

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:4384
ANSWERED ON:08.08.2014
ORDNANCE FACTORIES
Tumane Shri Krupal Balaji

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has fixed production targets of various ordnance factories;
- (b) if so, the details thereof, factory-wise;
- (c) whether these ordnance factories including the vehicle factory at Jabalpur have achieved these targets during the last three years and the current year, if so, the details thereof and if not, the reasons therefor;
- (d) whether the Ordnance Factory Board has recently reviewed the production capacity / performance of ordnance factories; and
- (e) if so, the action being taken by the Government to achieve self-reliance in defence production and make the ordnance factories export oriented and to ensure their full capacity utilisation?

Answer

MINISTER OF STATE (RAO Inderjit Singh) IN THE MINISTRY OF DEFENCE

(a) to (c): Yes, Madam. The target for Ordnance Factory Board (OFB) is fixed by the Ministry every year. OFB thereafter divides the workload for different items of production including the components / sub-assembly and assembly amongst different Ordnance Factories based on the capacity, technical capability and product mix. The targets are also reviewed and fine tuned during the financial year considering the availability of budgetary allocation to various indentors and change in requirement of any item. The achievement against the target, in terms of Value of Issue of the Ordnance Factories and OFB as a whole for the past 3 years and the targets for the current year is enclosed as Annexure-A.

OFB as a whole has met the targets for the year 2011-12. For the year 2012-13 and 2013-14 the actual achievement has been less than the target due to delay in receipt of raw material / components etc, non-receipt of bulk production clearance for certain developmental items from the User and budgetary constraints of Police Forces under the Ministry of Home Affairs. OFB is making all efforts to meet the target for the current year.

Vehicle Factory Jabalpur achieved percentage Value of Issue of 96%, 99% and 92.61% against the target for the years 2011-12, 2012-13 and 2013-14 respectively.

(d) Yes, Madam.

(e) With a view to achieve self-reliance in defence production, Defence Procurement Procedure (DPP) has been amended to give preference to "Buy (Indian)" and "Buy and Make (Indian)" categories over "Buy (Global)" category of procurements. Besides, the procedure for "Buy and Make (Indian)" has been simplified to make it more attractive for the Indian Industry. Other steps to encourage domestic manufacturing include pruning of the list of defence products requiring industrial licensing and finalization of security manual for defence industries. Further, in the Union Budget 2014-15, it has been announced that the composite cap of foreign exchange is being raised to 49% with full Indian management and control through FIPB route for defence sector.

Ordnance Factories are primarily mandated to meet the demand of the Defence Forces. Export opportunities are explored to utilize the spare capacity after meeting the requirement of the Defence Forces. To meet the enhanced demand of the Defence Forces, not only the existing capacity is being utilized to the maximum extent but a number of capacity augmentation projects have also been taken up in OFB.