

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:5275

ANSWERED ON:05.09.2011

NALANDA ORDNANCE FACTORY

Kumar Shri Kaushalendra; Ramkishun Shri ; Yadav Shri Hukamdeo Narayan

Will the Minister of DEFENCE be pleased to state:

- (a) whether the work of setting up of ordnance factory in Nalanda in Bihar has been stopped;
- (b) if so, the time when the work was started and the time by which it was to be completed;
- (c) whether many ancillary companies have not completed their work in time and are held in misappropriation and if so, the names of those companies;
- (d) whether until all the units are not completed, the production in this factory cannot be started and if so, the details thereof;
- (e) whether the Government has reviewed the situation and if so, the action taken against the guilty companies; and
- (f) whether some foreign elements are reportedly creating problems in the factory resulting in undue delay in its production system and if so, the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI M.M. PALLAM RAJU)

- (a) No, Madam. There are mainly four plants i.e. Nitro Cellulose (NC), Nitro Glycerine (NG), Sulphuric Acid Concentration (SAC)/Nitric Acid Concentration (NAC) and Bi-Modular Charge System (BMCS) planned to be set up at Ordnance Factory Nalanda, Bihar for manufacture of BMCS. While the work of setting up of NC, NG, SAC/NAC plants is going on as per schedule, the work of setting up BMCS plant could not commence till date.
- (b) Work was started after sanction of the project in November 2001. The project was kept in abeyance from June 2005 to June 2006. In the meantime OFB submitted a proposal for revision of project cost due to escalation and cost overrun. Accordingly, the revision of project cost was sanctioned in February 2009 with the completion period of 30 months i.e. by 5th August 2011.
- (c) No ancillary company is involved. OFB has entered into contracts with the main companies who are completing the supply of NC, NG, SAC/NAC Plants as per schedule. However, the work of BMCS Plant contracted with M/s IMI Israel has not commenced. As reported by CBI, M/s IMI Israel was alleged to be involved in paying illegal gratification to Shri Sudipta Ghosh, former DGOF & Chairman, OFB. The case is under investigation by CBI.
- (d) The plants – NC, NG, SAC/NAC and BMCS are sequential and the output of first three plants will be utilized as input for BMCS Plant for production of BMCS. Hence, the final product BMCS can only be supplied after all the plants are commissioned and put in production.
- (e) In consultation with CVC and Ministry of Law and Justice, OFB has issued show-cause notice to M/s IMI Israel. The reply of M/s IMI has been examined and further necessary action will be contemplated/taken in consultation with Ministry of Law and Justice.
- (f) No such report is available with OFB.