

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:1001  
ANSWERED ON:04.03.2013  
NALANDA ORDNANCE FACTORY  
Singh Shri Sushil Kumar;Yadav Shri Hukamdeo Narayan

**Will the Minister of DEFENCE be pleased to state:**

- (a) whether project work at Nalanda Ordnance Factory has exceeded its initial targeted date of completion;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether initial cost of the project has increased due to delay in completion of the project;
- (d) if so, the details thereof in foreign exchange component and its impact on losses due to rupee depreciation;
- (e) whether any CBI inquiry has been ordered to enquire into such delays in the project completion of Ordnance Factories including Nalanda Ordnance Factory; and
- (f) if so, the details thereof along with the names of officers / companies found responsible for such delays and action taken against them, factory-wise and the corrective measures taken / proposed to be taken by the Government for timely completion of such projects?

**Answer**

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

(a) Yes, Madam.

(b) Project was sanctioned by Ministry of Defence (MoD) in November 2001 with the completion period of 48 months i.e. by November 2005.

Bi-Modular Charge System (BMCS), the main product of the factory was required to be established for the first time in the country and hence Global tender enquires for various plants required for production of BMCS were floated. Offers received were found to be much higher than the estimated cost and hence MoD was approached for revised sanction.

Revised sanction of the project cost was approved by Cabinet Committee on Security (CCS) in February 2009 with project completion period of 30 months i.e. September 2011.

However, CBI investigation had started in May 2009 against M/s Israeli Military Industries (IMI), Israel due to vendor's misconduct relating to illegal gratification. M/s IMI, Israel has been debarred from doing any further business dealing with Ministry of Defence for a period of ten years.

Consequent to cancellation of contract with M/s IMI, Israel for supply of BMCS Plant, it has been planned to create complete manufacturing facilities at Ordnance Factory Nalanda for BMCS by procurement / fabrication of all the five plants for BMCS indigenously.

(c) Yes, Madam.

(d) MoD had sanctioned the project at the cost of Rs.941.13 Crore in November 2001 having Foreign Exchange (FE) component of USD 82.30 million equivalent to Rs.355.98 Crore at exchange rate of 1 USD=Rs.43.25.

Revised sanction of the project of Rs.2160.51 Crore in February 2009 had FE component of Euro 131.27 million, CHF (Swiss Franc) 3.955 million for Plant & Machinery and USD 13.99 million for Transfer of Technology equivalent to a total of Rs.967.41 Crore.

No loss has been assessed till date.

(e) No, Madam.

(f) Does not arise.