

CHAPTER I: INTRODUCTION

1.1 About the report

The office of the Principal Director of Audit, Air Force and Navy (PDA/AFN) is responsible for auditing the accounts and the financial transactions related to Indian Air Force, Indian Navy, Indian Coast Guard and associated Research and Development (R&D) undertaken by the Defence Research and Development Organisation of the Ministry of Defence, linked Military Engineer Services (MES) offices and integrated Defence Accounts Department units dealing with these services. The audit exercise is carried out on behalf of the Comptroller and Auditor General of India in accordance with Article 151 of the Constitution of India.

The audit effort can be classified under three distinct types of audits: Financial Audit, Compliance Audit and Performance Audit.

Financial Audit is the review of financial statements of an entity that seeks to obtain an assurance that the financial statements are free from material misstatements and present a true and fair picture.

Compliance Audits scrutinise transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance Audits are in-depth examinations of a program, function, operation or the management system of entity to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources.

This report is on matters arising from the Compliance Audit of Indian Air Force, Indian Navy, Research and Development Organisation and associated activities and entities. The report contains findings pertaining to capital and revenue acquisitions, installation/upgradation of systems, blockage of funds and work services. Total financial value of cases commented upon in this report is ₹ 3,700 crore. A brief financial analysis of the expenditure incurred

on the Air Force, Navy, R&D (related to Air Force and Navy) and Coast Guard as a part of the over-all Defence budget of the country has also been included.

1.2 Authority for Audit

Article 151 of the Constitution of India and Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 govern the scope and extent of audit. Detailed methodology of audit and reporting formats are prescribed in the 'Regulations of Audit and Accounts, 2007'.

1.3 Planning and Conduct of Audit

Audit areas are prioritised through an analysis of risks so as to assess their criticality in key operating units. Expenditure incurred, operational significance, past audit results and internal control issues are amongst the prime factors which determine the severity of the risks. This exercise in turn guides the formulation of the annual audit programme. The number of units selected for audit is determined by matching the high-risk areas with available resources. Besides, high-value capital acquisitions and procurements are audited by specially constituted dedicated teams.

In general, interaction with the auditee is encouraged from the initial stage in the auditing process. Audit findings are communicated during discussions at the end of an audit exercise and followed up in writing through Local Test Audit Reports / Statement of Cases. The response from the auditee is considered and results in either settlement of the audit observation or referral to the next audit cycle for compliance. Some of the more serious irregularities are processed for inclusion in the audit reports which are submitted to the President of India under Article 151 of the Constitution of India, for laying them before each House of Parliament.

At present, the audit universe of the office comprises of 851 units. During 2009-10, audit of 227 units/formations was carried out by using 7,142 man days.

1.4 Internal Control and co-ordination between Internal and External Audit

The Finance Division of the Ministry of Defence is headed by the Secretary (Defence/Finance)/ Financial Advisor (Defence Services). The SDF/FADS is responsible for financial scrutiny, vetting, advice and concurrence of all proposals of the Ministry of Defence. FADS is also responsible for internal audit and for accounting of the defence expenditure. Internal financial advice is provided both at the Headquarters level as also at levels of Command Headquarters and other units. Internal financial control is further aided by periodic internal audit by the Controller General of Defence Accounts (CGDA), the Head of the Defence Accounts Department, who functions under the FADS. The Principal Controllers of Defence Accounts, Air Force and Navy functioning under CGDA are located at Dehradun and Mumbai respectively. They are responsible for internal audit, financial advice at unit level and for scrutiny, payments and accounting of all personnel claims and bills for supplies and services rendered, construction, repair works, miscellaneous charges etc. received from Air Force and Navy units.

The internal audit mechanism is expected to be effective in implementing the rules, procedures and regulations enunciated in the form of Defence Procurement Procedure, Manual, Codes, etc. The office of PDA/AFN actively seeks assistance and co-operation from internal audit in audit examination and scrutiny. Internal auditors have to carry out 100 *per cent* checks. The external/statutory audit bases its audit on sample / test check. The Inspection Reports (IR) generated by external audit on the basis of Local Audit are issued to auditee units as well as their internal auditors i.e. Defence Accounts Department. These IRs are pursued to their logical conclusion after ascertaining the views of the internal auditors. Draft paragraphs proposed to be included in the audit report are sent to Defence Secretary. Simultaneously, a copy is also forwarded to CGDA. The Ministry furnishes its response only after vetting by the FADS.

1.5 Auditee Profile

1.5.1 Organisation – Key responsibilities

The Ministry of Defence at the apex level frames policies on all defence related matters. The Ministry is divided into four departments, namely Department of Defence, Department of Defence Production, Department of Research and Development and Department of Ex-Servicemen Welfare. Each department is headed by a Secretary. The Defence Secretary functions as the

Head of the Department of Defence and is also responsible for coordinating the activities of other departments

The Indian Air Force is headed by the Chief of Air Staff. Air Headquarters (Air HQ) is the apex body and chief management organisation of the Indian Air Force. The ultimate and overall administrative, operational, financial, technical maintenance and control of IAF rests with Air HQ. Operational and maintenance units of IAF normally consist of Wings and Squadrons, Signal Units, Base Repair Depots and Equipment Depot.

The Indian Navy is headed by Chief of Naval Staff. Naval Headquarters (NHQ) is the apex body and chief management organisation and is responsible for command, control and administration of the Indian Navy. Operational and maintenance units of Indian Navy consist of Warships and Submarines, Dockyard, Naval Ship Repair Yards, Equipment Depots and Material Organisations.

The Coast Guard is the youngest service of the armed forces of India and was created to protect the country's vast coastline and offshore wealth. The Director General, Coast Guard exercises general superintendence, direction and control of the Coast Guard.

Military Engineer Services (MES) is one of the largest Government construction agencies. Engineer-in-Chief is the head of the MES. The MES is responsible for conclusion of contracts, execution of work services and maintenance of existing buildings of the Armed Forces. It works under the Engineer-in-Chief Branch of Army Headquarters.

The Defence Research and Development Organisation undertakes design and development of weapon systems and equipment in accordance with the expressed needs and the qualitative requirements laid down by the services. Certain laboratories are dedicated exclusively to Air Force and Navy like the Gas Turbine and Research Establishment (GTRE), Aeronautical Development Agency (ADA), Electronics and Radar Development Establishment (LRDE) and Centre for Airborne System (CABS) etc. These organisations also render scientific advice to the Service Headquarters. They work under the Department of Defence Research and Development of Ministry of Defence.

The Defence Accounts Department is headed by the Controller General of Defence Accounts, New Delhi who functions under the Financial Advisor, Ministry of Defence. The Department provides services to the Armed Forces in terms of financial advice and accounting of Defence Services receipts and expenditure as well as Defence Pensions.

1.6 Significant Audit Observations

Audit has, over the years, commented on many critical areas of Defence Sector pertaining to Indian Air Force, Indian Navy, Indian Coast Guard and dedicated R&D projects. The Ministry of Defence, on its part, has taken several measures in response to these observations. An important step taken to improve procurement procedures has been the introduction of Defence Procurement Procedure and Defence Procurement Manual and their regular updation.

The present Audit Report points out significant deficiencies/ short comings in the procurement processes followed - both under Capital and Revenue – by Ministry of Defence as well as by the Services Organisation. In high-value capital expenditure cases, the acquisition process lacked proper planning, effective price negotiation and proper monitoring etc. Flawed approach in acquiring 16 MiG 29K aircraft at a cost of ₹ 3,405.61 crore without finalising the associated weapon package with the contract for the aircraft in January 2004 led to delivery of six aircraft in December 2009 without any weapons. Subsequently, five more aircraft were delivered to Indian Navy in May 2011. The armaments for the aircraft were contracted for only in March 2006 which led to non-delivery of weapons till October 2010, adversely affecting the operational capabilities of the aircraft (Paragraph 2.1). Critical requirement of air defence surveillance could not be fulfilled even three decades after it was first thought necessary. Not only acquisition of critical Low Level Transportable Radars was delayed; an additional expenditure of ₹ 57 crore was incurred as Bharat Electronics Limited, the designated production agency for the radars, charged substantially higher rates than the cost charged by M/s Thales, France for the supply of some identical equipment (Paragraph 2.2). Inadequate weather monitoring was instrumental in one Aerostat system being damaged in an accident in May 2009. The repair of the damaged Aerostat is estimated to cost ₹ 302 crore. The contract for undertaking the repairs to the Aerostat has not been concluded till June 2011 (Paragraph 2.3). IAF's critical requirement of jam-resistant and secure radio sets has not been met even after spending ₹ 116 crore as Ministry/IAF accepted communication equipment despite the fact it did not meet technical requirements (Paragraph 2.4). Protracted negotiations for procurement of Precision Approach Radar delayed its availability to a Naval unit for over eight years, besides, Navy ended paying ₹ 2.01 crore more for the radar (Paragraph 2.5). On the revenue side, inordinate delay in installation of Plotting Tables onboard four submarines has resulted in a blockage of ₹ 6.05 crore for about four years. The plotting tables have since lost their warranty cover (Paragraph 4.4).

Several cases have been highlighted where more vigilance on the part of Service Headquarters was required for instance an expenditure of ₹ 3.09 crore incurred on procurement of flare cartridges was rendered wasteful due to life expiry of flare cartridges before being put to use in operating squadrons (Paragraph 3.2). Despite an expenditure of ₹ 4.53 crore, the objective of providing adequate and clean water to Defence Personnel at Visakhapatnam has not been met for over seven years (Paragraph 4.6).

Instances of violation of contractual terms and disregard of instructions have also been reported. An avoidable expenditure of ₹ 10.87 crore was incurred in procurement of spares for KA-31 helicopters due to failure of Navy to get the validity of the quote of the firm extended (Paragraph 4.1). Lack of due diligence by Navy in possessing the case for procurement of Winch Reel Hydraulic led to an avoidable expenditure of ₹ 9.73 crore (Paragraph 4.2). Stores worth ₹ 10.63 crore meant for LCA programme were lost in transit. Though required, these stores were not insured (Paragraph 5.1).

1.7 Financial Aspects relating to Air Force and Navy

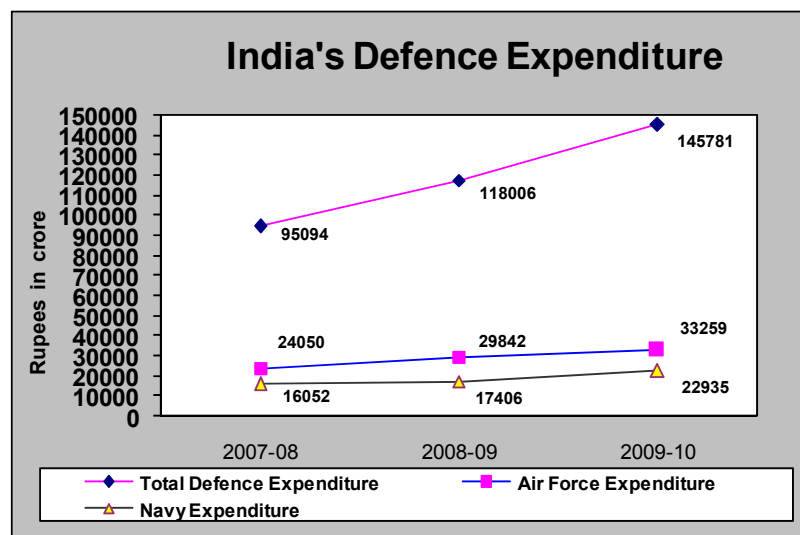
India's Defence Budget is broadly categorised under Revenue and Capital Expenditure heads. While Revenue expenditure heads includes Pay and Allowances, Stores, Transportation and Work Services etc., Capital expenditure heads covers expenditure on acquisition of new weapons and ammunition and replenishment of obsolete stores with modern variety.

Indian Defence expenditure increased by 23.53 *per cent* from ₹ 1,18,006 crore in 2008-09 to ₹ 1,45,781 crore in 2009-10 primarily due to annual increment, DA, Leave Encashment, enhancement of travel entitlement by 6th CPC and 60% of pay arrears. The share of the Air Force and the Navy in the total expenditure on Defence Services in 2009-10 was ₹ 33,259 crore and ₹ 22,935 crore which together constituted approximately 38.54 *per cent*.

1.7.1 Defence Expenditure

1.7.2 The Indian defence expenditure, as depicted above, does not include the expenditure on the pensionary benefits of retired defence personnel and expenditure incurred on Defence civilian staff like Defence Accounts Organisation, Defence Estates Organisation, Secretariat of the Ministry of Defence, Defence Canteens and Coast Guard Organisation. Indian defence spending increased from ₹ 95,094 crore in 2007-08 to ₹ 1,45,781 crore in

2009-10 with an average annual growth of 26.65 per cent. As a percentage of GDP, the Defence expenditure has shown an upward turn during this period from 1.92 per cent to 2.34 per cent as shown in the graph below:



Historically, revenue expenditure accounts for the bulk of the Defence Budget. Out of the total Defence expenditure, the share of revenue defence expenditure has gone up from 60.61 per cent in 2007-08 to 64.94 per cent in 2009-10 while the share of capital expenditure has gone down from 39.39 per cent to 35.06 per cent during the same period as shown in the table below:

Defence Expenditure

(₹ in crore)

Year	Annual Expenditure			Percentage increase over previous year	Expenditure as percentage of CGE	Expenditure as percentage of GDP
	REVENUE	CAPITAL	TOTAL			
2007-08	57,632	37,462	95,094	7.24	12.86	1.92
2008-09	77,088	40,918	1,18,006	24.09	12.72	2.11(Q)
2009-10	94,669	51,112	1,45,781	23.53	13.88*	2.34*

CGE - Central Government Expenditure

* - Revised Estimates

Q - Quick estimate

1.7.2.1 Air Force and Navy Expenditure

The total expenditure incurred by the Indian Air Force and Navy during 2007-10 ranged between 42.17 and 38.54 *per cent* of the total Defence Expenditure. In the year 2009-10, while Air Force expenditure rose by 11.45 *per cent* from ₹ 29,842 crore to ₹ 33,259 crore, the Navy expenditure increased by 31.76 *per cent* from ₹ 17,406 crore to ₹ 22,935 crore compared to the previous year. The distribution of Defence expenditure is depicted in the following table:

(₹ in crore)

Year	DISTRIBUTION OF DEFENCE EXPENDITURE					
	Army	Air Force	Navy	Ordnance Factories	R&D	Total
2007-08	47,421	24,050	16,052	1,425	6,146	95,094
2008-09	59,688	29,842	17,406	3,309	7,761	1,18,006
2009-10	77,556	33,259	22,935	3,521	8,510	1,45,781

1.7.2.2 Air Force Expenditure

A broad summary of Air Force expenditure is given below:

Air Force Expenditure

(₹ in crore)

Year	Total	Percentage change over previous year	As a percentage of total Defence Expenditure	Revenue	Capital
2007-08	24,050	(-) 2.60	25.29	10,558	13,492
2008-09	29,842	(+)24.08	25.29	13,244	16,598
2009-10	33,259	(+)11.45	22.81	14,708	18,551

1.7.2.3 Capital Expenditure

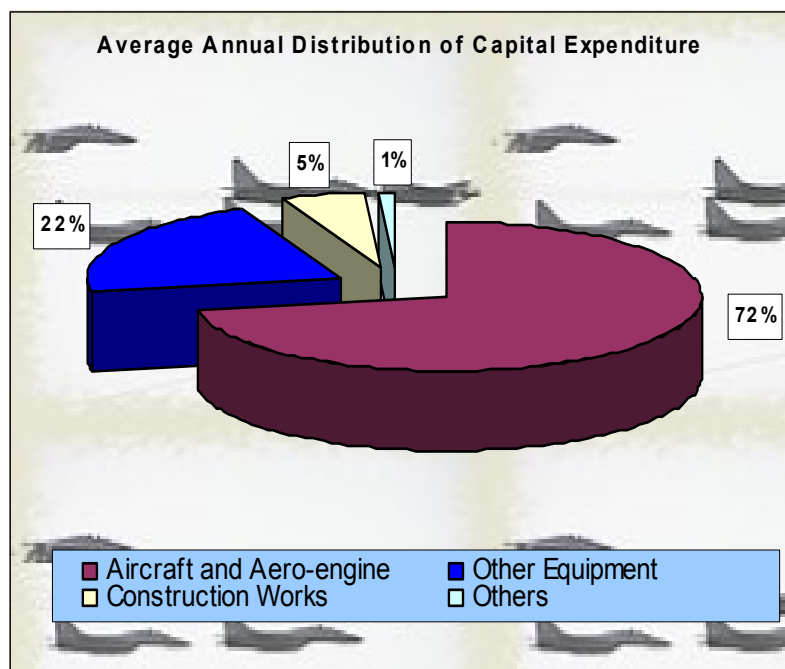
The capital expenditure on Air Force rose by nearly 37.49 *per cent* during 2007-08 to 2009-10. In absolute terms, capital expenditure increased from ₹ 13,492 crore in 2007-08 to ₹ 18,551 crore in 2009-10.

The capital expenditure of IAF was mainly incurred on acquisition of new aircrafts and modernisation/ upgradation of the existing aircrafts. The average annual distribution of expenditure over different categories for the last three years is depicted below in the table as well as in the graph:

Capital Expenditure

(₹ in crore)

Year	Aircraft and Aero-engine	Construction work	Other equipment	Others	Total
2007-08	11,119	775	1,502	96	13,492
2008-09	11,268	817	4,304	209	16,598
2009-10	12,097	905	5,317	232	18,551



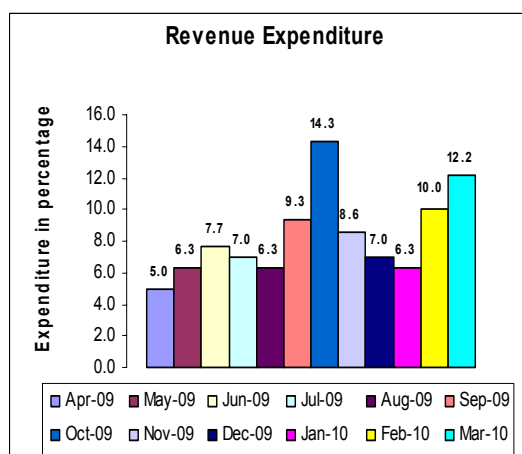
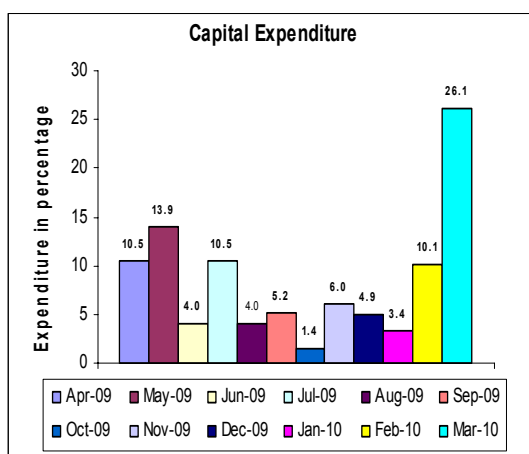
1.7.2.4 Revenue Expenditure

During the three year period under consideration, revenue expenditure of IAF increased by 39.31 per cent from ₹10,558 crore in 2007-08 to ₹ 14,708 crore in 2009-10. The revenue expenditure of IAF was mainly incurred on stores and special project, transport, works and pay and allowances. The average annual distribution of expenditure over different categories for the last three years is depicted below:

(₹ in crore)

Year	Pay and allowances	Stores and special project	Works	Transport	Others	Total
2007-08	2,830 (27%)	6,191 (59%)	1,167 (11%)	225 (2%)	146 (1%)	10,559
2008-09	4,681 (35%)	6,820 (52%)	1,317 (10%)	249 (2%)	176 (1%)	13,243
2009-10	6,971 (47%)	5,640 (38%)	1,560 (11%)	358 (3%)	179 (1%)	14,708

Flow of Capital and Revenue expenditure during the year 2009-10 is indicated below:



Scrutiny of expenditure revealed that there was a substantial increase in the Capital expenditure of IAF in the month of March 2010. IAF incurred about 26.10 per cent of the capital expenditure in the month of March 2010 alone and 39.6 per cent in the last quarter of financial year. The flow of revenue expenditure also fluctuated considerably over the months.

1.7.2.5 Indian Navy Expenditure

A broad summary of Navy expenditure is given below.

Navy Expenditure

(₹ in crore)

Year	Total	Percentage change over previous year	As a percentage of total Defence Expenditure	Revenue	Capital
2007-08	16,052	(-) 1.65	16.88	7,117	8,935
2008-09	17,406	(+) 8.44	14.75	7,949	9,457
2009-10	22,935	(+)31.76	15.73	9,587	13,348

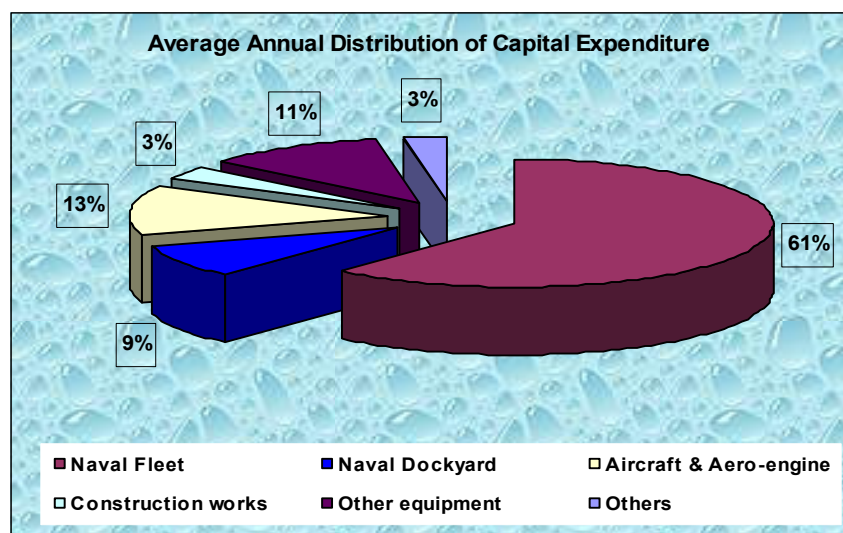
1.7.2.6 Capital Expenditure

The capital expenditure of Navy increased by 41.14 *per cent* primarily on account of acquisition/construction/upgradation. The average annual distribution of expenditure over different categories for the last three years is depicted below in the table as well as in the graph:

Capital Expenditure

(₹ in crore)

Year	Naval Fleet	Naval Dockyard	Aircraft and Aero-engine	Construction Works	Other Equipments	Others	Total
2007-08	6,162	668	410	285	1,162	248	8,935
2008-09	5,404	1,164	538	406	1,716	229	9,457
2009-10	7,460	720	3,603	308	868	389	13,348



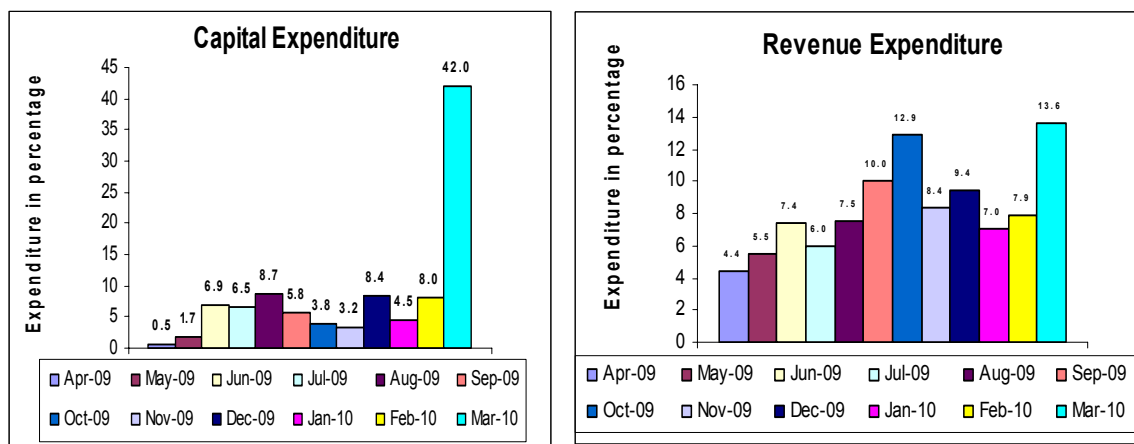
1.7.2.7 Revenue Expenditure

During the three year period under consideration, revenue expenditure of Navy increased by 34.70 per cent from ₹ 7,117 crore in 2007-08 to ₹ 9,587 crore in 2009-10. The revenue expenditure of Navy was mainly incurred on stores, transport, works, repairs and refit of aircraft carriers/frigates/other warship and pay and allowances. The average annual distribution of expenditure over different categories for the last three years is depicted below:

(₹ in crore)

Year	Pay and allowances	Stores	Works	Transport	Repair/Refit	Others	Total
2007-08	1,784 (25%)	3,179 (45%)	558 (8%)	142 (2%)	735 (10%)	719 (10%)	7,117
2008-09	2,714 (34%)	2,967 (37%)	632 (8%)	180 (2%)	525 (7%)	931 (12%)	7,949
2009-10	3,971 (41%)	2,957 (31%)	645 (7%)	233 (2%)	572 (6%)	1,209 (13%)	9,587

Flow of capital and revenue expenditure during the year 2009-10 is indicated below:



Scrutiny of expenditure revealed that there was a substantial incurrence of capital expenditure by the Navy in the month of March 2010. Navy incurred about 42.08 per cent of the capital expenditure in the month of March 2010 alone and 54.5 per cent of the capital in the last quarter of the financial year. This reflects poor expenditure management by the Navy and is in deviation from the guidance of the Ministry of Finance which enjoins that expenditure during the month of March should be limited to 15 per cent of budget estimates, and the last quarter spending should not be more than one third of the budget. Revenue expenditure also fluctuated considerably over the months.

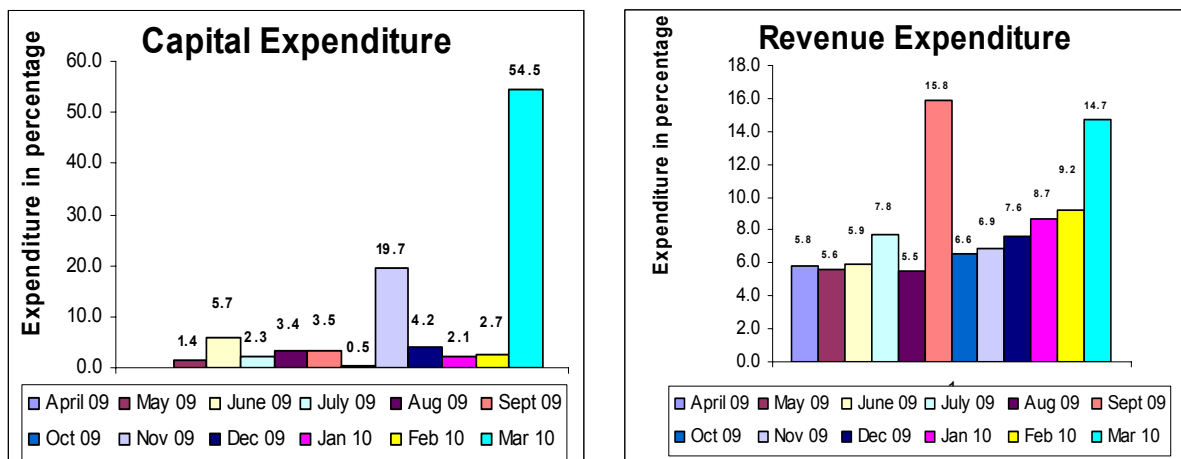
1.8 Coast Guard Organisation

The budgetary allotments and expenditure incurred during the last three years are tabulated below:

(₹ in crore)

Year	Budget Estimates			Final Grant/ Appropriation	Expenditure			Percentage of BE which could not be utilised
	Capital	Revenue	Total		Capital	Revenue	Total	
2007-08	735.61	418.02	1,153.63	852.37	255.38	413.21	668.59	42.05
2008-09	949.63	520.17	1,469.80	1,090.18	506.43	520.71	1,027.14	30.11
2009-10	1,300.42	604.37	1,904.79	1,525.72	908.05	621.10	1,529.15	19.72

Flow of Capital and Revenue expenditure during the year 2009-10 is indicated below:



Scrutiny of expenditure revealed that there was a substantial incurrence of capital expenditure by Coast Guard in the month of March 2010. Coast Guard incurred about 54.5 per cent of the capital expenditure in the month of March 2010 alone and 59 per cent of the capital in the last quarter of the financial year. This reflects poor expenditure management by the Coast Guard and is in variance with the guidance of the Ministry of Finance which enjoins that expenditure during the month of March should be limited to 15 per cent of budget estimates, and the last quarter spending should not be more than one third of the budget. Revenue expenditure also fluctuated considerably over the months.

Although the Ministry obtained substantial hikes in the Budgetary Estimates for the Coast Guard in 2008-09 and 2009-10 about one-fifth of the provisions approved could not be spent. The non utilisation of BE provisions under Capital Budget has also been substantial in 2008-09 (47 per cent) and 2009-10 (30.21 per cent).

1.9 Receipts of the Air Force, Navy and Coast Guard

The details of receipts and recoveries pertaining to Air Force and Navy and Coast Guard during the last three years for the services that they have provided to other organisations/departments are given in the table below:

(₹ in crore)

Year	Receipt and Recoveries in respect of Air Force	Receipt and Recoveries in respect of Navy	Receipt and Recoveries in respect of Coast Guard
2007-08	456.95	166.31	8.13
2008-09	570.50	158.02	11.60
2009-10	468.13	241.30	31.09

1.10 Appropriation and Expenditure

The summarised position of appropriation and expenditure during 2007-08 to 2009-10 in respect of the Air Force and the Navy is reflected in the table below:

(₹ in crore)

AIR FORCE									
	Final Grant	Actual Expenditure	Total Excess/Savings (+) / (-)	Final Grant	Actual Expenditure	Total Excess/Savings (+) / (-)	Final Grant/	Actual Expenditure	Total Excess/Savings (+) / (-)
REVENUE	2007-2008			2008-2009			2009-10		
Voted	10,663.58	10,556.01	(-) 107.57	12,632.21	13,242.58	(+) 610.37	15,271.84	14,707.05	(-)564.79
Charged	1.94	0.98	(-) 0.96	2.04	0.79	(-) 1.25	2.91	1.170	(-)1.74
CAPITAL									
Voted	13,594.87	13,489.68	(-) 105.19	16,539.12	16,591.21	(+) 52.09	18,624.97	18,542.76	(-)82.21
Charged	3.88	2.31	(-) 1.57	5.81	6.98	(+) 1.17	11.10	8.01	(-)3.09
Total	24,264.27	24,048.98	(-) 215.29	29,179.18	29,841.56	(+) 662.38	33,910.82	33,258.99	(-) 651.83
NAVY									
REVENUE	2007-2008			2008-2009			2009-10		
Voted	7,172.68	7,115.58	(-) 57.10	8,190.56	7,948.42	(-)242.14	9,435.70	9,586.21	(+)150.51
Charged	1.37	1.29	(-) 0.08	1.63	0.36	(-)1.27	4.23	0.88	(-)3.35
CAPITAL									
Voted	8,892.10	8,934.47	(+) 42.37	9,195.86	9,454.86	(+) 259.00	13,284.33	13,272.36	(-)11.97
Charged	6.40	0.69	(-) 5.71	8.40	239	(-) 6.01	74.87	75.45	(+) 0.58
Total	16,072.55	16,052.03	(-) 20.52	17,396.45	17,406.03	(+) 9.58	22,799.13	22,934.90	(+) 135.77

An analysis of the Appropriation Accounts, Defence Services for each of the three years has been included in the Report of the Comptroller and Auditor General of India for the relevant years, Union Government – Accounts of the Union Government.

1.11 Audit Impact

1.11.1 Response of the Ministry to Draft Audit Paragraphs

On the recommendations of the Public Accounts Committee (PAC), Ministry of Finance (Department of Expenditure) issued directions to all Ministries in June 1960 to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks.

The Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretary, Ministry of Defence between 30 August 2010 and 10 December 2010 through demi-official letters drawing attention to the audit findings and requesting a response within six weeks.

Despite the instructions of the Ministry of Finance issued at the instance of the PAC, the Ministry did not send replies to 5 Draft Paragraphs out of 25¹ Paragraphs included in this Report. Thus, the response of the Ministry could not be included in respect of these paragraphs.

1.11.2 Action Taken Notes on Audit Paragraphs of earlier Reports

With a view to enforce accountability of the executive in respect of all issues dealt with in various Audit Reports, the Public Accounts Committee desired that Action Taken Notes (ATNs) on all paragraphs pertaining to the Audit Reports for the year ended 31 March 1996 onwards be submitted to them, duly vetted by audit, within four months from the laying of the Report in Parliament.

Review of outstanding ATNs on Audit Paragraph relating to the Air Force, Navy and Coast Guard as on 31 July 2011 showed that the Ministry had not submitted the initial ATNs in respect of 10 out of 55 paragraphs included in the Audit Reports up to and for the year ended March 2009 as shown in Annexure-I.

¹ The introductory remarks included in Chapter I of this report were not forwarded to Ministry for their comments

1.11.3 Outcomes

Findings of earlier reports have resulted in various procedural changes in Defence Procurement Procedure as well as systemic changes in operations of the audit entity. In addition, each year's audit also results in savings and recoveries. During last three years, recoveries to the extent of ₹ 36.37 crore (₹ 31.56 crore in respect of current Audit Report) and savings to the extent of ₹ 8.26 crore (₹ 1.31 crore for current Audit Report) were effected at the instance of Audit.