

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:422

ANSWERED ON:07.05.2012

ORDNANCE FACTORIES

Hazari Shri Maheshwar ;Yadav Shri Hukamdeo Narayan

Will the Minister of DEFENCE be pleased to state:

- (a) the details of the Defence Ordnance Factories, sanctioned, approved and commissioned during Tenth and Eleventh Five Year Plan periods;
- (b) whether the setting up of the Ordnance Factory at Nalanda in Bihar is running behind its scheduled completion time and if so, the original schedule and the expected time of completion alongwith the reasons for the delay in its completion;
- (c) whether the delay in the project is adversely affecting the production of defence equipment;
- (d) if so, the action taken/proposed to be taken to complete the project without further delay; and
- (e) whether the matter regarding payment of alleged illegal gratification by an Israeli company in this regard has been resolved and if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) The details of Defence Ordnance Factories, sanctioned during Tenth and Eleventh Five Year Plan period are as under:-

(i) Ordnance Factory Nalanda was sanctioned during Ninth Plan at an estimated cost of ` 941.13 Crores in November 2001. The project cost was revised to ` 2160.51 Crores in January 2009 during the Eleventh Plan.

(ii) Ordnance Factory Korwa was sanctioned during the Eleventh Plan at an estimated cost of ` 408.01 Crores in October 2007

Both the Ordnance Factories are under various stages of commissioning.

(b) Yes, Madam, the project is running behind schedule. Original date of completion of the project was November, 2005. This was revised to August, 2011. The expected time of completion of the project is October 2014. The main reasons for the delay in the completion of the project are:

(i) Non-commencement of the rehabilitation package for the displaced persons by the Government of Bihar.

(ii) The soil conditions at the project site were not conducive for construction of industrial buildings, mainly due to inundation by rain water.

(iii) Non-erection of main Bi-Modular Charge System (BMCS) Plant due to non finalization of the contract as the quoted price was found higher than the DPR cost.

(iv) The supplier of the main BMCS plant M/s IMI, Israel got involved in an illegal gratification case leading to its debarment for further business dealings for ten years.

(c) Yes, Madam.

(d) The BMCS project plant at Ordnance Factory Nalanda consists of four plants. Out of which three plants are under various stages of commissioning. Now, Ordnance Factory Board has proposed to procure sub-plants for main BMCS plant from indigenous sources and integrate them with their own expertise.

(e) The contract for the main BMCS plant with M/s IMI, Israel has been cancelled, all Bank Guarantees submitted by firm amounting to ` 224 crores have been encashed and the firm has been debarred for further business dealings for a period of 10 years.