

**Supplies of Defence materials by
Private Industry**

55. SHRI RAGAVALU MOHAN-RANGAM: Will the DEPUTY PRIME MINISTER AND MINISTER OF DEFENCE

be pleased to state:

(a) the quantum and value of supplies of strategic defence material made by private industry during the last two years and the current year; and

(b) the results of the review made if any regarding the satisfactory nature of the equipment supplied by private industry from the point of view of quality, speed of delivery and requirements of secrecy?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (PROF. SHER SINGH): (a) Defence Stores procured from private industry mainly relate to raw materials, semi-processed items, components, sub-assemblies, spares, accessories etc., used in Defence Departmental Factories or by the Services. Their number is vast and varied and it would take considerable time and labour to compile information regarding their quantities. The value of such purchases effected directly by the organisations under the Ministry of Defence during the last two years and during the current year was, however, as follows:

	DGOF/ Departmental Factories (Rs. in crores)	Department of Defence Supplies
1976-77 . . .	154.37	53.02
1977-78 . . .	158.95	50.77
1978-79 (April-Sep.78)	52.00 (Provisional)	25.48

(b) Defence materials supplied by the Private Sector Industry are accepted only after rigorous inspection. The

performance of the private sector firms is periodically reviewed and has been found to be generally satisfactory from the point of view of quality, speed of delivery and requirements of secrecy.

Prices of Fertilizers

56. DR. VASANT KUMAR PANDIT: Will the Minister of PETROLEUM, CHEMICALS AND FERTILIZERS

be pleased to state:

(a) whether the new fertilizer plants about to be commissioned during this year are entitled to a retention price 50 per cent higher than the existing average;

(b) whether the retention price in the fertilizer Industry is linked to the capital and other factors;

(c) if so, have Government decided to increase the fertilizer price or to stop up the fertilizer subsidy; and

(d) what corrective actions and controls have been planned to maintain fertilizer prices at a reasonable level preventing any further hike?

THE MINISTER OF PETROLEUM, CHEMICALS AND FERTILIZERS (SHRI H. N. BAHUGUNA): (a) Retention prices payable for Urea to be produced by the new fertilizer projects likely to be commissioned in 1979 are higher than the existing weighted average retention price for Urea, ranging from 30 per cent to 50 per cent.

(b) Under the system of retention prices, the manufacturers are entitled to a post tax return of 12 per cent on the net worth based on their cost of production subject to a capacity utilisation of 80 per cent and fulfilment of the stipulated consumption norms. The cost of production is related to a variety of factors like capital cost of the project, cost of feedstock and inputs, consumption norms, maintenance expenditure, wages and salaries, etc.

(c) There is no decision to increase the prices of fertilizers. The liability