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**ABNORMAL DELAY IN EXECUTION OF  
ORDNANCE FACTORY PROJECT NALANDA**

[Action Taken by the Government on the Observations/  
Recommendations of the Committee contained in their Fifty-third  
Report (15th Lok Sabha)]

**MINISTRY OF DEFENCE**

**PUBLIC ACCOUNTS  
COMMITTEE  
2012-2013**

**SEVENTY-SEVENTH REPORT**



**FIFTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

SEVENTY-SEVENTH REPORT

PUBLIC ACCOUNTS COMMITTEE  
(2012-2013)

(FIFTEENTH LOK SABHA)

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MINISTRY OF DEFENCE



*Presented to Lok Sabha on 21.3.2013*  
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LOK SABHA SECRETARIAT  
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2012-13)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri T.K.S. Elangovan
7. Shri Anant Kumar Hegde
8. Shri Bhartruhari Mahtab
9. Shri Sanjay Nirupam
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17. Shri Prakash Javadekar
18. Shri Satish Chandra Misra
19. Shri Sukhendu Sekhar Roy
20. Shri J.D. Seelam
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri M.L.K. Raja — *Deputy Secretary*
3. Shri S.L. Singh — *Under Secretary*

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\* Elected *w.e.f.* 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

† Elected *w.e.f.* 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

## INTRODUCTION

I, the Chairman, Public Accounts Committee (2012-13), having been authorised by the Committee, do present this Seventy-seventh Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-third Report (Fifteenth Lok Sabha) on 'Abnormal Delay in Execution of Ordnance Factory Project Nalanda' relating to the Ministry of Defence.

2. The Fifty-third Report was presented to Lok Sabha/laid in Rajya Sabha on 30th March, 2012. Replies of the Government to the Observations/Recommendations contained in the Report were received on 29.1.2013. The Public Accounts Committee considered and adopted the Seventy-seventh Report at their sitting held on 19th March, 2013. Minutes of the sitting are given at *Appendix I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Fifty-third Report (Fifteenth Lok Sabha) is given at *Appendix II*.

NEW DELHI;  
19 March, 2013  

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28 Phalgun, 1934 (Saka)

DR. MURLI MANOHAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-third Report (15th Lok Sabha) on '**Abnormal Delay in Execution of Ordnance Factory Project Nalanda**' based on Paragraph No. 6.3, Chapter VI of the C&AG Report No. CA- 4 of 2008 and Chapter II of the C&AG Report No. 15 of 2010-11 relating to the Ministry of Defence.

2. The Fifty-third Report (15th Lok Sabha) was presented to the Lok Sabha/laid in Rajya Sabha on 30th March, 2012. The Report contained 10 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Defence and these have been categorized as under:—

- |       |   |                         |
|-------|---|-------------------------|
| (i)   | Observations/Recommendations of the Committee which have been accepted by the Government:   |                         |
|       | Paragraph Nos. 2, 4-6 and 8   | Total: 5<br>Chapter II  |
| (ii)  | Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:                     |                         |
|       | Paragraph No. 9   | Total: 1<br>Chapter III |
| (iii) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: |                         |
|       | Paragraph Nos. 1, 3, 7 and 10   | Total: 4<br>Chapter IV  |
| (iv)  | Observations/Recommendations in respect of which Government have furnished interim replies:   |                         |
|       | -NIL-   | Total: NIL<br>Chapter V |

**3. The Action Taken Notes furnished by the Ministry of Defence on the Observations/Recommendations of the Committee contained in their Fifty-third Report (15th Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/Recommendations made in the Original Report which either need reiteration or merit comments.**

## I. Remedial/Corrective Action Taken

[Observation/Recommendation Para No. 1 of the 53rd Report (15th Lok Sabha)]

4. The Committee in their Fifty-third Report had observed that pursuant to the recommendation contained in the 105th Report (Tenth Lok Sabha), with effect from 31st March, 1996, all the Ministries/Departments were required to furnish remedial/corrective Action Taken Notes on all the Audit paragraphs, duly vetted by Audit, through the Ministry of Finance (Department of Expenditure) within a period of 4 months from the date of laying of the relevant Audit Reports on the Table of the House. In this regard, the Committee had noted that the figures supplied by the Ministry of Defence regarding the number of pending audit paragraphs with them did not tally with the figures supplied by the Monitoring Cell (Department of Expenditure) and Audit. While the Monitoring Cell had indicated the number of pending Audit Paras as 163, the Ministry had stated in a written note that a total of 131 Audit Paras were received during the last two years *i.e.* 2008-2009 and 2009-10. However, the figures shown by Audit regarding the total number of pending Audit Paras as on 31.05.2010 was 187. The Committee had deplored the discrepancy in the number of pending Audit paragraphs and had recommended that the pendency figures be reconciled and correct consolidated position as on 31.5.2011 be furnished to the Committee and the remedial/corrective action taken thereon within 4 months of the presentation of the Original Report.

5. In their Action Taken Note, the Ministry of Defence have stated as under:—

"Total numbers of Audit Paragraphs pending with Ministry of Defence as on 31.05.2011 were 127. Further 35 Audit Paragraphs were added after receipt of CAG Report No. 24 in December, 2011. 44 Audit Paragraphs were settled after January, 2012. Total numbers of outstanding Audit Paragraphs as on 30.06.2012 are 118."

**6. The Committee in their original Report had recommended that the Ministry of Defence take Remedial/Corrective Action on the pending Audit paragraphs within 4 months of the presentation of the Report and also furnish reconciled figures of pending Audit paras as on 31.5.2011. The Committee deplore that the reply of the Ministry is, studiously silent about the Remedial/Corrective Action on the pending Audit paragraphs. The Committee, therefore, reiterate that the Remedial Corrective Action on the pending Audit Paragraphs be furnished to them within 4 months of the presentation of this Report along with the reconciled figures of pending audit paras as on 31.5.2011 and the new audit observations received subsequently upto May 2012.**

## II. Consideration of Audit Observations

[Observation/Recommendation Para No. 2 of the 53rd Report (15th Lok Sabha)]

7. The Committee had noted that the C&AG Report No. CA- 4 of 2008 and 15 of 2010-11 were presented to the Parliament on 14th March, 2008 and 20th August, 2010 respectively and Action Taken Notes were forwarded for vetting on 11th September, 2008 and 4th April, 2011 respectively for the first time. The first Report in question



contained the Audit Para No. 6.3 on 'Abnormal Delay in Execution of Ordnance Factory Project Nalanda' and the second Report a full chapter on the subject under examination. The Committee had found that Para No. 6.3 of Audit Report CA-4 of 2008 was not yet settled even after a lapse of more than three years. Like-wise the second Audit observation which was revisited by Audit through Chapter-II 'Nalanda Factory' in Para No. 2.2 of Audit Report No. 15 of 2010-11 had yet to be settled even after a lapse of one year against the prescribed timeline of 4 months. The Committee had deplored the cavalier manner in which the serious differences and lapses noticed in Audit were being treated by the Ministry of Defence.

8. In their Action Taken Note, the Ministry of Defence have stated as under:—

"Ministry of Defence had replied thrice on 28.08.2008, 05.11.2009 and 10.05.2010 for settlement of the Audit Paragraphs 6.3 of Audit Report CA-4 of 2008. Regarding the status of the second Audit observation which was revisited by Audit through Chapter II 'Nalanda Factory' in Para No. 2.2 of Audit Report No. 15 of 2011-11, Ministry has sent the reply to Audit on 31.03.2012."

9. In this regard, Audit have clarified as under:—

"The Ministry of Defence Action Taken Note on the subject -matter was received *vide* their letter dated 28 August, 2008 against which Audit raised certain clarifications which was sent to the MoD *vide* this office letter dated 21 October 2008. Without attending to the Audit observation sent to the MoD *vide* letter dated 21 October, 2008, the Ministry of Defence simply forwarded their ATN which was nothing but a replica of what they indicated in their ATN received by Audit *vide* their letter dated 28 August, 2008. The same was intimated to the Ministry *vide* this office letter dated 17 December, 2009. The Ministry of Defence ATN again received by Audit *vide* their letter dated 10 May, 2010 did not add neither value nor they addressed the Audit observation sent to them *vide* letter dated 21 October 2008. The position was again intimated to the MoD *vide* this office letter dated 17 June, 2010. With regard to MoD ATN on Chapter II of Audit Report No. 15 of 2010-11, It is intimated that our comments on the same was sent to Director General Audit, Defence Services New Delhi *vide* this office letter dated 23 June, 2011 as they were the nodal office for preparation of the *ibid* Audit Report No. 15 of 2010-11."

**10. As per the established practice, the Remedial/Corrective Action Taken Notes on all the paragraphs of the Reports of C&AG of India are required to be furnished to the Committee through the Ministry of Finance (Department of Expenditure) within a period of 4 months from the date of laying of the Audit Reports in Parliament. The Committee note with concern that the Ministry of Defence furnished their Remedial/Corrective Action Taken Notes on both Para No. 6.3 of Report No. CA-4 of 2008 and Chapter II of Report No. 15 of 2010-11 after the lapse of mandatory 4 months period. Worse, the same Remedial/Corrective Action Taken Note was repeatedly furnished to the Audit without attending to the Audit observation leading to undue delay in vetting of the Note by Audit and consequent delay in furnishing the same to the Committee. Such a neglect of audit observations dealing with financial deficiencies and irregularities is, undoubtedly, a sad reflection on the working of the**

**Ministry of Defence. The Committee deplore the cavalier manner in which the Audit Paragraphs/Reports are being treated by the Ministry of Defence and desire that responsibility should be fixed for the lapses.**

### **III. Abnormal Delay in Execution of Ordnance Factory Project Nalanda**

[Observation/Recommendation Para No. 3 of the 53rd Report (15th Lok Sabha)]

11. The Committee had noted that the Ministry of Defence through Ordnance Factory Board planned to set up an Ordnance Factory at Nalanda for meeting out the needs of the Defence Forces in the year 1999 with envisaged capital outlay of ₹531.42 crore. However, to the utter dismay of the Committee, it was found that even after a lapse of 11 years, the Factory had not been set up. The Committee were astounded to note that against the original target date of completing the project by November, 2005, the actual progress achieved as of March, 2007 was only 27 per cent in final terms. Worse, while construction of core technical buildings for the factory and production of plants and machinery were yet to be commenced as of November, 2007, ancillary items of work such as construction of residential accommodation, amenity buildings, open air theatres, shopping centres, ordnance club, purchase of buses, jeeps, cars, air conditioners etc. were completed. Appalled at such brazen project mismanagement, bordering on callousness, the Committee had recommended for fixing individual responsibility to ascertain dereliction of duty and complicity on the part of the individuals involved.

12. In their Action Taken Note, the Ministry of Defence have stated as under:—

"Ordnance Factory Nalanda was sanctioned in November 2001 based on the Detailed Project Report (DPR) prepared by M/s M.N. Dastur, Kolkata in September 1999. Transfer of Technology (ToT) agreement for indigenous production of Bi-Modular Charge System (BMCS) was signed by OFB with M/s Denel, South Africa in March, 2002. Subsequently, OFB started tendering action in 2003 for integrated plants as per ToT documents. Therefore, there was a mismatch in the DPR price and the quoted price for the integrated plants resulting in non-finalisation of contracts for the main BMCS plant. The activities related to ancillary items of work such as construction of residential accommodation, amenity buildings, open air theatres, shopping centres, ordnance club, purchase of buses, jeeps, cars, air conditioners etc. being not linked with the finalisation of the contracts for production plants and machineries were commenced and most of them have been completed by November 2007."

**13. The Committee had recommended that responsibility should be fixed on persons responsible for brazen project management bordering on callousness leading to undue delay in setting up of Ordnance Factory at Nalanda. The Committee regret to note that the Action Taken Note furnished by the Ministry is conspicuously silent on glaring instances of mismanagement in such an important and vital project like Ordnance Factory Project Nalanda. Considering the importance of Ordnance Factories in augmenting the defence preparedness of the country, the Committee reiterate that responsibility should be fixed on the persons responsible for abnormal delay in completion of Ordnance Factory Project Nalanda. The Committee would like**

**to be apprised of the precise action taken in this regard by the Ministry. The Committee further desire that a specific time line should be fixed, within which the Ordnance Factory Project, Nalanda should be completed and operationalized. The Committee would like to be apprised of the same within three months of the presentation of this Report.**

#### **IV. Delay in Procurement of Plant and Machinery**

[Observation/Recommendation Para No. 7 of the 53rd Report (15th Lok Sabha)]

14. The Committee had observed that in December 2008, the Ministry of Defence put up a note to the Cabinet Committee on Security seeking approval of the revision of the estimated cost of the project from ₹ 941.13 crore to ₹ 2160.51 crore without referring to the Bi-Modular Charge System plant at all and sought approval of the revised cost of the project. The Committee had also observed that the Ministry did not make substantial efforts to negotiate the cost and even failed to utilize our diplomatic channels. The Committee could not condone such serious omissions on the part of the Ministry of Defence particularly when defence purchases and defence projects involving millions of rupees were handled by them. Observing that there was something awry with the functioning of the Ministry, the Committee had called for complete overhaul of the Ministry's procurement systems and procedures.

15. In their Action Taken Note, the Ministry of Defence have stated as under:—

"Contract Negotiation Committee (CNC) constituted by Ministry of Defence under the Director General Ordnance Factories (DGOF) & Chairman/OFB had exhaustive negotiations with M/s IMI, Israel for main BMCS plant and could obtain a reduction of Euro 3 million after four rounds of CNC meetings. The revised cost of ₹ 2160.51 crore for the project was based on the negotiated cost of BMCS plant. It was, therefore, explicitly clear that approval of CCS was taken for the negotiated cost of the BMCS plant. OFB procurement procedures do not provide for utilization of Diplomatic Channels and hence not explored."

16. The Ministry have further stated as under:—

"Approval of Cabinet Committee on Security (CCS) was taken for revision of estimated cost of the Project from ₹ 941.13 cr. to ₹ 2160.51 cr. cost of the BMCS plant as ₹ 1174.98 cr. was included in the estimated cost placed before CCS at Para 4 of Annexure III. Accordingly, Government sanction was intimated *vide* DDP letter dated 05.02.2009. However, OFB was authorised to conclude the contract for the BMCS plant at the negotiated and approved cost *vide* DDP letter dated 10.02.2009. Notwithstanding the above, the contract placed on M/s IMI, Israel has been cancelled by OFB in March 2012."

**17. The Committee are constrained to note that the Ministry have not overhauled their procurement systems and procedures to protect the country's interest in defence procurements worth billions of rupees. The Committee observe that the defence procurement systems and procedures existing at the time of approving various contracts pertaining to Ordnance Factory Project Nalanda were beset with glaring loopholes and Lacunae to the serious detriment of national interest. It is, therefore,**

**imperative to have transparent and accountable defence procurement systems and procedures incorporating, *inter-alia*, utilisation of the services of diplomatic channels, whenever necessary, especially when facing the situation like the instant case. The Committee, therefore, reiterate their earlier recommendation and urge the Ministry of Defence to completely overhaul their procurement systems and procedures and incorporate a suitable clause for utilizing the services of diplomatic channels as well before entering into defence deals.**

#### **V. Deficiencies in Planning and delays in revised cost approvals**

[Observation/Recommendation Para No. 8 of the 53rd Report (15th Lok Sabha)]

18. The Committee had noted that the Ministry of Defence cancelled all contracts with Denel, a company of South Africa for breach of another contract related to procurement of Anti-Material Rifle in June, 2005. The Nalanda project was kept in abeyance from June, 2005 to July, 2006. In view of the time and cost over-run, the Ministry of Defence decided in June, 2005 with the approval of Raksha Mantri, to constitute an Expert Committee to review the BMCS project which came out with the report that the Nitro Glycerin and Nitro Cellulose and the component parts of the ammunition could be made at the existing factories of Ordnance Factories Board at different locations, indicating that there was no need for a separate and exclusive plant for BMCS. But the Government noted that the existing plants were very old and outdated and did not have the requisite knowhow required for this particular type of ammunition. Secondly, transferring all these components from different locations to one location would be a major logistical as well as security problem. The Combustible Cartridge case was a very important ingredient and had to be manufactured in house. Further it was argued that the cost of augmenting the existing plants would be as high as building a new plant. The Committee had regretted to note that it took about 13 months for the Expert Committee to come out with a report which the Ministry junked. The Committee were dismayed that the findings of the Expert Committee, appointed by the Ministry, consisting of eminent scientists and experts were brushed aside by the same Ministry being impracticable and imprudent. The Committee asked the Ministry to explain the reasons for brushing aside the report of the Expert Committee and the level at which such decision was taken.

19. The Ministry of Defence have stated in their Action Taken Note as under:—

"The recommendations of the Expert Committee were found not acceptable to Ministry due to following reasons—

- (i) The existing facilities for the propellant manufacturing being old were considered unsuitable for manufacturing of new generation propellants as specified in the ToT documents of M/s Denel.
- (ii) Manufacturing of different types of propellants at different locations and transportation are not viable from safety, security and economy angle.
- (iii) Combustible Cartridge Case being critical element of BMCS, manufacturing facilities in Ordnance Factories was considered indispensable."

20. The Ministry have also stated as under:—

"OFB will start the production of BMCS at Ordnance Factory, Nalanda by utilising the existing separable capacities after successful user's trial."

**21. The Committee are unhappy to observe that the Ministry failed to apprise the level at which the decision to brush aside the report of the Expert Committee was taken. The contention of the Ministry for brushing aside the report of the Expert Committee is not tenable simply because the ordnance factories are spread all over the country at varying distances and so far these factories had not faced any problem in manufacturing different types of items. The Committee, therefore, feel that the recommendation of the Expert Committee to utilize the capacity of the existing propellant factories for manufacture of BMCS *vis-a-vis* creation of new Nalanda factory could have been favourably considered. The whole exercise depicts lack of proper assessment of domestic ability and the unexplained eagerness to go in for a foreign supplier renders the very motive suspicious. The recent happenings in various nefarious defence procurements only establishes the urgent need for fresh re-visit of the defence procurement policy and procedures. The Committee deplore such unwarranted action of the Ministry. The Committee further desire to be apprised about the production of BMCS at Ordnance Factory, Nalanda.**

#### **VI. Remedial Measures to Prevent Recurrences of Omission and Commission in Defence Procurement**

[Observation/Recommendation Para No. 10 of the 53rd Report (15th Lok Sabha)]

22. The Committee's examination of the subject and close scrutiny of facts had revealed multiple acts of omission and commission by the Ministry of Defence causing a loss of ₹ 628.87 crore to the public exchequer. Moreover, the Committee had observed that CBI filed chargesheet in June, 2010 recommending blacklisting of the Israel Military Industries (IMI) along with five other firms of Indian and foreign origin for being involved in illegal gratification. The firm had been issued show cause notice by OFB. The Committee had asked for apprising the final outcome of the penal action initiated against the defaulter firm and the remedial measures instituted to prevent such recurrences within three months of presentation of the Original Report.

23. In their Action Taken Note, the Ministry of Defence have stated as under:—

"Following penal actions have been imposed on M/s IMI, Israel—

- (i) Bank guarantees for advance paid to the firm, Performance Bank Guarantee and EMD under pre-contract Integrity Pact have been invoked and an amount of ₹ 224.91 crore have been recovered from them.
- (ii) BMCS contract placed on the firm has been cancelled.

Based on the recommendations of CBI, Ministry of Defence has de-barred M/s IMI, Israel and five other firms for a period of 10 years from further business dealings."

**24. The Committee are perturbed to note that the Action Taken Note furnished by the Ministry is silent on remedial measures initiated to prevent recurrences of acts of omission and commission committed in defence procurements causing huge and recurring but avoidable loss to the public exchequer. Apart from taking penal action against the defaulting firm, the Ministry ought to have taken a series of remedial measures to prevent recurrence of acts of omission and commission in defence procurements. Without these remedial measures, future defence procurements will continue to be clogged with omissions and commissions leading to scams to the grave peril of the nation. The Committee, therefore, reiterate their earlier recommendation that remedial measures be initiated to prevent recurrence of acts of omissions and commissions in defence procurements.**

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation

2. The Committee note that CAG Report No. CA-4 of 2008 and 15 of 2010-11 were presented to the Parliament on 14th March, 2008 and 20th August, 2010 respectively and ATNs were forwarded for vetting on 11th September, 2008 and 4th April, 2011 respectively for the first time. As per the system devised ATNs on all the paragraphs of the Reports of C&AG of India are required to be furnished to the Committee through the Ministry of Finance (Department of Expenditure) within a period of 4 months from the date of laying of Audit Reports in Parliament. The first Report in question contained the Audit Para No. 6.3 on 'Abnormal Delay in Execution of Ordnance Factory Project, Nalanda' and the second Report a full chapter on the subject under examination. The Committee find that the first Para No. 6.3 of Audit Report CA-4 of 2008 is not yet settled even after a lapse of more than three years. Likewise the second Audit observation which was revisited by Audit through Chapter II 'Nalanda Factory' in Para No. 2.2 of Audit Report No. 15 of 2010-11 has yet to be settled even after a lapse of one year against the prescribed timeline of 4 months. The Committee deplore the cavalier manner in which the serious differences and lapses noticed in Audit are being treated by the Ministry of Defence.

#### Action Taken

Ministry of Defence had replied thrice on 28.08.2008, 05.11.2009 and 10.05.2010 for settlement of the Audit Paragraph 6.3 of Audit Report CA-4 of 2008. However, Public Accounts Committee (PAC) had examined the issue on 18.02.2011. Regarding the status of the second Audit observation which was revisited by Audit through Chapter II 'Nalanda Factory' in Para No. 2.2 of Audit Report No. 15 of 2010-11, Ministry has sent the reply to Audit on 31.03.2012.

#### Audit Comments

The Ministry of Defence Action Taken Note on the subject matter was received *vide* their letter dated 28 August 2008 against which Audit raised certain clarifications which was sent to the MoD *vide* this office letter dated 21 October, 2008. Without attending to the Audit observation sent to the MoD *vide* letter dated 21 October 2008, the Ministry of Defence simply forwarded their ATN which was nothing but a replica of what they indicated in their ATN received by Audit *vide* their letter dated 28 August 2008. The same was intimated to the Ministry *vide* this office letter dated 17 December, 2009. The Ministry of Defence ATN again received by Audit *vide* their letter dated 10 May 2010 did not add neither value nor they addressed the Audit observation sent to them *vide* letter dated 21 October 2008. The position was again intimated to the MoD *vide* this office letter dated 17 June 2010. With regard to MoD ATN on Chapter II of Audit Report No. 15 of 2010-11. It is intimated that our comments on the same was sent to Director General of Audit, Defence Services, New Delhi *vide* this office letter



dated 23 June, 2011 as they were the nodal office for preparation of the *ibid* Audit Report No. 15 of 2010-11.

#### **Ministry Reply**

Ministry has made continuous efforts to settle the Audit Paragraphs.

#### **Comments of the Committee**

Please *see* Para No. 10 of Chapter I.

#### **Observation/Recommendation**

4. The Committee also find that due to the absence of price variation formula the Ministry could not protect and pursue the deal with new supplier, *i.e.* the Israeli Military Industries (IMI). The Committee also observe that the IMI sought incorporation of price variation formula to protect themselves from the losses arising out of steep hike in the prices of steel, cement etc. The price variation formula was to be based on prices as on July 01, 2008 and would be applicable to the rupee content of the contract. However, as the Request for Proposal for the Bi-Modular Charge System (BMCS) plant was based on firm and fixed prices, it was decided by the CNC not to include the price variation formula at that stage. The Committee deplore that due to want of foresight and prudence on the part of the Ministry, the price variation formula was not built into the Request for Proposal RFP. Apparently, the failure to incorporate the price variation formula in the RFP caused substantial time and cost overrun and delayed the project.

#### **Action Taken**

Price Variation Formula was not included in the process of procurement of Plant & Machinery (P&M) for Ordnance Factory Nalanda at any point of time. The tenders were always issued on the firm and fixed price. M/s IMI sought incorporation of the Price Variation Formula during negotiations after second time tendering of the BMCS plant and that too only for rupee content of the contract. As per the prevailing guidelines, there was no provision to incorporate Price Variation Formula while finalising the contract, as it would amount to change in the terms and conditions of the RFP. Finally, contract was placed on M/s IMI, Israel at the negotiated cost on firm and fixed price.

#### **Audit Comments**

Ministry has not addressed the issues brought out by the Public Accounts Committee properly, Audit however, desires Ministry of Defence to ensure that in future contracts, the clause of Price variation formula may be spelt out clearly in the Request for Proposal stage itself with a view to avoiding time run and delayed execution of the project. OFB has commented that they have constituted a Committee to devise methodology to work out the Price Variation formula and related issues *vide* their letter dated 23 May 2011 without enclosing a copy of the same. It is requested that a copy of OFB's letter dated 23 May 2011 may please be forwarded to this office along with the progress achieved by the said Committee with regard to devising the suitable price variation formula and related issues.

#### **Ministry Reply**

OFB has constituted a committee to devise methodology to work out the PV (Price Variation) formula and related issues. However it may be pertinent to mention that incorporation of PV formula for Turn Key Project could not have been incorporated



in the past tenders. As requested by Audit, OFB will forward the constitution of the committee and progress achieved by the said committee with regard to devising the suitable price variation formula and related issues.

#### **Observation/Recommendation**

5. The Committee note that the retendering of the contract of BMCS plant increased the price of the project by 67 per cent leading to the delay in completion of the project. In both the retenders there was a huge gap between L1, *i.e.* IMI company from Israel and L2, *i.e.* DMP from Italy of ₹ 700 crore. A further retender had an eminent danger of escalating the price further. The Committee observe that due to limited number of vendors available and the cost of other vendors being much higher than IMI, the available options were limited. As IMI knew that there was a gap of ₹ 700 crore between L1 and L2 they stuck to the increased price. The Committee regret to note that the supplier was trying to take advantage of the monopolistic market for this kind of defence requirement which unfortunately it seems escaped the attention of the Ministry. The Committee therefore, deplore that the Ministry failed to consider the price escalation aspect before retendering the BMCS contract.

#### **Action Taken**

On restarting the project in July 2006, the lowest quote M/s IMI, Israel for main BMCS plant was called for price negotiations as the quoted price was higher than the DPR cost. The vendor revised their cost to ₹ 654.79 crore from originally quoted price of ₹ 571.71 crore while extending the validity of their offer. OFB, therefore, refused to accept the increased price as there was no provisions to accept the increase in the quoted price against the fixed price tender and decided to issue fresh global tender enquiry to generate more competition.

#### **Audit Comments**

At Sl. No. 4 above are equally applicable against this comment.

#### **Ministry Reply**

At Sl. No. 4 above are equally applicable against this comment.

6. The Committee observe that the Ministry of Finance wanted the Ministry of Defence to confirm in the CCS that the cost and time projected for the plant and machinery were firm and there would be no further escalation. The Ministry of Defence confirmed it saying that the revised project estimates were based on the negotiated price cost for plant and machinery and therefore there could be no further cost and time over-run in the future. This assertion was made on the presumption that all parameters for the BMCS plant with IMI were normal and equal. The Ministry of Defence entered into a contract in March, 2009 and the Ministry of Defence paid an advance of Rs. 174 crore to IMI and only three months later in June, 2009, the Ministry put on hold this transaction because the CBI registered a case against IMI for being involved in a bribery case. The Committee regret to note that the Ministry had no inkling about the ensuing probe by the CBI against IMI at the time of paying the advance. The Committee wish to caution the Ministry to be attentive and alert so that such lapses do not recur.

#### **Action Taken**

The investigating agencies work independently and secretly lest the investigations are likely to be compromised. Ministry of Defence paid advance of ₹ 174 crore against Bank Guarantee, taken Performance Bank Guarantee (PBG) and signed

Integrity Pact. The above safeguards have allowed Ordnance Factory Board (OFB)/ Ministry of Defence, not only to get back advance paid to M/s IMI, Israel but also invoke Performance Bank Guarantee (PBG) and signed Integrity Pact. After the encashment of all the Bank Guarantees, ₹ 224.9 crores have been recovered from the firm against advance payment of ₹ 174 crore. Therefore, a stern message was sent to all firms against use of unethical business practices in India.

#### **Audit Comments**

A suitable mechanism (which needs to be spelt out in the ATN) therefore is required to be put in place to ensure that the interest of the Government is not compromised in any situation in the future.

#### **Ministry Reply**

Ministry will advise OFB to introduce the Mechanism of Security Clearance from DGMI and Vigilance Clearance from CVO, OFB/MoD of vendors at RFP stage (as being followed by Acquisition Wing of MoD) for the value of contract above the threshold value at which Integrity Pact becomes valid. Accordingly, OFB may incorporate it in their manual.

#### **Observation/Recommendation**

8. The Committee observe that Ordnance Factory Board (OFB) approached the Ministry of Defence in February 2005 for revision of the project cost. The Committee also note that the Ministry of Defence cancelled all contracts with Denel, a company of South Africa for breach of another contract related to procurement of Anti-Material Rifle in June, 2005. The Nalanda project was kept in abeyance from June, 2005 to July, 2006. In view of the time and cost over-run the Ministry of Defence decided in June, 2005 with the approval of RM, to constitute an Expert Committee to review the BMCS project which came out with the report that the Nitroglycerin and Nitro Cellulose and the component parts of the ammunition could be made at the existing factories of Ordnance Factories Board at different locations, indicating that there was no need for a separate and exclusive plant for BMCS. But the Government noted that the existing plants were very old and outdated and did not have the requisite knowhow required for this particular type of ammunition. Secondly, transferring all these components from different locations to one location would be a major logistical as well as security problem. The Combustible Cartridge case was a very important ingredient and had to be manufactured in house. Further it was argued that the cost of augmenting the existing Plants would be as high as building a new plant. The Committee regret to note that it took about 13 months for the Expert Committee to come out with a report which the Ministry junked. The committee are dismayed that the findings of the Expert Committee, appointed by the Ministry, consisting of eminent scientists and experts were brushed aside by the same Ministry being impracticable and imprudent. The Committee would like to be explained the reasons for brushing aside the report of the Expert Committee and the level at which such decision was taken.

**Action Taken**

The recommendations of the expert committee were found not acceptable to Ministry due to following reasons-(i) The existing facilities for the propellant manufacturing being old were considered unsuitable for manufacturing of new generation propellants as specified in the ToT documents of M/s Denel.

- (ii) Manufacturing of different types of propellants at different locations and transportation are not viable from safety, security and economy angle.
- (iii) Combustible Cartridge Case being critical element of BMCS, manufacturing facilities in Ordnance Factories was considered indispensable.

**Audit Comments**

This contention of Ministry of Defence is not tenable simply because the Ordnance factories are spread all over the country at varying distances and so far, Ordnance Factories had not faced any problems in manufacturing different types of items at different locations and transportation from safety, security and economy angle so far. In view of the aforesaid, Audit observes that the recommendation of the Expert Committee to utilize the capacity of the existing propellant factories for manufacture of BMCS *vis-a-vis* creation of new Nalanda factory could have been favourably considered.

**Ministry Reply**

OFB will start the production of BMCS at Ordnance Factory Nalanda by utilising the existing spare capacities after successful user's trial.

**Comments of the Committee**

Please see Para No. 21 of Chapter I.

### **CHAPTER III**

#### **OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT**

##### **Observation/Recommendation**

9. The Committee observe the contract for transfer of technology between Ordnance Factory Board and Denel, a company of South Africa, was to remain valid for a period of five years from the effective date, *i.e.* 15th March, 2003. Two important conditions were to be valid for seven years. The first was the seller's warranty that if the product at semi stage have been duly accepted in accordance with the relevant quality assurance and inspection and acceptance criteria as set out in the Transfer of Technology (ToT) document and that these semi- stage products have been properly assembled and tested in accordance with the provisions in the same document by a competent; experience and skilled manufacturer of products, then the final product will conform to the performance specifications set out in the Contract. The second one was the performance bank guarantee which was 10 per cent of the contract value of US \$13.99 million. Both the warranty and guarantee had lapsed in March, 2010. The Committee regret to note that no responsibility was fixed for this lapse in warranty. The Ministry, however, stated that Ordnance Factory Board had received all the technological documents related to indigenous production of BMCS and their personnel trained were at the technology provider premises for assimilation of technology. The Committee note that the plant supplier for the main plant for BMCS is not only responsible for designing, supplying erecting and commissioning of the plant but also is responsible for dynamic proof of the end product BMCS. Moreover, the contract for BMCS plant with IMI signed in March, 2009 was due to expire in September, 2011. The Committee regret to note that the expiry of the warranty period has resulted in a situation in which the manufacturing process and output would be without any coverage by the technological provider. The Committee therefore, recommend that the Ministry should find ways and means to ensure that the warranty and guarantee of the Transfer of Technology by Denel and the BMCS by IMI is extended so that output would be covered by the technological provider.

##### **Action Taken**

In The absence of the warranty and guarantee of the ToT by M/s. Denel, OFB has planned to manufacture BMCS as per ToT with the help of the OFB personnel trained at the premises of technology provider and further interpretation of ToT documents by HEMRL/DRDO.

##### **Audit Comments**

No. comments. Nevertheless, the time frame within the OFB plans to manufacture BMCS as per ToT with the help of their personnel and HERML/DRDO representative has to spelt out clearly in the ATN. Further, progress achieved in this regard may also please be mentioned in the ATN.

**Ministry Reply**

OFB has plan to manufacture BMCS as per ToT with the help of the DRDO. whenever needed. Component validation trials are in progress. Indigenously manufactured BMCS components matching to ToT are under development. Efforts to establish capacity through indigenous experts are also going on. User's Trials is likely to take place in 2013. Trickle production will commence after getting clearance from User's trial. Regular production requires complete capacity creation.

## **CHAPTER IV**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Observation/Recommendation**

1. Pursuant to the recommendation contained in the 105th Report (Tenth Lok Sabha), with effect from 31st March, 1996, all the Ministries/Departments are required to furnish remedial/corrective ATNs on all the Audit paragraphs not taken up by the Committee for detailed examination. The ATNs duly vetted by the Audit are submitted through the Ministry of Finance (Department of Expenditure) within a period of 4 months from the date of laying of Audit Reports on the Table of the House. Notwithstanding the fact that this system was devised as early as 1995 and subsequently modified in 1996, a close examination of the subject by the Committee revealed that as on 25.06.2012, remedial/corrective ATNs in respect of 4191 Audit Paras were pending with various Ministries/Departments during the period from 1997-98 to 2007-08. Due to time constraints the Committee took up the examination of only those important paragraphs for which remedial/corrective ATN had not been furnished by the Ministries. One such case relates to the Ministry of Defence. The Committee note that the figures supplied by the Ministry of Defence regarding the number of pending audit paragraphs with them did not tally with the figures supplied by the Monitoring Cell (Department of Expenditure) and Audit. The Monitoring Cell had indicated the number of pending paras as 163. The Ministry stated in a written note that a total of 131 Audit paras were received during the last two years *i.e.* 2008-2009 and 2009-10. However, the figure shown by Audit regarding the total number of pending paras as on 31.05.2010 was 187. The Committee deplore the discrepancy in the number of pending Audit paragraphs and recommend that the pendency figures be reconciled and correct and consolidated position as on 31.5.2011 be furnished to the Committee and the remedial/corrective action taken thereon within 04 months of presentation of this Report.

#### **Action Taken**

Total number of Audit Paragraphs pending with Ministry of Defence as on 31.05.2011 were 127. Further 35. Audit Paragraphs were added after receipt of CAG Report No. 24 in December '2011. 44 Audit Paragraphs were settled after January '2012. Total number of outstanding Audit Paragraphs as on 30.06.2012 are 118.

#### **Audit Comments**

In so far as Ordnance Factory Organisation Audit is concerned, the total numbers of Audit Paragraphs pending with the Ministry of Defence as on 31 May 2011 was 33. Further, eight Audit Paragraphs were added after receipt of CAG Report No 24 of December 2011. Six Audit Paragraphs were settled after January 2012. Total Number of Outstanding Audit Paragraphs as on 30 June, 2012 are 29.

#### **Ministry Reply**

This is the factual statement and acceptable to Ministry.

#### **Comments of the Committee**

Please see Para No. 6 of Chapter I.

### **Observation/Recommendation**

3. The Committee note that the Ministry of Defence through Ordnance Factory Board planned to set up an Ordnance Factory at Nalanda for meeting out the needs of the Defence Forces. The work for the Factory started in the year 1999 with envisaged capital outlay of ₹ 531.42 crore. However, to the utter dismay of the Committee, it was found that even after a lapse of 11 years, the factory had not been set up. The Committee are astounded to note that against the original target date of completing the project by November, 2005, the actual progress achieved as of March, 2007 was only 27 per cent in final terms. Worse, while construction of core technical buildings for the factory and production of plants and machinery were yet to be commenced as of November, 2007, ancillary items of work such as construction of residential accommodation, amenity buildings, open air theatres, shopping centres, ordnance club, purchase of buses, jeeps, cars, air conditioners etc. were completed. Strangely enough, no one found anything amiss in the project planning and execution. Such brazen project mismanagement, bordering on callousness, calls for fixing individual responsibility to ascertain dereliction of duty and complicity on the part of the individuals involved.

Ordnance Factory Nalanda was sanctioned in November 2001 based on the Detailed Project Report (DPR) prepared by M/s M.N. Dasru Kolkata in September, 1999. Transfer of Technology (ToT) agreement for indigenous production of Bi-Modular Charge System (BMCS) was signed by OFB with M/s Denel, South Africa in March 2002. Subsequently, OFB started tendering action in 2003 for integrated plants as per ToT documents. Therefore, there was mismatch in the DPR price and the quoted price for the integrated plants resulting in non-finalisation of contracts for the main BMCS plant. The activities related to ancillary items of work such as construction of residential accommodation, amenity buildings, open air theatres, shopping centres, ordnance club, purchase of buses, jeeps, cars, air conditioners etc. being not linked with the finalisation of the contracts for production plants and machineries were commenced and most of them have been completed by November, 2007.

### **Audit Comments**

Ministry of Defence had not addressed the issue brought out by the Public Accounts Committee nor fixed any individual responsible for brazen project mismanagement, dereliction of duty and complicity on their part. Further, in order to avoid recurrence of similar instances suitable mechanisms (which needs to be brought out in the ATN) may be evolved by the MOD which could be a guide for future project management.

### **Ministry Reply**

Steering Committee at OFB level and Project Management Board (PMB) at Ministry level is currently monitoring the progress of the execution of the project on regular basis. Till date 19 Steering Committee meetings and 03 PMB meetings have been organised.

### **Comments of the Committee**

Please see Para No. 13 of Chapter I.

### **Observation/Recommendation**

7. The Committee observe that in December 2008, the Ministry of Defence put up a note to the CCS seeking approval of the revision of the estimated cost of the project from ₹ 941.13 crore to ₹ 2160.51 crore. However, the approval para of the note did not refer to the BMCS plant at all and sought approval of the revised cost of the project. The Cost negotiation Committee could Negotiate the price down by about Euro 3 million only. The Committee also observe that the Ministry did not make substantial efforts to negotiate the cost and even failed to utilize our diplomatic channels. The Committee cannot condone such serious omissions on the part of the Ministry of Defence particularly when defence purchases and defence projects involving million of rupees are handled by them. Obviously, there is something awry with the functioning of the Ministry calling for complete overhaul of its procurement systems and procedures.

### **Action Taken**

Contract Negotiation Committee (CNC) constituted by Ministry of Defence under the Director General Ordnance Factories (DGOF) & Chairman/OFB had exhaustive negotiations with M/s IMI, Israel for main BMCS plant and could obtain a reduction of Euro 3 million after four rounds of CNC meetings. The revised cost of ₹ 2160.51 crore the project was based on the negotiated cost of BMCS plant. It was, therefore, explicitly clear that approval of CCS was taken for the negotiated cost of the BMCS plant. OFB procurement procedures do not provide for utilization of Diplomatic Channels and hence not explored.

### **Audit Comments**

The contention of the Ministry of Defence is not convincing since they ought to have explicitly mentioned about the BMCS plant while seeking approval of the revised cost of the project from the CCS. Further, just because the OFB procurement procedures do not provide for utilization of Diplomatic channels for not exploring the possibility of utilizing the Diplomatic channels to clear the mess, the Ministry of Defence cannot absolve of its responsibility particularly when they were dealing with such an important and vital project like Ordnance Factory Nalanda project. Ministry of Defence may issue a guidelines to all their Departments and organizations to explore the possibility of using the services of Diplomatic channels whenever they face the situations like the one indicated in the subject matter and to that effect they may explore the feasibility of incorporating a suitable clause in the Defence Procurement procedure.

### **Ministry Reply**

Approval of Cabinet Committee of Security (CCS) was taken for revision of estimated cost of the Project from ₹ 941.13 cr. to ₹ 2160.51 cr. Cost of the BMCS plant as ₹ 1174.98 cr. was included in the estimated cost placed before CCS at Para 4 of Annexure-III. Accordingly, Government sanction was intimated *vide* DDP letter dated. 05.02.2009. However, OFB was authorised to conclude the contract for the BMCS plant at the negotiated and approved cost *vide* DDP letter dated 10.02.2009. Notwithstanding the above, the contract placed on M/s IMI, Israel has been cancelled by OFB in Mar. 2012.

### **Comments of the Committee**

Please *see* Para No. 17 of Chapter I.



### **Observation/Recommendation**

10. The Committee's examination of the subject and close scrutiny of facts has revealed multiple acts of omission and commission by the Ministry of Defence causing a loss of ₹ 628.87 crore to the public exchequer. Moreover, the Committee observe that CBI filed charge sheet in June, 2010 recommending blacklisting of the Israel Military Industries (IMI) along with five other firms of Indian and foreign origin for being involved in illegal gratification. The firm has been issued show cause notice by OFB. The Committee would like to be apprised of the final outcome of the penal action initiated against the defaulter firm and the remedial measures instituted to prevent such recurrences within three months of presentation of this Report.

### **Action Taken**

Following penal actions have been imposed on M/s. IMI, Israel—

(i) Bank Guarantees for advance paid to the firm, Performance Bank Guarantee and EMD under pre-contract Integrity Pact have been invoked and an amount of ₹ 224.91 crore have been recovered from them.

(ii) BMCS contract placed on the firms has been cancelled.

Based on the recommendations of CBI, Ministry of Defence has de-barred M/s. IMI, Israel and five other firms for a period of 10 years from further business dealings.

### **Audit Comments**

No comments being factual statement.

### **Ministry Reply**

Acceptable.

Sd/-  
(Ravikant)

Joint Secretary to the Government of India  
Joint Secretary  
Ministry of Defence, New Delhi.

Tele .....

[Ministry of Defence, Department of Defence Production O.M. No. 4(75)/07/  
Audit Para/OF Nalanda/DP (Plg-IV) dated 26 Dec. 2012]

Ministry of Defence, Department of Defence Production

### **Comments of the Committee**

Please see Para No. 24 of Chapter I.

**CHAPTER V**  
OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE  
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

— Nil —

NEW DELHI;  
19 March, 2013  

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28 Phalguna, 1934 (Saka)

DR. MURLIMANO HAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

## APPENDIX I

### MINUTES OF THE TWENTY-SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2012-13) HELD ON 19TH MARCH, 2013

The Committee sat on Tuesday, the 19th March, 2013 from 1500 hrs. to 1615 hrs.  
in Room No. '62', Parliament House, New Delhi.

#### PRESENT

Dr. Murli Manohar Joshi — *Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Shri Sandeep Dikshit
4. Shri Bhartruhari Mahtab
5. Shri Shripad Yesso Naik
6. Shri Abhijit Mukherjee
7. Shri Ashok Tanwar
8. Dr. Girija Vyas

#### *Rajya Sabha*

9. Shri Prasanta Chatterjee
10. Shri Prakash Javadekar
11. Shri J. D. Seelam
12. Shri N. K. Singh

#### SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri M.L.K. Raja — *Deputy Secretary*
4. Shri D. R. Mohanty — *Deputy Secretary*
5. Smt. A. Jyothirmayi — *Deputy Secretary*
6. Shri S. L. Singh — *Under Secretary*
7. Smt. Anju Kukreja — *Under Secretary*

**Representatives of the office of the Comptroller and Auditor General of India**

1. Ms. Shubha Kumar — Director General (Report Central)
2. Shri Venkatesh Mohan — Director General of Audit
3. Ms. Anim Cherian — Principal Director (ST)
4. Shri Rajiv Kumar Pandey — Principal Director of Audit

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG of India to the sitting of the Committee. The Chairman, then, apprised that the meeting had been convened to consider the following Draft Reports of the Committee:—

- |       |     |     |     |
|-------|-----|-----|-----|
| (i)   | *** | *** | *** |
| (ii)  | *** | *** | *** |
| (iii) | *** | *** | *** |
| (iv)  | *** | *** | *** |
| (v)   | *** | *** | *** |
| (vi)  | *** | *** | *** |
| (vii) | *** | *** | *** |

(viii) Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-third Report (15th Lok Sabha) on '**Abnormal Delay in Execution of Ordnance Factory Project Nalanda**';

- |      |     |     |      |
|------|-----|-----|------|
| (ix) | *** | *** | ***; |
| (x)  | *** | *** | ***; |

3. Giving an overview of the issues contained in the Draft Reports and the comments of the Committee thereupon, the Chairman solicited the views/suggestions of the Members.

4. After some discussions, the Committee adopted the above-mentioned Draft Reports. The Committee, then, authorized the Chairman to finalise the Reports in the light of the factual verifications, if any, made by the Audit and present them to Parliament on a convenient date.

5. The Chairman thanked the Members for their active participation in the consideration and adoption of the Reports.

*The Committee, then, adjourned.*

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\*\*\* Matter not related to this Report.

## APPENDIX II

(Vide Para 5 of Introduction)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FIFTY-THIRD REPORT (FIFTEENTH LOK SABHA)

(i)	Total No. of Observations/Recommendations	10
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government:	
	Para Nos. 2, 4—6 and 8	Total: 05 Percentage—50%
(iii)	Observations/Recommendations which the Committee do not desire the pursue in view of the replies received from the Government:	
	Para No. 9	Total: 1 Percentage—10%
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:	
	Para Nos. 1, 3, 7 and 10	Total: 04 Percentage—40%
(v)	Observations/Recommendations in respect of which Government have furnished interim replies:	
	—NIL—	Total: 0 Percentage—0%