

12.35 hrs.

PUBLIC ACCOUNTS COMMITTEE

TWENTY-EIGHTH REPORT

Shri Morarka (Jhunjhunu): I beg to present the Twenty-eighth Report of the Public Accounts Committee on Audit Report (Civil) on Revenue Receipts, 1964.

12.35½ hrs.

STATEMENT RE: ESTABLISHMENT
OF NEW ORDINANCE FACTORIES**The Minister of Defence Production
in the Ministry of Defence (Shri A.**

M. Thomas): Early in 1963, while referring to the measures taken to increase the production of armaments, the Defence Minister had stated that a complex of six new ordnance factories for arms and ammunition was being planned. In April 1964, during the discussions on the demands for grants for Defence expenditure, the Defence Minister had also explained how our efforts at establishing the new factories were dependent, largely due to inadequate free foreign exchange resources, on the possibility of getting assistance from other friendly countries.

2. Of the six factories which were planned, one intended for small arms ammunition production is being set up with US assistance and has commenced production. As a result of the visit of the Defence Minister to the United States of America, the US Government have agreed to assist in setting up the Engineering Factory at Ambajhari. The third factory—the Filling Factory—is being set up partly with the assistance of the Government of United Kingdom. It has not so far been possible to get assurances of assistance for the remaining factories. However, as the requirements of small arms were emergent, it has been decided to use free foreign exchange resources for the fourth factory at Tiruchirapalli.

3. The remaining two factories were intended for the manufacture of explosives and propellants. The estimate of expenditure for the establishment of these two factories was of the

order of over Rs. 60 crores including a foreign exchange element of about Rs. 21 crores. In the case of these factories, the investment output ratio is also high. The products in these factories are such that there is little scope for conversion to civilian use during times of peace. There are financial advantages particularly in foreign exchange in increasing the stock-piles of explosives and propellants rather than setting up capacity for their manufacture. In these circumstances, the proposal to establish an Explosives Factory at Burla, Orissa State and a Propellants Factory at Panvel, Maharashtra State, has been excluded from our Defence Plan for the present. It has been decided that as an alternative to the proposal to set up factories at Burla and Panvel, the existing stock-piles of explosives and propellants should be increased suitably. A certain increase in the existing capacity for the production of explosives and propellants is also being planned, but the increase determined is such that it can be more conveniently done by the modernisation of the existing factories or by the installation of new plant at the site of the existing factories. These proposals are under consideration.

Shri Ranga (Chittoor): Sir, I would like you to help us in this matter. We would like to get some suitable occasion when we can discuss this very important matter. The House was assured—and the country also—that there was great urgency in regard to this matter. Therefore, Government came forward to formulate proposals to establish six ordnance factories. Now the number has come down to 4. Even out of these 4 it is going to take a long time before three of them will be brought into production stage. This reveals rather a serious position. We would like to have some opportunity to discuss this matter properly.

Mr. Speaker: It is not for me to do it; hon. Members have to give notice of it.

Shri S. M. Banerjee (Kanpur): Sir, I welcome this announcement of the hon. Minister. But I would like to