

Ambernath Machine Tool Factory

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*85. { Shri M. L. Dwivedi:
Shri S. C. Samanta:
Shri Raghunath Singh:

Will the Minister of Defence be pleased to state:

(a) whether Ambernath Machine Tool Factory has not shown return after six years but has incurred loss continuously although a considerable reduction in expenditure from original budget is shown in the final accounts of last three years;

(b) if so, the reasons therefor;

(c) steps proposed to be taken to manage the factory in a profitable way; and

(d) the investment made so far in the factory and its recurring and non-recurring expenditure?

The Minister of State in the Ministry of Defence (Shri Raghuramaiah): (a) to (d). A statement is laid on the table of the House.

STATEMENT

(a) and (b). The Machine Tool Prototype Factory as set up originally to design and develop new armament stores and to make prototypes of such stores. It was not intended to be a fullfledged factory to manufacture machine tools. The preliminary expenses incurred in setting up the factory and the full overhead can be expected to be recovered only in course of time when the new weapons developed in the factory get into mass production. It was realised from the very beginning that a armaments prototype factory could not be well balanced in itself and would have considerable idle capacity if its activities were confined to manufacture of prototypes only. The original design, production of prototypes and manufacture of Machine tools, were therefore, subsequently assigned to this factory to make it more economic. Such facilities were not available in the country.

(c) The available facilities at the factory are also being increasingly utilised now for the production of other stores. The question of levy of realistic percentage of overhead charges on items of production undertaken in this factory to utilise the surplus capacity is under consideration of the Government. A better return of the capital invested is expected in the near future.

(d) The total capital outlay on the factory amounts to Rs. 436.80 lakhs. The recurring (revenue) expenditure for the year 1960-61 was Rs. 30.38 lakhs.

Shri M. L. Dwivedi: The statement says that the available facilities at the factory are also being increasingly utilised now for the production of other stores. I want to know why this decision has been kept in abeyance for the last six years. What are the other stores now to be produced?

Shri Raghuramaiah: I would like to say that the original conception of this factory as different. It was meant to produce prototypes of armament stores only. It was then discovered that it would not be economic. So, we added on to it the manufacture of machine tools generally. Even then it is found that there is still some capacity and therefore we are now utilising it for the manufacture of various items such as gear boxes, tractor engines and so on.

Shri M. L. Dwivedi: Some Members of Parliament have been visiting this factory for a number of years and they found that the capacity was very great and that was lying idle from the very beginning. Irrespective of the fact that the Ministry has now discovered that more stores should be produced here, what is the reason that they did not produce them so far? Why did they not plan it beforehand?

The Minister of Defence (Shri Krishna Menon): The Minister of State said that the factory was originally designed for the production of prototypes only. If our national eco-

conomic capacity were considerable, we could have still left it that way for a long time and borne the losses with a view to developing a large scale prototype factory. With the development of more indigenous production, however the importation of numbers of parts have ceased and we are utilising that capacity. In fact, the factory is divided into two or three sections more or less. One is for research and development of production of the prototypes; the other for the production of machine tools, and the third, for the production of parts as my hon. colleague has explained. It is expected that the investments on this are not marked as losses but as balances which could be recouped in a short time.

Shri S. C. Samanta: The hon. Minister said that they changed their mind and machine tools were not the only things to be manufactured there. May I know whether the Defence Production Organisation gave its verdict on it?

Shri Raghuramaiah: There is no question of changing one's mind. The question is, what was the original idea. The original idea, as I have explained, was only to manufacture the prototypes of armament stores. It was not meant to produce machine tools, and the Defence Minister has already explained why we had to do the other work subsequently. So, there is no question of any change in mind.

Shri Morarka: May I know the total losses suffered in this factory so far?

Shri Krishna Menon: I have explained that they are not marked as losses. There are certain balances on the account, as shown, and they will be recouped by the production in the coming years.

Shri Balakrishnan: Sometime ago, a car was manufactured by the HAL. Was it not a fact?

Mr. Speaker: Order, order. It was answered. Shri M. R. Krishna.

Shri M. R. Krishna: May I know whether this factory originally was

not intended for training-cum-production, and if there was training also subsequently, may I know whether any expansion has taken place in the training sphere?

Shri Krishna Menon: I am very glad to answer that question. For the production in the factory, there are a large number of highly skilled men and they are trained in the artisan training school which has been expanded, and even for that purpose, with the development of more indigenous production, the import is rather utilised for that.

Manufacture of Low Cost Car in Hindustan Aircraft Limited.

*86. } Shri Subodh Hansda:
 } Shri S. C. Samanta:

Will the Minister of Defence be pleased to refer to the reply given to Starred Question No. 201 on the 26th March, 1962 and state:

(a) whether any foreign technical aid has been asked for, for the Manufacture of low cost car in Hindustan Aircraft Limited, Bangalore;

(b) whether the design of the car has been prepared; and

(c) if so, who has prepared the design?

The Minister of State in the Ministry of Defence (Shri Raghuramaiah):

(a) No, Sir.

(b) Yes, Sir. H.A.L. have produced a first prototype car.

(c) It is an effort of the engineers of Hindustan Aircraft Limited.

Shri Subodh Hansda: May I know whether the cost of production of this car has been worked out and, if so, whether the cost is lower or higher than that of the low cost car that is proposed to be manufactured with the aid of the French?

The Minister of Defence (Shri Krishna Menon): An establishment like the HAL has to develop many study projects. The board of manage-