed in all cases for the Military Engineer Services Divisions except in one Division where limits in respect of certain items of stores were not fixed. In another Division the limit fixed in respect of certain items was on the high side. These limits were not, however, adhered to in three Divisions in respect of certain items. Stock book rates were not fixed in one Division. The rates paid for materials of local origin were generally within the limits fixed. The expenditure on maintenance of stores has been reasonable except in one Division. Stock verification was carried out in all the M.E.S. Divisions. In six Divisions, however, stock verification revealed discrepancies (surpluses Rs. 18,557 and deficiencies Rs. 70,840) between ground and ledger balances.

32. The examination of the working of the Standard Schedule of Rates, 1962 revealed that in 506 out of 794 cases (pertaining to contracts costing over Rs. 1 lakh or of items forming part of such contracts though of lesser value) wherein items of work were priced at Schedule Rates and contractors were asked to quote a percentage above or below, the quoted percentages were in excess of 20 per cent above the Schedule Rates. Details of cases upto 50 per cent, 100 per cent and exceeding 100 per cent over the Schedule Rates are as under:—

Above 20 and upto 50%	450
Above 50 and upto 100%	48
Above 100%	8

The Schedule of Rates, 1962 is still under revision.

33. A statement showing two cases of remission/reduction under Government sanction of departmental charges on works undertaken by the Military Engineer Services during the year under review is printed as Annexure V to this Section.

ANNEXURE I TO SECTION V

[*Referred to in para* 23 (a)]

Serial No.	Nature of objection	Amount outstanding on 1-4-1966	Amount objected to during the year 1966-67	Amount settled during the year 1966-67		Amount outstanding on 31-3-1967
				Objections pertaining to the previous year	Objections pertaining to the current year	
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Want of Administrative Approval	72,08,071	41,69 830	58,68,110	7,05,857	48,03,934
2	Want of Technical Sanction	33,17,893	36,60,295	33,17,721	18,792	36,41,675
3	Want of Allotment of Funds	..	(+)68,06,434 (—)3.22,993	..	(+) 46,09,701 (—)2,65,749	(+)21,96,733 (—)57,244
4	Excess over Administrative Approval	36,92,399	23,04,556	30,82,105	12,01,116	17,13,734
5	Excess over Technical Sanction	14,67,185	2,21,441	13,97,061	61,218	2,30,347
6	Excess over Allotment of Funds	..	(+)1,95,16,096 (—)11,74,830	..	(+)88,07,972 (—)89,822	(+)1,07,08,124 (—)10,85,008

ANNEXURE II TO SECTION V

[*Referred to in para* 23 (b)]

Serial No.	Nature of objection	Amount outstanding on 1-4-1966	Amount objected to during the year 1966-67	Amount settled during the year 1966-67		Amount outstanding on 31-3-1967
				Objections pertaining to the previous year	Objections pertaining to the current year	
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Want of Administrative Approval	93,63,273	1,01,72,724	37,75,848	3,020	1,57,57,129
2	Want of Technical Sanction	13,774	..	13,774	..	..
3	Want of Allotment of Funds	..	1,95,446	..	..	1,95,446
4	Excess over Administrative Approval	5,81,760	4,247	..	..	5,86,007
5	Excess over Technical Sanction	..	15,409	..	..	15,409
6	Excess over Allotment of Funds	..	34,03,007	..	8,53,033	25,49,974

ANNEXURE III to SECTION V

[*Referred to in para* 23 (c)]

Serial No.	Nature of objection	Amount outstanding on 1-4-1966	Amount objected to during the year 1966-67	Amount settled during the year 1966-67		Amount outstanding on 31-3-1967
				Objections pertaining to the previous year	Objections pertaining to the current year	
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Want of Administrative Approval	2,01,80,429	92,30,148	89,39,174	21,57,413	1,83,13,990
2	Want of Technical Sanction	13,02,124	9,51,912	8,81,980	7,42,962	6,29,094
3	Want of Allotment of Funds	..	(+)46,72,066 (—)1,59,047	..	(+)39,47,144 (—)24,531	(+)7,24,922 (—)1,34,516
4	Excess over Administrative Approval	13,79,251	30,38,735	8,72,119	3,17,949	32,27,918
5	Excess over Technical Sanction	46,85,478	49,57,135	15,34,094	1,16,919	79,91,600
6	Excess over Allotment of Funds	..	(+)91,98,044 (—)22,385	..	(+)24,90,143 ..	(+)67,07,901 (—)22,385

ANNEXURE IV TO SECTION V

[*Referred to in para* 23(d)]

Serial No.	Nature of objection	Amount outstanding on 1-4-1966	Amount objected to during the year 1966-67	Amount settled during the year 1966-67		Amount outstanding on 31-3-1967
				Objections pertaining to the previous year	Objections pertaining to the current year	
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Want of Administrative Approval	17,91,11,803	5,64,78,488	5,08,82,036	30,46,010	18,16,62,245
2	Want of Technical Sanction	9,495	5,50,622	9,494	8,288	5,42,335
3	Want of Allotment of Funds	..	(+)5,50,286 (—)31,757	..	(+)3,25,266	(+)2,25,020 (—)31,757
4	Excess over Administrative Approval	42,36,123	..	2,21,794	..	40,14,329
5	Excess over Technical Sanction	3,90,322	5,67,736	3,59,074	..	5,98,984
6	Excess over Allotment of Funds	..	(+)16,49,408 (—)15,511	..	(+)2,30,680 (—) ..	(+)14,18,728 (—)15,511

ANNEXURE V TO SECTION V

[*Referred to in para* 33]

Statement showing cases of remission/reduction of departmental charges on works undertaken by the Military Engineer Services for Municipalities, Cantonment Boards, Local Governments, etc. during 1966-67.

Serial No.	Name of work	Estimated cost	Expenditure incurred		Amount of departmental charges remitted/reduced	
			During 1966-67	To end of 1966-67	During 1966-67	To end of 1966-67
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Delhi Cantt.—Construction of Defence Services Officers Club building	45,00,000	9,75,355	34,03,653	1,60,934	5,61,603
2	Do —Construction of Air Force Central School Project . .	15,00,000	12,23,504	13,22,731	2,01,879	2,18,251

APPENDIX A

Statement showing by various categories the total amount of cash losses pertaining to the Defence Services relating to post-partition period finally dealt with during the year 1966-67.

(In thousands of rupees)

Categories of losses	Losses of cash proper	Over-payments and irrecoverable claims	Fraudulent use of Railway warrants	Demurrage charges	Unauthorised use of Govt. or hired transport	Other categories	Total
1	2	3	4	5	6	7	8
I. Losses due to theft, fraud or neglect	3	97	1	3	3	75	1,82
II. Losses due to other causes	84	10,29	..	2	34	10,10	21,59
GRAND TOTAL I & II	87	11,26	1	5	37	10,85	23,41
Total amount of cash losses shown in Appendix 'A' to Appropriation Accounts, Defence Services, 1964-65	43	6,36	1	9	1,27	4,76	12,92
Total amount of cash losses shown in Appendix 'A' to Appropriation Accounts, Defence Services, 1965-66	52	6,82	..	9	42	7,08	14,93

NOTE:—Details of losses exceeding (i) Rs. 5,000 due to theft, fraud or neglect, and (ii) Rs. 10,000 due to other causes in each case are given in Annexure to this Appendix.

ANNEXURE TO APPENDIX A

Serial No.	Nature of losses written off with particulars

I—*Cash losses, overpayments, irrecoverable claims, etc., due to theft, fraud or neglect.*

QUARTERMASTER GENERAL'S BRANCH

1. *Amount*—Rs. 8,692.

Loss on account of overpayment made to Class IV employees of Military Farm, Ambala and Branch Military Farm, Bir Dhantauri for the period from 1st January, 1947 to 31st December, 1947 consequent on bringing them on the prescribed scales of pay with effect from 1st January, 1947 without obtaining election certificates from them. The overpayment became irrecoverable due to the personnel concerned having become non-effective. A Court of Inquiry convened at Military Farm, Ambala on 6th May, 1954 held the Manager responsible for the non-preparation of option certificates, but no disciplinary action could be taken against him as he had then retired from service. Suitable disciplinary action was, however, taken against the internal audit staff. The delay in regularisation of the loss was due to the time taken in its examination by the Ministries of Defence and Finance (Defence).

ENGINEER-IN-CHIEF'S BRANCH

2. *Amount*—Rs. 19,664.

Loss representing extra expenditure incurred in completion of work for supply of furniture at Wellington at the risk and expense of the defaulted contractor. The contract entered into with the original contractor in May, 1965 was terminated in November, 1965 and the work was executed through another contract. The contractor failed to deposit the extra cost and a suit was filed in a Court of Law which passed a decree against the contractor for Rs. 22,164 (Rs. 20,605 on account of breach of contract plus Rs. 1,559 on account of Plaintiff's cost). There were no assets available in respect of the contractor and his security deposit of Rs. 2,000 plus Rs. 500 as interest thereon available with the department was adjusted against the loss. No Court of Inquiry was held. The case was considered by the Central *Ad hoc* Committee on 26th September, 1966. The irregular procedure adopted in accepting the contract initially has also been condoned. As regards disciplinary aspect of the case, the individual concerned was warned to be more careful in future.

3. *Amount*—Rs. 8,673.

Loss on account of overpayment to a contractor by Garrison Engineer, Deolali during 1948-49, detected on 14th June, 1950 at the time of post-examination of final bills in June, 1950. A civil suit was filed on 25th June, 1954 for the recovery of part of the overpayment, but

Serial No.	Nature of losses written off with particulars

the same was dismissed. As the staff concerned is not now in service, it is not possible to take any action against the individual concerned. Holding of Court of Inquiry has been condoned by Government. The delay in regularisation of the loss is due to its consideration by the civil court and Central *Ad hoc* Committee.

ORDNANCE AND CLOTHING FACTORIES

4. *Amount*—Rs. 7,475.

Loss arising out of non-recovery of water charges from the occupants of 68 'H' Type quarters at Ordnance Factory, Khamaria during the period from February, 1956 to December, 1959. The water meters installed to record water consumption went out of order and the excess consumption of water over and above the free entitlement of 100 gallons per day could not be assessed. The assessment of the loss was made on he average consumption of water in the metered blocks. No recovery could be made due to lot of changes in the occupation/vacation of quarters inasmuch as many individuals had left the department or had been transferred, superannuated, etc. No Court of Inquiry was held as this was not considered necessary. The case was discussed by the *Ad hoc* Committee on the 22nd March, 1966.

5. *Amount*—Rs. 53,529.

Loss representing the difference between the price realised and the prevailing rates as per Eastern Market Review, for the sale of copper alloy strips to civil trade by Ordnance Factory, Ambernath in 1955 and detected in internal audit. The stores were received in Ammunition Factory, Kirkee sometimes prior to 1944. These were lying in the Factory till 1953 and with the passage of time had developed certain defects which rendered them unacceptable to trade. The stores were transferred to Ordance Factory, Ambernath on 28th March, 1955 for rectification of defects and disposal to civil trade. No Court of Inquiry was held. The delay in the regularisation of the loss was due to the contention of the Director General, Ordnance Factories that no real loss was involved and consideration of the case by the Central *Ad hoc* Committee on 22nd March, 1966 which categorised the loss as one due to theft, fraud or neglect.

II—*Cash losses, overpayments, irrecoverable claims, etc., due to other causes*

ADJUTANT GENERAL'S BRANCH

1. *Amount*—Rs. 16,651.

Loss on account of non-recovery of leave salary and pension contributions relating to the period 1st April, 1953 to 31st October, 1956 in respect of 5 Army officers lent to the Government of Rajasthan for appointment as *aides de camp* to the Rajpramukh. The debit for leave salary and pension contributions raised against the Government of Rajasthan in March, 1962 was not accepted on the ground that since these officers were paid out of the Consolidated Allowance of the Rajpramukh, these contributions were not payable by the State Government. Consequent on the constitutional changes and abolition of the post of Rajpramukh with effect from 1st November, 1956 it was not possible to recover he amount from the then Rajpramukh at this late stage.

Serial No.	Nature of losses written off with particulars

2. *Amount*—Rs. 13,506.

Loss representing non-recovery of overpayments to 144 employees of Central Ordnance Depot, Agra discharged during 1947 to 1949 and subsequently re-employed/re-instated under Government orders, after adjusting the arrears of pay and allowances due to them against the over-payments. On re-employment/reinstatement, the pay and allowances of these personnel were incorrectly regulated by allowing them the benefit of their entire past service. The delay in regularisation of the loss was due to the time taken by the Ministries of Defence and Finance (Defence) to issue orders about the re-employment/reinstatement of these individuals. No Court of Inquiry was instituted as the over-payments occurred due to incorrect appreciation of the powers vested in the administrative authorities and were not due to neglect or *malafide* intentions.

GENERAL STAFF BRANCH

3. *Amount*—Rs. 10,474.

Loss representing irrecoverable amount being the difference of rent at the assessed rate and that charged at concessional rate for the Government accommodation occupied by certain contractors at the Rashtriya Indian Military College, Dehra Dun during the period 1948 to 1960, detected in internal audit. As the contractors had intended to contest the claims against the payment of reassessed rent and legal action to recover the amount was doubtful, the amount has been written off. The case was considered by the Central *Ad hoc* Committee in November, 1965 and April, 1966.

4. *Amount*—Rs. 1,76,031.

Loss due to non-recovery of the balance of cost of certain road-building machinery and equipment supplied to NEFA Administration by Army Engineers on out-right sale basis during 1958 after the completion of Along airfield and Kimin—Zero Road in NEFA. The total cost of the machinery/equipment supplied was assessed by the Defence Department as Rs. 5,06,653 at full vocabulary rate plus departmental charges, whereas the NEFA Administration made a valuation of Rs. 3,30,622 after taking into consideration the condition of the machinery and paid this amount to the Defence Department, leaving a balance of Rs. 1,76,031. The recovery of the balance amount has been waived by the Government.

MASTER GENERAL OF ORDNANCE BRANCH

5. *Amount*—Rs. 14,114.

Loss representing the value of stores, found deficient/damaged at the time of receipt in Central Armoured Fighting Vehicles Depot, Kirkee, from abroad during the period 1952 to 1954. The case for the settlement of the discrepancies noticed was taken up by the India Supply Mission, Washington with the firm but it was not successful due to the fact that the firm having gone into liquidation, had no assets as also due to non-co-operative attitude of the firm. The delay in finalisation of the loss is due to the prolonged correspondence that ensued among the depot, India Supply Mission, Washington, Army

Serial No.	Nature of losses written off with particulars

Headquarters and the firm. Suitable remedial measures have been adopted to avoid recurrence of such losses.

6. *Amount*—Rs. 51,853.

Loss representing the value of stores found deficient at the time of receipt in Central Ordnance Depot, Dehu from abroad during the period 1952 to 1954. The case for the settlement of the discrepancies noticed was taken up by the India Supply Mission, Washington with the firm, but it was not successful due to the fact that the firm, having gone into liquidation, had no assets as also due to non-cooperative attitude of the firm. The delay in finalisation of the loss is due to prolonged correspondence that ensued among the depot, India Supply Mission, Washington, Army Headquarters and the firm. Suitable remedial measures have been adopted to avoid recurrence of such losses.

7. *Amount*—Rs. 92,658.

Loss of Rs. 1,05,992 representing the value of stores received short from the U.K. in Central Ordnance Depots, Delhi, Dehu, Jabalpore, Chheoki and Agra and Central Armoured Fighting Vehicle Depot, Kirkee during 1957 to 1959. As the discrepancy reports were not raised within the prescribed period of 270 days from the date of despatch of the stores, the War Office, London did not accept the claim. However, as a special case they gave a credit of Rs. 13,334 as compensation. Suitable instructions have been issued in June/August, 1962 to the Depots to raise discrepancy reports within the specified time limit to avoid recurrence of such losses in future.

8. *Amount*—Rs. 15,650.

Write off of debtor balances on account of overpayments resulting from award of erroneous classification to certain ex-service personnel re-enrolled in the Corps of Electrical and Mechanical Engineering due to emergency in 1948—50. These overpayments were continued till March, 1955. The procedure for grant of correct classification retrospectively from the date of re-employment was laid down in 1951. The reasons as to why these cases could not be reviewed in 1951 could not be ascertained due to change-over of staff and the time lag. No Court of Inquiry was held and no one could be held responsible.

QUARTERMASTER GENERAL'S BRANCH

9. *Amount*—Rs. 11,840.

Loss representing irrecoverable amount of rent for the period 1952 to 1958 outstanding against certain private individuals consequent on belated receipt of correction slip of 1952 to "Quarters and Rents" in Garrison Engineer, Poona Division. The arrears of rent billed subsequently could not be covered as by that time most of the occupants had already left the premises and the remaining occupants disputed enhancement of rent from back date. No Court of Inquiry was held and no one was blamed. Suitable remedial measures have been taken in that the Government orders of general applicability will in future be invariably promulgated through the medium of Service Instructions. The delay in regularisation of the loss was due to the case having remained under correspondence at various levels.

Serial No.	Nature of losses written off with particulars

10. *Amount*—Rs. 22,372.

Loss due to extra expenditure incurred by the Government as a result of allotment of out of class accommodation at Patiala to officers who were entitled to lower type of accommodation and consequent hiring of two bungalows of higher class during 27th July, 1957 to 23rd November, 1960 and 1st January, 1957 to 29th April, 1961, objected to in internal audit. No Court of Inquiry was held, as reasons which led to hiring of the said accommodation are not available at this belated stage. The case was considered by Command/Central *Ad hoc* Committee.

11. *Amount*—Rs. 54,718.

Loss due to non-recovery of (i) expenditure incurred on supply of water for public taps and electricity for street lighting in the bazar area at Dehu Cantonment, (ii) expenditure towards pay and allowances of conservancy establishment and hire of bullock carts, and (iii) rent for the land occupied by private persons at Dehu Bazar for the period from 1951 to 1959. The expenditure was incurred in the interest of troops stationed at Dehu and in the absence of authority, recovery of charges could not be effected from non-entitled persons. No one could be held responsible. This case was considered by the Central *Ad hoc* Committee.

ENGINEER-IN-CHIEF'S BRANCH

12. *Amount*—Rs. 10,919.

Loss arising out of use of Service transport during 1st December, 1955 to 30th April, 1961 by officers of 571 Engineer Park while proceeding to and returning from duty station instead of the officers' bus, detected in internal audit. The delay in regularisation of the loss was due to protracted correspondence regarding the interpretation of orders on the use of transport and its consideration by the Central *Ad hoc* Committee on 9th August, 1966.

13. *Amount*—Rs. 40,630.

Loss on account of irrecoverable barrack damages in respect of a number of buildings hired/leased/requisitioned under Garrison Engineer (West), Bombay during and after World War II. These damages came to notice at the time of inspection of the buildings during 1954 and 1955. No Court of Inquiry was held. The delay in regularisation of the loss was due to the fact that the original loss statement submitted to Central *Ad hoc* Committee in 1956 was not traceable and the same was examined again by the subsequent Committee on 9th August, 1966.

14. *Amount*—Rs. 59,164.

Loss arising out of non-recovery of rent for certain Defence Services accommodation at Kanpur during the period from 10th August, 1950 to 21st March, 1952 due from the Uttar Pradesh Government. The accommodation was used as a camp for displaced persons under the Ministry of Rehabilitation and the camp was closed on 10th August, 1950. It was not taken back by the Garrison Engineer, Kanpur on

Serial No.	Nature of losses written off with particulars

this date, as some of the buildings were still in occupation of the displaced families and the vacant possession of the barracks was given by the District Magistrate on 21st March, 1952. Neither the State Government nor the Ministry of Rehabilitation accepted rental liability for the period from 10th August, 1950 to 21st August, 1952, as some unauthorised refugee families were in occupation of some of the quarters. The case was considered by the Central *Ad hoc* Committee on 20th and 27th December, 1965. The delay in regularisation of the loss is due to protracted correspondence among the executive authorities, civil authorities, Ministry of Defence and the State Government regarding the rental liability for the period in question and also its consideration by the Central *Ad hoc* Committee.

15. *Amount*—Rs. 1,05,026.

Loss due to overpayment to a contractor detected in July, 1951 as a result of technical examination of the final bill and site check of work relating to a contract concluded in 1947-48 for providing accommodation for one Brigade and attached units at Ramgarh. The delay in regularisation of the loss was due to the case being *subjudice* in the Courts of Law and its consideration by the Central *Ad hoc* Committee.

16. *Amount*—Rs. 10,990.

Loss arising out of non-recovery of rent for unauthorised occupation of Government accommodation during the period from 15th August, 1947 to 25th January 1959, by an ex-Commissioned Officer after release from the Government service. The delay in regularisation of the loss was due to the time taken in eviction of individual, processing of the suit in a Court of Law and its consideration by the *Ad hoc* Committee after it was known that the amount had become irrecoverable due to the death of the unauthorised occupant.

17. *Amount*—Rs. 10,698

Loss on account of non-recovery of rent and damages from an unauthorised occupant of a Defence building in Bombay for the period 1st February, 1946 to 17th April, 1950. Holding of Court of Inquiry has been waived by the Government. The case was considered by the Central *Ad hoc* Committee on 19th July, 1966. The delay in regularisation of the loss was due to protracted correspondence between the lower authorities and Army Headquarters and its consideration by the Central *Ad hoc* Committee.

18. *Amount*—Rs. 15,407.

Loss on account of over-payments made to a contractor as he left the work incomplete against a contract entered into in 1953-54 and which was got done through another contractor. The dispute regarding the amount of recoveries enforced against the contractor was referred to arbitration on 4th March 1957 and according to the arbitrator's award given in November 1957, the contractor was to pay only a part of the amount to the Government. Holding of Court of Inquiry has been condoned by the Government. The contractor was, however, removed from the list of approved contractors as a result of action taken against him. The delay in regularisation of the case is due to its consideration by Command/Central *Ad hoc* Committees.

Serial No.	Nature of losses written off with particulars.

19. *Amount*—Rs. 30,955.

Extra expenditure incurred by the Government by way adventitious profit to a contractor in ordering work of fixing A.C. Sheets ceiling with sheets previously salvaged from 46 store sheds at Ammunition Depot, Dehu Road, pointed out in internal audit in December, 1952. The necessity for replacing A.C. Sheets ceiling was discovered during the progress of work and it was not feasible to carry out the additional work through another agency. No Court of Inquiry was held. The delay in regularisation of the case was due to its consideration by the Ministries of Defence and Finance (Defence) and the Command/Central *Ad hoc* Committees.

20. *Amount*—Rs. 15,712.

Loss arising out of irregular use of Government transport during the period from 11th August, 1956 to 10th April, 1962 on the provision of an additional return trip and collection of personnel from more than one fixed point in the case of civilian subordinate personnel employed at the College of Military Engineering, Kirkee for carrying them to work and back. No Court of Inquiry was held as the irregularity was due to a procedural error and as the arrangements were made with a view to helping the civilian staff. The individual responsible for this irregularity was warned and the Commandant, College of Military Engineering was instructed to avoid recurrence of such an irregularity in future.

AIR HEADQUARTERS

21. *Amount*—Rs. 12,950.

Loss representing the cost of 52 items of stores issued to Messrs Hindustan Aircraft Ltd., Bangalore on loan by No. 3 Equipment Depot (Air Force) during 1953-54, but not returned by the Company. The case was considered by the Central *Ad hoc* Committee on 13th July, 1965.

22. *Amount*—Rs. 24,000.

Loss due to change in condition of stores received from abroad during October and December, 1959. The stores were prepacked and were to be opened only when required for use. Accordingly, these were not opened for immediate inspection. On being opened in September, 1960 and on cent per cent inspection, these stores were found to be in damaged/unserviceable condition. The manufacturers did not accept any liability for the loss as the claim was time-barred. No Court of Inquiry was held.

23. *Amount*—Rs. 51,165.

Loss on account of payment of flying bounty to officers of the Technical and Medical Branches, who were qualified pilots but did not fill aircrew vacancies. The objection was taken in internal audit in 1963. No one was held responsible for the payment as the same was made under justifiable interpretation of rules as they stood and as the officers also claimed it and spent it in good faith.

Serial No.	Nature of losses written off with particulars

NAVAL HEADQUARTERS

24. *Amount*—Rs. 56,424.

Loss representing the difference between the cost of services rendered in July, 1961 by Navy to a ship belonging to a Shipping Company and the amount actually received from the Company. The delay in regularisation of the loss was due to protracted correspondence between Naval Headquarters and the Shipping Company in regard to the cost of services rendered by the Navy.

25. *Amount*—Rs. 57,272.

Loss representing the extra expenditure due to down-grading of 535:935 K.L. of Avcat oil to superior kerosene on board I.N.S. Vikrant during January, 1953 and its disposal to M/s. Burmah Shell Oil Storage and Distributing Co. of India Ltd. The necessity of off-loading Avcat fuel from I.N.S. Vikrant and downgradation of the same to superior kerosene was due to operational reasons beyond the control of any individual and no one was held responsible.

26. *Amount*—Rs. 3,40,160.

Loss of naval, victualling and clothing stores and 50% (representing India's share) of the total cost of repairs to two ships due to their collision on 16th June, 1960 while in Britain. A Board of Enquiry was convened on 20th June, 1960 and as a result of review of the findings of the Board by the Admiralty and further discussions with the Ministry of Defence, both the ships were equally blamed and it was decided that the cost of repairs be shared equally. Loss of equipment on board on I.N.S. Beas was decided to be borne by the Government of India. No individual has been held responsible as the loss was the result of an accidental collision.

ORDNANCE AND CLOTHING FACTORIES

27. *Amount*—Rs. 18,794.

Loss representing the difference between the total derusting charges of Rs. 22,794 incurred by Ordnance Factory, Bhusawal for cleaning 22,092 Nos. of rusty steel sheets and the amount of Rs. 4,000 recovered from the supplier concerned. The steel sheets were despatched by the supplier during 1960 and 1961 in open wagons and were found rusty on receipt in the Factory. No Court of Inquiry was held and no one was held responsible. The delay in regularisation of the loss was due to consideration of the basis of computing the loss by the Director General of Ordnance Factories and Ministries of Defence and Finance (Defence).

28. *Amount*—Rs. 11,608.

Loss arising out of non-recovery of grazing charges from the cattle holders of Armapore Estate, Kanpur for the period 1st July, 1953 to 30th June, 1956, detected in internal audit in May, 1954. Holding of Court of Inquiry was not considered necessary and no disciplinary action was taken against any particular individual. The case was discussed by the *Ad hoc* Committees once in 1956 and again in 1965. The delay in regularisation of the loss was due to its investigation, exploring the possibility of recovery of arrears from the cattle holders and its consideration by the *Ad hoc* Committees.

Serial No.	Nature of losses written off with particulars.

29. *Amount*—Rs. 13,234.

Loss representing (a) Rs. 7,084 as rent recoverable in respect of 33 'H' type quarters in Ordnance Factory, Kanpur, which remained vacant due to non-occupation by 33 entitled personnel occupying higher type ('G' type) quarters and (b) Rs. 6,150 as the amount on account of House Rent Allowance paid to the individuals who would otherwise have been allotted these quarters during the period October, 1959 to May, 1961. No Court of Inquiry has been held and no individual has been held responsible. The case was considered by the *Ad hoc* Committee on 22nd March, 1966.

DEFENCE PRODUCTION

30. *Amount*—Rs. 21,748.

Loss representing the extra expenditure incurred on account of risk purchase of drill cotton bleached (including payment of Central Sales Tax) during 1955-57 from a Bombay firm by the Director General, Ordnance Factories through the Director General, Supplies and Disposals due to failure of the contractor to arrange supply within the extended period of delivery. No Board of Inquiry was held and no disciplinary action was taken against any individual, none being held responsible for the loss.

31. *Amount*—Rs. 14,944.

Loss sustained by Ordnance Factory, Muradnagar in connection with the execution of a Civil Trade Order arising out of the difference between the actual minimum cost worked out to Rs. 25,894 and the total quotation of Rs. 10,950 on account of manufaceure and supply of 146 numbers of Buffer Plunger against the Director General, Supplies and Disposals A/T No. SRI/11270-A/III/1896 dated the 17th November, 1951 placed on the factory on behalf of the Chief Operating Superintendent Ex-B.N.R., Kidderpore, Calcutta. The objection was taken in internal audit in 1955-56. No individual was held responsible, as the loss was not due to theft, fraud or neglect. Holding of Court of Inquiry has been waived by the Government. The delay in regularisation of the loss was due to prolonged correspondence between the Factory Management and the Accounts Authorities and consideration of the case by the *Ad hoc* Committee.

32. *Amount*—Rs. 13,386.

Loss sustained by Ordnance Factory, Muradnagar in connection with the execution of a Civil Trade Order, representing the difference between the actual minimum cost of Rs. 39,706 and the total quotation of Rs. 26,320 on account of manufacture and supply of 112 numbers of Steel Castings of Tender Body Top (Centre) against the C.O.S Chittaranjan Loco Works Order dated the 26th February, 1953 through the Director General, Supplies and Disposals. The objection was taken in internal audit in 1954-55. No individual was held responsible, as the loss was not due to theft, fraud or neglect. Holding of Court of Inquiry has been waived by the Government. The delay

Serial No.	Nature of losses written off with particulars.

in regularisation of the loss was due to prolonged correspondence between the Factory Management and the Accounts Authorities and consideration of the case by the *Ad hoc* Committee.

RESEARCH AND DEVELOPMENT

33. *Amount*—Rs. 11,604.

Loss/damage caused to 'Frequency Charger' procured ex-USA in September, 1963 for Defence Research and Development Laboratory, Hyderabad. A consignment was received on the 14th November, 1963 by the Embarkation Commandant, Bombay and despatched to Artillery Centre, Golconda on the 17th January, 1964. Later on the same was collected and brought to the Laboratory for examination. On un-packing the case containing the stores, it was found to be completely damaged and in uneconomic repairable condition. The foreign firm against whom a claim was raised on 25th February, 1964 through India Supply Mission, Washington rejected it on the ground that the stores were suitably packed and the damage could have been caused only by rough handling. The question of prefering a claim against the Shipping Company was taken up with the Embarkation Commandant on 9th June, 1964 who stated that the goods were cleared and despatched in apparent sound condition and, therefore, no claim lay against the Shipping Company. A Court of Inquiry, held in September, 1964 to investigate the loss, did not apportion blame to any individual. Suitable remedial measures have been adopted to avoid recurrence of such a loss.

III—Cash losses monetary value of which could not be assessed.

GENERAL STAFF BRANCH

1. Loss of blank Railway Warrant form (I.A.F.T.—1707) No. B.I.—/438497 belonging to 1 Military Training Regiment, 1 Signal Training Centre during June, 1965. A Court of Inquiry held on 29th June, 1965 opined that one Commissioned Officer and one Non-Commissioned Officer were to be blamed for negligence in the performance of their duties. The Commissioned Officer was warned and the Non-Commissioned Officer was reprimanded. The loss was also notified in the Railway Gazette on the 26th July, 1965.

2. Loss of blank Railway Warrant forms (I.A.F.T.—1707) Nos. B.L./929760 and 929751 belonging to 1 Armoured Division Signal Regiment during January, 1966. A Court of Inquiry held on the 30th January, 1966 blamed one Commissioned Officer and one Junior Commissioned Officer who were warned in writing. The loss was published in the Railway Gazette on the 1st June, 1966.

3. Loss of one Railway Form (I.A.F.T.-1711) (bearing machine No. E.I./800900), found missing in the consignment despatched by Eastern Command Stationery Depot and received by 12 Grenadiers on the 26th June, 1964. The loss was notified in the Railway Gazette on the 16th July, 1965. No Court of Inquiry was held, as no individual was to be blamed.

Serial No.	Nature of losses written off with particulars.
4. (i)	Loss of Railway Forms (I.A.F.T.-1711 Nos. 699400, 639898 to 639900, 699499, 699500, 16801 and 404501) (original missing and (I.A.F.T.-1707 No. 240901) in Station Staff Office, Kamptee during the period August, 1954 to January, 1955. The loss of forms has been published in the Railway Gazette. A Court of Inquiry assembled on the 18th December, 1956 could not finalise its proceedings. The delay in regularisation of the loss was due to protracted correspondence among the various administrative authorities and Railway authorities and consideration of the case by the Ministries of Defence and Finance (Defence).
(ii)	Loss of Railway Warrants (I.A.F.T.-1707) bearing Serial Nos. 193790 and 193791 by Hearquarters 4 Infantry Division on the 12th March, 1960 which was detected in local audit. No Court of Inquiry was held. The delay in regularisation of the case was due to preoccupation of the Formation Headquarters with its operational role in field service area.
5.	Loss of counterfoils of I.A.F.T. 1720-A (Serial Nos. J-736086 and J-736087) by 18 Sikh Regiment during October, 1962, detected by the unit in November, 1962. A Court of Inquiry held in December, 1962 could not finalise its proceedings without the evidence of two individuals posted out of the unit and posting out of the Presiding Officer. A fresh Court of Inquiry constituted in May, 1963 opined that forms whose counterfoils were missing were issued to entitled personnel of the unit and had most probably fallen off and inadvertantly destroyed as waste paper.
6.	Loss of two Road Warrants (I.A.F.T.-1712) bearing Serial Nos. 385977 and A 482486, detected during February, 1960, while checking the books of forms received at the National Defence Academy, Khadakvasla from Government of India Forms Stores, Calcutta. A Court of Inquiry held on the 23rd October, 1961 to investigate the loss expressed the opinion that there was every possibility of a mistake in the printing or binding of the forms before despatch since there was no indication from the book that the forms were removed after its binding. No one was held responsible for the loss. The delay in regularisation of the loss was due to the time taken in investigation and consideration of the case by the Central *Ad hoc* Committee.
7.	Irregular use of Government transport by running vehicles thrice a day to railway station Jassi for bringing fresh vegetables and fresh milk during April, 1950 to June, 1951 and non-signing of the counterfoil of a railway warrant (No. 874303 of 1st January, 1951) by the issuing officer, as per audit objection in respect of 20 Rajput. These two objections were not on records of the unit at the time of submission of the case for regularising outstanding audit objections in respect of this unit to Army Headquarters for consideration by Central *Ad hoc* Committee, which has appeared at Serial No. 1 of Annexure II to Appendix B to the Appropriation Accounts (D.S.), 1965-66. The case was considered by the Central *Ad hoc* Committee on the 19th February, 1966.
8.	Loss of Military Credit Note (I.A.F.T.-1711) Serial No. 569599 held on the charge of a Field Regiment, discovered on the 14th May, 1964

Serial No.	Nature of losses written off with particulars.
	while carrying out the stock-verification. A Court of Inquiry held on the 17th May, 1964 blamed one Commissioned Officer who was warned and also made responsible to make good the loss if the form was found to be misused later on. The loss was published in the Railway Gazette of 14th August, 1964.
9.	Loss of Military Credit Notes (I.A.F.T.-1711) Serial Nos. 405998 to 406000 on the charge of 20 Gujarat Signal Coy, N.C.C., discovered on the 15th January, 1964. A Court of Inquiry was held within a week of the date of discovery of the loss and the Officer Commanding the unit was blamed for his negligence and was also made responsible to make good the loss if any of the blank forms was found to be misused later on. The loss was published in the Railway Gazette of 28th February, 1964.
	QUARTERMASTER GENERAL'S BRANCH
10.	Non-rendition of occupation returns for two suites meant for V.I.Ps. in a bungalow at Udhampur and also waiving recovery of rent and allied charges due from the occupants during the period 10th May, 1958 (the date from which these suites were reclassified as V.I.P. suites) till the 9th June, 1965. No remedial measures were necessary as the irregularity is not likely to recur.
11.	Condonation of unauthorised occupation of Government accommodation at Bombay by certain units/contractors prior to January, 1949 and consequential loss to the State, detected in internal audit in 1949. No Court of Inquiry was held and no body was held responsible due to non-availability of old records at this belated stage. The case was considered by the Central *Ad hoc* Committee in July, 1966.
12.	Loss of undermentioned blank Railway Forms from the custody of Movement Control Detachment, Madras during January, 1950, pointed out in internal audit :—
	I.A.F.T.—1720A
	(a) Counterfoils Serial Nos. 231501 to 231503, 231529 and 912401 to 912403.
	(b) I.A.F.T.—1707A (Vehicle Warrant)
	(i) Serial Nos. 115399, 114901, 114990, 114991, 114996, 115000, 255101, 255102, 67800 and 255100.
	(ii) Counterfoil Serial No. 115122.
	(c) I.A.F.T.—1707 (Party Warrant)
	Serial Nos. 79091, 79092, and 859487 to 859500.
	(d) I.A.F.T.—1709 E
	Serial No. 350300.
	(e) I.A.F.T.—1709 A (Form D)
	Counterfoil Serial No. 690801.
	(f) I.A.F.T.—1732
	Serial No. 35600.

Serial No.	Nature of losses written off with particulars
	(g) IAFT—1711 Serial Nos. 750996 to 751000. The loss of these forms was notified in the Railway Gazette dated the 25th July, 1951 and no fraudulent use of these forms has so far come to notice. According to the proceedings of the Court of Inquiry convened on the 27th April, 1951, one Commissioned Officer was held responsible but no records are available to confirm whether any disciplinary action was taken against him for non-observance of his duty properly. The relevant files pertaining to this Detachment were also destroyed. The delay in regularisation of the case was due to the time taken in its investigation and consideration by Central *Ad hoc* Committee.
13.	Hiring of buildings in Jammu and Kashmir, alongwith furniture, and waiving of the recovery of hire charges for furniture from the officers' messes for varying periods upto 10th February, 1964. This was objected to in internal audit in 1952 and July, 1959. As it was only in 1961 that the staff concerned came to know that the provision of furniture to messes was not the responsibility of the Government, it was not possible to fix responsibility on any individual.
14.	Loss of Military Credit Note book containing blank forms (Serial Nos. B-532680 to 532700) at Military Farm, Ferozepore in August, 1958. A Court of Inquiry convened on the 18th March, 1959 held the Dairy Incharge responsible for the loss. The individual concerned was awarded punishment of 'censure'. Suitable remedial measures have been adopted to avoid recurrence of such losses. The case was considered by the Central *Ad hoc* Committee in November, 1964.
	MASTER GENERAL OF ORDNANCE BRANCH
15.	Loss of counterfoils of used Military Credit Notes (Nos. C-772901 to C-773000) in Ordnance Depot, Allahabad during the 13th to 27th November, 1961. A Staff Court of Inquiry convened on the 30th June, 1962 did not hold any individual responsible for the loss but the Commandant of the Depot did not agree with the opinion of Court and recommended disciplinary action against one officer and two clerks. The Director of Ordnance Services, however, censured one clerk and admonished the other and the charges against the officer were dropped. Suitable remedial measures have been adopted by the Depot authorities to avoid recurrence of such losses.
16.	Loss of two Concession Vouchers (IAFT-1720-A) Serial Nos. L-811981 and L-811998 in No. 1 Electrical and Mechanical Engineering Centre, Secunderabad during the period 29th November, 1963 to 10th December, 1963. A Court of Inquiry held on the 30th December, 1963 opined that the loss of the Concession Vouchers occurred during handing/taking over period of two Commissioned Officers and both of them were held responsible for the loss. They were warned by the Sub-Area Commander to be more careful in future and also made to pay a sum of Rs. 104 each as part compensation for the loss. The loss of the Concession Vouchers was notified in the Railway Gazette on the 20th January, 1964.

Serial No.	Nature of losses written off with particulars.
17.	Loss of six blank Military Credit Notes Serial Nos. E-074472 to E-074477 alongwith counterfoils in Ordnance Transit Company, Pathankot during November, 1963. A Court of Inquiry was held on the 27th November, 1963 and it completed its proceedings on the 25th March, 1964. As a result thereof, displeasure of the Corps Commander was conveyed to two Commissioned Officers and one Junior Commissioned Officer. One Non-Commissioned Officer was dealt with summarily. Suitable remedial measures have been adopted to avoid recurrence of such losses.
	ENGINEER-IN-CHIEF'S BRANCH
18.	Loss of Civil Credit Note bearing No. 694466/19 of December, 1961 on the charge of Garrison Engineer, Shillong, detected in audit. No Court of Inquiry was held due to demise of the officer issuing the Civil Credit Note. The loss was notified in the Railway Gazette in 1964.
19.	Loss of Civil Credit Note No. 90880/012 on the charge of Garrison Engineer (Project) No. 2, Lucknow on the 1st October, 1965. A Court of Inquiry held on the 24th December, 1965 blamed one Supervisor for the loss and he was awarded 'recordable warning'.
20.	Loss due to non-recovery of rent and allied charges from Calcutta Police for the period prior to 1st December, 1952 in respect of a Defence building in occupation of police within the premises of Fort William, Calcutta due to non-availability of records relating to the past period. No Court of Inquiry was held. The case was considered by the Central *Ad hoc* Committee on the 23rd August, 1965. The delay in regularisation of the case was due to protracted correspondence between the administrative/executive authorities and the West Bengal Government authorities as also its consideration by the Central *Ad hoc* Committee.
	AIR HEADQUARTERS
21.	Loss of blank Railway Forms I.A.F.F. (T)-1707 (Serial Nos. A-521501—521600), I.A.F.F.(T)-1709-A (Serial Nos. 880301—880600) and I.A.F.F.(T)-1720-A (Serial Nos. H-839401—839600) during transit from Calcutta to Jodhpur on 22nd April, 1959. No Court of Inquiry was held and no body was held responsible for the loss. The delay in regularisation of the loss was due to protracted correspondence among the Manager, Government of India Forms Store, Calcutta, Railway authorities, Air Headquarters and Ministry of Defence.
22.	Loss of Military Credit Notes (IAFT-1711) Nos. 212501 to 212600 at No. 3 Wing, Air Force, Palam, detected in internal audit towards the end of 1960. The Court of Inquiry held in 1964 could not hold any individual responsible and as such no disciplinary action could be taken. The case was considered by the Central *Ad hoc* Committee on 22nd June, 1966.
23.	Loss of Military Credit Notes Nos. B-305035, B-304196 and B-304200 at No. 4 Equipment Depot, detected at the time of handing/taking over in February, 1959. A Court of Inquiry, ordered on 4th May, 1959, finalised its proceedings in August, 1961, but did not blame any individual. The case was considered by the Central *Ad hoc* Committee on 13th July, 1965.

Serial No.	Nature of losses written off with particulars
	MINISTRY OF DEFENCE
24.	Loss of Military Credit Note No. B-42676 by the Western Command Stationery Depot, Meerut Cantt. in 1956. A Court of Inquiry was held on the 15th February, 1957 and no body was held responsible for the loss. The loss was also notified in the Northern Railway Gazette on the 16th October, 1957. The case was considered by the Command/Central *Ad hoc* Committee.
	MILITARY REGULATIONS AND FORMS DIRECTORATE
25.	Loss of Railway Warrant No. 486000 of the book bearing Nos. 485901 to 486000 of I.A.F.T.-1707-A found missing during the course of annual physical stock-verification on the 18th April, 1960 at the former Eastern Command Stationery Depot, Kanpur Cantt. (now Central Command Stationery Depot, Lucknow Cantt.). A Court of Inquiry was held on the 8th August, 1960 under the orders of the Station Commander, Kanpur to investigate the loss. Disciplinary action was taken against one sepoy clerk (now L/NK) who was 'reprimanded' for his failure to check the number of forms before taking over and after re-stitching. The case was also considered by the Command Central *Ad hoc* Committee. Suitable remedial measures have been taken to avoid recurrence of such losses.

APPENDIX B

Statement showing by various categories the total amount of store losses pertaining to Defence Services relating to post-partition period finally dealt with during the year 1966-67.

(In thousands of rupees)

Categories of losses	Food and Forage	Petrol, Oil, Lubricants and Aviation Spirit	Other Army Service Corps Stores	Mechanical Transport and connected Stores	Other Ordnance and Clothing Stores	Medical Stores	Military Engineer Services Stores and Buildings	Miscellaneous Stores	Aviation Stores	Naval Stores	Total
I.—Losses due to theft, fraud or neglect . .	18	13	58	5,10	7,94	4	1,99	58	2,86	1	19,41
II—Actual losses due to other causes :—											
(a) Fire . . .	1	..	4	33	64	..	90	17	..	..	2,09
(b) Deficiencies in actual balances . .	17	20,89	13	7,72	7,08	15	45	2,03	4,51	47	43,60
(c) Deterioration .	42	2	..	40	8,70	1	1,10	21	93	4	11,83
(d) Defective storage .	..	3	..	3	..	..	41	1	..	..	48
(e) In transit . .	4,99	22,31	1,18	5,22	10,62	34	7,14	1,69	38	2	53,89
(f) Miscellaneous causes.	1,23	5,72	22	6,33	37,81	11	54,96	2,76	1,31	72	1,11,17
TOTAL—II . .	6,82	48,97	1,57	20,03	64,85	61	64,96	6,87	7,13	1,25	2,23,06
GRAND TOTAL I &II .	7,00	49,10	2,15	25,13	72,79	65	66,95	7,45	9,99	1,26	2,42,47
Total amount of store losses shown in Appendix 'B' to Appropriation Accounts, Defence Services, 1965-66. . . .	5,46	27,66	1,82	12,43	50,24	92	46,92	16,94	7,62	1,72	1,71,73
Total amount of store losses shown in Appendix 'B' to Appropriation Accounts, Defence Services, 1964-65. . . .	3,28	24,57	4,46	9,94	47,26	32	48,89	7,65	45,71	4,23	1,96,31

NOTE.—(1) Details of losses exceeding (i) Rs. 15,000 due to theft, fraud or neglect, and (ii) Rs. 50,000 due to other causes in each case are given in Annexure to this Appendix.

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

(3) The total of Head I and II under column "Other Ordnance and Clothing Stores" amounting to Rs. 72,79 thousands includes Rs. 19,58 thousands which represents avoidable manufacturing losses written off by the competent financial authorities during 1966-67.

ANNEXURE TO APPENDIX B

Serial No.	Nature of losses written off with particulars

I—*Losses due to theft, fraud or neglect exceeding Rs.* 15,000 *in each case.*

MASTER GENERAL OF ORDNANCE BRANCH

1. *Amount*—Rs. 1,04,311

Loss of stores worth Rs. 1,04,351 due to out-break of fire in the Advance Workshop Detachment, 212 Infantry Workshop Company on the 12th May, 1962. A Court of Inquiry was convened on the 24th May, 1962. The Officer Commanding, the Advance Workshop was conveyed severe displeasure of the Corps Commander and an Other Rank was awarded 28 days' rigorous imprisonment in military custody and a penal deduction of Rs. 40. Suitable remedial measures have been adopted to avoid recurrence of such a loss.

2. *Amount*—Rs. 1,67,935

Loss representing the value of stores borne on the books of Central Ordnance Depot, Chheoki, found deficit at the time of stock-taking for the years 1958-59 and 1959-60. A Staff Court of Inquiry convened in November/December, 1959 opined that the deficiencies were mainly due to incorrect store-keeping and a general casualness on the part of those entrusted with the correct accounting of stores. The Court further opined that the adjustment of the discrepancies be carried out in the normal manner. Another Staff Court of Inquiry was convened on the 14th September, 1960 and subsequent days for the purpose of investigating the lapses and omissions on the part of officials and members of the staff. Accordingly, one Commissioned Officer was awarded 'severe displeasure' of the Chief of the Army Staff, two Commissioned Officers were awarded displeasure of the General Officer Commanding-in-Chief, two Civilian Officers were retired from service with effect from the 10th May, 1961 and the 17th November, 1961, one Civilian Officer was censured and another Civilian Officer was warned by the Director of Ordnance Services. One Civilian Store-keeper was warned, two Civilian Store-keepers were censured, six Storemen were censured and three Storemen were retired from service.

3. *Amount*—Rs. 51,173

Loss representing the value of stores borne on the books of Central Ordnance Depot, Delhi Cantt. found deficient at the time of cent per cent stock-taking carried out on the 14th November, 1960. A Unit Court of Inquiry was held on the 29th November, 1960 and a Staff Court of Inquiry was held on the 28th July, 1961 to investigate

Serial No.	Nature of losses written off with particulars

the loss. Three storemen were held responsible for the loss and were awarded punishment as under:—

(i) The promotion of two storemen was withheld for 2 years with effect from the 11th August, 1964.

(ii) Increment of the third storeman was stopped for 2 years (non-recurring) with effect from the 16th July, 1964.

4. *Amount*—Rs. 38,203

Loss representing the value of 3,904 Ball Bearings by pilferage in the Central Ordnance Depot, Delhi Cantt., detected on the 21st February, 1963. A Staff Court of Inquiry held on the 9th March, 1963 opined that the loss was caused by suspected theft. "Severe displeasure" of the General Officer Commanding was conveyed to a Commissioned Officer while a Junior Commissioned Officer was reprimanded. The delay in regularisation of the loss was due to the time taken in its investigation and finalisation of the disciplinary aspect of the case.

5. *Amount*—Rs. 15,212

Loss representing the value of timber borne on the books of Central Ordnance Depot, Chheoki, found deficient at the time of annual stock-taking carried out on the 26th December, 1960. A Staff Court of Inquiry held during the period 15th January, 1962 to 15th March, 1962 attributed the deficiencies to incorrect stock-taking procedure adopted by the Depot. The Commandant of the Depot and a Civilian Gazetted Officer were blamed for unsatisfactory stock-taking carried out during the previous years and both the officers were warned.

GENERAL STAFF BRANCH

6. *Amount*—Rs. 35,846

Loss representing the cost of damage sustained by a vehicle (and the stores contained therein) belonging to a Field Regiment, which was involved in an accident on 24th October, 1964. A Court of Inquiry held on the 24th October, 1964 blamed the driver and a Non-Commissioned Officer sitting in the co-driver's seat. The driver was awarded 6 months' imprisonment in military prison and the Non-Commissioned Officer was deprived of the appointment of Battery Havildar Major.

7. *Amount*—Rs. 15,272

Loss representing the cost of damage sustained by a vehicle belonging to a Signal Regiment, which was involved in an accident on the 11th May, 1963. A Court of Inquiry was held on the 8th and 17th June, 1963 but it did not blame the driver for the accident. However, the General Officer Commanding the Division disagreed with the opinion of the Court of Inquiry and directed that disciplinary action be taken against the driver. "Severe reprimand" was awarded to the driver on the 3rd October, 1963. The delay in regularisation of the loss was due to defective preparation of the loss statement by the unit located in a remote area and in Command Headquarters due to their pre-occupation with operational matters in 1965.

Serial No.	Nature of losses written off with particulars

8. *Amount*—Rs. 24,382

Loss amounting to Rs. 24,765 representing the value of stores in the Brigade of Guards Training Centre, Kotah, noticed by a Special Stock-taking Board held in September, 1960, and a Staff Court of Inquiry held on the 31st October, 1960 and during 100 per cent audit. Certain individuals were held responsible and disciplinary action taken against them is indicated below:—

(a) Severe displeasure (to be recorded) was awarded to one Commissioned Officer.

(b) Severe displeasure of the General Officer Commanding-in-Chief was conveyed to five other Commissioned Officers, two Junior Commissioned Officers and one Non-Commissioned Officer.

(c) One Non-Commissioned Officer was warned and also ordered to pay Rs. 400, out of which Rs. 286 have already been deposited into the treasury.

(d) Another Non-Commissioned Officer was ordered to pay Rs. 200, out of which Rs. 97 have already been deposited into the treasury.

(e) Departmental action against one auditor is being initiated.

The delay in regularisation of the loss was due to delay in finalising the Court of Inquiry proceedings and protracted correspondance between Army Headquarters and Headquarters Western Command.

QUARTERMASTER GENERAL'S BRANCH

9. *Amount*—Rs. 21,600

Loss due to downgradation of a vehicle belonging to a Transport Company as a result of an accident on the 18th October, 1964. A Court of Inquiry held on the 18th October, 1964 blamed the driver of the vehicle for the accident caused due to his rash and negligent driving. The driver was awarded 7 days' imprisonment in military custody and 7 days' detention.

10. *Amount*—Rs. 19,665

Loss of Rs. 20,915 in 684 Independent Transport Platoon, Army Service Corps during the period January, 1955 to March, 1960 arising out of the following irregularities detected in internal audit during 1959-60:—

(i) Non-accounting of stores (about 140 consignments) received from various Ordnance Depots.

(ii) Issue of clothing to personnel not supported by nominal rolls or supported by nominal rolls bearing forged signatures.

Serial No.	Nature of losses written off with particulars

(iii) Charge off of stores in excess of quantities shown in vouchers or against non-existent vouchers.

(iv) Issue of clothing and equipment in excess of scales.

(v) Fictitious allotment of receipt voucher numbers and issue of receipt vouchers on forged signatures.

(vi) Write off of losses of Extra Issue Clothing on stoppage rolls instead of on regular loss statements.

(vii) Handling of documents by unauthorised ranks.

(viii) Non-carrying out of annual stock-taking.

A Court of Inquiry held during August, 1961 blamed one Non-Commissioned Officer and three Commanding Officers who commanded the unit during the period to which the irregularities relate. Of the three officers, two were conveyed "severe displeasure" of the Chief of the Army Staff and called upon to pay Rs. 1,250 (Rs. 500 plus Rs. 750) towards making good the loss and the third officer was conveyed "displeasure" of the General Officer Commanding-in-Chief. The sum of Rs. 1,250 has since been recovered from the two officers. The Non-Commissioned Officer was tried by a Civil Court and was awarded 3 months' rigorous imprisonment and a fine of Rs. 100. The Non-Commissioned Officer, however, was sent to Civil prison for non-payment of the fine of Rs. 100. Suitable remedial measures have been adopted to avoid recurrence of the loss. The delay in regularisation of the loss was due to cent per cent audit of the accounts of the unit for the period from 1955 to 1960, holding and progressing of Court of Inquiry, time taken in processing of the suit in the Court of Law against the Non-Commissioned Officer, tracing of certain stoppage rolls the amount of which was to be accounted for while assessing the loss. The case was finally considered by the Central *Ad hoc* Committee on 10th June, 1966.

11. *Amount*—Rs. 36,672

Loss of Rs. 37,072 resulting from down-grading of a vehicle of an Army Service Corps Company from Class I to Class VI due to an accident on the 1st August, 1963. A Court of Inquiry held on the 23rd August, 1963 blamed the driver for the accident. The driver was awarded 28 days' imprisonment in military custody and a sum of Rs. 200 was recovered from his pay.

12. *Amount*—Rs. 15,464

Loss resulting from downgrading of a vehicle of a Transport Company, Army Service Corps from Class I to Class V due to an accident on the 20th November, 1964. A Court of Inquiry held on the 30th November, 1964 opined that the driver and another Sepoy, a senior passenger sitting in the co-driver's seat, were to be blamed for the accident. The driver was awarded 28 days' imprisonment and 14 days' detention in military custody on 22nd August, 1965. The senior passenger was awarded 10 days' 'confinement to lines' imprisonment on 14th June, 1966.

Serial No.	Nature of losses written off with particulars

13. *Amount*—Rs. 15,272

Loss due to down-grading of a vehicle of an Army Service Corps (GT) Company from Class I to Class VI as a result of an accident on the 9th December, 1964. A Court of Inquiry convened on 18th December, 1964 held the driver partly responsible for the accident and he was awarded forfeiture of pay and allowances for 21 days.

14. *Amount*—Rs. 41,000

Loss on account of damage to a vehicle of an Army Service Corps Battalion due to an accident on 3rd January, 1965. A Court of Inquiry held on 28th January, 1965 blamed the driver and Convoy Commander for the accident. The driver was awarded 28 days' imprisonment and the Convoy Commander was severely reprimanded.

15. *Amount*—Rs. 58,751

Loss representing the value of public clothing and equipment due to out-break of fire on the 6th February, 1964 at Rear Headquarters 3/3 Gorkha Rifles. A Court of Inquiry held on the 27th February, 1964 blamed or partially blamed two Junior Commissioned Officers and two Other Ranks for negligence of duties. The Junior Commissioned Officers were severely reprimanded on the 28th September, 1964. One Other Rank was reduced to rank and the other was awarded 14 days' rigorous imprisonment on the 14th October, 1964.

16. *Amount*—Rs. 56,392

Loss amounting to Rs. 57,192 representing the cost of 600 gallons of DMP Insect Repellant in Railhead Supply Depot, Dimapur during 1957. A Court of Inquiry held on the 18th December, 1957 opined that the concerned depot staff failed to realise the loss due to heavy cost of this commodity and appreciate the necessity of taking prompt and correct action. As a result of disciplinary action taken against the individuals concerned for neglect of their duties, the Officer Commanding the Depot was awarded 'Severe Displeasure' of the General Officer Commanding-in-Chief and a Havildar was awarded 'Severe Reprimand'. Penal recoveries of Rs. 600 and Rs. 200 have also been made from the Officer Commanding the Depot and a Junior Commissioned Officer respectively. The delay in regularisation of the loss was due to protracted correspondence at various levels and its consideration by the Central *Ad hoc* Committee.

ENGINEER-IN-CHIEF'S BRANCH

17. *Amount*—Rs. 1,28,477

Loss due to heavy breakage of imported wired glass sheets received by Garrison Engineer, Kanpur during 1950. Three Boards of Officers were assembled on the 3rd July, 1950, 28th August, 1950 and 30th January, 1951 and 4,972 Nos. glass sheets of various sizes were found damaged and unserviceable. A further discrepancy of 515 Nos. of glass sheets was also found during stock-taking on the 9th April, 1952. A Staff Court of Inquiry was convened on the 22nd April, 1958 and three Officers and one Store-keeper were held responsible for the loss. No action could be taken against an Executive Engineer

Serial No.	Nature of losses written off with particulars

and a Store-keeper as they were no longer in service. One Assistant Executive Engineer was awarded a non-recordable warning and disciplinary action against another Executive Engineer is being progressed. A sum of Rs. 1,000 obtained by auction of the damaged and unserviceable glass sheets has been credited to the State. The delay in regularisation of the loss was due to its investigation by various executive/administrative authorities and its consideration by the Central *Ad hoc* Committee.

ORDNANCE AND CLOTHING FACTORIES

18. *Amount*—Rs. 18,656

Loss on account of theft of stores in Ordnance Factory, Muradnagar, detected on the 4th April, 1955. The Departmental Boards of Inquiry convened by the Director General of Ordnance Factories on the 7th April, 1955 and the 20th November, 1959 did not blame any particular individual belonging to factory staff. The Military Court of Inquiry which was held under orders of the Station Staff Officer, Meerut Sub-Area on the 18th April, 1955 found three Ministry of Defence Security Corps personnel guilty of neglect of duty and they were sentenced to 28 days' rigorous imprisonment. The police authorities also investigated the matter and the individuals suspected to be involved were suspended in the first instance but were ultimately acquitted by the Court of Law. The case was also considered by the *Ad hoc* Committee. Necessary remedial measures have been taken to avoid recurrence of losses of this nature.

19. *Amount*—Rs. 25,227

Loss of steel blooms 5″ sqr. due to non-accounting of stores issued to the Bar Mill of Ordnance Factory, Kanpur in April, 1957. Boards of Inquiry held to investigate the circumstances of the loss opined that it was due to defects in the procedure of demand/supply of materials from stores to the shops and bad accounting of manufactured stores. Six persons were held responsible for the loss—two individuals were punished with the stoppage of three increments with cumulative effect, two individuals were censured and the remaining two were given 'Warning'. Suitable remedial measures have been taken to avoid recurrence of such incidents. The delay in regularisation of the loss was due to the time taken in investigation and finalisation of the disciplinary action against the persons found guilty and its consideration by the Director General of Ordnance Factories and Ministries of Defence and Finance (Defence).

20. *Amount*—Rs. 15,816*

Loss of stores due to deficiencies, detected during stock-verification conducted in the year 1955 in an Ordnance Factory. The deficiencies were attributed to neglect but it has not been possible to pin-point the responsibility. Holding of Court of Inquiry has been waived by Government. Suitable remedial measures have been taken by tightening up rules regarding issue of stores to avoid recurrence of such losses in future. The delay in regularisation of the loss was due to

*The loss was written off during 1962-63.

Serial No.	Nature of losses written off with particulars

protracted correspondence among the Factory Management, Director General of Ordnance Factories, Controller of Defence Accounts (Factories) and Ministries of Defence and Finance (Defence) regarding investigations into the causes for the loss and the manner of regularisation.

21. *Amount*—Rs. 2,93,265

Loss due to change in condition of Candle Smoke Ground MK-III from serviceable to repairable category while in storage in an Ordnance Factory. The subject store was on stock charge of the Factory since 1943 and owing to slow pace of utilisation during the last war, the same could not be consumed by the Production Section. The loss was investigated by a High Level Board of Enquiry during April—October 1957 and also by an *Ad hoc* Committee constituted by Government in February, 1961. They concluded that the deterioration was due to inadequate care and custody of the stocks during the years 1951-54 and failure of the Provisioning Office to get rid of the unwanted items. No particular individual could, however, be held responsible for the loss.

AIR HEADQUARTERS

22. *Amount*—Rs. 37,827

Loss due to damage to an aircraft in an accident on the 16th May, 1959. A Court of Inquiry held on the 19th July, 1959 blamed the pilot who was reprimanded and a penal deduction of Rs. 100 was also made from him. Suitable remedial measures have been adopted to avoid recurrence of such accidents.

23. *Amount*—Rs. 29,850

Loss due to damage to an aircraft in an accident on the 18th September, 1960. A Court of Inquiry held on the 21st September, 1960 blamed the Captain of the aircraft, from whom a sum of Rs. 150 was recovered and who was also reprimanded. Suitable remedial measures have been adopted to avoid recurrence of such an accident.

24. *Amount*—Rs. 19,950

Loss of Rs. 20,300 on account of the cost of damage to an aircraft involved in flying accident on the 14th November, 1962 at No. 1 Base Repair Depot. According to the findings of the Court of Inquiry held on the 14th November, 1962, the Pilot Officer was blamed for the accident and awarded the following punishment:—

(a) Severe reprimand and

(b) Penal deduction of Rs. 350.

The amount has since been recovered from the officer.

25. *Amount*—Rs. 59,600

Loss of Rs. 60,100 on account of damage caused to two helicopters which met with an accident while taxying out one of the helicopters on 3rd December, 1963. A Court of Inquiry convened on the 3rd December, 1963 blamed the pilot for negligence. He was awarded

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'severe reprimand' and stoppage of pay and allowances to the extent of Rs. 500.

26. *Amount*—Rs. 72,720

Loss amounting to Rs. 73,220 on account of flying accident to an aircraft on the 9th May, 1963 at Pilot Training Establishment, Air Force. A Court of Inquiry held on the 10th May, 1963 found a Pilot Officer responsible for the accident. The Pilot Officer after trial by the Air Officer Commanding-in-Chief, Training Command was awarded the following punishment:—

(a) Forfeiture of six month's seniority,

(b) Severe reprimand, and

(c) Penal deduction of Rs. 500.

II—Losses due to other causes exceeding Rs. 50,000 *in each case.*

MASTER GENERAL OF ORDNANCE BRANCH

1. *Amount*—Rs. 73,554

Loss representing the cost of stores issued by Central Ordnance Depot, Kanpur to various units on loan during 1948-49. The stores were partly returned to Ordnance Depot and partly handed over to other units, credits for which could not be verified due to records having been destroyed. No Court of Inquiry was held. The delay in regularisation of the loss was due to protracted correspondence between the unit and administrative authorities and its consideration by the Central *Ad hoc* Committee.

2. *Amount*—Rs. 2,33,425

Loss due to deficiencies of specialist equipment/items on specialist vehicles returned by the units from the theatre of war to Central Vehicle Depot, Dehu during the period 1945 to 1949. The delay in regularisation of the loss was due to protracted correspondence between internal audit and the administrative authorities in regard to the manner of regularisation of the deficiencies and its consideration by the Central *Ad hoc* Committee.

3. *Amount*—Rs. 75,184

Loss representing the cost of stores issued by Central Ordnance Depot, Kanpur to a Battalion of the Dogra Regiment during the year 1949-50, which in turn transferred the stores to some other units. However, these stores were not returned by the loanee units and credit for stores returned could not also be verified in the books of the Ordnance Depot. No Court of Inquiry could be held. The delay in regularisation of the loss was due to protracted correspondence between the unit and administrative authorities and its consideration by the Central *Ad hoc* Committee.

4. *Amount*—Rs. 61,438

Loss due to change in condition of stores from repairable to unserviceable, received in Ordnance Depot Shakurbasti during 1953—58. A Board of Officers held on the 17th October, 1960 opined that the deterioration was due to normal ageing and none was to be blamed. On an

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objection having been raised during January, 1961 by the internal audit that the change in condition was due to lack of covered accommodation, a Staff Court of Inquiry convened on 21st December, 1963 opined that the loss was not due to theft, fraud or neglect and no body was to be blamed. The case was considered by the Central *Ad hoc* Committee on the 12th September, 1966. The delay in regularisation of the loss was due to the time taken in investigation of the cause of change in condition of the stores by the Court of Inquiry and later its examination by the Central *Ad hoc* Committee.

5. *Amount*—Rs. 1,01,998.

Loss on account of damage to stores in 14 Field Ammunition Depot, due to cyclone and heavy rain on the 17th April, 1962. A Staff Court of Inquiry held on the 5th August, 1962 to assess the loss did not blame any body, as the loss occurred due to natural calamities.

6. *Amount*—Rs. 2,20,222.

Loss representing the value of tentage and other ordnance stores borne on the charge of an Advance Base Ordnance Depot, found deficient or rendered repairable/unserviceable due to a storm on the 17th April, 1962. A Staff Court of Inquiry held from the 5th to 31st August, 1962 opined that as the loss was attributable to natural calamities, no one could be held responsible.

7. *Amount*—Rs. 72,676.

Loss representing the value of stores found deficient in Central Ordnance Depot, Delhi Cantt. at the time of special stock-taking carried out on the 22nd February, 1961. A Staff Court of Inquiry convened on the 13th October, 1961 could not pin-point responsibility on any individual. The case was considered by the Central *Ad hoc* Committee on the 16th May, 1966.

8. *Amount*—Rs. 1,57,296.

Loss respresenting the value of ammunition held by the Central Ammunition Depot, Pulgaon, which was found in unserviceable condition at the time of proof test in December, 1959 due to deterioration slightly before the expiry of prescribed shelf life. The ammunition was properly stored and periodically inspected/tested and the down-gradation was not due to lack of suitable covered accommodation or failure to look after it while in stock. No individual was responsible for the premature deterioration of the ammunition nor is any remedial measure called for in such cases of losses. Consequently, no Court of Inquiry was convened. The delay in regularisation of the loss was due to its consideration by lower Army Authorities, Army Headquarters and Ministries of Defence and Finance (Defence).

9. *Amount*—Rs. 52,882.

Loss representing the value of ammunition held by the Central Ammunition Depot, Pulgaon, which was found in unserviceable condition at the time of proof test on 11th/12th November, 1962. The down-gradation of ammunition was not due to lack of suitable covered accommodation or failure to look after it while in stock. The ammunition was properly stored and periodically inspected/tested. No individual was responsible for the premature deterioration of the

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ammunition nor is any remedial measure called for in such cases of losses. Consequently, no Court of Inquiry was convened. The delay in regularisation of the loss was due to its consideration by the lower Army authorities, Army Headquarters and Ministries of Defence and Finance (Defence).

10. *Amount*—Rs. 1,24,600.

Loss representing the value of ammunition held by the Central Ammunition Depot, Pulgaon, which was found in unserviceable condition at the time of critical examination by the Chief Inspectorate of Armaments, Kirkee in 1959, due to deterioration slightly before the expiry of its prescribed shelf life. The downgradation of ammunition was not due to lack of suitable covered accommodation or failure to look after it while in stock. The ammunition was properly stored and periodically inspected/tested. No individual was responsible for the premature deterioration of the ammunition nor is any remedial measure called for in such cases of losses. Consequently, no Court of Inquiry was convened. The delay in regularisation of the loss was due to protracted correspondence between the administrative/executive authorities and internal audit authorities.

GENERAL STAFF BRANCH

11. *Amount*—Rs. 1,45,812.

Loss representing the cost of damage caused to 22 tanks of a Regiment during the period November, 1958 to May, 1959 due to metal fatigue and the age of the equipment. A Court of Inquiry held from the 20th July, 1960 to 1st October, 1960 did not blame any individual for the loss. Suitable remedial measures have been adopted to avoid recurrence of the loss. The delay in regularisation of the loss was due to the case being referred to the Controller of Defence Accounts and the units concerned and its consideration by the Central *Ad hoc* Committee on 26th November, 1965.

QUARTERMASTER GENERAL'S BRANCH

12. *Amount*—Rs. 65,297.

Loss on account of deficiencies in vehicle fitment and special equipment items in respect of 653 Coy., Army Service Corps (Tank Transporter), short returned to Vehicle Depot, Delhi Cantt. during 1956 and 1957. A Board of Officers was convened only on the 2nd June, 1962 as prior to that date the matter remained under correspondence between the Unit and the Depot, in regard to assessment of the loss. The Board concluded that the items of special fittings and equipment were neither demanded by the unit nor were issued to the unit at any stage after December, 1947. The delay in regularisation of the loss was due to the investigation of the same as also its consideration by the Central *Ad hoc* Committee.

ENGINEER-IN-CHIEF'S BRANCH

13. *Amount*—Rs. 24,69,730.

Loss of temporary military buildings borne on the Register of Temporary Military Buildings but missing from site in Garrison Engineer,

Serial No.	Nature of losses written off with particulars
	Panagarh Division. A Board of Officers held on the 15th October, 1954 found that the temporary military buildings were borne on the books but not existing at site. Holding of Court of Inquiry has been waived by Government. The delay in regularisation was due to protracted correspondence among Army Headquarters, Ministries of Defence and Finance (Defence) and its consideration by the Central *Ad hoc* Committee on the 21st February, 1966.
14.	*Amount*—Rs. 70,720.
	Loss on account of damages to certain military buildings and installations at Lucknow on the 10th June, 1962 due to dust-*cum*-thunder storm. A Court of Inquiry held on the 12th June, 1962 opined that damages to buildings occurred due to a natural cause for which no one was to be blamed.
15.	*Amount*—Rs. 74,141.
	Loss of permanent and temporary military buildings borne on the books of Garrison Engineer, Calcutta but not existing at site, which was detected departmentally in March, 1956. Holding of Court of Inquiry has been waived by Government. Suitable instructions have been issued to ensure that the Register of Buildings is kept up-to-date to avoid recurrence of such irregularities. The delay in regularisation of the loss was due to protracted correspondence among the Ministries of Defence and Finance (Defence), Army Headquarters and Controller General of Defence Accounts as also its consideration by the Central *Ad hoc* Committee.
16.	*Amount*—Rs. 89,241.
	Loss of temporary military buildings valued at Rs. 79,319 borne on the books of Delhi Division, Delhi Cantt. but not existing at site and loss of Rs. 9,922 on account of variations in the cost of buildings shown in the Register of Military Buildings and that found on physical check by two Boards of Officers held on the 24th July, 1951 and the 5th January, 1955. Holding of Court of Inquiry has been waived by Government. The delay in regularisation of the loss was due to protracted correspondence among lower executive authorities, Army Headquarters and internal audit authorities.
17.	*Amount*—Rs. 1,08,706.
	Loss of 32,94,108 Nos. bricks pertaining to Garrison Engineer, Gurgaon and Palam, detected in test audit in 1948. The irregularity regarding non-production of coal accounts for the period prior to December, 1948 has also been condoned by Government. A Board of Officers convened on the 25th May, 1961 could not pin-point responsibility on any individual. No Court of Inquiry was held. The delay in regularisation of the loss was due to non-availability of documents, protracted correspondence amongst the administrative/executive authorities and its consideration by the Central *Ad hoc* Committee.
18.	*Amount*—Rs. 96,271.
	Loss of temporary military buildings borne on the books of Garrison Engineer, Avadi but not existing at site. This was objected to by the internal audit authorities while auditing the accounts for the period April to September, 1953. No Court of Inquiry was held, but a

Serial No.	Nature of losses written off with particulars

Board of Officers was convened in December, 1959. The delay in regularisation of the loss was due to protracted correspondence among the executive/administrative authorities and its consideration by the Central *Ad hoc* Committee.

19. *Amount*—Rs. 1,46,682.

Loss representing the cost of certain floating bridging equipment on charge of the College of Military Engineering Kirkee due to floods on the 10th October, 1961. A Court of Inquiry held on the 15th November, 1961 opined that as the loss was caused due to natural calamity, nobody could be blamed. The delay in regularisation of the loss was due to protracted correspondence among the lower administrative authorities and its examination by the Ministries of Defence and Finance (Defence).

20. *Amount*—Rs. 4,66,877.

Loss on account of certain military buildings borne on the books of the concerned Military Engineer Services Divisions but not existing at site. No Court of Inquiry was held but the discrepancies were investigated by a properly constituted Staff Board of Officers in 1951. Suitable instructions have been issued to avoid recurrence of such irregularities. The delay in regularisation of the loss was due to protracted correspondence among Army Headquarters, Ministries of Defence and Finance (Defence) and its considerations by the Central *Ad hoc* Committee in 1965 and 1966.

21. *Amount*—Rs. 65,023.

Loss on account of damage to military buildings due to heavy storm at Bareilly on the night of the 25th/26th January, 1962. A Board of Officers held on the 7th February, 1962 opined that the loss occurred due to reasons beyond human control.

22. *Amount*—Rs. 75,944.

Loss of temporary military buildings borne on the books of Garrison Engineers, Dehra Dun and Clement Town, but not existing at site, detected at the time of physical checks carried out on 29th June to 4th July, 1951 in respect of Clement Town and on 5th July, 1951 in respect of Dehra Dun. Boards of Officers were held at Dehra Dun on the 5th July, 1951 and at Clement Town from the 29th June, 1951 to 4th July, 1951. Holding of Court of Inquiry has been waived by the Government. The delay in regularisation of the loss was due to protracted correspondence among the Ministries of Defence and Finance (Defence) and Army Headquarters and its consideration by the Central *Ad hoc* Committee.

23. *Amount*—Rs. 1,74,214.

Loss of temporary military buildings borne on the books of Garrison Engineers, Jhansi and Babina but not existing at site, detected at the time of physical checks carried out between the 21st to 29th June, 1951. Boards of Officers were held at Jhansi from the 21st June, 1951 and subsequent days and from the 25th June to the 4th July, 1951 at Babina. Irregular maintenance of the Register of Military Buildings at the above stations has also been condoned. Holding of Court of Inquiry has been waived by Government. The delay in regularisation of the loss was due to protracted correspondence among the Ministries of Defence and Finance (Defence). Chief

Serial No.	Nature of losses written off with particulars

Engineer and Army Headquarters and its consideration by the Central *Ad hoc* Committee.

24. *Amount*—Rs. 1,74,297.

Loss representing the value of certain permanent/temporary military buildings at Meerut borne on the Register of Permanent Military Buildings and Register of Temporary Military Buildings but not existing at site, and condonation of improper maintenance of Register of Military Buildings in respect of Garrison Engineer, Meerut Division, objected to by internal audit authorities while auditing the accounts of the Division for the period 1953-54. Two Boards of Officers held in June, 1951 and January, 1956 found 91 permanent buildings and 135 temporary buildings borne on the books but not existing at site and 55 permanent buildings and 42 temporary buildings existing at site but not borne on the Registers of Military Buildings. Holding of Court of Inquiry has been waived.

ORDNANCE AND CLOTHING FACTORIES

25. *Amount*—Rs. 1,32,469.

Loss on account of rejection of 21,394 cartridge cases rendered unserviceable due to long storage at Ordnance Factory, Ambernath. The loss was detected during the period November, 1959 to August, 1960 as a result of rejection of the cartridge cases during inspection. Director General of Ordnance Factories was satisfied that there was no element of inadequate/improper storage condition or any other element of neglect in store-keeping. Holding of Court of Inquiry has been waived by Government. The delay in regularisation of the loss was due to protracted correspondence between the Factories, preoccupation of the Factories in 'production efforts' due to emergency and its consideration by the Director General, Ordnance Factories and Ministries of Defence and Finance (Defence).

26. *Amount*—Rs. 3,49,312.

Loss representing the difference between the serviceable value of 54,684 numbers of cartridge cases issued by Ordnance Factory, Kirkee, which were finally sentenced as unserviceable as a result of inspection carried out during the period November, 1959 to June, 1962 and the scrap value at which these were taken on charge at Ordnance Factory, Khamaria. Director General, Ordnance Factories was satisfied that the loss did not result from inadequate or improper storage facilities. No individual was held responsible for the loss and no Court of Inquiry was held. Suitable remedial measures have been adopted to avoid recurrence of such losses.

27. *Amount*—Rs. 1,14,436.*

Loss representing the difference between the serviceable value of 4,39,220 numbers of washers leather finally sentenced as unserviceable in February, 1957, and the scrap value at which those were taken on charge at Ordnance Factory, Khamaria. The Stock Holding Committee appointed by the Government to investigate and report on utilisation/disposal of the surplus stock, recommended in 1954 for the retention

* This loss was written off during 1965-66.

Serial No.	Nature of losses written off with particulars

of this item pending finalisation of emergency requirements of the Services although there was no immediate or foreseeable use of this item. The Committee also suggested that this item should be submitted for inspection to the competent inspection authority for proper sentencing. Accordingly, the entire quantity of 4,39,220 numbers was sentenced as unserviceable. No Court of Inquiry was held and its convening has been waived by the Government. The delay in regularisation was due to investigation of the loss and protracted correspondence between the Director General of Ordnance Factories and Ministries of Defence and Finance (Defence) in regard to finalisation of the loss statement.

28. *Amount*—Rs. 59,458.

Loss representing the value of 3,98,782 lbs. of Steel Ingots found deficient at the time of stock verification at Metal and Steel Factory, Ishapore on 30th March, 1957. No Court of Inquiry was held and none was held responsible. The delay in regularisation of the loss was due to protracted correspondence/discussion among the Controller of Defence Accounts (Factories), Director General of Ordnance Factories and Ministry of Finance (Defence) and its examination by the *Ad hoc* Committee at Director General of Ordnance Factories Headquarters on the 15th July, 1966.

29. *Amount*—Rs. 2,23,574.

Loss representing the difference in value between the repairable and unserviceable condition of 21,408 numbers of a type of ammunition shell, detected on inspection at Ordnance Factory on the 25th August, 1955. The unserviceable ammunition was despatched to Ordnance Factory, Kanpur and utilised there for the manufacture of another type of ammunition. No Court of Inquiry was held and no one was held responsible. The delay in regularisation of the loss was due to inspection/re-inspection of the ammunition to assess its condition, its consideration by the Factory management, Director General of Ordnance Factories, Controller of Defence Accounts (Factories) and Ministry of Finance (Defence).

30. *Amount*—Rs. 5,03,585.

Loss representing the difference in value due to change in condition of 97,677 numbers of serviceable ammunition belts received in Ordnance Factory, Khamaria from the United Kingdom in 1944-45 as Home Stores and finally sentenced by the inspection authorities as repairable/unserviceable. At the time of receipt, these were "accepted provisionally subject to inspection prior to use". A Board of Inquiry held on the 12th December, 1959, considered that the condition of the stores supplied during the war was not very good and the deterioration in storage was inescapable. No individual was held responsible. The stores were disposed of by auction sale through the Director General, Supplies and Disposals on the 4th October, 1961. The delay in regularisation of the loss was due to the fact that the case was examined by a High Level Board in February—March, 1961 and the Central *Ad hoc* Committee and was under correspondence/discussion among the Director General of Ordnance Factories, Controller of Defence Accounts (Factories) and Ministry of Finance (Defence).

Serial No.	Nature of losses written off with particulars

31. *Amount*—Rs. 1,09,297.

Loss representing the value of 672·31 Cwts. of Copper Electrolytic Cathodes found deficient in stock at Ordnance Factory, Katni on the 25th March, 1962 due to variation in scales and anomaly in stock-wise variance owing to incorrect recording of stock details. An earlier deficiency of 396.36 Cwts. noticed during verification of stock in 1952-53 was investigated by a Board of Inquiry which opined that the same might be due to inadequate/faulty weighing facilities available in the factory during the period. In this background no further investigation by a Board of Officers was considered necessary.

DEFENCE PRODUCTION

32. *Amount*—Rs. 2,11,193.

Loss representing the value of the stores of Belur Depot (which was taken over by the Director General of Ordnance Factories from the Iron and Steel Controller) found short on receipt at Small Arms Factory, Kanpur or received in a condition different from that vouchered by the consignor in 1953. No Court of Inquiry was held and no body was held responsible.

33. *Amount*—Rs. 61,229.

Loss representing the cost of repairs to certain stores damaged in transit *en route* from Ordnance Factory, Khamaria to Ammunition Factory, Kirkee during March and April, 1954. No Court of Inquiry was held and no one was held responsible.

AIR HEADQUARTERS

34. *Amount*—Rs. 51,219.

Loss representing the cost of stores found deteriorated during biennial stock-taking 1953—55 at No. 22 Equipment Depot, Air Force, Bombay. The deterioration of stores was due to the fact that the storage conditions were far from ideal. No Court of Inquiry was held as the downgrading of equipment was not due to theft, fraud or neglect. Suitable remedial measures have been adopted to avoid recurrence of such losses. The delay in regularisation of the loss was due to protracted correspondence among the executive/administrative authorities. Controller of Defence Accounts (Air Force) and Ministries of Defence and Finance (Defence).

35. *Amount*—Rs. 3,15,032.

Loss representing the cost of damages caused to Military Engineer Services buildings, fittings and furniture due to heavy storm on the 6th June, 1963 at No. 7 Wing, Air Force. A Court of Inquiry held on the 10th June, 1963 opined that the loss occurred due to a natural calamity.

Serial No.	Nature of losses written off with particulars

36. *Amount*—Rs. 2,55,322.

Loss representing the cost of damages caused to Military Engineer Services buildings, fittings and furniture due to storm on the 28th May, 1960 at Air Force Station, Agra. A Court of Inquiry held on the 31st May, 1960 opined that the loss was due to a natural calamity. No one was held responsible. The delay in regularisation of the loss was due to protracted correspondence amongst the lower authorities concerned and its consideration by the Ministries of Defence and Finance (Defence).

37. *Amount*—Rs. 53,272.

Loss of petrol, oil and lubricant stores due to evaporation, detected during stock-taking carried out in the month of October, 1962 at No. 1 Wing, Air Force. No Court of Inquiry was held and no body was blamed.

38. *Amount*—Rs. 93,799.

Loss of petrol, oil and lubricant stores due to evaporation, detected during stock-taking carried out in the month of October, 1963 at No. 1 Wing, Air Force. No Court of Inquiry was held and no body was blamed.

39. *Amount*—Rs. 82,993.

Loss representing the cost of stores found deficient at the time of re-verification of stock sheets raised during biennial stock-taking 1959—61 at No. 4 Equipment Depot, Air Force, Manauri. A Court of Inquiry held on the 9th March, 196[illegible] not blame any individual for the loss, as the deficiencies were stated to be due to the fictitious surpluses revealed earlier during biennial stock-taking. However, this fact could not be substantiated by direct evidence. The delay in finalisation of the loss was due to delay in ordering the Court of Inquiry and finalisation of its proceedings and its examination by the Ministries of Defence and Finance (Defence). Suitable remedial measures have been adopted to avoid recurrence of such losses.

40. *Amount*—Rs. 62,903.

Loss as a result of deficiencies in the stock of petrol, oil and lubricants due to evaporation, detected during stock-taking carried out in the month of September, 1964 at No. 1 Wing, Air Force. The loss was within the prescribed limit and as such no Court of Inquiry was held and no body was blamed.

41. *Amount*—Rs. 1,99,594.

Loss of petrol, oil and lubricant stores due to evaporation revealed during stock-taking carried out during the 31st July to 30th September, 1963. The loss was within the prescribed limit and as such no Court of Inquiry was held.

Serial No.	Nature of losses written off with particulars
42.	*Amount*—Rs. 65,894.
	Loss due to deficiencies of stores revealed during biennial stock-taking 1959—61 at No. 2 Equipment Depot, Air Force, Bombay. No Court of Inquiry was held. Suitable remedial measures have been adopted to avoid recurrence of such losses.
43.	*Amount*—Rs. 51,949.
	Loss of petrol, oil and lubricant stores due to evaporation, detected during stock-taking carried out in the month of August, 1964 at No. 1 Wing, Air Force. The loss was within the prescribed limit and as such no Court of Inquiry was held and no body was blamed.

III—Losses monetary value of which could not be assessed.

ENGINEER-IN-CHIEF'S BRANCH

1. Non-production of receipted copies of 3 issue vouchers of May, 1952 and non-crediting of stores in respect of 6 vouchers pertaining to 1951 and 1952, objected to in internal audit on the 23rd October, 1952 in respect of 865 Engineer Works Section. No Court of Inquiry was held due to non-availability of the relevant vouchers and details of stores. The delay in regularisation of the irregularity was due to the time taken in investigation of the case and its consideration by the Central *Ad hoc* Committees in 1957 and 1965.

2. Loss of temporary military buildings at Kankinara and Kanchrepara borne on the Register of Temporary Military Buildings of Garrison Engineer, Ishapore but not existing at site and condonation of the irregularity regarding taking on charge without proper authority temporary buildings existing at site but not borne on the Register of Temporary Military Buildings of the Garrison Engineer, Ishapore. The discrepancies were investigated by a Board of Officers held on the 23rd July, 1953. The delay in regularisation of the case was due to protracted correspondence among Army Headquarters, Ministries of Defence and Finance (Defence) and its consideration by the Central *Ad hoc* Committee. The holding of Court of Inquiry was waived by the Government.

3. Loss due to discrepancies between the buildings borne on old and present Registers of Temporary Military Buildings but not existing at site, and the buildings existing at site but not borne on Register of Temporary Military Buildings of the Garrison Engineer, Barrackpore. The discrepancies were originally established by a Board of Officers held on the 15th May, 1954. The delay in regularisation of the case was due to protracted correspondence between lower executive authorities and also consideration of the case by the Central *Ad hoc* Committee on the 26th September, 1966.

AIR HEADQUARTERS

4. Overdrawal of rations due to incorrect calculation of daily ration strength for the period March, 1960 to July, 1962 and irregular maintenance of Daily Ration Strength Statement prior to 1st August, 1962 by No. 2 Equipment Depot, Air Force. The irregularity was first objected to in internal audit during 1960.

Serial No.	Nature of losses written off with particulars
5.	Loss of buildings borne on the Register of Temporary Military Buildings of Garrison Engineer, Agra but not existing at site. The discrepancies were noticed in 1949 and examined by a properly constituted Staff Board of Officers in 1951 and 1955. Holding of Court of Inquiry has been waived by the Government. The case was also considered by the Central *Ad hoc* Committee.

APPENDIX C

Statement of infructuous expenditure pertaining to the post-partition period, finally dealt with during the year 1966-67.

Serial No.	Particulars
	QUARTERMASTER GENERAL'S BRANCH
1.	*Amount*—Rs. 29,056. Infructuous expenditure incurred on sheep breeding in the Sheep Breeding Farm at Meerut which started functioning in 1962 and was closed down on 28th April, 1964 due to outbreak of epidemic twice (in July, 1963 and February, 1964) resulting in heavy casualties to the live-stock.
	ENGINEER-IN-CHIEF'S BRANCH
2.	*Amount*—Rs. 61,249. Infructuous expenditure incurred during 1954 to 1956 in connection with the foreclosure of the work "Provision of lightning conductors to sheds at Gummudipundi". The work was abandoned in May, 1956 as the necessity for the same ceased to exist due to downgradation of large quantities of ammunition and explosives as unserviceable some time before May, 1956. The loss statement could be initiated only after clearance of the liabilities and affording credits to the work after disposal of the surplus stores to arrive at the exact amount of loss. Hence the delay in regularisation.
3.	*Amount*—Rs. 86,504. Infructuous expenditure incurred during 1960-61 on provision of garages for 'A' vehicles of an Armoured Brigade. The provision of garages was administratively approved in November, 1959 on the basis of the permanent establishment of the unit then existing. The authorised establishment of 'A' vehicles was, however, reduced in May, 1960, but the work on construction of garages was not stopped immediately. No Court of Inquiry was held and no one was held responsible for the loss.
	AIR HEADQUARTERS
4.	*Amount*—Rs. 86,456. Infructuous expenditure incurred during 1961 to 1963 on freight, handling and transportation of stores rendered surplus and transferred to different formations, due to curtailment in the programme of a permanent project (sanctioned in March, 1949) as a result of an economy drive during 1949-50. No Court of Inquiry was held and no one was held responsible.
5.	*Amount*—Rs. 29,571. Infructuous expenditure incurred on watch and ward of a project building at Poona constructed during 1953—55, but remained unoccupied due to non-provision of essential services such as sewage

Serial No.	Particulars
	disposal, water connection, furniture, etc. Suitable remedial measures are stated to have been taken to avoid recurrence of such a loss. The case was considered by the Central *Ad hoc* Committee on 9th June, 1966.
6.	*Amount*—Rs. 42,317.
	Infructuous expenditure incurred on freight, handling and transportation of stores, rendered surplus due to curtailment in the programme of a permanent project at Agra (sanctioned in March, 1949) as a result of an economy drive launched during 1949-50. The surplus stores were transferred to different Military Engineer Services formations during 1950. No Court of Inquiry was held and no individual was blamed. The delay in regularisation of the case was due to write off sanction issued in parts by lower authorities in October, 1959 having been objected to in internal audit and consideration of the case by Air Headquarters and Ministries of Defence and Finance (Defence).
	DEFENCE PRODUCTION
7.	*Amount*—Rs. 46,816.
	Infructuous expenditure incurred during 1959 to 1963 by former Aircraft Manufacturing Depot, Kanpur (now merged with Hindustan Aeronautics Limited) on the manufacture of AVRO 748 tooling, detected in internal audit. During the process of manufacture, modifications were issued in the design of certain tooling. As a result, the works on the manufacturing of affected tooling had to be stopped. No Court of Inquiry was held.
8.	*Amount*—Rs. 3,05,927.
	Infructuous expenditure incurred during 1959—63 by the former Aircraft Manufacturing Depot, Kanpur (now merged with Hindustan Aeronautics Limited) on temporary installation of plant and machinery for the manufacture of first prototype of AVRO 748 pending completion of works services by the Military Engineer Services for their permanent installation, objected to in internal audit. No Court of Inquiry was held.
	MINISTRY OF DEFENCE
9.	*Amount*—Rs. 56,530.
	Infructuous expenditure incurred on the installation of 145 water sub-meters in the Maulana Azad Road Officers' Hostel and Armed Forces Officers' Mess, New Delhi during 1952 and payment of hire charges (meter rent) to New Delhi Municipal Committee for water sub-meters from May, 1952 to February, 1960, due to defective planning by the Central Public Works Department. The irregularity was detected by audit in 1959. In view of the peculiar arrangement of the water pipe lines and storage tanks etc., the sub-meters served more than one suite. They did not, therefore, serve the purpose of assessing the actual consumption of each individual consumer. The billing to the officers occupying the accommodation was not done according to the consumption shown by the meters, but at flat rates only. The C.P.W.D. authorities were asked in November, 1955 to remove the

Serial No.	Particulars
	water sub-meters but they were not removed till February, 1960. No Court of Inquiry was held due to time-lag and frequent changes in the incumbancy of the Engineer Staff of Central Public Works Department and nobody was held responsible. The delay in regularisation of the case was due to protracted correspondence between the executive authorities and the officers from whom the extra cost involved could be recovered and its consideration by the Central *Ad hoc* Committee on 28th October, 1965 and 26th May, 1966.
	Amount—Rs. 1,80,012 (26 cases).
	Infructuous expenditure exceeding Rs. 50 but not exceeding Rs. 20,000 in each case.
	Total Rs. 9,24,438.

APPENDIX D

Statement of ex-gratia *payments made during the year* 1966-67.

Serial No.	Particulars
	AIR HEADQUARTERS
1.	*Amount*—Rs. 21,000. Payment of compensation to three civilians for the loss of lives of their sons resulting from a flying accident involving an I.A.F. aircraft on 2nd January, 1965. A Court of Inquiry assembled on 8th January, 1965 to investigate into the accident held that the civilian persons died of injuries suffered by them as a result of explosion of a rocket head which was inadvertantly released from the air. Since the death of the three persons was caused by explosion of I.A.F. ammunition outside firing range, it was decided to give suitable compensation for the prospective financial loss suffered by the dependants of the deceased civilians. Accordingly, taking into account the monthly income of the deceased civilians, Government sanctioned the payment of Rs. 7,000 as compensation in respect of each of the three deceased civilians, worked out on the analogy of compensation payable under the Workmen's Compensation Act for their income range. The total amount of Rs. 21,000 was paid to the claimants during October, 1966.
	Amount—Rs. 1,76,386 (93 cases). Payments exceeding Rs. 50 but not exceeding Rs. 20,000 in each case. Total Rs. 1,97,386.

APPEN

Balances outstanding under the head "Suspense" as on the 31st March, 1967 and their clearance

1952-53 to 1961-62		1962-63		1963-64		1964-65		1965-66	
Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.
1	2	3	4	5	6	7	8	9	10
5,53,00,000	65,036	..	73,343	..	8,353	..	33,250	..	95,916

Analysis by years of the amounts outstanding in columns 17 and 18 and explanations

Credits (Column 17)

Year	Item No.	Amount	Details
		Rs.	
1952-53	1	5,53,00,000	Represents the balance of the amount kept out of the sale proceeds of surplus and obsolete stores to meet storage and custodial charges.
1966-67	2	2,356	Represents undisbursed cash balances lying in the Cash Accounts of Ships/Establishments.

DIX E

in the accounts for the subsequent year.

(In rupees)

1966-67		Total to end of 1966-67		Clearance up to November, 1967		Balance outstanding	
Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.
11	12	13	14	15	16	17	18
12,73,91,022	1,45,85,725	18,26,91,022	1,48,61,623	12,73,88,666	9,86,835	5,53,02,356	1,38,74,788

for the outstandings are as follows:—

Debits (Column 18)

Year	Item No.	Amount	Details
		Rs.	
1954-55	1	14,468	Represents the cost of supplies made to foreign countries from an Ordnance Factory. The debit for the amount was initially raised against the late Deputy Accountant General (Industries and Supplies), New Delhi and was subsequently withdrawn for settlement on cash basis with the successor office, *viz.*, the Pay and Accounts Officer, Ministry of Works, Housing and Supply, New Delhi. The acceptance of the debit by the Pay and Accounts Officer is awaited.
1957-58	2	2,474	Represents amounts deposited in Civil Court as security for staying the execution of decree.
	3	234	Represents payments made to certain individuals in compliance with credits shown in Settlement Accounts received from Accounts Officers in Pakistan for which monetary settlement has not been effected so far.
1958-59	4	12,637	Same as item 2 above.
1959-60	5	48	Same as item 2 above.
	6	171	Represents payment of rent bill kept under "Suspense" head pending receipt of Government sanction for adjustment against the dues of a contractor.
	7	22	Represents payment on account of Indian Ordnance Factory Workmen's Provident Fund to a Pakistan optee, kept under 'Suspense' head pending resumption of monetary settlement with Pakistan.
1960-61	8	933	Same as item 2 above.
1961-62	9	2,280	Represents charges incurred in respect of foreign Navy personnel awaiting re-imbursement by their Governments.

APPEN

Balances outstanding under the head "Suspense" as on the 31st March, 1967

Credits (Column 17)—*concld.*

Year	Item No.	Amount	Details
		Rs.	
TOTAL		5,53,02,356	

DIX E—*concld.*

and their clearance in the accounts for the subsequent year—concld.

Debits (Column 18)—*concld.*

Year	Item No.	Amount	Details
		Rs.	
1962-63	10	73,086	Same as item 2 above.
	11	22	Same as item 7 above.
	12	235	Same as item 9 above.
1963-64	13	7,819	Represents payments made to Royal Ceylon and other foreign Navy Personnel.
1964-65	14	3,574	Represents amount spent by National Defenec Academy, Khadakvasla from Field Imprest in connection with the visit of a V.I.P. and provisionally compiled to "Suspense" pending settlement of mode of adjustment.
	15	12,054	Same as item 2 above.
	16	12,384	Same as item 9 above.
1965-66	17	45,886	Same as item 2 above.
	18	2,220	Represents fraudulent payment of Defence pensions made by a Treasury Officer on 1st October, 1965 and compiled to "Suspense" pending regularisation by Headquarters Maharashtra and Gujarat Area.
	19	46,492	Same as item 9 above.
1966-67	20	2,753	Represents advance of T.A. to the Defence Accounts Department Staff deputed on temporary duty in connection with 4th General Election provisionally compiled under 'Suspense' pending recovery from Election Office.
	21	28,561	Same as item 2 above.
	22	339	This represents payments to Pay and Accounts Officers on account of central purchase of stores, provisionally compiled to 'Suspense' pending clearance for want of supporting vouchers.
	23	1,25,100	Same as item 9 above.
	24	1,34,80,996	Represents amount erroneously debited by the Customs Authorities and taken provisionally to 'Suspense' Head pending refund of the amount by those authorities for which refund claims have already been preferred by the Embarkation Headquarters, Bombay.
TOTAL		1,38,74,788	

APPENDIX F

Account of the expenditure on various schemes relating to the Defence Services under Major Head 130—Defence Capital Outlay.

(In thousands of rupees)

Head of Account	Expenditure in post-partition period		Total
	to the end of 1965-66	in 1966-67	
Estimated balance brought forward from pre-partition accounts.			1,44,15,55*
A.—Army	3,54,60,22	78,85,04 (A)	4,33,45,26 (+) 40,42(B) (—) 26(C)
Deduct.—Contributions from State Governments towards Defence Capital Projects.	(—)10,00	..	(—) 10,00
B.—Navy	1,18,52,08	5,56,04	1,24,08,12
Deduct.—Contributions from other Departments of the Central Government towards Defence Capital Projects.	..	(—)50	(—)50
C.—Air Force.	1,44,97,20	26,12,63†	1,71,09,83
D.—Outlay on Industrial and other Organisations.	53,83,15	3,65,99**	57,49,14
E.—Stores and fixed installations taken over from the U. K. Government on 1st April, 1947:—			
(*a*) Payment for stores and fixed installations.	1,33,33,33	..	1,33,33,33
(*b*) *Deduct*—Receipts and recoveries.	(—)75,18,48	(—)3,39,72	(—)78,58,20
TOTAL	7,29,97,50	1,10,79,48	9,85,32,69

*The figure is provisional and subject to final determination.

(A) The figure represents the net expenditure after taking into account the recovery of Rs. 1,87,50,000 on account of refund of advances against Plant and Machinery arising out of cancellation of orders.

(B) Rs. 40,42,615 added proforma to rectify erroneous booking of expenditure during 1965-66 on account of cost of machinery under Major Head 79—Defence Services Estimates—Army, Main Head 5, Sub-Head A, instead of under the Capital Head.

(C) Debits amounting to Rs. 17,43,037 on account of Railway Works at Hospital Town Jalahalli as against the actual Defence share of Rs. 17,16,568 (*vide* Ministry of Defence letter No. 30217/T-N-2/9839/D (Works II) dated 16-10-65) were adjusted in the Defence books during the years 1945-46 to 1952-53. The sum of Rs. 26,469 has been deducted proforma to correct the balance.

†This includes Rs. 12,16 thousand on account of expenditure on works (other than Capital Projects) erroneously booked to this Head, instead of to Major Head 81-Defence Services Effective—Air Force, Sub-Head F, proforma correction for which will be made in the Account for 1967-68.

**The figure represents the net expenditure after taking into account the recovery of Rs. 1,09,809 from Hindustan Aeronautics Ltd. on account of Capital expenditure incurred by Government on MIG Project and booked to this head earlier.

APPENDIX G

Statement showing variations between the year's Original Allotment and Expenditure in respect of works carried out during the year 1966-67.

Serial No.	Description of work	Original Allotment	Actual Expenditure	Variation	Remarks	
1	2	3	4	5	6	
	INSTANCES OF UNDER-SPENDING THE ALLOTMENTS					Rs.
		Rs.	Rs.	Rs.		
1	Provision of married accommodation for the Electrical and Mechanical Engineering School at a Military Station.	20,00,000	2,89,864	17,10,136	Due to late conclusion of contract.	
2	Construction of permanent Jetty and Supplementary works at a Naval Armament Depot.	15,00,000	4,60,609	10,39,391	Due to non-conclusion of contract.	
3	Provision of permanent accommodation and allied facilities for the Defence Metallurgical Research Laboratory at a Military Station.	30,00,000	4,54,803	25,45,197	Due to :—	
					(*i*) Late conclusion of contract .	20,00,000
					(*ii*) Embargo on financial commitment	5,45,197
						25,45,197
4	Provision of making up deficiency of accommodation for Division Line of Communication Battery at a Military Station . . .	15,00,000	6,51,011	8,48,989	Due to :—	
					(*i*) Late acceptance of tender .	4,00,000
					(*ii*) Non-availability of land .	27,000
					(*iii*) Non-availability of steel .	1,66,000
					(*iv*) Non-receipt of debits for cement.	7,000
					(*v*) Non-receipt of transport indents.	5,989
						6,05,989

1	2	3	4	5	6	
		Rs.	Rs.	Rs.		Rs.
5	Provision of deficient accommodation for Field Regiment etc. at a Military Station.	10,00,000	2,88,336	7,11,664	Due to :—	
					(*i*) Non-conclusion of contract .	7,06,600
					(*ii*) Non-receipt of debit for cement.	2,640
					(*iii*) Non-receipt of debit for civil credit note . . .	2,424
						7,11,664
6	Provision of deficient accommodation for an Infantry Battalion at a Military Station.	15,00,000	5,98,091	9,01,909	Due to :—	
					(*i*) Late conclusion of contract .	5,70,000
					(*ii*) Non-availability of site .	1,00,000
					(*iii*) Non-availability of steel .	2,31,909
						9,01,909
7	Provision of deficient accommodation for Headquarters Infantry Division Engineers etc. at a Military Station.	10,30,000	1,70,298	8,59,702	Due to non-conclusion of contract.	
8	Provision of deficient accommodation for a Light Regiment at a Military Station.	15,00,000	6,87,538	8,12,462	Due to late conclusion of contract.	
9	Provision of accommodation for a General Transport Company at a Military Station.	17,00,000	12,89,142	4,10,858	Due to :—	
					(*i*) Slow progress of work by contractor . . .	3,75,000
					(*ii*) Non-receipt of debit for centrally purchased stores .	35,858
						4,10,858

10	Provision of married accommodation for Officers, Junior Commissioned Officers and Other Ranks at a Military Station.	15,00,000	5,56,225	9,43,775	Due to shlow progress of work on account of shortage of water.	
11	Construction of Civil Works and Services for an Ordnance Factory at a Military Station.	10,00,000	3,91,415	6,08,585	Due to :—	
					(*i*) Late commencement of work and clearance of site.	4,90,000
					(*ii*) Slow progress of work.	1,18,585
						6,08,585
12	Provision of married accommodation at a Military Station.	35,42,000	9,23,550	26,18,450	Due to late conclusion of contract on account of non-availability of land.	
13	Provision of Air-to-Ground Firing and Bombing range at an Air Force Station.	10,19,400	1,37,809	8,81,591	Due to non-receipt of debit on account of cost of land.	
14	Provision of accommodation for Defence Services Personnel at a Military Station (Phase I)	15,00,000	7,76,710	7,23,290	Due to non-release of work by Government for construction as expected.	
15	Provision of Technical and Domestic accommodation in Tank Factory at a Military Station.	23,50,000	16,13,27	7,36,729	Due to :—	
					(*i*) Suspension of work due to site having become unfit for construction	6,00,000
					(*ii*) Non-availability of stores .	16,729
					(*iii*) Delay in receipt of debit vouchers for stores . .	1,00,000
					(*iv*) Late conclusion of contract for certain items of work due to retendering . . .	20,000
						7,36,729

1	2	3	4	5	6	
		Rs.	Rs.	Rs.		Rs.
16	Provision of Works services and supersession cage in Tank Factory at a Military Station.	36,00,000	27,01,671	8,98,329	Due to suspension of work temporarily on account of bad weather.	
17	Provision of production and non-production buildings with ancillaries and services including machine foundation in an Ordnance Factory.	36,00,000	25,36,103	10,63,897	Due to :—	
					(*i*) Change in scope of work .	3,33,100
					(*ii*) Delay in handing over the building by factory authorities. .	5,90,994
					(*iii*) Area drainage work not done during 1966-67. . . .	1,39,803
						10,63,897

INSTANCES OF OVER SPENDING THE ALLOTMENTS

18	Provision of ancillaries for Headquarters of an Infantry Division and its Units at a Military Station.	3,00,000	10,38,206	7,38,206	Due to accelerated progress of work.
19	Provision of Central Parade Ground for a Training Centre in a Military Station.	5,00,000	10,32,099	5,32,099	Due to accelerated progress of work.
20	Provision of accommodation for a Military Hospital (Phase II) at a Military Station.	5,00,000	10,46,940	5,46,940	Do.
21	Provision of accommodation for Junior Commissioned Officers and other Ranks for a Command Ordnance Depot.	5,00,000	20,43,504	15,43,504	Do.

22	Provision of married accommodation for Civilians paid from Defence Services Estimates at a Military Station.	10,00,000	21,21,842	11,21,842	Due to accelerated progress of work.	
23	Provision of accommodation for an Engineer Group at a Military Station.	5,00,000	13,14,234	8,14,234	Do.	
24	Construction of some magazines at a Naval Armament Depot (Phase II).	2,00,000	10,01,639	8,01,639	Do.	
25	Provision of additional married accommodation for Officers and Airmen at an Air Force Station.	3,42,187	32,36,379	28,94,192	Due to change in scope of work	
26	Provision of deficient accommodation for Units at a Military Station.	9,00,000	13,85,151	4,85,151	Due to :—	
					(*i*) Accelerated progress of work .	2,71,762
					(*ii*) Cost of stores not anticipated.	2,13,389
						4,85,151
27	Provision of deficient accommodation for Units including Rest Camp Post Depot at a Military Station.	6,30,000	13,49,826	7,19,826	Due to :—	
					(*i*) Accelerated progress of work .	2,64,369
					(*ii*) Cost of stores not anticipated .	4,55,457
						7,19,826
28	Construction of certain Defence Works Area.	2,50,000	10,45,187	7,95,187		
29	Provision of married accommodation at an Air Force Station.	8,73,500	17,03,215	8,29,715	Due to accelerated progress of work.	
30	Works services for a Maintenance Command at an Air Force Station (Phase II).	5,40,000	12,83,297	7,43,297		

1	2	3	4	5	6	
		Rs.	Rs.	Rs.		Rs.
31	Provision of blast pens at an Air Force Station .	15,00,000	24,87,485	9,87,485	Due to accelerated progress of work.	
32	Provision of accommodation for Army Units at a Military Station.	12,43,000	15,92,580	3,49,580	Due to better progress of work.	
33	Provision of Minimum Single accommodation at a Military Station.	3,26,000	15,70,920	12,44,920	Due to accelerated progress of work.	
34	Provision of accommodation for a Wireless Experimental Unit at a Military Station.	5,00,000	15,83,354	10,83,354		
35	Provision of technical, administrative and single accommodation at an Air Force Station.	10,34,000	13,82,914	3,48,914	Due to better progress of work.	
36	Provision of accommodation for an Infantry Battalion at a Military Station.	9,00,000	13,57,271	4,57,271	Due to adjustment of central purchase vouchers for stores.	
37	Provision of married accommodation for all ranks for the College of Military Engineering.	40,00,000	54,16,771	14,16,771	Due to :—	
					(*i*) Accelerated progress of work.	13,76,000
					(*ii*) Materialisation of stores not anticipated.	40,771
						14,16,771
38	Development of an Airfield	57,00,000	77,78,496	20,78,496	Due to accelerated progress of work.	

39	Provision of permanent accommodation and allied facilities for Institute of Armament Technology at a Military Station.	90,00,000	1,12,48,736	22,48,736	Due to a celerated progress of work.
40	Provision of permanent accommodation for Composite Group of Armament Research and Development Establishment at a Military Station.	65,00,000	84,78,558	19,78,558	Due to accelerated progress of work.
	NON-BUDGETED WORKS				
41	Provision of accommodation for families at a Military Station.	1,00,000	46,000	(—)54,000	To meet the shortage of accommodation for separated families.
42	Provision of essential accommodation for 8 married Junior Commissioned Officers and 18 Other Ranks at a Military Station.	1,00,000	2,58,706	(+)1,58,706	To meet the shortage of accommodation.
43	Provision of additional bore wells for augmentation of water supply at a Military Station.	88,000	42,676	(—)45,324	To meet the urgent requirement of troops.
44	Provision of temporary works services for an Air Force Signal Station.	1,50,000	1,49,813	(—)187	Works being of emergent nature.
45	Provision of married accommodation for Naval and M.E.S. personnel at a Naval Station.	5,00,000	4,38,222	(—)61,778	
46	Reconstruction of married accommodation for a Naval Store Depot at a Naval Station.	2,00,000	1,10,904	(—)89,096	
47	Supplementary works for increased storage accommodation for a movel Armaunt Dept.	2,90,000	1,51,688	(—)1,38,312	
48	Construction of Single Officers Quarters and Mess at a Naval Station.	75,000	72,436	(—)2,564	
49	Soil Investigation work for a proposed Naval Station.	2,50,000	2,20,689	(—)29,311	
50	Provision of accommodation and sanitary facilities for additional trainees at a Naval Station.	1,34,700	1,02,645	(—)32,055	

1	2	3	4	5	6
		Rs.	Rs.	Rs.	
51	Augmentation of water supply at a Military Station.	4,00,000	3,24,673	(—)75,327	To meet the urgent requirement of troops.
52	Provision of certain accommodation at a Military Station.	3,00,000	2,65,292	(—)34,708	To meet the shortage of accommodation.
53	Construction of Defence Works at certain Military Stations.	10,53,000	10,52,843	(—)157	Due to urgent military necessity.
54	Provision of married accommodation for 3 Junior Commissioned Officers and 22 Other Ranks at a Military Station.	50,000	21,690	(—)28,310	To meet the shortage of accommodation.
55	Provision of Defence Works in a Military Area .	1,61,77,000	32,97,675	(—)1,28,79,325	Due to operational necessity.
56	Strengthening and heightening of existing dam at a Naval Station.	3,00,000	1,78,141	(—)1,21,859	
57	Provision of accommodation for Eastern Command Stationery Depot at a Military Station.	3,00,000	2,99,722	(—)278	Due to urgent military necessity.
58	Accommodation, sanitary and allied facilities for a Naval Coast Battery.	1,91,000	1,72,872	(—) 18,128	
59	Provision of accommodation for central amenity buildings at a Military Station.	1,00,000	4,506	(—) 95,494	
60	Construction of temporary storage accommodation for a Naval Store Depot.	1,00,000	85,980	(—)14,020	
61	Provision of accommodation for an Electrical and Mechanical Engineering Unit at a Military Station.	5,00,000	5,24,882	(+)24,882	Due to urgent military necessity.
62	Provision of essential accommodation for an Infantry Brigade and Field Post Office at a Military Station.	2,00,000	8,73,872	(+)6,73,872	—do—

63	Provision of accommodation for Army Units at a Military Station.	4,00,000	4,20,200	(+)20,200	Work being of emergent nature.
64	Provision of accommodation for separated families of Officers at a Military Station.	1,00,000	1,66,580	(+)66,580	To meet the shortage of accommodation for separated families.
65	Provision of accommodation for separated families of Officers at a Military Station.	1,00,000	1,00,314	(+)314	—do—
66	Provision of accommodation for separated families of Officers at a Military Station.	1,00,000	1,91,140	(+)91,140	—do—
67	Provision of accommodation for separated families of Officers at a Military Station.	1,00,000	1,34,387	(+)34,387	—do—
68	Provision of accommodation for separated families of Officers at a Military Station.	1,00,000	4,53,545	(+)3,53,545	—do—
69	Provision of accommodation for separated families of Junior Commissioned Officers, Other Ranks, etc. at a Military Station.	1,00,000	11,16,135	(+)10,16,135	—do—
70	Provision of accommodation for separated families of Junior Commissioned Officers, Other Ranks, etc. at a Military Station.	1,00,000	2,83,644	(+)1,83,644	—do—
71	Provision of married accommodation for an Infantry Battalion at a Military Station.	2,00,000	3,83,270	(+)1,83,270	To meet the shortage of accommodation.
72	Provision of works services at an Air Force Station.	2,000	20,600	(+)18,600	Works being of emergent nature.
73	Construction of Weapon Control and Repair Workshop at a Naval Station.	3,00,000	4,11,716	(+)1,11,716	
74	Construction of certain Defence Works in an Area.	2,50,000	10,45,187	(+)7,95,187	Due to operational necessity.
75	Provision of Civil Works at an Ordnance Factory.	1,00,000	1,00,254	(+)254	Due to urgent military necessity.
76	Improvement of existing road at a Military Station.	2,00,000	2,00,625	(+)625	

APPENDIX H

Statement showing variations between the original estimates and actual final costs in respect of works completed during the year 1966-67.

Sl. No.	Description of work	Original Estimate	Final Cost	Variation	Remarks	
1	2	3	4	5	6	
		Rs.	Rs.	Rs.		Rs.
1	Provision of hutted accommodation for an Infantry Battalion at a Military Station.	14,03,100	9,79,375	4,23,725	Savings are due to:—	
					(1) Estimates for building and roads portion of work were on the higher side .	2,12,329
					(2) Scope of work in respect of external services reduced .	1,45,829
					(3) Non-utilisation of contingencies .	65,567
						4,23,725
2	Renewal of existing wooden gantries (Pre-cast Cement Concrete) in an Ordnance Factory.	7,95,800	5,83,144	2,12,656	Savings are due to:—	
					(1) Low percentage tendered by the contractor . .	1,75,469
					(2) Non-utilisation of contingencies .	37,187
						2,12,656

APPENDIX I

Statement showing cases of non-maintenance or irregular maintenance of accounts condoned by Government of India during 1966-67.

Serial No.	Nature of Irregularity
	GENERAL STAFF BRANCH
1.	Non-production of receipted copies of 22 issue vouchers by 18 Sikh, objected to in internal audit on the 18th July, 1958. No Court of Inquiry was hold as the old records were not available and the personnel who dealt with these records have either been changed or retired from service. The case was considered by the Central *Ad hoc* Committee on the 2nd July, 1966.
2.	Loss of an old ammunition ledger by detachment of 12 Jammu and Kashmir Militia pertaining to the period from November, 1951 to July, 1952 (which had already been audited) and for the period from 31st July, 1952 to 27th September, 1952 (not audited) and acceptance of the opening balances as shown in the issue voucher dated the 28th September, 1952 for ammunition transferred to another unit as firm balances. The objection was taken in internal audit in October, 1953. No Court of Inquiry was held and no one was held responsible for the loss. The delay in regularisation of the case was due to protracted correspondence between Army Headquarters, lower formations and Ministries of Defence and Finance (Defence) and its consideration by the Central *Ad hoc* Committees on the 14th August, 1957 and the 2nd July, 1966.
3.	Non-verification of credit of stores in respect of three Issue Vouchers relating to the year 1959, non-verification of the Ration Strength (IAFZ-3033) due to non-posting/non-publishing of Daily Orders Part II in support of casualties for the period October, 1960 to February, 1961 and non-production of Car Diary of a vehicle for audit in respect of Headquarters 99 Mountain Brigade. No Court of Inquiry was held.
4.	Non-verification of stock and improper/non-maintenance of accounts by Military Training Directorate in respect of certain ledgers, registers and books relating to the period from 1947-48 to 1957-58 and various other irregularities, such as non-maintenance of Register of Losses upto 1957-58, charging off 19,426 books, maps and charts without supporting vouchers during the period 1948 to 1956, loss of books, etc. A Court of Inquiry was held in October, 1958 but no body was held responsible. The case was considered by the Central *Ad hoc* Committee on the 21st April, 1966.
5. (i)	Non-production of contingent bill and muster rolls involving payment of Rs. 11,157 to labour employed by Headquarters Kargil Garrison, pointed out in internal audit on the 29th July, 1952. No Court of Inquiry was held and no body was blamed. The delay in regularisation of the case was due to protracted correspondence between internal

Serial No.	Nature of Irregularity
	audit and lower administrative authorities, its consideration by Army Headquarters, Ministries of Defence and Finance (Defence) and Central *Ad hoc* Committee.
	(ii) Non-production of receipted copies of 18 issue vouchers relating to 1951-53 and 39 issue vouchers relating to 1956-57 by late Headquarters Jullundur Sub-Area, pointed out in internal audit on 5th June, 1953. No Court of Inquiry was held and no body was blamed.
	(iii) Non-production of receipted copy as well as office copy of one issue voucher of July, 1957 by late Station Staff Office, Jullundur, noticed in internal audit during September, 1951. No Court of Inquiry was held and no body was held responsible.
	(iv) Non-production of contingent bills and the supporting documents on the basis of which cash payments amounting to Rs. 15,821 were made to the labourers by Headquarters Kargil Garrison, pointed out in internal audit on 12th July, 1951. No Court of Inquiry was held and no body was held responsible.
	(v) Non-production of expendable stores ledger Vol. II relating to the period July, 1959 to March, 1960 by Headquarters 4 Infantry Division Camp, pointed out in internal audit in 1960. No Court of Inquiry was held and no body was held responsible.
	The above cases were considered by the Central *Ad hoc* Committee on the 5th July, 1966.
6.	Regularisation of the following irregularities in respect of 3/11 Gurkha Rifles during the period May, 1951 to June, 1954 :—
	(a) Non-production of certain sheets of Survey Board proceedings held in June, 1951, in the absence of which opening balances could not be verified.
	(b) Non-finalisation of loss statements and non-production of sanctioned copies thereof.
	(c) Irregularities in issue of clothing items without withdrawal of unserviceable ones.
	(d) Non-regularisation of stock-taking deficiencies.
	(e) Non-production of receipted copies of vouchers, value of which is not assessable in the absence of records.
	(f) Overdrawal of rations.
	(g) Irregularities in stock-taking and non-stock-verification of certain ledgers.
	(h) Non-completion of counterfoils of Military Credit Notes.
	A Court of Inquiry was held for the fire accident which occurred on the 26th October, 1954 in the unit and which resulted in destruction of records. A Non-Commissioned Officer who was partially held responsible for the fire accident was sent on release with effect from the 25th March, 1966. The delay in the regularisation of the case is due to protracted correspondence amongst administrative, internal audit authorities and Ministries of Defence and Finance (Defence) and its consideration by the Central *Ad hoc* Committees in 1957 and 1965-66.

Serial No.	Nature of Irregularity
7.	Irregularities in the ration accounts of 1 Assam, *viz.*, improper maintenance of ration return, non-compliance of orders regarding 5 per cent cut in rations, wrong certification, etc., during the period March, 1952 to April, 1952. Due to various moves of the unit from peace station to operational area and *vice versa* and the destruction of old records during 1962 operations, it was not possible to settle the outstanding objections. No Court of Inquiry was held. The case was considered by the Central *Ad hoc* Committee on the 22nd November, 1965.
	QUARTERMASTER GENERAL'S BRANCH
8.	Non-maintenance of petrol, oil and lubricants accounts by the following static units in Jammu and Kashmir area, detected in internal audit in 1958:— (a) 281 Supply Platoon A.S.C.—September, 1955 to April, 1958. (b) 287 Supply Platoon A.S.C.—September, 1955 to May, 1958. (c) 286 Supply Platoon A.S.C.—September, 1955 to October, 1961. (d) 288 Supply Platoon A.S.C.—May, 1961 to July, 1961. (e) 348 Petroleum Platoon A.S.C.—September, 1961 to March, 1962. No Court of Inquiry was held and none was held responsible. The case was considered by the Central *Ad hoc* Committee on the 6th May, 1965.
9.	Non-production of receipted copies of three issue vouchers pertaining to ex-4 Mountain Division Regiment, A.S.C. (now 72 A.S.C. Battalion) in respect of stores consigned to Central Ordnance Depot, Delhi Cantt. Unfit Vehicle Park, Bangalore and Salvage Section, Delhi Cantt. during July, 1957. The records of the unit pertaining to the period in question were destroyed due to enemy action during November, 1962. The case was considered by the Central *Ad hoc* Committee in its meetings held on the 1st October, 1965, 10th June, 1966 and 23rd July, 1966.
10.	Non-production of receipted copies of two issue vouchers in respect of stores consigned by ex-4, Mountain Division Regiment A.S.C. (now 72 A.S.C. Battalion) to Salvage Section, Delhi Cantt., and Return Stores Sub-Depot, Central Ordnance Depot, Delhi Cantt. during March, 1957. The records of the unit relating to the period in question were destroyed due to enemy action during November, 1962. The case was considered by the Central *Ad hoc* Committee on the 23rd July, 1966.
11.	Loss of fresh and fuel group ledgers for the period April and May, 1956 pertaining to Supply Point, Jorhat and non-linking of credit of stores of the value of Rs. 47,422, detected in internal audit in October, 1958. No Court of Inquiry was held for want of witnesses who had since been discharged/posted out. The case was considered by the Central *Ad hoc* Committee on the 23rd July, 1966.
12.	Non-maintenance of ration accounts during the period from December 1959 to April, 1963 by Headquarters Sugar Sector, objected to in internal audit in November, 1960. The reconstructed accounts showed

Serial No.	Nature of Irregularity
	that the non-maintenance of accounts resulted in irregularities like non-accounting of ration, shortage in balances, overdrawal of ration and quantities drawn in excess of authorised scales, involving Rs. 33,896. No Court of Inquiry was held and no body was held responsible. Suitable remedial measures have been adopted to avoid recurrence of such an irregularity.
13.	Non-maintenance of POL/MT Accounts by No. 1 Advance Field Veterinary Hospital for the period September, 1955 to September, 1961 in respect of a vehicle held by the unit while located in field area.
14.	Loss of wages book in respect of temporary establishment for the month of June, 1964 at Military Farm, Jhansi, detected on the 3rd August, 1964. A Court of Inquiry was held in January, 1965 and the establishment clerk was held responsible for the loss. Suitable disciplinary action is being taken against the clerk. Suitable remedial measures have been adopted to avoid recurrence of such a loss.
	MASTER GENERAL OF ORDNANCE BRANCH
15.	Non-linking of 5 certificate receipt vouchers with the consignor's issue vouchers in respect of stores worth Rs. 4,760 received without issue vouchers in Ordnance Depot, Allahabad during 1963-65.
16.	Non-linking of 108 certificate receipt vouchers with consignor's issue vouchers in respect of stores received without issue vouchers during November, 1962 to March, 1965 in No. 2 Field Ordnance Depot. No Court of Inquiry was held and no body was held responsible.
17.	Non-linking of 2 certificate receipt vouchers pertaining to 4 items of stores received by Ordnance Depot, Shakurbasti without any issue vouchers during March, 1961 from an Ordnance Field Park. The delay in regularisation was due to protracted correspondence between administrative and internal audit authorities.
	ENGINEER-IN-CHIEF'S BRANCH
18.	Irregular maintenance of Register of Temporary Military Buildings by Garrison Engineer, Allahabad in respect of temporary building at Chheoki and Allahabad and taking on charge certain temporary buildings existing at site but not borne on the Register of Military Buildings at the stations. The discrepancies were investigated by Boards of Officers held on the 15th June, 1951 and 31st July, 1951 at Allahabad and Chheoki respectively. The delay in regularisation of the case was due to its consideration by Command/Central *Ad hoc* Committee, Army Headquarters and Ministries of Defence and Finance (Defence).
19.	Non-verification of credit for stores in respect of 8 consignor's issue vouchers pertaining to the period October, 1955 to March, 1957 in the ledgers of 13 Field Company Engineers, detected in internal audit in August, 1956 and March, 1957. No Court of Inquiry was held and no body was held responsible. The delay in regularisation of the case was due to the time taken to locate the vouchers or copies thereof and its consideration by the Command/Central *Ad hoc* Committee.

Serial No.	Nature of Irregularity
20.	Non-completion of the Demolition Register of 'A' Vehicles Depot Project in that there were no entries from January to December, 1955. The irregularity was detected in internal audit while auditing the accounts of Garrison Engineer (Projects), Delhi for the period from December, 1954 to November, 1955. The register was subsequently not traceable. No Court of Inquiry was held. The case was considered by the Central *Ad hoc* Committee in June, 1965.
21.	Non-adjustment of cost of stores worth Rs. 49,29,092 issued by 571 Engineer Park to various Field Units during 1950 to 1954 for incorporation in the relevant works and for debiting the cost of stores amounting to Rs. 48,11,478 in respect of 272 of these vouchers for the period prior to 14th May, 1954 to the account of Jammu and Kashmir State in one lump sum. No Court of Inquiry was held and no body was held responsible. The delay in regularisation of the case was due to protracted correspondence among the Chief Engineer, internal audit authorities and Ministry of Finance (Defence).
22.	Loss of store-in-hand ledger No. IV in January, 1960 at 860 Engineer Works Section and opening a new ledger on the basis of ground balances. The Departmental Court of Inquiry which finalised its proceedings on the 24th June, 1961 blamed one Charge Mechanic who was awarded "Censure" in August, 1962. The case was considered by the Central *Ad hoc* Committee on the 25th April, 1966. The delay in regularisation of the case was due to protracted correspondence between internal audit and administrative authorities and its consideration by the Ministry of Defence and Central *Ad hoc* Committee.
23.	Non-verification of credit of certain stores received by B/R Palam Sub-Division during 1952 from other sources due to loss of store-in-hand ledger. No Court of Inquiry was held and no body was held responsible. The case was examined by the Central *Ad hoc* Committee on the 4th July, 1966. The delay in regularisation of the case was due to protracted correspondence among the lower executive authorities and its consideration by the Ministry of Defence and Central *Ad hoc* Committee.
24.	Non-production and subsequent loss of certain auditable documents in respect of 1 Field Company, objected to in internal audit in 1959. The records of the unit were destroyed during October-November, 1962 due to enemy action. No Court of Inquiry was held. The case was considered by the Central *Ad hoc* Committee on the 30th May, 1966.
25.	Loss of a measurement book pertaining to Military Sub-Division, Gurgaon, discovered on the 15th November, 1960. A Court of Inquiry held on the 30th December, 1960 blamed one Gazetted Officer and one Lower Division Clerk who were awarded "non-recordable" warning. The case was examined by the Central *Ad hoc* Committe on the 13th November, 1966.
26.	Loss of a measurement book on the 5th November, 1962 and authorising payment of final bill on the basis of measurements recorded afresh in two measurement books in respect of a contract concluded by Garrison Engineer, Red Fort, Delhi in 1961-62 for repair works in Ordnance Depot, Shakurbasti and Anand Parbat, Delhi, which were executed

Serial No.	Nature of Irregularity
	during the period from 28th October, 1961 to 31st March, 1962. A Court of Inquiry held in December, 1962 to investigate the loss of measurement book blamed one Upper Division Clerk who was "Censured" by the Garrison Engineer, Delhi. The delay in regularisation of the case was due to its examination by the Chief Engineer, Army Headquarters and Ministries of Defence and Finance (Defence).
27.	Non-completion/improper maintenance of Register of Military Buildings pertaining to the years 1947—49 by 970 Works Engineer Section Certain temporary/permanent buildings and buildings taken on loan in forward areas from State Public Works Department without deeds were brought on charge in the respective Registers on the basis of physical check by a Board of Officers held on the 17th March, 1961. The case was considered by the Central *Ad hoc* Committees in November, 1956 and September, 1965. The delay in regularisation of the case was due to its consideration by the lower administrative authorities and Central *Ad hoc* Committees.
28.	Loss of a measurement book in respect of Garrison Engineer, Barrackpore, detected during stock-taking in 1960-61. A Court of Inquiry held on 21st September, 1965 to investigate the loss did not blame any individual. The case was considered by the Central *Ad hoc* Committee on the 3rd January, 1967. Suitable remedial measures have been adopted to avoid recurrence of such a loss.
29.	Non-production/incomplete maintenance and loss of Log Book for Tools and Plants issued to a contractor under the terms of the contract entered into by Garrison Engineer, Delhi Division in 1948-49. A Board of Officers convened in December, 1958 to investigate the improper maintenance of the log book did not blame any individual. The case was considered by the Central *Ad hoc* Committee in November, 1966.
	AIR HEADQUARTERS
30.	Non-production of 239 Stock Record Cards by No. 1 Base Repair Depot, Air Force, Kanpur, objected to in internal audit during 1957. A Court of Inquiry was held on the 18th May, 1959 and no one was held responsible for the irregularity. The case was examined by the Central *Ad hoc* Committee on the 4th January, 1966.
31.	Holding of three M.T. Vehicles in excess of unit establishment for varying periods during 26th April, 1957 to 18th September 1962 and condonation of non-maintenance of original log book in respect of a Radio Vehicle at Air Force Station, New Delhi, objected to in internal audit during 1957. The case was considered by the Central *Ad hoc* Committee on the 24th August, 1965.
32.	Non-production of certain vouchers to audit for verification of Embodiment Loan Ledgers maintained by No. 3 Equipment Depot, Air Force, Avadi before its transfer to I.A.F. Liaison Officer, H.A.L. (now Air Force Depot, H.A.L.), Bangalore. The irregularity was noticed in internal audit prior to April, 1950. The case was considered by the Central *Ad hoc* Committee on the 10th August, 1965.

Serial No.	Nature of Irregularity
33.	Non-completion of counterfoils of 18 Military Credit Notes issued by No. 6 Wing (Air Force) during 1955 and 1956, objected to during the course of internal audit for the quarter ending June, 1958. No Court of Inquiry was held, as no useful purpose would be served at this belated stage and no one was held responsible. The case was considered by Central *Ad hoc* Committee on the 24th June, 1966.
34.	Non-production/non-finalisation of a payment issue voucher relating to the period 1949-50 by No. 3 Equipment Depot, Air Force. Due to non-availability of old records, no recovery action could be taken at this belated stage. The case was considered by Central *Ad hoc* Committee on the 22nd February, 1966.
35.	Non-production of deviation list pertaining to the years 1958-59 to 1960-61 indicating contractor's deviations in respect of aircraft erected and supplied by M/S Hindustan Aeronautics Limited to Air Force Storage Depot, Sulur. No body could be held responsible. The case was considered by the Central *Ad hoc* Committee on the 15th June, 1965 and 6th July, 1965.
36.	Non-production of 6 Stock Record Cards to audit by No. 1 Base Repair Depot, Air Force Station, Kanpur. This was pointed out in internal audit in 1956. A Court of Inquiry held on the 23rd January, 1959 to investigate the matter recommended preparation of missing cards. This could not be done as the old vouchers were not traceable at this belated stage. No body was held responsible. The Central *Ad hoc* Committee examined the case on the 21st June, 1966.
37.	Non-verification of credit of stores amounting to Rs. 27,339 issued during 1958-59 by certain units to Air Force Station, New Delhi due to non-availability of copies of the issue vouchers and other relevant informamation from the consignee units at this stage. No Court of Inquiry was held and no body was held responsible. The case was examined by the Central *Ad hoc* Committee on the 5th July, 1966.
38.	Non-verification of credit of stores issued in July, 1952 by Central Ordnance Depot, Agra to No. 5 Explosives Maintenance Unit whose records were taken over by Air Armament Inspection Wing, Khamaria. No Court of Inquiry was held and no body was held responsible. The case was considered by the Central *Ad hoc* Committee on the 22nd July, 1966.
39.	Non-production by No. 1 Transport Training Wing, Air Force of passenger/cargo manifests for airlifting of certain passengers/freight during August, 1960. No Court of Inquiry was considered necessary. Suitable remedial measures have been adopted to avoid recurrence of such irregularities. The case was considered by the Central *Ad hoc* Committee on the 19th May, 1966.
40.	Non-maintenance of ration accounts by 11 Squadron (Detachment) of No. 10 Wing (Air Force) during November and December, 1961 and regularisation of over-drawals, if any, resulting therefrom. No Court of Inquiry was held and no body was held responsible.

Serial No.	Nature of Irregularity
41.	Non-production of 2 Single Stock Record Cards by No. 1 Base Repair Depot, Kanpur during 1958 for audit verification of two items. A Court of Inquiry held to investigate the matter recommended preparation of the missing cards afresh. A further examination revealed that the missing cards were not having any balance and were dead cards. The case was considered by the Central *Ad hoc* Committee on the 8th July, 1966.
42.	Non-maintenance of cost cards in the proper manner in respect of manufacture and development of an aircraft during 1958 by Maintenance Command Development Centre.
43.	Irregular accounting procedure followed by Air Force Liaison Staff, Air India, Santacruz from January, 1962 to December, 1964 in respect of Packet Aircraft spares received from No. 22 Equipment Depot, Air Force, Bombay after the Super-constellation Aircraft, aero-engines and spares were taken over by the Indian Air Force from Air India in 1962. As no financial loss to the State was involved, no Court of Inquiry was held.
44.	Non-production of Flight Authorisation Book of 'A' Flight Inter-Squadron, Air Force Flying College, Jodhpur for the period April to June, 1962. A formal investigation was made on the 26th November, 1962 but nobody was held responsible for the loss of document. Suitable remedial measures have been adopted to avoid recurrence of such losses.
45.	Improper preparation of daily ration strength statement at No. 4 Equipment Depot, Air Force and acceptance of effective ration strength shown in the daily ration strength statement from the 24th May, 1959 onwards as correct. No Court of Inquiry was held. As the particulars of individuals dealing with the work were not available, no disciplinary action could be taken against any individual. The case was considered by the Central *Ad hoc* Committee on the 12th July, 1966.
46.	Non-preparation of Piecemeal Survey Lists for repairs/overhaul of engines, assemblies, etc. by Air Force Liaison Staff, Air India, Santacruz during the period from 1st January, 1963 to 31st March, 1965. No Court of Inquiry was held and no disciplinary action was taken against any individual. Piecemeal Survey lists are now being prepared as per existing instructions.
47.	Non-maintenance of proper accounts of project tooling by the former Aircraft Manufacturing Depot, Kanpur (now merged with Hindustan Aeronautics Limited) upto the 31st July, 1963, detected by internal audit on 6th February, 1965. The irregularity occurred due to inexperience and the enormity of the work involved. No Court of Inquiry was, therefore, considered necessary.
48.	Regularisation of the improper maintenance of accounts of 'Loan Inward' and 'Loan Outward' items for the period 1959 to July, 1963 by the former Aircraft Manufacturing Depot, Kanpur (now merged with Hindustan Aeronautics Limited). The irregularity was objected to in internal audit in February, 1965. No Court of Inquiry was held.

Serial No.	Nature of Irregularity
	NAVAL HEADQUARTERS
49.	Non-conducting the annual provisioning review of the entire range of stores in Spare Parts Distributing Centre, Naval Dockyard, Bombay during the years 1957-58 to 1965-66. As this was due to lack of staff, nobody was held responsible.
	DEFENCE PRODUCTION
50.	Condonation of incorrect booking of labour and materials during 1959 to 1963 against jobs in the former Aircraft Manufacturing Depot, Kanpur (now merged with Hindustan Aeronautics Limited). The irregularity occurred as the Depot did not prepare estimates before undertaking the jobs. No Court of Inquiry was held and no individual was held responsible.
	MEDICAL DIRECTORATE
51.	Non-holding of survey board by 215 Mobile Field Hospital (ex-93 Field Ambulance Mountain) prior to its move from original location to the operational area during September, 1962. No Court of Inquiry was held and nobody was held responsible.
52.	Non-holding of Survey Board by 21 Field Ambulance (Mtn) before its move to operational area in November, 1959. No Court of Inquiry was held and nobody was held responsible.

APPENDIX J

Statement showing details of gifts and cases of transfer of Government property of the book value exceeding Rs. 1 lakh each free or at concessional rate to non-Government Organisations.

NIL

REVIEW OF THE ACCOUNTS OF MANUFACTURING CONCERNS OF THE DEFENCE SERVICES FOR THE YEAR 1966-67

ARMY BAKERIES

Twelve Army Bakeries functioned during the year 1966-67. They produced 826,746 kgs. of bread at an average cost of Rs. 85.69 per 100 kgs. as against 887,998 kgs. of bread produced during the previous year at an average cost of Rs. 77·17 per 100 kgs. of bread. As compared to the preceding year there was an increase in output in one bakery and decrease in six bakeries, resulting in an overall decrease in the output of bread to the extent of 6·9 per cent.

2. The average cost of production of bread registered an increase of 11·04 per cent over the previous year. The following factors account for the increase in the cost of production during the year:—

(a) More expenditure under 'pay and other charges', and 'leave and superannuation allowances' due to increase in dearness allowance;

(b) More expenditure under 'other items of expenditure' due to increase in the assessed rent of buildings occupied by two of the bakeries.

3. The bulk and the retail market rates at the stations at which Army Bakeries functioned ranged from Rs. 97·00 to Rs. 250·00 and Rs. 102·00 to Rs. 250:00 per 100 kgs. respectively. The minimum and maximum production costs of bread in the Army Bakeries during the year were Rs. 74·35 and Rs. 136·90 per 100 kgs. respectively while the payment issue rates ranged from Rs. 104·00 to Rs. 141·00 per 100 kgs. respectively.

4. The variation between the maximum and minimum production costs is mainly attributable to large difference in the volume of output of the concerned [illegible]eries. The bakery which attained the lowest cost of production produced [illegible]akhs kgs. of bread, while the bakery where the cost of production was [illegible]hest, produced 10,229 kgs. of bread only and consequently a much higher [illegible]ce of overheads was involved.

NAVAL BAKERIES

[illegible] During the year 1966-67 five Naval Bakeries continued to function and [illegible]uced 565,179 kgs. of bread at an average cost of Rs. 73·30 per 100 kgs. [illegible]gainst 475,587 kgs. of bread at an average cost of Rs. 74·12 per 100 kgs. [illegible]ing 1965-66. There was an increase in the total output of bread to the ex- [illegible] of 18·84 per cent over the production of the previous year. There was a [illegible]ease in the average cost of production of bread to the extent of 1·11 per cent [illegible]e year 1966-67 as compared to that for the year 1965-66.

[illegible]6. The bulk and retail market rates of bread at the various stations at which [illegible]val Bakeries functioned varied from Rs. 70 to Rs. 177 per 100 kgs. and [illegible]m Re. 0·75 to Rs. 1·77 per kg. respectively. The payment issue rates during [illegible] year ranged from Re. 0·90 per kg. to Re. 0·97 per kg. The minimum and [illegible]aximum production costs of bread in the Naval Bakeries were Rs. 69·30 and [illegible]s. 80.94 per 100 kgs. respectively. The variation between the minimum and maximum production costs is mainly attributable to significant difference in the volume of output of the bakeries concerned which led to difference in the incidence of overheads.

MILITARY FARMS

7. The functions of the Military Farms are : (a) to provide a reliable and hygienic supply of dairy produce to the Defence Services; and (b) to provide fodder to the animals of the Army.

8. It was reported in the Financial Review on the Military Farms for the year 1965-66 that the new system of accounting recommended by the Expert Accounting Committee had been introduced in all the Farms from 1st April, 1966. Under the new system, the accounts are prepared separately for the main activities of the Farms, such as, cultivation, fodder, cattle yard and dairy based on cost accounting principles. Under the old system there was a consolidated Trading Account and a Profit and Loss Account for all the activities of the Military Farms. In view of the different systems followed for compiling accounts during the two financial years, 1965-66 and 1966-67, it is difficult to make a close comparison of the statistical data on an identical basis as was done in the previous annual reviews. Effective comparison can be made only when the accounts are cast under identical heads and this will be possible from the next financial year. However, an attempt has been made to bring out in the following paragraphs certain salient features having a bearing on the financial results.

9. During the year 1966-67, out of a total of 36 Military Farms, 30 Farms made a total profit of Rs. 75.68 lakhs and the remaining 6 incurred a loss of Rs. 9.30 lakhs thus giving a net profit of Rs. 66.38 lakhs against a net loss of Rs. 77.37 lakhs in the previous year. This indicates an overall improvement in the trading results of the Military Farms by Rs. 143.75 lakhs during 1966-67 over the preceding year. The main reasons for this sizeable improvement are broadly as follows:—

(i) Increased realisation from the sale of dairy produce (Rs. lakhs). This is mainly due to the revised procedure of fixa sale/issue rates of milk based on the local market rates for eq quality of milk, which was introduced during the period Jan March 1966, but the full effect of which was not available the previous year. Further, under the old procedure of pric higher subsidy was available to entitled customers, such as off JCOs, ORs, etc. whereas the margin of subsidy has been cons ably reduced under the new procedure. The financial advan resulting from these measures can be gauged by comparing the fi of 92 paise per litre which was the weighted average of sale/issue of milk during 1965-66 with the similar average of Rs. 1.1 per litre for 1966-67.

(ii) Increased receipts from maturity of young stock (Rs. 22 lakhs).

(iii) Increased sale realisation from culling of animals as an e nomy measure (Rs. 18.09 lakhs).

(iv) Decrease in depreciation charges on buildings and plant and machinery (Rs. 4.53 lakhs).

As against the above, certain adverse factors also prevailed, such as, increased prices of items of animals feed, drought conditions, higher prices for purchase of milk, skimmed milk powder, fodder etc.

10. Certain particulars of interest relating to the working of the Military Farms are given below for information:

(a) Military Farms produced 139·28 lakhs litres of milk during the year 1966-67 comprising 79·29 lakh litres of buffalo's milk and 59.99 lakh litres of cow's milk. In addition, they also purchased 283.57 lakh litres of milk split up into 82.36 lakh litres of cow's milk and 201·21 lakh litres of buffalo's milk. Baffalo's milk is not issued in its original form, except to payment issue customers, but is converted into standard/blended milk before issue to the troops/hospitals.

(b) The quantities of the principal items of dairy produce issued as a part of ration to the Defence services and sold to other customers during the period under review compared with those for the year 1965-66 are as under:—

(In lakhs of litres/kgms)

Year	Milk Litres	Butter K'gms	Cream K'gms
FREE ISSUES TO TROOPS AND MILITARY HOSPITALS			
1965-66	552·06	1·77	0·21
1966-67	507·76	1·44	0·21
PAYMENT ISSUES TO GOVT. INSTITUTIONS OTHER THAN MILITARY HOSPITALS			
1965-66	1·81	0·03	0·01
1966-67	1·27	0·16	0·01
PAYMENT ISSUES TO ALL OTHER CUSTOMERS			
1965-66	49·74	1·75	0·05
1966-67	39·42	2·05	0·05

(c) For purposes of fixation of sale/issue rates of milk under the old procedure, Military Farms throughout India were divided into eight groups. Free issue rates of milk in respect of each group of Farms were generally fixed at a level slightly higher than the average market prices prevailing in these stations and Military Farms were allowed to take credit for issues to troops and hospitals at free issue rates. These rates were, however, lower than the cost of production of pure milk at the Military Farms.

Payment issues of milk to entitled customers were made at concessional sale rates which were generally lower than the free issue rates. The concessional sale rates were introduced in February,

1957 mainly with a view to encouraging the sale of milk as, prior to that date, surplus milk in Winter was being disposed of at a loss after conversion into ghee. The rates for payment issues and free issues of other products *viz.*, butter and cream were the same.

Under the revised procedure for fixation of sale/issue rates of milk introduced from January—March 1966, separate rates are fixed for each station for a period of half-year at a time, on the recommendations of a Board of Officers appointed by the Station Commander on the basis of the local market rates for equivalent quality of milk. Additional charges 14 paise per litre are added for cost of pasteurisation and delivery. The half-yearly periods for which separate rates are fixed, are April to September and October to March.

The old pricing procedure allowed a reduction ranging from 6 to 36 paise per litre in the free issue rates to entitled customers, depending upon the season, the type of milk and the category of entitled customer, whereas according to the revised procedure, the reduction permissible is 5 paise and 10 paise per litre for officers and others respectively.

(d) The difference between the cost of production/purchase of milk and sale realisations from payment issues of milk came down from Rs. 28·45 lakhs (subsequently amended to Rs. 25·55 lakhs) during 1965-66 to Rs. 1·77 lakhs during 1966-67. This was due to the rationalisation of the procedure for fixation of sale/issue rates of milk.

(e) The trading results also indicate that the average cost of production of milk came down from Rs. 1.85 per litre in 1965-66 to Rs. 1·11 per litre in 1966-67 thus indicating a total saving of Rs. 103·07 lakhs over a gross production of 1,39,28,189 litres of raw milk during 1966-67. The average purchase rate of milk during the year, however, worked out to Rs. 0.99 per litre.

(f) The depreciation charged on buildings, live-stock and machinery during the year is as under:—

	(Rs. in lakhs)
Buildings	3.93
Live-stock	21·07
Plant & Machinery	11·35
TOTAL . .	36·35

CANTEEN STORES DEPARTMENT (INDIA)

11. The turn-over of the Department during the year under review was Rs. 19,23,96,645 as against the previous year's turn-over of Rs. 15,96,77,257. This represents an increase of Rs. 3,27,19,388 (*i.e.*, an increase of 20·49 per cent) over the last year's figure.

12. The value of stocks (including packing materials) in trade and in transit at various depots and warehouses on 31st March, 1967 stood at Rs. 5,27,92,711 as compared to the corresponding figure of Rs. 3,53,20,215 for the preceding year.

13. 31 retail canteens and combined retail and bulk issue depots functioned during the year under review against 32 during the preceding year. 2 CSD(I)-run canteens were, however, closed down and 5 were handed over to the Army Units/Formations before the expiry of the year under review in accordance with the decision of the Board of Control taken in September, 1966 and the total stood at 24 on the 31st March, 1967. The total retail turn-over of these establishments during the year was Rs. 2,70,09,168 and the net surplus of receipts over expenditure amounted to Rs. 5,46,669. The corresponding figures for the previous year were Rs. 2,35,36,272 and Rs. 5,33,181 respectively.

14. During the year under review, the number of Defence Services Cinemas run by the Department increased from 23 to 24. The working of these cinemas resulted in a net surplus of Rs. 3,69,799 after providing for depreciation, administrative expenses, etc., as against the surplus of Rs. 4,77,201 in the preceding year. The short-fall of Rs. 1,07,402 during the year is mainly due to the fact that the service conditions of the cinema employees were brought in line with those of other CSD(I) employees in the matter of Dearness Allowance, etc., from 1st March, 1966 and the full impact of the revised terms of service was felt only during the year under review. This surplus has not been merged with the general surplus and has been carried forward to the next year's accounts of the cinema business.

bak
3·26 1. The Aramgrahs at Rangiya and Lucknow continued to operate for some-
the hig luring the year under review, the former making a profit of Rs. 2,043
incidene latter incurring a loss of Rs. 2,875. They have since been closed down.

. Against the permissible limit of Rs. 200 lakhs for overdraft facilities, the
f) negotiated with their bankers for over-draft of Rs. 75 lakhs only. The
5 draft availed of as on 31st March, 1967 stood at Rs. 74,99,687.

prod
as a 17. The gross profit of CSD(I) for the year under review stood at Rs. 206·17
dur s as against Rs. 178·26 lakhs in the preceding year. The profit margin
e ratio of gross profit to sale proceeds) was slightly lower at 10.72 per cent against 11·16 per cent obtained last year as a result of the Department reducing its profit margin from October, 1966, to pass on the benefit of lower prices to the customers.

The net surplus of the receipts over expenditure in respect of canteen trade (both retail and wholesale) after providing for all losses and contingencies amounted to Rs. 1,53,18,577 which represents 6·98% of business as against a surplus of Rs. 1,35,92,597 for the previous year which worked out to 7·42% of the combined turn-over of that year. With the addition of (i) Rs. 7,35,000 being the unspent balance of Board of Control, Canteen Services General Purposes Fund written back, (ii) Rs. 925 being the unpaid amount of quantitative discount and profits written back and (iii) Rs. 2,374 being the surplus brought forward, the total available surplus of receipts over expenditure comes to Rs. 1,60,56,876.

18. The Board of Control has decided that the net surplus available as above be appropriated as under:—

(a) Rs. 75,01,876—To be transferred to the CSD (I) General Reserve Fund.

(b) Rs. 17,35,000—To the Board of Control General Purposes Fund.

(c) Rs. 5,70,000—To the Canteen Stores Department (India) Employees Benevolent Fund.

(d) Rs. 60,000—To the CSD(I) Sports Fund.

(e) Rs. 61,90,000—To the three Services for welfare and General amenity purposes and various other Defence Institutions.

Consolidated Production Account of Army Bakeries for the year ended 31st March, 1967

Dr. | Cr.

1965-66		Particulars	1966-67		1965-66		Particulars	1966-67	
					Out-turn	Cost		Out-turn	Cost
Rs.	Rs.		Rs.	Rs.	Kgs.	Rs.		Kgs.	Rs.
		Stores consumed :							
	5,40,974	To value of stores consumed.		5,10,514	8,87,998	6,85,310	By net cost of production.	8,26,746	7,08,409
		Salaries, labour and other charges :							
1,01,634		To pay and other charges of staff.	1,39,468						
15,933		To leave and superannuation allowances.	24,258						
26,856		To other items of expenditure including miscellaneous stores.	34,171						
	1,44,423			1,97,897					
	87	*Less* Miscellaneous receipts.		2					
	6,85,310	TOTAL		7,08,409		6,85,310	TOTAL		7,08,409

Average cost per 100 Kgs. of bread.

1965-66	1966-67
Rs.	Rs.
77·17	85·69

NEW DELHI;
Dated the 22nd December, 1967.

Countersigned

V. N. SUKUL,
Controller General of Defence Accounts.

NEW DELHI;
Dated the 1st January, 1968.

AJIT SINGH, *Maj. General,*
Director of Supplies and Transport.

I have examined the foregoing Account of Army Bakeries and obtained all the information and explanations that I have required. I certify, as a result of test audit, that in my opinion this Account is properly drawn up so as to exhibit a true and fair view of the state of affairs of the bakeries according to the best of my information and explanations given to me.

NEW DELHI;
Dated the 16th February, 1968.

P. K. RAU,
Director of Audit, Defence Services.

NOTES

The total quantity of bread produced by Army Bakeries during 1966-67 was 8,26,746 Kgs. which is 6·90% less than the output of the previous year (i.e. 8,87,998 Kgs). The number of bakeries (12) remained the same as in the previous year. As compared to the previous year, there was increase in output in one bakery and decrease in six bakeries. This has resulted in the decrease in output of bread as a whole during the year.

2. **Cost of production per 100 Kgs of bread produced.**—The all-India production cost per 100 Kgs. of bread registered an increase by 11.04% during the year as compared to the previous year. The break-up of production cost per 100 Kgs. of bread for three years is indicated below :—

	1964-65	1965-66	1966-67
	Rs.	Rs.	Rs.
(*a*) Cost of stores consumed	50·34	60·92	61·75
(*b*) Other charges	15·46	16·25	23·94
TOTAL . . .	65·80	77·17	85·69

The increase in the cost of production during the year is mainly due to rise in (a) pay and other charges of staff (b) leave and superannuation allowances and (c) other items of expenditure.

3. The cost of production per 100 Kgs. of bread in Army Bakeries varied between Rs. 74·35 and Rs. 136·90. This wide variation in costs of production is attributable to large variation in the volume of output. The bakery which attained the lowest cost of production produced 3·26 lakhs kgs. of bread, while the bakery where the cost of production was the highest, produced 0·10 lakh Kgs. (approximate) of bread only.

4. Significant variations in individual items of expenses are explained below:—

(i) **Pay and other charges of staff.**—The increase in expenditure under this head by 37.22% was mainly due to increase in the pay and allowances consequent on increase in dearness allowance during the year.

(ii) **Leave and Superannuation allowances.**—There was increase in expenditure by 52.25% under this head mainly due to increased expenditure on account of pay and allowances as stated in (i) above.

(iii) **Other items of expenditure including miscellaneous stores.**—The increase in expenditure by 27·24% under this head was mainly due to increase in the assessed rent of buildings occupied by two bakeries during the year.

5. As in the past years, overheads on account of Defence Accounts Department charges and proportionate cost of administration at Army Headquarters, have not been included in the Production Account, as these charges are not directly related to the production of bread. However, in fixing the payment issue rates of bread at each station, 7% of the cost of production has been added to cover the above elements. A further levy of Re. 0·08 per kg. of bread has been made to cover all other overhead charges.

Dr. *Consolidated Products on Account of Naval Bakeries for the year ended 31st March, 1967* Cr.

1965-66		Particulars	1966-67		1965-66 Out-turn	1965-66 Cost	Particulars	1966-67 Out-turn	1966-67 Cost
Rs.	Rs.		Rs.	Rs.	Kgs.	Rs.		Kgs.	Rs.
		Stores consumed :							
	2,86,974	To value of stores consumed.		3,38,562	4,75,587	3,52,513	By net cost of production.	5,65,179	4,14,274
		Salaries, labour and other charges.							
47,333		To pay and other charges of staff.	56,530						
5,775		To leave and superannuation allowances.	5,929						
12,744		To other items of expenditure including miscellaneous stores.	13,930						
	65,852			76,389					
	313	: *Less* Miscellaneous receipts.		677					
	3,52,513	TOTAL		4,14,274		3,52,513	TOTAL		4,14,274

Average cost per 100 Kgs. of bread	
1965-66	1966-67
Rs. P.	Rs. P.
74 12	73 30

NEW DELHI;
Dated the 14th November, 1967.

V. N. SUKUL,
Controller General of Defence Accounts.

Countersigned

NEW DELHI;
Dated the 21st November, 1967

R. MAHADEVAN, *Captain, I.N.,*
Director of Clothing & Victualling.

I have examined the foregoing Account of Naval Bakeries and obtained all the information and explanations that I have required. I certify, as a result of test audit, that in my opinion this Account is properly drawn up so as to exhibit a true and fair view of the state of affairs of the bakeries according to the best of my information and explanations given to me.

NEW DELHI;
Dated the 3rd February, 1968.

P. K. RAU,
Director of Audit, Defence Services.

NOTES

The total quantity of bread produced by Naval Bakeries during the year 1966-67 was 5,65,179 kgs. which is 18·84% more than the output during the previous year (4,75,587 kgs.). The number of bakeries (five) remained the same. The average cost of production of bread per 100 kgs. showed a decrease of 1·11% as compared to the preceding year. The break-up of the cost of production per 100 kgs. of bread for the last three years is indicated below:—

Cost per 100 kgs. of bread produced	1964-65	1965-66	1966-67
	Rs.	Rs.	Rs.
(a) Stores consumed	50·01	60·34	59·90
(b) Salaries, labour and other charges . . .	14·11	13·78	13·40
TOTAL . . .	64·12	74·12	73·30

The decrease in the average cost of production during the year is mainly due to increase in the out-turn of bread.

2. There was increase in output in all the bakeries. The unit cost of production registered decrease in three bakeries and increase in two bakeries.

3. The cost of production during the year under review varied between Rs. 69·30 and Rs. 80·94 per 100 kgs. The variation is mainly attributable to expenditure on pay and other charges of staff, as also rent of bakery building, being disproportionate to the volume of output. The quantity of bread produced in the bakery showing highest cost of Rs. 80·94 per 100 kgs. of bread was 19,763 kgs. only, whereas the quantity produced in the bakery showing lowest cost of Rs. 69·30 per 100 kgs. was 1,48,686 kgs.

4. The reasons for significant variations in expenditure during the year, as compared to 1965-66, are explained below:—

(i) **Value of stores consumed.**—The expenditure under this head increased by 17·98 per cent mainly due to increase in the quantum of output.

(ii) **Pay and other charges of staff.**—The increase of 19·43 per cent under this head is partly attributable to employment of a larger number of bakers to step up production, and partly due to increase in pay and allowances of staff as a result of increments, revision of dearness allowance etc.

241 M. of Fin.—8

5. As in the past years, the overheads on account of Defence Accounts Department charges and proportionate cost of administration at Naval Headquarters, have not been included in the production account, as these charges are not directly related to the production of bread. However, in fixing the payment issue rates of bread at each station, 7% of the cost of production has been added to cover the above elements. A further levy of Re. 0·05 per kg. of bread has been made to cover all other overhead charges.

Consolidated Balance Sheet of Military Farms as at 31st March, 1967

1965-66	Capital/Liabilities	1966-67	1965-66	Property/Assets	1966-67
Rs.		Rs.	Rs.		Rs.
5,54,04,442	(*a*) Government Capital (as per Schedule on page 115)	3,70,86,591	2,89,59,134	(*a*) Fixed Assets (as detailed below)	2,97,72,427
44,28,924	(*b*) Sundry Creditors	35,14,273	1,54,79,179	(*b*) Stock/Stores in hand	1,20,81,333
3,238	(*c*) Cash deposits received in advance	11,378	..	(*c*) Value of standing crops	5,01,549
55,115	(*d*) Cost of unredeemed coupons	87,942	75,85,157	(*d*) Sundry debtors	48,66,602
—	(*e*) *Add* profit for the year	66,38,052	5,167	(*e*) Unadjusted working advances	17,315
77,37,076	(*f*) *Less* loss for the year	..	1,04,083	(*f*) Cash in hand	32,657
			21,923	(*g*) Cash in bank	66,353
5,21,54,643	TOTAL	4,73,38,236	5,21,54,643	TOTAL	4,73,38,236

Details of *Fixed Assets*

	Land Rs.	1966-67 Buildings Rs.	Machinery Rs.	Live Stock Rs.	Total Rs.
Fixed Assets					
Balance as on 1st April 1966	41,10,710	108,88,560	80,82,240	58,77,624	289,59,134
Additions	78,186	9,31,650	19,33,197	42,61,544	72,04,577
TOTAL	41,88,896	118,20,210	100,15,437	101,39,168	361,63,711
Deduct depreciation, casualties, condemnations, transfer to other departments, etc.	1,77,145	6,78,676	23,98,881	31,36,582	63,91,284
Net value of Fixed Assets as on 31st March 1967	40,11,751	111,41,534	76,16,556	70,02,586	2,97,72,427

NEW DELHI :
Dated the 14th March, 1968

R. C. DATTA, *Colonel*,
Officiating Director of Military Farms.

COUNTERSIGNED

New Delhi ;
Dated the 16th March, 1968.

B. L. JAIN,
Additional Controller General of Defence Accounts.

I have examined the Accounts and Balance Sheet of Military Farms. I have obtained all the information and explanations that I have required. I certify, as a result of test 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 the Military Farms according to the best of my information and explanations given to me and as shown by the books of the Military Farms.

New Delhi;
Dated the 21st March, 1968

P. KRISHNAMURTI,
Director of Audit, Defence Services.

Consolidated Profit and Loss Account of Military Farms for the year ended 31st March, 1967

Dr. Particulars	Amount	*Cr.* Particulars	Amount
	Rs.		Rs.
To loss in Sections :		*By profit in Sections* :	
(*a*) Dairy	..	(*a*) Dairy	77,68,437
(*b*) Cultivation . . .	15,24,970	(*b*) Cultivation . . .	..
(*c*) Fodder	..	(*c*) Fodder . . .	4,16,419
(*d*) Depots	..	(*d*) Depots . . .	..
(*e*) Branch Farm . .	..	(*e*) Branch Farm . .	..
(A) To Loss on sale of Assets .	21,834	(A) By Profit on sale of Assets .	..
Other items . .	..	Other items . .	..
(B) To Net Profit . .	66,38,052	(B) By Net Loss . .	..
TOTAL .	81,84,856	TOTAL .	81,84,856

	Rs.
Rail Charges.—	
March, 1966 (Supplementary) rail charges adjusted in the accounts of 1966-67.	(—) 1,830
March, 1967 (Supplementary) rail charges for 1966-67 not adjusted in the accounts of 1966-67.	4,568

NEW DELHI ;
Dated the 20th January, 1968

R. C. DATTA, *Colonel*,
Officiating Director of Military Farms.

COUNTERSIGNED

NEW DELHI ;
Dated the 2nd February, 1968.

V. N. SUKUL,
Controller General of Defence Accounts.

Schedule of Government Capital Account of Military Farms for the year ended 31st March, 1967

Sl. No.	Particulars	Amount	Remarks
1	Balance at the beginning of the year—	Rs.	
	Government Account 'A',	3,32,34,008	
	Government Account 'B'	2,48,78,529	
	TOTAL 'A' + 'B'	5,81,12,537	
	Government Account 'C'	(—)2,04,25,322	
	TOTAL—GOVERNMENT ACCOUNT A+B+C	3,76,87,215	
2	*Add* profit upto the end of 1965-66	99,80,151	
	Result (1+2)	4,76,67,366	
3	*Add* withdrawals (Cash)	5,63,46,629	
	TOTAL	10,40,13,995	
4	*Less*—Remittances (Cash)	1,14,36,792	
	Net Result	9,25,77,203	
5	*Add* withdrawals (BT)	3,69,91,352	
	TOTAL	12,95,68,555	
6	*Less*—Remittances (BT)	9,24,81,964	
7	Net result as on 31st March, 1967	3,70,86,591	

NEW DELHI;
Dated the 14th March, 1968.

R. C. DATTA, *Colonel,*
Officiating Director of Military Farms.

COUNTERSIGNED

NEW DELHI;
Dated the 16th March, 1968.

B. L. JAIN,
Additional Controller General of Defence Accounts.

Government Account 'A' shows money lent by the Government to Farms for Capital Expenditure.

Government Account 'B' shows additions from Stock to Capital and Capital Charges met from other Farms and Departments.

Government Account 'C' denotes the total indebtedness of the Military Farms Department to Government and *vice versa.*

Cattle-yard Production Account of Cattle-holding Military Farms for the year ended 31st March, 1967

Particulars	Buffs	Cows	Mixed Milk
	Rs.	Rs.	Rs.
Expenditure			
1. Cost of Fodder . .	34,08,462	19,66,169	53,74,631
2. Cost of Concentrates .	42,41,730	26,82,861	69,24,591
3. Pay of Staff . . .	19,40,337	13,57,699	32,98,036
4. Miscellaneous charges/stores	1,38,863	1,15,177	2,54,040
5. Power Fuel including electric charges	92,790	75,464	1,68,254
6. Maintenance of Buildings .	40,607	37,268	77,875
7. Cost of Medicines used .	65,560	47,018	1,12,578
8. Casualties and Condemnations	8,33,200	4,23,713	12,56,913
9. Depreciation on Live-stock	4,41,186	3,21,968	7,63,154
10. Depreciation on other items	93,210	39,836	1,33,046
11. Other expenses . .	9,59,373	5,70,335	15,29,708
12. Cost of separated milk fed to calves	84,502	97,708	1,82,210
13. Overhead charges . .	8,28,238	4,76,405	13,04,643
Total expenditure . .	1,31,68,058	82,11,621	2,13,79,679

Cattle-yard Production Account of Cattle-holding Military Farms for the year ended 31st March 1967

Particulars	Buffs.	Cows	Mixed Milk
Receipts	Rs.	Rs.	Rs.
1. Sale of Manure . .	1,81,785	1,19,266	3,01,051
2. Valuation of stock . .	19,10,800	12,72,800	31,83,600
3. Sale of Animals . .	7,39,408	4,44,504	11,83,912
4. Sale of Hides and Skins .	14,430	5,147	19,577
5. Miscellaneous Receipts .	7,65,915	5,07,199	12,73,114
Total Receipts . .	36,12,338	23,48,916	59,61,254
Net Expenditure . Rs.	95,55,720	58,62,705	1,54,18,425
Production of milk. Litres	79,29,265	59,98,924	1,39,28,189
Production cost of milk per litre . . . Rs.	1·21	0·98	1·11

NOTE.—Expenditure on rearing of surplus calves upto a period of one month included in the Account. Rs. 1,87,153

NEW DELHI ;
Dated the 20th January, 1968.

R. C. DATTA, *Colonel,*
Officiating Director of Military Farms.

Countersigned.

NEW DELHI ;
Dated the 2nd February, 1968.

V. N. SUKUL,
Controller General of Defence Accounts.

Dairy Section Production Account (Cow's & Buffalo's Milk) of Military Farms for the year ended 31st March, 1967.

	Litres	Rs.
To opening stock:—		
Cow's Milk	1,973	1,836
Buff. Milk	7,803	6,789
To transfer of milk from Cattleyard:—		
Cow's Milk	59,98,924	58,62,706
Buff. Milk	79,29,265	95,55,720
	1,39,28,189	1,54,18,426
To Milk purchased locally:—		
Cow's Milk	82,36,464	71,39,264
Buff. Milk	2,01,20,974	2,09,76,469
	2,83,57,438	2,81,15,733
To Milk procured by transfer:—		
Cow's Milk / Buff. Milk	16,64,273	16,84,536
To S.M. Powder added to raise specific gravity	Kgs. 3,969	5,309
To Surpluses	Litres 721	..
To transport mechanical		8,18,241
To transport animal		76,868
To Direct wages and salaries		8,40,564
To Electricity & Water Charges Power & Fuel		5,11,102
To Depreciation		3,84,471

	Litres	Rs.
By transfer to Trading Account	1,68,75,153	1,86,22,358
By Issue for manufacture of		
Cream/Butter	62,73,484	63,62,643
Standard Milk	71,90,529	77,04,306
Blended Milk	1,33,94,690	1,59,31,026
By Closing stock		
Cow's Milk	1,115	996
Buff. Milk	5,648	6,145

To R[illegible] building[illegible]		[illegible],34,643
To Packing charges (milk only)		99,815
To Other Charges		5,29,141
TOTAL . . .	4,39,64,366	4,86,27,474
Less wastage and spoilage (Qty. only) . .	2,23,747	..
Total net quantity	4,37,40,619	
Total amount	..	4,86,27,474
Total average production cost per litre . .		1·11

TOTAL . .	4,37,40,619	4,86,27,474

NEW DELHI ;
Dated the 20th January, 1968.

R. C. DATTA, *Colonel*,
Officiating Director of Military Farms.

Countersigned

NEW DELHI ;
Dated the 2nd February, 1968.

V. N. SUKUL,
Controller General of Defence Accounts.

Statement showing Dairy Section Production Account (other Products—Cream/Blended Milk/Homogenised Milk/Standard Milk/Butter/Ghee and Separated Milk) of Military Farms for the year ended 31st March, 1967.

Particulars	Cream		Blended Milk		Homogenised Milk		Standard Milk		Butter		Ghee		Separated Milk	
	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Milk	..	..	1,33,94,690 Litres	1,59,31,026	..	..	71,90,529 Litres	77,04,306	193*Kgs.	9,368	..	..	..	..
CREAM:—														
Home	7,24,385 Kgs.	63,53,275	19,366 Kgs.	97,522	..	..	..	..	..	..	..	..	..	..
Purchased/Transferred	2,49,782 Kgs.	14,98,520	1,26,373 Kgs.	9,03,865	..	..	..	..	..	..	..	..	..	..
SEPARATED MILK:—														
Home	..	..	..	..	..	..	42,56,442 Litres	20,61,568	..	..	..	..	47,67,862Litres	22,83,089
Purchased/Transferred	..	..	..	..	..	..	13,96,172 Litres	3,86,008	..	..	..	..	16,04,475Litres	4,05,702
Re-constituted Separated Milk	..	..	..	..	..	..	..	..	..	..	..	..	36,061Litres	8,356
Butter:—														
Home	..	..	..	..	..	..	..	..	4,39,314Kgs.	40,45,094	..	..	..	..
Purchased	..	..	..	..	..	..	..	..	275Kgs.	2,163	..	..	..	..
Transferred	..	..	..	..	..	..	..	..	252Kgs.	2,503	..	..	..	..
Ghee:—														
Home	..	..	..	..	..	..	..	..	8,865Kgs.	72,286	..	..	..	..
Transferred	..	..	..	..	15,992 Kgs.	1,70,718	..	..	..	..	63,955Kgs.	7,41,899	..	..
S.M. Powder/Whole Milk Powder	..	..	11,60,862 Kgs.	29,91,522	38,245 Kgs.	72,497	12,641 Kgs.	36,629	..	..	6,935Kgs.	72,315	..	..
Wages and Salaries	..	46,249	..	2,39,260	..	7,780	..	1,23,701	..	43,691	..	1,705	..	72
Depreciation charges	..	20,451	..	2,21,859	..	4,796	..	1,19,735	..	17,542	..	876	..	22
Repairs and Maintenance	..	2,940	..	43,398	..	1,224	..	13,065	..	4,860	..	429	..	..
Ice	..	..	..	38,687	..	..	..	17,472	..	31,871	..	..	..	..
Packing charges	..	11,637	..	31,684	..	28	..	25,953	..	25,135	..	..	..	249
Other direct charges	..	87,046	..	2,41,286	..	9,152	..	98,315	..	37,410	..	2,683	..	..
Surpluses	46 Kgs.	..	252 Litres	..	..	..	36 Litres	..	357Kgs.	..	1Kg.	..	11,385Litres	..
Out-turn	9,74,630 Kgs.	80,20,118	2,59,45,392 Litres	2,07,40,109	4,21,382 Litres	2,66,195	1,28,55,820 Litres	1,05,86,752	4,49,256Kgs.	42,91,923	70,891Kgs.	8,19,907	64,19,783Litres	26,97,490
Less cost of Separated Milk recovered	..	22,83,089	..	..	..	..	..	..	..	..	..	..	..	..
Less Spoilage/Wastage etc.	451 Kgs.	..	3,73,188 Litres	30	6,499 Litres	..	1,80,870 Litres	..	184Kgs.	..	1Kg.	..	18,095 Litres	..
Net on which Unit Cost is to be worked out	9,74,179 Kgs.	57,37,029	2,55,72,204 Litres	2,07,40,079	4,14,883 Litres	2,66,195	1,26,74,950Litres	1,05,86,752	4,49,072 Kgs.	42,91,923	70,890Kgs.	8,19,907	64,01,688Litres	26,97,490
Unit Cost		5·89	..	0·81	..	0·64	..	0·84	..	9·56	..	11·57	..	0·42

		Cream	Blended Milk	Homogenised Milk	Standard Milk	Butter	Ghee	Separated Milk
(*a*) By transfer to Trading Account	Rs.	6,90,547	2,07,40,079	2,66,195	1,05,86,752	35,76,265	6,49,189	2,49,914
(*b*) By issues for blending	Rs.	10,01,388	..	..	..	..	..	..
(*c*) By issues for homogenised milk	Rs.	..	..	..	..	..	1,70,718	..
(*d*) By issues for standardisation	Rs.	..	..	..	..	..	..	24,47,576
(*e*) By issues for butter making	Rs.	40,45,094	..	..	..	7,15,658	..	..
(*f*) By issues for ghee making	Rs.	..	..	..	..	..	..	..
TOTAL	Rs.	57,37,029	2,07,40,079	2,66,195	1,05,86,752	42,91,923	8,19,907	26,97,490

*Produced out of curdled milk.

NEW DELHI ;
Dated the 20th January, 1968.

R. C. DATTA, *Colonel,*
Officiating Director of Military Farms.

NEW DELHI ;
Dated the 2nd February, 1968.

Countersigned

V. N. SUKUL,
Controller General of Defence Accounts.

Dairy Section : Trading Account of Military Farms for the year ended 31st March, 1967.

Dr.

Particulars	Rs.	Amount Rs.
To opening stock :		
Blended milk	11,703	
Standard milk	3,293	
Separated milk	383	
Cream	95,831	
Butter	59,753	
Ghee	2,19,283	
S. M. Powder	28,605	
Other Stores	4,070	
		4,22,921
To cost of production brought down :		
Milk	1,86,22,358	
Cream	6,90,547	
Butter	35,76,265	
Ghee	6,49,189	
Blended milk	2,07,40,079	
Standard milk	1,05,86,751	
Homogenised milk	2,66,195	
Separated milk	2,49,915	
		5,53,81,299
To wages and salaries of staff		3,55,708
To distribution charges :		
Transport mechanical	8,09,020	
Transport animal	77,941	
Pay of delivery staff	2,33,595	
		11,20,556
To other expenses		4,27,520
To overhead charges		28,31,557
To profit made during 1966-67		77,68,437
Total		6,83,07,998

Cr.

Particulars	Rs.	Amount Rs.
By Sale of dairy produce :		
Coupon Sales:		
Milk	31,34,011	
Cream	9,314	
Butter	4,56,675	
Credit Sale :		
Milk	13,97,747	
Cream	37,704	
Butter	14,43,950	
Ghee	6,58,016	
Separated milk	26,304	
Cash Sales :		
Milk	..	
Cream	272	
Butter	25,032	
Ghee	6,075	
		71,95,100
By free issues to Defence Services :		
Milk	5,67,28,641	
Cream	2,01,103	
Butter	13,17,674	
Separated Milk	2,006	
		5,82,49,424
By transfer to other Military Farms :		
Milk	18,06,964	
Separated milk	16,435	
Cream	5,81,648	
Ghee	69,414	
Butter	10,103	
		24,84,564
By issue of Separated milk to Cattleyard/Calves		1,82,210
By other Receipts		23,945
By closing stock :		
Blended milk	12,402	
Standard milk	5,925	
Separated milk	204	
Cream	92,263	
Butter	17,550	
Ghee	22,842	
S. M. Powder	12,283	
Whole milk powder	4,855	
Miscellaneous Stores	4,431	
		1,72,755
TOTAL		6,83,07,998

All India average sale rates of dairy produce :—

1965-66 Rs. P.		1966-67 Rs.P.
0·92	Milk per litre.	1·12
0.52	Separated milk per litre.	0·54
8·10	Butter per kg.	8·90
8·28	Cream per kg.	9·30
9·36	Ghee per kg.	9·93
2·57	Tinned milk per kg.	—
10·00	Butter Fat oil per kg.	—

New Delhi ;
Dated the 20th January, 1968.

R. C. DATTA, *Colonel,*
Officiating Director of Military Farms.

Countersigned

New Delhi ;
Dated the 2nd February, 1968.

V. N. SUKUL,
Controller General of Defence Accounts

Fodder Section Trading Account of Military Farms for the year ended 31st March, 1967

Dr. Cr.

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
To opening stock . . .	94,42,038	By supply to :—	
To rent of land . . .	1,20,806	(*i*) Cultivation Section .	1,79,577
To transfer from Cultivation Section. . . .	14,98,297	(*ii*) Cattleyard Section .	38,29,425
To purchases . . .	61,59,834	(*iii*) Dairy Section . .	18,340
To transferred fodder from other farms including rail and transport charges . . .	60,43,973	(*iv*) Army Service corps .	1,38,27,822
To wages including pay and allowances of supervisory staff .	10,83,064	(*v*) Others (*i.e.*, transfer to other farms).	45,66,198
		By Miscellaneous Receipts .	41,497
To depreciation . . .	94,040	By closing stock . . .	54,58,713
To other charges (Miscellaneous stores and charges) . .	22,78,204		
To overheads . . .	7,84,897		
To net profit . . .	4,16,419		
TOTAL . .	2,79,21,572	TOTAL . .	2,79,21,572

All India average rates of fedder per 100 kgs.

1965-66		1966-67
11·58	Average production rate.	13·09
14·73	Average purchase rate.	15·46

New Delhi;
Dated 20th January, 1968.

R. C. DATTA, *Colonel,*
Officiating Director of Military Farms.

New Delhi;
Dated 2nd February, 1968

Countersigned

V. N. SUKUL,
Controller General of Defence Accounts.

Cultivation Section Production and Trading Account (complete operations as a whole) of Military Farms for the year ended 31st March 1967

Dr. *Cr.*

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
To opening stock . . .	12,334	By supply of fodder to Cattle Yard and Cultivation Sections . .	15,76,400
To land rent/taxes/royalty/land revenue/lease charges . .	1,47,359	By Fodder Section . .	14,11,629
To Cost of Irrigation :—		By Dairy/stable . . .	8,228
(*a*) Wages . . .	2,73,466	By Others . . .	72,097
(*b*) Power and Fuel .	2,10,269	By supply of grains to stores .	7,41,065
(*c*) Repair and Maintenance	44,273	By supply of vegetables. .	6,092
(*d*) Other expenses/payment made to civil authorities	3,000	By supply of green fodder to Army Service Corps.	99
To Tractor implements :		By Miscellaneous receipts. .	80,851
(*a*) Wages . . .	1,66,705	By grazing charges—farm stock	39,880
(*b*) Power and Fuel . .	4,39,134	By compensation on account of illicit grazing . . .	16,998
(*c*) Repair and Maintenance	1,11,814	By works done by bullocks for other Sections . .	2,95,751
(*d*) Other expenses including hire charges . .	82,628	By sale of standing crops (Fruit Garden) . .	48,215
To Manure :—		By sale of Bullocks and skins	75,007
(*a*) Manure (opening stock of manure add purchases including transfers less closing stock of manure)	3,12,432	By valuation of crops not yet harvested . . .	5,01,549
		By appreciation of farm—bred stock	16,000
b) Labour charges .	53,545	By closing stock . . .	13,289
To Seeds	2,58,851		
To Feed and Keep of drought animals (Fodder/concentrates) . .	6,08,885		
To hire of bullocks . .	2,347		
To Cutting wages and carting of :			
(*a*) Green Fodder . .	3,38,857		
(*b*) Silage	46,386		
(*c*) Dry Fodder . .	8,07,319		
(*d*) Grains and vegetables .	9,894		
To Weeding charges. . .	2,994		
To Other direct expenses . .	..		
To Electric and Water charges .	..		

Cultivation Section Production and Trading Account (complete operations as a whole) of Military Farms for the year ended 31st March, 1967.—concld.

Dr. *Cr.*

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
To Sowing, Kiari making, bunding and other expenses connected with cultivation of crops	47,412		
To Repair and Maintenance (other than machinery) . .	69,440		
To Depreciation charges—Livestock, Plant & Machinery including casualties and condemnations	3,21,580		
To Pay and Allowances—Temporary and Permanent staff .	14,24,545		
To Overhead charges. . .	4,40,298		
To Other expenses not included above	1,92,353		
To Net surplus . . .	..	By Net loss . . .	15,24,970
TOTAL . .	64,28,120	TOTAL .	64,28,120

NEW DELHI.
Dated the 20th January, 1968.

R. C. DATTA, *Colonel*
Officiating Director of Military Farms.

NEW DELHI :
Dated the 2nd February, 1968.

Countersigned

V. N. SUKUL,
Controller General of Defence Accounts.

NOTES

The following losses were written off during the year:

(i) Loss of stores in transit	Rs. 7,585
(ii) Loss of stores on charge	Rs. 26,801

2. The accounts of the Military Farms during 1966-67 have been maintained under the new accounting system. The Trading and Profit and Loss Accounts, which were hitherto compiled collectively for all the activities of Military Farms, have been prepared separately for the different Sections *viz.*, Cattle-yard, Dairy, Fodder and Cultivation, on cost accounting principles. Since the new system of maintenance of accounts is radically different from the old system in which accounts were maintained upto the previous year, detailed comparison of expenditure incurred during the year under various heads and furnishing of reasons for variations (as compared to the previous year) are not possible.

3. Out of 36 Military Farms, 30 Farms made a total profit of Rs. 75·68 lakhs and the remaining six incurred loss of Rs. 9·30 lakhs. The result of the working of Military Farms during 1966-67 indicate a net profit of Rs. 66,38,052 as against a net loss of Rs. 77,37,076 in the previous year. The broad reasons for the profit made during the year are (a) more revenue receipts on account of revision of sale issue rates of dairy produce, (b) decrease in expenditure on feed of animals due to reduction of herd on account of culling and fixation of higher standards for future breeding, (c) increased production of milk from cattle, (d) decrease in depreciation charges on buildings and plant and machinery in all the sections, (e) increased receipt from maturities of farm-bred stock, etc.

(a) Value of temporary buildings written off.	Nil
(b) Value of temporary buildings transferred to MES and other Departments	Nil
(c) Value of temporary buildings otherwise disposed of.	Nil

CANTEENS STORES DEPARTMENT (INDIA)

Balance Sheet as at 31st March, 1967

1965-66	Funds and Liabilities		1966-67	1965-66	Properties and Assets		1966-67
Rs.	Capital:		Rs.	Rs.	Capital Expenditure:		Rs.
48,00,000	Amount allotted out of the terminal profits of Wartime Canteen Services (India)		48,00,000	52,05,570	Land, Properties and Dead Stock	53,37,446	
				26,06,365	*Less* depreciation upto 31-3-1967	27,59,621	
2,99,08,648	Funds and Specific Reserves		3,77,80,142	25,99,205			25,77,825
	Liabilities:				Stock in Trade (as per Inventory certified by Management):		
11,99,804	Bank overdraft with the Allahabad Bank Ltd., against hypothecation of all tangible moveable assets including book debts	74,99,687		3,48,06,348	Stock in Warehouses and in transit from warehouse to warehouse (at cost).	5,06,95,102	
5,12,457	Book overdraft with Bank	6,32,324		4,29,806	Stock in transit from suppliers (at purchase price).	20,12,248	
1,45,98,484	Due to Sundries for goods supplied.	1,99,41,130		3,52,36,154			5,27,07,350
4,33,670	Due to Sundries for expenses due.	8,68,854		84,561	Stock of packing materials (as per Inventory)		85,361
62,45,700	Due to Sundries for other finance.	1,00,38,164		1,18,492	Stock of Stationery in hand and in transit (as per Inventory).		1,67,263
7,44,914	For Freight suspense.	10,13,048		9,115	Stock of Building Materials and Stores, etc. (as per Inventory)		7,730
41,463	For Contractors' Security Deposits.	32,063			Book Debts (Considered Good):		
21,024	For Staff and other Security Deposits specifically invested as per contra	14,500		76,76,320	Due by Unit-run Canteens	92,46,373	
				12,01,912	Due by Sundries.	12,07,353	
2,37,97,516			4,00,39,770	88,78,232			1,04,53,726

16,46,075	Defence Services Cinema Organisation		21,13,578
	Profit and loss Accounts:		
1,02,61,708	Profit as per last Balance Sheet	1,36,12,374	
1,02,61,000	*Less* : amount appropriated (as per Board of Control's Resolution) (including Rs. 76,00,000 transferred to General Reserve).	1,36,10,000	
708		2,374	
..	*Add* : Board of Control Canteen Services General Purposes Fund unspent balance written back	7,35,000	
19,069	*Add*: Unpaid amount of Quantitative Discount and Profits written back	925	
1,35,92,597	*Add*: Profit as per annexed Profit and Loss Account	1,53,18,577	
1,36,12,374			1,60,56,876

	Loans and Advances:		
11,87,552	Advance for Capital Expenditure, Excise Fees and Prepaid Expenses.	14,36,336	
11,80,108	Loans to Units/Formations	16,88,649	
2,19,69,351	CSD (I) Retail Establishments	2,82,39,168	
4,337	CSD (I) Run Aramgrahas	..	
2,43,41,348			3,13,64,153
	Investments:		
2,74,500	Government Securities consisting of 3% conversion loan 1946 of the face value of Rs. 5,00,000 (including securities of the face value of Rs. 70,000 deposited with the Director of Prohibition and Excise, Maharashtra State, Bombay) at market value after deducting provision for depreciation	2,69,500	
21,024	Investment against Staff and other Security Deposits (as per contra)	14,500	
2,95,524			2,84,000
2,039	Interest accrued on Investments and Deposits etc. upto 31-3-1967.		5,025
22,00,443	Cash and Bank Balances and Deposit with Customs and Port Trust		31,37,933
7,37,64,613	TOTAL		10,07,90,366

Balance Sheet as at 31st March, 1967—concld.

AUDITORS' REPORT

We have audited the above (a) Balance Sheet of Canteen Stores Department (India) as at 31st March, 1967, (b) Trading Account of CSD(I) for the year ended on that date, (c) Profit and Loss Account of CSD(I) for the year ended on that date, (d) Consolidated Balance Sheet of 25 CSD (I) Retail Canteens and 7 Combined Retail and Bulk Issue Depots as at 31st March, 1967, (e) Consolidated Trading and Profit and Loss Account of 24 CSD (I) Retail Canteens and 7 Combined Retail and Bulk Issue Depots for the year ended on that date, (f) Consolidated Balance Sheet of 24 CSD(I)—Run Defence Services Cinemas as at 31st March, 1967, (g) Consolidated Profit and Loss Account of the said 24 CSD(I)—Run Defence Services Cinemas for the year ended on that date and (h) Schedules attached to (a), (c), (d), (f) and (g) above, from all of which Paise have been eliminated, and we report as under:—

We have obtained all the information and explanations which we have required. The Balance Sheet exhibits a true and correct view of the state of the Department's affairs according to the best of our information and the explanations given to us and as shown by the books of the Department.

Bombay, 13th November, 1967.

SORAB S. ENGINEER & CO.,
Chartered Accountants.

1. SARDAR SWARAN SINGH,
   Defence Minister.
2. Shri L. N. MISHRA,
   Minister of Defence Production.
3. Shri V. SHANKAR,
   Secretary, Ministry of Defence.
4. Shri M. K. HARIHARAN,
   Financial Adviser, Ministry of Finance (Defence).
5. Lt. Gen. RAJINDER SINGH PAINTAL,
   Quartermaster General.
6. Rear Admiral J. CURSETJI,
   Chief of the Personnel, Naval Headquarters.
7. A. V. M. Y. V. MALSE,
   Air Officer-in-Charge Administration, Air Headquarters.

} Board of Control, Canteen Services

CANTEEN STORES DEPARTMENT (INDIA)

Trading Account for the year ended 31st March, 1967.

Dr.

1965-66 Rs.		Rs.	1966-67 Rs.
	To Opening Stock on 1-4-1966:		
2,48,62,048	Stock in Warehouse and in transit from Warehouse to Warehouse :	3,48,06,348	
12,40,001	Stock in Transit from Suppliers	4,29,806	
2,61,02,049			3,52,36,154
74,838	Stock of Packing Materials	84,061	
13,89,23,250	To Purchases : (Inclusive of stock in transit from Suppliers as on 31-3-1967)		17,50,02,228
	To Direct Charges:		
38,66,765	Customs Duty . . .	21,83,869	
1,53,617	Port Trust Charges . . .	1,14,331	
78,65,188	Freight, Clearing Charges, Packing and Forwarding Charges, Excise Fees, Terminal Tax, Octroi, etc.	1,15,90,195	
1,18,85,570			1,38,88,395
	To Insurance Charges:		
3,60,578	Provision for Inland and Pilferage Insurance	4,41,981	
1,74,925			
1,85,653	*Less* excess over actual charge written back	81,277	
			3,60,704
1,78,26,112	To Gross Profit transferred to Profit & Loss Account . .		2,06,17,814
19,49,97,472	TOTAL		24,51,89,356

Cr.

1965-66 Rs.		Rs.	1966-67 Rs.
15,96,77,257	By Sales (Net):		19,23,96,645
3,48,06,348	By Stock in Trade as on 31-3-1967 (as per inventory certified by Management) Stock in Warehouses and in transit from Warehouse to Warehouse (at cost) . . .	5,06,95,102	..
4,29,806	Stock in Transit from Suppliers (at purchase price) . . .	20,12,248	
3,52,36,154			5,27,07,350
84,061	By Stock of packing materials (as per inventory) . . .		85,361
19,49,97,472	TOTAL		24,51,89,356

CANTEEN STORES DEPARTMENT (INDIA)

Profit and Loss Account for the year ended 31st March, 1967

Dr.

1965-66 Rs.		1966-67 Rs.	1965-66 Rs.
36,05,054	To Salaries and Wages	42,61,240	1,78,26,112
8,156	To Conveyance Charges	10,396	1,33,409
3,29,859	To Rent, Repairs and Lighting	4,39,634	67,910
60,460	To Postage and Telegrams	66,818	
60,265	To Printing, Stationery and Advertisement Charges	1,20,017	
52,032	To Travelling Expenses including Travel Concession	75,409	2,07,766
20,205	To Bank Charges	21,662	
20,550	To Telephone and Trunk Call Charges	27,322	1,23,036
40,000	To Audit Fees (Estimated)	40,000	
58,008	To Sundry Expenses	65,450	
44,622	To Medical Charges	65,402	
1,71,118	To CSD(I)'s contribution to Employees' Provident, Pensions and Welfare Funds	1,98,339	39,419
1,06,481	To Cost of Canteen Section	1,05,337	
11,181	To Head Office Motor Car Expenses	13,051	..
6,39,000	To Establishment and Overhead Expenses reimbursed to CRBIDs.	7,54,000	..
	To Interest on Bank Overdraft	1,51,398	3,70,221
16,435	To Provision for depreciation on Investment	5,000	
..			
1,39,066	To Depreciation on Properties and Dead Stock	1,54,244	48,454
1,30,63,614	To Net Profit carried down.	1,47,72,740	1,84,46,106
1,84,46,106		2,13,47,459	
*4,198	To Net Loss of CSD(I) — Run Aramgrah at Lucknow	2,875	1,30,63,614
1,35,92,597	To Profit transferred to Balance Sheet	1,53,18,577	5,33,181
			..
1,35,96,795	TOTAL	1,53,21,452	1,35,96,795

Cr.

	Rs.	Rs.	1966-67 Rs.
By Gross Profit brought down			2,06,17,814
By Rebate on Direct Supplies			2,19,281
By Interest			1,36,753
By Rent:			
Ghatkopar Property	2,28,868		
Less Expenses	50,804	1,78,064	
Adelphi Building	1,93,709		
Less Expenses	62,410	1,31,299	
Mazagaon Property	62,400		
Less Expenses	33,717	28,683	
Secunderabad Property	3,100		
Less Expenses	400	2,700	
Bangalore Property		6,132	
			3,46,878
By Miscellaneous Receipts			26,733
			2,13,47,459
By Net Profit brought down			1,47,72,740
By Net Profit of CSD(I) Retail Establishments			5,46,669
By Net Profit of CSD(I)-Run Aramgrah at Rangiya			2,043
TOTAL			1,53,21,452

*This is the Combined net loss of C.S.D. (I)-Run Aramgrahs.

CANTEEN STORES DEPARTMENT (INDIA)

CSD(I)-RUN DEFENCE SERVICES CINEMAS

Balance Sheet as at 31st March, 1967

1965-66	Liabilities		1966-67	1965-66	Properties and Assets			1966-67
Rs.		Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
	Sundry Liabilities:							
62,939	Outstanding Creditors for expenses	81,187		12,79,240	Capital Expenditure		13,49,797	
				8,41,834	*Less* Depreciation written off		9,66,892	
1,28,967	For other Finance and Sundry Credit balances	1,64,225		4,37,406				3,82,905
1,23,599	Due to Distributors	1,27,109						
21,865	Deposits	18,779			Deferred Revenue Expenditure:			
				1,982	Balance as per last year		1,628	
3,37,370			3,91,300	490	Additions during the year		2,533	
				2,472			4,161	
11,612	Book Overdraft (Excess Cheques drawn but not presented, in excess of Balance to our credit)			844	*Less* Written off		1,958	
				1,628				2,203
	Contingent Reserve:							
2,21,469	Balance as per last year	2,21,469			Advances and Prepaid Expenses:			
..	Additions during the year	934		2,048	Deposit with Distribu ors		2,248	
				1,282	Advances		18,505	
2,21,469		2,22,403		31,422	Deposits		31,744	
..	*Less* Charges relating to previous years debitable to this account	2,680		9,320	Prepaid Expenses		14,770	
				1,01,117	Sundry Debtors	1,05,099		
				6,998	*Less* Reserve for doubtful debts	4,530		
2,21,469			2,19,723					
	Profit and Loss Account :			94,119			1,00,569	
				50,097	Advance to prospective Cinema		2,344	
14,26,018	Balance of Profit as per last year's Balance Sheet.	19,03,219		1,88,288				1,70,180
4,77,201	*Add* Net Profit as per Profit and Loss Account for 1966-67	3,69,799						
				16,047	Stock of Stationery, spares, etc.			23,872
19,03,219			22,73,018	16,46,075	Canteen Stores Department (India)			21,13,578
				1,84,226	Cash, Bank and Other Balances			1,91,303
24,73,670	TOTAL		28,84,041	24,73,670	TOTAL			28,84,041

CANTEEN STORES DEPARTMENT (INDIA)

CSD(I)-RUN DEFENCE SERVICES CINEMAS

Profit and Loss Account for the year ended 31st March, 1967

Dr.

1965-66 Rs.		Rs.	1966-67 Rs.	1965-66 Rs.		1966-67 Rs.
	To Film Hire :					
10,20,061	Distributors' Share		12,22,880	26,10,0 8	By Gross Box Office Collection	30,77,419
10,03,281	To Operating Expenses		13,42,265			
1,19,511	To Depreciation		1,23,785	83,168	By Screen Advertisements	88,256
8,587	To Audit Fees		9,082			
844	To Deferred Revenue Expenditure written off		1,958	43,035	By Miscellaneous Receipts	56,81
	To Administrative and Accounting Expenses:					
1,04,975	(*a*) Head Office Expenses	1,36,436				
695	Depreciation	1,273				
1,05,670		1,37,709				
337	(*b*) Zonal Office Expenses	9,476				
809	(*c*) Administrative Charges on Cinema Employees' Provident Fund	1,545				
..	(*d*) Cinema Managers' Travelling Expenses	2,611				
..	(*e*) Expenses on Survey of New Cinemas	1,378				
1,06,816			1,52,719			
4,77,201	To Net Profit transferred to Balance Sheet		3,69,799			
27,36,301	TOTAL		32,22,488	27,36,301	TOTAL	33,22,488

GMGIPND—Job II—241. M. of Finance.—13-4-68.——1400