

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:6409
ANSWERED ON:06.05.2013
COSTING BY ORDNANCE FACTORY
Jawale Shri Haribhau Madhav;Singh Shri Sushil Kumar

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Ordnance Factories have estimated their cost abnormally on a higher side;
- (b) if so, the details thereof;
- (c) the details regarding the income and expenditure statement of the ordnance factories for the last three years;
- (d) whether the ordnance factories recorded losses from 2008-09 onwards;
- (e) if so, the details thereof; and
- (f) the steps taken by the Government to ensure fair pricing and high quality of the products of ordnance factories?

Answer

MINISTER OF STATE IN THE (SHRI JITENDRA SINGH) MINISTRY OF DEFENCE

- (a) No Madam
 - (b) Does not arise in view of (a) above.
 - (c) to (e): Ordnance Factory Board (OFB) being a Government Department prepares its annual accounts in respect of revenue and capital budgets without the concept of profit and loss statement.
The annual accounts of OFB comprise of five separate accounts as follows:
 - (i) Production Account showing total production cost of manufacture of different items in Ordnance Factories.
 - (ii) Capital Account showing details of fixed assets.
 - (iii) Finished Stock Account showing indenter wise value of issue.
 - (iv) Statement of assets and liabilities as on 31st March of a financial year.
 - (v) Stores Account showing details of stores taken on charge and stores utilized for manufacture.
- The revenue and capital budget statement of OFB showing the income and expenditure under different heads for the last three years is enclosed as Annexure-I.
- (f) OFB supplies all its products to Armed Forces at cost. However, supplies to Para military Forces (Ministry of Home Affairs) are at a price 7% higher than the price for Armed Forces and to civil sector at a price determined by the market. An item is supplied to the Services by OFB only after it conforms to the stipulated acceptance criteria and is inspected by an independent agency i.e. Directorate General of Quality Assurance (DGQA).