

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:729

ANSWERED ON:23.11.2000

PRIVATE PARTICIPATION IN DEFENCE SECTOR

ANANDRAO ADSUL;CHANDRAKANT BHURAO KHAIRE;JAI PRAKASH;SURESH CHANDEL

Will the Minister of DEFENCE be pleased to state:

- (a) the performance of each of the ordnance factories in physical and financial terms during each of the last three years;
- (b) whether the Government have decided to enter into international commercial market in the matter of supply of arms;
- (c) if so, the details thereof;
- (d) whether the Government are contemplating to seek the co-operation of Confederation of Indian Industries (CII) for making the country self-reliant in the field of defence production;
- (e) if so, whether the Government propose to invite private sector for defence production giving priority to new State of the art technology over confidentiality in this age of liberalisation and revolution in information technology;
- (f) if so, the details thereof; and (g) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (g): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF LOK SABHA UNSTARRED QUESTION NO. 729 FOR 23.11.2000

1. Turn over in ordnance factories during 1999-2000 was higher by 34.6% compared to the turn over in the previous year. The financial performance of each of the ordnance factory during 1997-98, 1998-99 and 1999-2000 has been furnished in the enclosed annexure. As regards physical performance, these factories produce a wide variety of items, which include small arms and its ammunition, transport vehicles, armoured personnel carrier, tanks, artillery and tank ammunition etc.

2. Ordnance Factories and Defence Public Sector Undertakings are already engaged in limited exports of arms and ammunitions after meeting requirements of Defence Forces. Participation in domestic and international exhibitions and exploring potential for coproduction with and components supply to foreign companies are some of the recent initiatives .

3. The CII and other Associations of Indian Industry have evinced keen interest in participating in Defence Industry. The objective is to enhance the sphere of private sector contribution from the existing level which is confined to supply of raw materials, semi finished products and components to manufacture of equipment. The Government has welcomed the initiative and recommendations of Industry considering the strengths of the private sector especially in areas like Information Technology and the need to harness all national resources towards the defence efforts.

ANNEXURE REFERRED TO IN THE STATEMENT GIVEN IN REPLY TO PARTS (a) TO (g) OF LOK SABHA UNSTARRED QUESTION NO. 729 FOR 23.11.2000

FINANCIAL PERFORMANCE ACHIEVED VALUE OF SALES/ISSUES

(Rs. In crores)

S.No	Factory	1997-98		1998-99		1999-2000
		Army	All	Army	All	
	Indentor			Indentor		
	M & C		(excl	(excl	(excl	
	IFD)	IFD)	IFD)	IFD)	IFD)	
1.	OFKAT		2.02		3.52	3.12

2.	OFA		16.15		15.73		23.60
3.	MSF	0.04	3.49	0.05	2.93	0.39	4.66
4.	OFM		0.08		0.02		0.05
5.	OCFC	15.86	23.55	16.13	21.24	35.11	39.37
6.	OFBH		2.98		1.22	3.60	4.18
7	OFAJ	4.53	9.12	6.58	10.95	3.18	7.43
8.	MPF	1.43	2.36	2.25	3.13	1.18	1.55
9.	HAPP		2.76		0.65		4.59
SUB	TOTAL	21.86	62.51	25.01	59.40	43.46	88.500

WV&E

1.	RFI	130.62	171.51	140.35	194.47	192.62	251.68
2.	SAF	24.85	69.70	19.76	75.09	38.32	88.61
3.	OFT	3.10	53.78	12.73	67.32	9.67	42.54
4.	GSF	11.02	13.39	5.56	12.05	11.13	19.90
5.	OFC	1.67	8.28	1.01	5.67	2.72	5.85
6.	FGK	1.39	8.50	0.71	10.87	2.73	15.61
7	GCF	17.41	30.22	5.05	12.96	27.04	54.09
8.	OFDC	3.17	4.67	2.57	5.89	1.33	5.83
SUB	TOTAL	193.23	360.05	187.74	384.30	285.56	484.11

B. VEHICLES

9.	VFJ	322.85	324.00	545.13	546.11	572.86	574.62
10.	GIF		4.47		4.21		3.62
SUB	TOTAL	322.85	328.47	545.13	550.32	572.86	578.24

A&E

1.	CFA	19.53	27.57	30.22	38.29	30.48	36.30
2.	HEF	2.46	12.88	2.65	16.00	4.27	14.86
3.	OFI	-	8.27	0.79	4.37	10.14	14.71
4.	AFK	155.72	212.23	190.34	259.96	194.85	268.90
5.	OFV	129.92	195.70	55.36	119.67	115.86	222.55
6.	OFK	311.80	424.16	390.32	483.48	702.85	855.34
7	OFCH	416.18	459.50	460.36	518.97	812.75	895.19
8.	OFDR	34.70	48.48	31.41	50.18	78.57	102.07

9.	OFBA	0.07	8.33		10.74	39.82	52.05
10.	OFBOL	0.89	0.93	72.49	72.69	164.52	168.52
SUB TOTAL		1071.27	1398.05	1233.94	1574.36	2154.11	2630.49

AV

1.	HVF	291.32	312.04	638.91	658.52	691.40	694.06
2.	OFPM	138.37	147.60	278.96	291.67	325.35	335.67
3.	EFA	24.04	24.04	11.47	12.09	8.37	8.67
4.	OFDUN	10.83	16.25	11.73	17.97	14.02	29.12
5.	OLF	1.36	1.63	1.51	1.85	7.00	7.35
SUB TOTAL		465.92	501.56	942.59	982.10	1046.14	1074.87

OEF

1.	OEFB	120.26	133.59	132.67	146.21	166.82	179.19
2.	OCFS	107.42	128.25	124.54	139.44	167.63	182.04
3.	OCF AV	36.84	62.39	53.45	74.84	64.40	82.33
4.	OPF	64.34	70.52	70.63	74.61	68.52	73.29
5.	OEFHZ	22.95	25.29	23.76	26.49	22.21	27.55
SUB TOTAL		351.81	420.04	405.05	461.59	489.58	544.40
GRAND TOTAL		2426.94	3070.68	3339.46	4012.07	4591.71	5400.66