

**CONTROLLER GENERAL OF DEFENCE ACCOUNTS,
ULAN BATAR ROAD, PALAM, DELHI CANTT – 110010.
(IFA wing)**

Ph No. 011 – 25665529, 25665569 -572, FAX No. 011- 25674779.

Circular No. 13 of 2011.

No. IFA/250

Dated :- 20 --12--2011.


To

All Pr.IFAs/IFAs.

Sub :- Irregular Procurement of Golf Carts out of Army Commander Special Financial Powers (ACSFP).

The CAG's Audit report for the year 2008-09 vide Audit Para No. 3.6 (copy enclosed) has reported cases wherein the CFAs accorded approval for placing supply orders for Golf Carts in the guise of vehicles for transportation of patients in hospitals and 'Track Alignment Recee Vehicles (TARV's)'. Such procurements were made under Special Financial Powers of Army Commanders delegated to facilitate procurement of stores/equipments for urgent operational requirements such as readiness of strike corps for deployment, counter insurgency, aid to civil authorities, internal security duties etc. The C&AG's report has also pointed out that such equipments had eventually been issued to Golf Courses.

2. With a view to ensure that such type of cases do not recur, it is advised that adequate care may be taken with regard to the usage/requirement while concurring to the Acceptance of Necessity (AON) of proposals and to study the nomenclature and other features in relation to the necessity projected. It needs to be ensured that financial powers are exercised only for the purpose for which the same have been delegated.


(Arvind Kadyan)
Jt.CGDA (IFA)

Copy to :-

1. Smt Shobhana Joshi, IDAS,
JS & Addl FA (S)
MoD (Fin), South Block,
New Delhi – 110001.

For inf w.r.t MoD (Fin) ID Note No.
2(50)/02/08/727/02 dt 03.11.2011.

— sd / —
(Arvind Kadyan)
Jt.CGDA (IFA)

B. Misuse of manpower

As a part of regimental activity, the Army Service Corps (ASC) decided to provide hostel facilities for the wards of its personnel admitted to a private Engineering College at Aurangabad. Eight flats were accordingly purchased out of non-public fund from Maharashtra Housing and Area Development Authority at an approximate cost of Rs 16 lakh. The hostel started functioning with effect from July 1993.

In October 1999, the Director General Supplies and Transport (DGS&T) issued Standard Operating Procedure (SOP) for the running of the hostel by the Supply Depot, Aurangabad. To facilitate running of the hostel, 9 to 15 personnel below officers rank (PBORs) were specifically posted to the ASC Platoon from February 2003 to July 2008. The pay and allowances of these personnel for the above period which worked out to Rs 1.01 crore were borne out of Government funds. The pensionary contribution of the PBORs deployed was also met out of Government funds, which should be recovered from the regimental funds.

Headquarters, Southern Command replied in January 2008 that the hostel had been established as a welfare measure like other institutes being run by the Army and the manpower was deployed at the cost of other ASC units and at no extra cost to the Government. The reply is not acceptable as non-governmental activities are to be managed from non-public funds and government assets, manpower and funds should not be diverted for such activities.

The Ministry should take deterrent action against the authorities concerned for violating its instructions and diverting defence assets, funds and personnel for private use.

The matter was referred to Ministry of Defence in September 2008; their reply was awaited as of February 2009.

3.6 Misuse of special financial powers by Army Commanders

Special financial powers delegated to Army Commanders for meeting operational requirements were irregularly used by the Army Commander, Western Command to procure Golf Carts costing Rs 1.17 crore. Northern Command also committed certain irregularities in procurement of equipments worth Rs 99.43 lakh made under the special financial powers of the Army Commander.

The Ministry of Defence delegated special financial powers to General Officer Commanding in Chief (GOC-in-C) of various Commands in April 2002 to facilitate procurement of stores/equipments to cater for operational requirement such as readiness of strike corps for deployment, counter insurgency, aid to civil authorities, internal security duties etc.

Audit noticed two cases of misuse of special financial powers by the Army Commanders of Western Command and another two cases of irregularities in procurement of equipments by Northern Command (NC) which are discussed below:

Case-I

Procurement of Golf Carts in the guise of vehicles for transportation of patients in hospitals

GOC-in-C, Western Command sanctioned in May 2006 the procurement of five "Electric Multi Utility Vehicle" (Motorised Carts) for Rs 15.60 lakh under Army Commander's special financial powers. According to the Statement of Case dated 31 December 2005 prepared for obtaining the sanction, these vehicles were required for transporting aged/handicapped patients in the Military Hospitals. Headquarters Western Command placed a supply order in May 2006 on M/s Mahindra Stillers Auto Trucks Ltd, Faridabad for supply of five EMUs (Motorised Carts) costing Rs 15.60 lakh. These were received by Research and Referral Hospital, Delhi. Three Motorised Carts were issued to Command Hospital, Western Command, Chandimandir and one each was issued to Military Hospitals at Amritsar and Jammu. The three Motorised Carts received by Command Hospital, Chandimandir were in turn issued in September 2006 to Shivalik Golf Course, Chandimandir which has since been renamed as Shivalik Environmental Park and Training Area (SEPTA). SEPTA issued these Carts to Army Golf Courses at Ambala and Jalandhar.

Examination of the specifications of the Motorised Carts as indicated in the supply order showed that the EMUs procured were actually Golf Cart (Battery Golf Cart Model-27) which were purchased under the guise of "Electric Multi Utility Vehicle".

The Ministry in their reply of September 2008 denied the issue of Golf Carts to the Golf Courses and stated that these were being used in the hospitals. The denial by the Ministry was contrary to the documentary evidence (Receipt and Issue Voucher) available in the Command Hospital Western Command which indicated that the three Golf Carts were finally issued to the Golf Courses and not to hospitals. The receipt and issue voucher clearly showed that these EMUs were received by the Command Hospital Chandimandir and issued to SEPTA. Audit examination also disclosed that in November 2006, the Executive Secretary, SEPTA wrote to M/s Mahindra Stiller Auto Trucks that the three Electric Golf Carts supplied by the firm had been further issued to the Army Golf Courses at Ambala and Jalandhar and that the firm should liaise with the above Golf Courses for maintenance and repair of these Golf Carts.

Case-II

Procurement of Golf Carts in the guise of 'Track Laying Reece Vehicles'

The GOC-in-C, Western Command, sanctioned in March 2008, the procurement of 22 "Track Alignment Reconnaissance Vehicles" (TARVs) for

Rs 1.01 crore under the Army Commander's special financial powers. The vehicles were sanctioned for use by the Regiments of Army Engineers. HQ, Western Command procured them from M/s Zaverchand Sports Equipment Private Limited, Mumbai, a distributor of Golf equipments in India. The procurement was made in March 2008 at the sanctioned cost of Rs 1.01 crore. Scrutiny of the purchase order and the specifications indicated that the vehicles supplied in the name of TARV were actually Golf Carts of the brand name "Club Car". These were trial evaluated in Shivalik Environmental Park and Training Area during December 2007, (formerly known as Shivalik Golf Course) before placing the purchase order in March 2008.

Audit noticed that the 22 vehicles received in March 2008 were issued to nine Engineer Regiments. These Regiments, apart from their normal duties were responsible for the maintenance of Golf Courses (Army Environmental Park and Training Area) at Chandimandir, Ambala, Jalandhar and Amritsar, etc. ~~Though the TARVs were shown as procured for Engineer Regiments, the~~ specifications indicated that these were intended for use in Golf Courses. The Ministry, in September 2008, replied that the commercially available Golf Carts facilitated noiseless reconnaissance in close proximity of the enemy and helped in quick laying of track material, which enhanced operational capability of Engineer Regiments. Audit, however, observed that four of the 22 vehicles were actually handed over to Shivalik Environmental Park and Training Area (Golf Course). Further there were no documents to show that these vehicles were ever used for laying of track in operational areas.

Since operation and maintenance of Golf Courses is a non-Governmental activity, purchase of Golf Carts from Defence funds for issue to Golf Courses in the above two cases indicate misutilisation of Rs 1.17 crore of public money for non-public purpose by misrepresenting facts. This is also a serious violation of Army Commanders' special financial powers which should not have been exercised for such purchases.

Case-III

Improper Procurement of Trailers

A Corps HQ in Northern Command placed demand for three Trailers of 30 ton capacity along with Prime Movers for transportation of dozers by the Engineer Regiments in Ladakh sector. Against the demand, Northern Command HQ in January, 2005 procured three Trailers of 50 ton capacity each from a private firm for Rs.26.10 lakh, under the Army Commanders special financial powers. Prime Movers for these Trailers were not procured on the basis of an observation of Master General of Ordnance Branch of Army HQ that if both Prime Mover and Trailer were combined, the cost would be higher and would fall under capital procurement. As per the instructions of the Ministry of Defence, procurement of heavy and medium vehicles which have a value of Rs 10 lakh each and life of seven years or more is to be considered as capital procurement. Since capital procurements were not permissible under the special powers, the Trailers were procured without Prime Movers. Apart from this irregularity in purchase, the Trailers of increased capacity, 50 tonne instead of 30 tonne, were purchased though these were intended for used in

hilly terrain of Ladakh Sector. Engineers Branch of Northern Command observed in April 2007 that the requirement projected by the Corps was for Trailers integrated with Prime Movers and that the Trailers procured were unsuitable for the intended use, as their turning radius was higher. Thus, the Trailers purchased by exercising the special financial powers intended for procurement of equipment required for immediate operational deployment, remained without use since their purchase in January 2005.

Northern Command, in September 2008, stated that the Trailers had been issued to an Engineer Regiment for suitable modification and use with available Prime Movers. The reply did not address the basic question of inability of the high capacity Trailer to negotiate curves in hilly terrains, where these were intended to be used.

Case-IV

Irregularities in procurement of Stretchers

Northern Command HQ issued tender enquiry in August 2007 for procurement of Field Stretchers (Light Weight) for use by the medical units. The procurement was sanctioned under the special financial powers of the Army Commander. Five vendors responded and offered samples for technical evaluation but none of the Stretchers met the required specification of "maximum 4 Kg weight". German Stretcher (UT2000) offered by three firms had a weight of 7.8 Kg for a full Stretcher. The specification was, therefore, amended to 8 Kg and three firms offering the German Stretchers were qualified, finally 163 Stretchers were purchased at a total cost of Rs 73.33 lakh from a private sector firm that offered the lowest rate.

The Board of Officers in March 2008, during receipt inspection of the consignment received from the firm, observed the following deviations from the contracted specification of Stretchers:-

- i) There was no provision to hold intravenous fluid bottles;
- ii) The Stretcher could not be converted to a Field Hospital bed.
- iii) The Stretcher was unsuitable for casualty evacuation as it could not float in water and helicopter evacuation facilities were unsuitable; and
- iv) There was no provision for fitting of wheels.

In spite of these discrepancies, the Board accepted the Stretchers under instructions from HQ Northern Command to avoid lapse of funds. Thus, the technical evaluation and selection of the Stretchers offered by the vendors were not done correctly resulting in procurement of Stretchers which could not fulfill the requirement of casualty evacuation.

The above cases point to continued misuse and irregularity in exercising of Army Commanders' special financial powers for non-operational purposes, despite disclosure of such irregularities in Report No. 7 of 2002 and CA 4 of 2008 of the Comptroller and Auditor General of India. Neither the Ministry,