

**UNANIMOUS VIEWS EXPRESSED BY AIDEF,  
INDWF, BPMS & CDRA IN THE MEETING HELD  
WITH ADDITIONAL SECRETARY /DP ON 14-8-2019.**

1. The entire workforce of the Ordnance Factories are totally demoralized and there is a total discontentment prevailing in all the Factories due to the sudden decision taken by the Government to corporatize Ordnance Factories. The workers of Ordnance Factories have to work in a peaceful atmosphere with lot of motivation and vigil since they are involved in highly hazardous and risky operations in manufacturing Defence equipment's. Due to the decision taken by the Government the 82,000 employees and their family members are in deep distress. The employees working in the hazardous condition should be allowed to work with full motivation and peace of mind.
2. Already more than 25 factories including OEF Group, Small Arms group, VFJ are struggling for workload since 275 items manufactured in these factories are declared as Non-Core and outsourced.
3. The present decision of the Government to corporatize the Ordnance Factories is in violation of all the previous agreements and assurances. In this regard the following assurances were given in the past by the Ministry of Defence.
  - (i) Defence Secretary's written assurance on 19-4-2002, through the minutes of the meeting held with the Federations, post Nair Committee's recommendation on corporatization.
  - (ii) The then Honourable RM late Shri. George Fernandes's written assurance through the minutes of the meeting held on 22/04/2002 with the Federations to discuss post Nair Committee's recommendation on corporatization.
  - (iii) The then RM, Shri. Pranab Mukherjee's written assurance through the minutes of the meeting held on 18-9-2006 with the Federations to discuss Kelkar Committee's report.
  - (iv) Secretary (DP)'s written assurance through the minutes of the meeting held on 31-8-2006 with the Federations.
  - (v) The then RM, Shri. A.K. Antony's written assurance through the minutes of the meeting held with the Federations on 26-6-2007.
  - (vi) The then RM Shri. Manohar Parikar's written assurance dated 15-4-2015, in reply to the AIDEF representation dated 7-2-2015.
  - (vii) In reply to an unstarred question no. 833, raised by MP, Shri. Tapan Kumar Sen, the then Hon'ble RM, on 3-3-2015, informed Rajya Sabha that there is no proposal to corporatize the OFB and also informed that such an assurance was given to the Federation in the past.

4. The entire workforce including Officers are against the decision of the Government to convert the Ordnance Factories in to a corporation due to the following reasons which has been communicated to the Honourable Defence Minister vide joint letter dated 26-7-2019
- (i) For the past 218 years the Ordnance Factories have been kept as a Departmental Organization due to the reason that considering the special nature of Defence Industry like volatility, non uniform demand from Armed Forces and Para Military Forces, uneconomic quantities to be produced to meet strategic needs etc. which a public sector / corporation will not be able to manage and sustain.
  - (ii) OFB are the forth force of the Defence of our Country and to be treated as “War Reserve” at par with the Armed Forces to maintain idle capacities to take care of surge demand in emergent war situation. This “war reserve” only came to the country’s rescue during Kargil crisis.
  - (iii) In a purely commercial term, maintaining idle capacity would be detrimental to the business interest of the Corporation/ PSU. Therefore, Ordnance Factories should continue as a Departmental Organization.
  - (iv) Converting the Ordnance Factories into a PSU / Corporation is not a commercially viable option due to :
    - (a) Fluctuations in orders.
    - (b) Orders after Long Gap
    - (c) Uneconomical Order Quantity.
    - (d) Life Cycle support required for 30-40 Years after introduction of equipment.
  - (v) Risk to national security in case of growth of private players in the event of possible failure of the proposed OFB Corporation resulting in disinvestment, closure etc.
  - (vi) The so called private vendors are not able to supply even raw materials, spares and components in time to the Ordnance Factories, which affects the timely manufacturing of the allotted workload. Therefore, their ability to supply to the Armed Forces after the Ordnance Factories Corporation becomes sick due to withdrawal of placement of indent through nomination system.
  - (vii) The experience of BSNL even through it is a revenue earning service PSU which is struggling even to disburse the monthly salaries to their own employees, what will be the fate of the Ordnance Factories which totally depends on the orders from the Armed Forces and the Government. The present crisis being faced by DPSU, HAL is another living example.

- (viii) Market principles cannot be applied in the case of Ordnance Factories since the Defence Industry represents a genuine domain based on Government Orders as to what to produce, what resource to use, what price to charge and even to whom to sell and to whom not to sell.
- (ix) Interference and expectations from Political / Bureaucracy would increase.
- (x) The experience for the past two decades is corporatization / PSU is a route to privatization against the service conditions of the employees who are basically recruited as Central Government Employees / Defence Civilian Employees through All India Competitive/Selection process etc.
- (xi) More than 44 thousand employees are in the age group of 25 to 50 yrs., with lot of Family, social and financial commitments. Their future will become uncertain and will be completely ruined.

**The Federations and CDRA finally concluded the following:**

1. The decision taken to corporatize the Ordnance Factories should be withdrawn and OFB should be allowed to continue as a Government organization in the present structure with more empowerment, delegation of more financial powers, total integration of finance and accounts functioning both at OFB and Factory Level so that it will continue to remain as a “War Reserve” playing its established role.
2. The statement given in the Cabinet note prepared for Corporatization of OFB is to augment the OFB target to Rs.30,000 Crore during 2024-25. The same target may be given to the Ordnance Factories in the present setup and the workforce will ensure that the above target is reached if Government extends all support including salary budget and indent for all the items including those items declared as Non-Core from Armed forces especially Army.
3. It is also proposed that in case DDP has identified certain Experts who can turn around OFB production to Rs. 30,000 crore by 2024-2025, once it become a corporation, then such experts may be posted to OFB in the present structure itself as a Government Organization so that he / they can guide / assist OFB to achieve the above target
4. The Army should place at least 3 years indent in advance for all the items since delay in indent is the main cause for delay in supply since procurement of raw material and other components gets delayed as these are not readily available in the market. Sufficient time may be provided for material procurement.
5. After the above mentioned 4 policy decisions Government may closely monitor the performance of Ordnance Factories up to 2024 -25 and there after a review can take

place. The Federations and CDRA assures that they will take all efforts to motivate the workforce and achieve the above task.

6. The assurance given by the Secretary (DP) in the meeting held with the Federations and CDRA on 17-12-2018, 11-1-2019 and subsequent meeting of the National Council JCM that steps are being taken to implement the proposal of the Staff side for separate allotment of Salary expenditure and to delink the same and various overheads from the cost of the products is under active consideration of the Government and a decision would be taken soon. Once this decision is taken then the Army would come forward to place indent on almost all the items to the Ordnance Factories.
7. In case the Government is not considering their demand favorably then the Federations/ Workforce are left with no other option than to proceed with the one month strike commencing from 20-8-2019 to 19-9-2019 as a first phase of our Trade Union action.
8. They further requested that the above view of theirs may be brought to the notice of the Honourable RM and they are confident that a favourable decision would be taken by the Government in the interest of the Ordnance Factories its employees and their families.

**AIDEF**

Shri S.N. Pathak,  
President

Shri C. Srikumar,  
General Secretary

**BPMS**

Shri Sadhu Singh,  
Vice President

Shri Mukesh Singh,  
General Secretary

**INDWF**

Shri Ashok Singh,  
President

Shri R. Srinivasan,  
General Secretary,

**CDRA**

Shri B.K. Singh,  
President,

Shri B.B. Mohanty,  
General Secretary