

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:122

ANSWERED ON:03.12.2012

PROCUREMENT OF EQUIPMENT FOR TROOPS

Meinya Dr. Thokchom;Singh Shri Bhupendra

Will the Minister of DEFENCE be pleased to state:

- (a) whether an internal audit report of his Ministry has detected a huge loss on procurement of certain equipment for the troops;
- (b) if so, whether the said equipment were purchased from the funds meant for emergency purchases;
- (c) whether the Government has conducted any inquiry to find out the facts in this regard;
- (d) if so, the outcome thereof; and
- (e) the steps taken by the Government in this regard?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (e): Internal Audit of defence expenditure is routinely conducted by the Defence Accounts Department (DAD). Audit of procurements under financial powers delegated to various authorities under Ministry of Defence, including special financial powers delegated to Army Commanders, was undertaken by the DAD. Reports of this Internal Audit have been shared with the concerned Services / Agencies. Responses received are being examined and internal audit conclusions will be arrived at. Necessary follow-up action will be taken seriously.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 122 FOR ANSWER ON 3.12.2012

Internal audit of all Defence expenditure is routinely conducted by the Defence Accounts Department (DAD). The major findings of this exercise are periodically compiled and published in the Internal Audit Report (IAR) published by the Controller General of Defence Accounts (CGDA). No case of loss on procurement of equipment for troops has been reported in the latest Internal Audit Report of the CGDA for the year 2011-12.

2. However, a special audit of procurements undertaken under financial powers delegated to authorities below Ministry level has been conducted under directions of the Ministry during June 2011. The scope of the audit has covered a number of agencies under the Ministry of Defence and includes cases of procurement of equipment for troops, among various other items.

3. As per normal audit procedure, copies of these reports have been shared with the agencies concerned. Replies have been received in some cases and these are under examination. In some cases observations are not being pursued further in light of replies received. Some of the observations are advisory in nature. In many cases, these audit reports have made observations of instances of deviations from procedure. By their very nature, quantification of financial loss may not be possible in case of such observations. As the internal audit conclusions have yet to be arrived at, full quantification of loss is not possible at this stage.

4. It is clarified that under the Defence Services Estimates no funds are earmarked for emergency purchases. However, financial powers are delegated to various authorities to enable them to fulfil their responsibilities in various emergency situations that may arise, such as the outbreak of war or in the event of natural disasters. In any case, these become operative only with formal proclamation of such a situation by the government. Apart from this, special financial powers have been delegated to Army Commanders for Counter Insurgency (CI) Operations / Internal Security (IS) Duties / Siachen Glacier / Aid to Civil Authorities / Special requirement for Strike Corps. Sanctions issued under these powers have also been included in the special audit.

5. So far no inquiry has been instituted by the concerned agencies and no misuse of stores / powers have been established / reported by the concerned agencies based on the Internal Audit Reports of CGDA.