

OVERVIEW

The total expenditure of the Defence Services during 2009-10 was ₹ 1,45,781 crore. Of this, the Air Force and Navy spent ₹ 33,259 crore and ₹ 22,935 crore respectively. The combined expenditure of the two services accounts for 38.54 per cent of the total expenditure on the Defence Services. The major portion of the expenditure of the Air Force and Navy is capital in nature, constituting almost 56.77 per cent of their total expenditure.

Some of the major findings arising from test audit of transactions of the Air Force, the Navy, and associated units of the Defence Research and Development Organisation and Military Engineer Services included in the Report, are discussed below:

I Delayed acquisition of armaments for a frontline fighter aircraft

Flawed approach in acquiring 16 MiG-29K aircraft, at a cost of ₹ 3,405.61 crore without finalising the associated package with the procurement of the aircraft, in January 2004, led to delivery of six aircraft in December 2009 without weapons. Subsequently, five more aircrafts were delivered in May 2011. The armament 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. Besides, the Beyond Visual Range missiles contracted for the aircraft, at a cost of ₹ 93.68 crore, has had an unsatisfactory track record with Indian Air Force

(Paragraph 2.1)

II Extra expenditure on procurement of Low Level Transportable Radar

Acquisition of critical requirement of air defence surveillance system was beset with delays at each stage in the pre-contract finalisation process. Further, avoidable additional payment of ₹ 57.46 crore was made by the Ministry to M/s Bharat Electronics Limited (BEL) without justification due to inadequate negotiations during procurement.

(Paragraph 2.2)

III Extra expenditure on operation of a surveillance system

Indian Air Force procured two vital surveillance systems at the cost of ₹ 676 crore. One of the system met with an accident and has become non operational since May 2009. It is not likely to be available to IAF for another two years. The accident was attributable to failure in keeping track of weather changes, inadequate supervision of the ongoing snubbing activities

and follow up on maintenance activities. Besides, the fabric used in both the systems have also started decaying prematurely causing excessive leakage of helium resulting in extra expenditure on operation cost.

(Paragraph 2.3)

IV Procurement of unsuitable communication sets

Air Defence V/UHF links play a vital role in all air operations. Ministry / IAF accepted communication equipment, designed and developed by Hindustan Aeronautics Limited (HAL), even though the equipment did not meet technical requirements. Despite spending ₹ 116 crore and considerable period of time, IAF's critical requirement for communication equipment is yet to be fulfilled.

(Paragraph 2.4)

V Abnormal delay in procurement of Precision Approach Radar

Indian Navy inordinately delayed the procurement of Precision Approach Radar resulting in an additional expenditure of ₹ 2.01 crore over and above the initial quote. The radar intended to be purchased on fast track basis was commissioned in April 2009, eight years after initiating the procurement process. Post commissioning, the performance of the radar has been erratic.

(Paragraph 2.5)

VI Delay in procurement of urgent aviation stores through Indian Embassies

Procurement of critical and urgent aviation stores/spares through Indian Embassies was beset with delays at each stage. The decision-making even at Air HQ was slow and led to delay in conclusion of contracts. The contract delivery schedules were significantly longer, thereby, undermining the urgency of procurement.

(Paragraph 2.7)

VII Avoidable expenditure on procurement of spares

Failure in placement of supply order under option clause resulted in an avoidable expenditure of ₹ 4.29 crore in the subsequent procurement of spares. Besides, due to delay in procurement, established infrastructure remained idle for want of spares for considerable time.

(Paragraph 3.1)

VIII Unfruitful expenditure on procurement of flare cartridges

Out of 20,000 flares procured for use on the MiG 21 Bison aircraft upgradation project, 19,540 flares costing ₹ 3.09 crore exhausted their shelf life of seven years in store. Thus procurement of flares was rendered unfruitful due to expiry of flare cartridges before being placed with operating squadrons, where they could have been put to use.

(Paragraph 3.2)

IX Avoidable expenditure in procurement of spares for a helicopter

There was abnormal delay in processing the case for procurement of spares for KA-31 helicopters. Further, Indian Navy's failure of to get the validity of the quote of a firm extended resulted in an avoidable expenditure of ₹ 10.71 crore.

(Paragraph 4.1)

X Avoidable expenditure in procurement of Winch Reel Hydraulic

Lack of due diligence by the Tender Evaluation Committee at the initial stage in processing of tenders for procurement of Winch Reel Hydraulic led to delay in procurement and an avoidable expenditure of ₹ 9.73 crore.

(Paragraph 4.2)

XI Extra expenditure in procurement of Gas Turbines

Breaking up the procurement order of nine gas turbines by Indian Navy led to an extra expenditure of ₹ 2.49 crore as the subsequent procurement of five gas turbines was at a higher cost.

(Paragraph 4.3)

XII Inordinate delay in installation of SPL Plotting Tables on submarines

SPL Plotting Table is a navigation and tactical plotting system which can plot the ships own position as well as it can plot the data received from the unit sensors. Four SPL Plotting Tables procured at a cost of ₹ 6.05 crore could not be installed onboard the submarine for about four years after their receipt. Continued disuse meant that, these Plotting Tables lost their warranty cover in September 2008 without these being utilised.

(Paragraph 4.4)

XIII Tardy progress in execution of a Water Supply Scheme

There was an inordinate delay on part of the Military Engineer Services (MES) for over seven years in execution/commissioning of Water Supply Scheme at Visakhapatnam. The expenditure of ₹ 4.53 crore did not serve the objective of providing adequate and clean water to Defence Personnel.

(Paragraph 4.6)

XIV Loss of stores in transit

Failure of Aeronautical Development Establishment (ADE) to comply with the extant orders for insuring against loss or damage in transit resulted in a transit loss of stores worth ₹ 10.63 crore meant for Light Combat Aircraft (LCA) programme.

(Paragraph 5.1)

XV Savings/recoveries at the instance of audit

An amount of ₹ 1.31 crore was recovered/adjusted in two cases in respect of Navy and ₹ 31.56 crore in three cases in respect of Air Force was saved only after having been pointed out by audit.

(Paragraph 3.6 and 4.10)