



# सरकारी कर्मचारी राष्ट्रीय परिसंघ

## Govt. Employees National Confederation

(AFFILIATED TO B.M.S.)

CENTRAL OFFICE : RAM NARESH BHAVAN, TILAK GALI, PAHAR GANJ, NEW DELHI - 110055

No. GENC/PM/OFB\_CORR/193(8/2/L)

SUB OFFICE :  
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KANPUR-208 001

Date: 09/07/2021

To,  
Hon'ble Prime Minister  
7, Lok Kalyan Marg  
New Delhi – 110 011

Kind Per Attn : Shri Narendra Modi Ji., Hon;ble Prime Minister

**Sub: Cabinet Approval to convert the production units of Ordnance Factory Board In to 07 Public Sector Undertakings.**

**Ref: - Ministry of Defence Letter No.1(5)/2021/OF/DP/PIg(V) dt.21/06/2021.**

Respected Sir,

Vide MoD Letter cited under reference above, it was conveyed that the Cabinet Committee on Security in it's meeting held on 29/07/2020 had approved to convert Ordnance Factory Board, a subordinate office of the Ministry of Defence into one or more than one 100% Government owned corporate entities, registered under the Companies Act 2013. It was also further stated that the Cabinet in its meeting held on 16/06/2021 has inter-alia approved to convert the production units of OFB into 07 DPSUs.

2. The President has, in exercise of the powers conferred under Article 77(3) of the Constitution of India, framed the Government of India (Allocation of Business) (AoB) Rules, 1961, and the Government of India (Transaction of Business) (ToB) Rules, 1961 for disposal of Government Business.
3. An Introduction to the Cabinet Secretariat's "Hand Book on writing Cabinet Notes" States as under:  
Cabinet Notes as instruments of policy making;
  - a) "The decisions taken by the Cabinet and Committees of the Cabinet are fundamental to the governance of the country. Various matters of national and international importance impacting different facets of governance get flagged and placed before the Cabinet and Committees of the Cabinet. The notes for their consideration are, therefore, central to policy making and to successful execution of different programmes. **These notes, should therefore, have the highest degree of clarity with all pertinent details having been brought out in the right perspective.**
  - b) The proposals that are placed before the Cabinet and Committees of the Cabinet are often the culmination of a series of steps. These include **consultations with the stakeholders within the Central Government and outside**, consultations with the State Governments, inter-ministerial consultations and in many cases, appraisal by designated bodies or financial institutions. The final document and the proposals contained in such notes should therefore be of very high quality. Clarity of language and thought."
4. Since we are not aware of the contents of the instant Cabinet note, we can only bring to your kind notice that in spite of the Federations of workmen being a major state holder, **no consultation was held** with them prior to formulation of the subject cabinet note.

5. Under such circumstances, we have no other option but to bring to your kind notice our genuine concerns, with an APPEAL to rethink, review and reverse the decision to convert the production units of OFB into 07 DPSUs.
6. At the outset, we would once again request the Government to appreciate that Ideas, Institutions and Organisations that survive the ravages of times for centuries and still continue to thrive prove beyond any reasonable doubt the following points, inter-alia :
  - a) Some intrinsic strengths are inherent in their life span.
  - b) They adhere to values that are immutable and of continuing relevance.
  - c) They serve certain needs that are specific in nature.
7. It is a fact that the passage of generation does take its toll and shows symptoms of exhaustion and weakness, but **these drawbacks can be rectified by moderation, not by demolition.**
8. The placement of Indents and delivery of indented stores constituted the Alpha and Omega of the working of OFs and this resulted in a reactive work culture. The OFs were primarily utilised merely as a production agency with hardly any scope for R&D which was the domain of another organisation classified as a distinct directorate altogether.
9. However with the change in perception and rising levels of expectations, OFs have to undergo massive transformation at every level to not only raise to the occasion but also to play an active role of a consultant to the Armed forces in selection of the right weaponry by leveraging on its expertise in the field, instead of merely reacting to the Indents received for manufacturing. Therefore, the first and foremost role to be played in the new age OFs is that of a consultant to the forces and helping them to select the right kind of platforms for both the conventional as well as likely non-conventional war.
10. We need not emphasize much on the glorious past of the Ordnance Factories Organisation, for; we shall then be labeled as trying to drive a vehicle by looking at the rear view mirror. However, the fact remains that **History not only acts as a reminder of the past, but also acts as a catalyst of the future.** We therefore feel that a little bit of History is a must in this given scenario.
11. The Country inherited a truncated Ordnance Factories after partition. This Industrial complex received a severe jolt in the aftermath of the **1962** defeat from the Chinese. A Large expansion of the Ordnance Factories was carried out in this period. Simultaneously a large number of PSUs were also established with a definite generic product based objective.
12. This decision proved immensely beneficial to the nation during the later conflicts of **1971** and Kargil and the entire nation appreciated the role of the Ordnance Factories during the times of war.
13. In this connection we submit that a careful study of the International Arms Market reveals that there are only 3 types of technology available today
  - a) Common Technology - technologies which are commonly available in almost all nations
  - b) Saleable Technology - technology which the inventor Country is in a position to sell either through Transfer of Technology or Co- development or Co-production or mutual outsourcing and Joint Marketing, any other mutually agreeable mode, and,
  - c) Strategic Technology - technology which the inventor Country will not part with under any given circumstances.
14. Under such circumstances, for achieving the target of "Atmanirbhar Bharat" **the focus should be in R&D rather than corporatisation.** Various strategic decisions are needed to ensure growth and sustainability of the organisation.

15. For example, in the proposed "Troop Comfort" Divisions, Four units have been rolled into. If these units continue their existing work & system even under the rebranded alibi of a corporation, they will simply not be able to survive due to the static nature of activities.
16. On the other hand, if the market dynamics are understood and appropriate strategy formulated, these factories will not only sustain but have enormous potential to excel and achieve the ultimate goal of "Atmanirbhar Bharat"
17. We bring to your kind notice the following existing scenario in which, if properly restructured and repositioned, the troop comfort division factories will be a runaway hit.
  - a) There exists various press reports stating that Defence Research and Development Organisation (DRDO) is helping Indian textile industries produce yarns to end the reliance on imports of Chinese and other foreign clothing for making military uniforms.
  - b) The report quoting Director in the Directorate of Industry Interface and Technology management (DIITM) at DRDO, Dr Mayank Dwivedi says that for Indian army's summer uniform alone, the approximate requirement of the fabric is 55 lakh meters and if all the requirements of Navy, Air Force and Para Military forces are added then the requirement may go well beyond 1.5 crore meters per annum.
  - c) The report further says that If these yarns and fabric are manufactured in India for the purpose of uniform making for the armed forces, then it will be big achievement as it will help us move one step ahead towards Atmanirbhar Bharat,"
  - d) The advanced fabrics can be used for future requirement of the parachute and bulletproof jackets as well. The DIITM Director further said that the scope of technical textiles such as glass fabric, carbon fabric, aramid fabric and advanced ceramic fabrics is enormous in defence application. The factory can also be tasked to manufacture blends like nylon 6,6 yarn, lycra fiber, viscose, polyester to make army uniforms
  - e) Since the proposed Troop Comfort Division comprises of four factories, it would be prudent if one of the factory can be restructured/modified to make it a hub for manufacturing yarns and fabric including technical textiles such as glass fabric, carbon fabric, aramid fabric and advanced ceramic fabrics and the other factories can then co-ordinate to manufacture the final product viz: Uniforms, sleeping bags and allied ancillary items etc.
18. **Many such ideas could have emerged, had proper consultations been held with the stake holders like Federation of workmen.**
19. Without prejudice to the above, we further submit that until and unless course correction is adopted, none of the proposed corporations would be able to survive for long and a disaster in the making is foreseen.
20. It has been repeatedly stated in various public fora that the purported decision of the Government in corporatisation of OFB hovers around the concept of:
  - a) Autonomy
  - b) Accountability and ;
  - c) efficiency.
21. As such it is important to place on record the following aspects :
  - a) The accountability of OFB vests at multiple level with monthly review by MoD, periodic review by Hon'ble Raksha Mantri Ji, Annual audit by CAG, Annual audit by Parliamentary Standing Committee on Defence, scrutiny by CVC etc. What else is required on this front.?

- b) As far as efficiency is concerned, the Parliamentary standing committee on Defence in its fourth report for 2019-2020 presented in the Lok Sabha on 20/12/2019, submitted that “Ordnance factories are an integrated base for indigenous production of Defence equipment and ammunition and form the backbone of the Country’s Defence Production” It further says that “Ordnance Factories have been continuously upgrading their infrastructure with induction of state-of-art technologies to meet futuristic requirements of users”. It also elaborates that “Ordnance Factory Board gradually moved up the ladder in R&D and undertook projects for development of weapon platforms...” What else are the parameters of efficiency ?

22. Now, coming to the above aspects, we seek to draw your attention to the following media reports:

- a) Report dated 04/06/2014 published in “Governance Now” titled “**PSUs seek more autonomy - less Govt interference**” in which Quotes/Interview of several important Officials including Shri Arup Roy Choudhury CMD/NTPC who says “PSEs are expected to perform and compete with global and private firms while being controlled by the Government owners at every level from investment decisions to appointment of directors on the board”, Shri CS Verma, CMD/SAIL who says “What is the role of a ministry in owning and controlling a company in a sector which has been deregulated ? Many PSUs would have fared better if they had been allowed to function independently” And the most important Quote is by Shri Prithvi Haldea CMD/Prime Database who says “Independent Directors and Government nominee directors are actually representatives of Ministers. The current situation is that the entire board of a PSU is actually a board of the minister concerned”
- b) Report dated 05/06/2015 in the “Economic Times” titled “**Fixing PSU boards: Make them autonomous and accountable for better results**”. Since the headline says it all, further elaboration is not required.
- c) Report dated 06/10/2017 in the “Business Standard” titled “**Governance Committee bats for more autonomy for PSUs**” Uday Kotak committee was of the view that enhancing the autonomy would strengthen how the market perceives these entities.
- d) Report dated 06/06/2019 in the “New Indian Express” titled “**PSUs remain laggards in corporate governance**” showcasing the efficiency of PSUs.
- e) And the most devastating report as published by “Financial Express” dated 01/02/2020 titled “PSUs turn efficient wealth creators in Private hands” containing excerpts from the Economic Survey 2020, clearly indicating the hidden agenda/intent behind corporatization of OFB.

23. We have intentionally provided quotes/reports from 2014 up to 2020 to establish the fact that OFB is a better performer across all the three parameters – (a) Autonomy (b) Accountability and (c) efficiency and that the only intent behind corporatisation of OFB lies in hidden agenda of privatisation.

24. Now coming to the aspect of commitment to safeguard the wages and retirement benefits of the employees, it is important to point out the contents of DoP&T OM No.AB.14017/37/2009-Estt (RR) dt.08/10/2010 which states “...It has been decided that in such cases where there is a conversion of a Government Department into PSU/autonomous/statutory body, there must be a time frame within which a new body shall frame its rules and regulations. At the end of this period, all employees on deemed deputation should have opted either to get permanently absorbed in the new organisation or revert to the Government. A maximum period of 5 years for framing of rules and another 2 years for phasing out repatriation to those opting to come back to Government has been prescribed...”

25. In the instant case, instead of five years, **a period of only two years have been prescribed, what happens next, is a big question mark which no one from the Government is willing to discuss.**

26. Now coming back to the status of workmen in the “Troop Comfort” Division. Almost all are “Tailor” by trade and no effort has been made to reskill them in alternative trades to enable their sustainability.
27. Similarly, a few years back, a commitment was made that a minimum of 50% of requirement of our forces shall be given on “nomination basis” to the OFB, no such decision has been announced now.
28. Here it may also be pertinent for us to bring to your kind notice that as on date the Government have announced a total embargo on imports of more than 200 items. We welcome this decision as it is a right step in achieving the vision of Atmanirbhar Bharat.
29. Further, the following announcements have also been made:
- Contracts worth Rs. 4 Lakh Crore will be placed on the domestic industry in the next 6 to 7 years.
  - Items worth Rs.1,30,000/- Crore each are anticipated for the Army and Air Force and Rs.1,40,000/- Crore for the Navy.
  - MoD has bifurcated capital procurement budget for 2020-21 between domestic and foreign capital procurement routes.
  - **A separate budget head has been created with an outlay of nearly Rs.52,000/- Crore for domestic capital procurement in the current financial year.**
30. A careful study of the above announcements reveals that the Government has followed up on its earlier commitments wherein:
- a) MHA vide notification dated 14.12.2018 in supersession of their earlier notification S.O. 1636(E) dated 19.05.2017 had revised the schedule of items requiring Industrial licence under delegated powers to Secretary (DIPP) under Arms Act/Arms Rule according to which “Tanks and other armoured fighting vehicles” and “Arms and ammunitions and allied items of defence equipment; other than small arms of caliber 12.7 mm and above” are only licensable under Arms Act, 1959/Arms Rules 2016”.
  - b) The other defence items viz. “Defence Aircrafts” and “Warships of all kinds” now de-notified from Arms Rules 2016 due to their non-coverage under the said rules has been notified by DIPP vide Press Note 1(2019 Series) dated 1.01.2019 along with other licensable defence items under I(D&R) Act, 1951. The list of defence items which now falls under the I(D&R) Act, 1951 may be seen under the said press note.
  - c) **Of the embargoed 200+ items, many items, mostly pertaining to Land Systems, Weapons, Arms, Ammunitions, Hardware platforms etc falls within the core competency of the Ordnance Factories and hence we demand that all such items should be exclusively earmarked for production to OFB only.**
31. Although the Ministry of Defence, for reasons unknown, has dispensed with the system of hosting it’s annual report in public domain since 1917-18, excerpts from MoD’s last available annual report for the year 2016-17 are reproduced hereunder for your kind reference:
- Para 7.19 “Indian Ordnance Factories are the oldest and largest industrial setup which functions under Ordnance Factory Board (OFB) with the primary objective of achieving self-reliance in equipping the armed forces with state-of-the-art battlefield equipment.”
  - Para 7.20 “Core competence of Ordnance Factories: are :
  - Weapons Small, Medium and Large Calibre Weapons & Mortar Equipment Ammunition, Explosives & Propellants Small, Medium and Large Calibre Ammunition, Mortar Bombs, Signaling and related stores, Rockets & Aerial Bombs, Fuzes, Explosives, Chemicals & Propellants Military Vehicles Trucks, Mine protected and Special Security Vehicles Armoured Vehicles Tanks & its variants, Armoured Personnel Carrier (APCs) & Engines

Instruments & Optical devices Night & Day Vision Sights & Instruments Parachutes Brake Parachutes, Man dropping & Supply dropping Parachutes Troop comfort & General Stores Tentage, Clothings, Personal equipment, Bridges, Boats, Cables etc.”

- Para 7.22 **Modernisation:** OFB is continuously modernizing its existing facilities by replacing age old machines with the state-of-the-art machines to manufacture quality products, taking into account the current and long term future requirements of the customers. To achieve this, a Comprehensive Modernisation Plan has been prepared and a total expenditure of Rs. 5663 crore is planned to be made during 12th Plan for modernisation of OFB.
32. The above speaks for itself and need no further elaboration. Never the less, it would be pertinent to bring to your kind notice that under the aegis of “Make in India” In April 2017, it was decided to categorize 143 items being manufactured by Ordnance Factories as Non-core items. Later on, in November 2017, 93 troop comfort items of Indian Air-Force and Indian Navy were also declared as Non-core items. On 16.01.2018 additional 39 items being manufactured by Ordnance Factories have been included in the list of Non-core items. Thus, 275 important items of Ordnance Factories already stands declared as Non-core.
33. Therefore, it would be justified that all items falling within the core competency of the Ordnance Factories should be mandatorily earmarked to it.
34. **Sir, before publishing the official Gazette notification, we request you to kindly call a meeting of the Federations so that our point of view can be placed before your honour to enable you to appreciate the situation holistically.**

With warm regards,

Yours Truly,



**(SADHU SINGH)**

Secretary General

Member, National Council (Staff-Side) JCM

**Copy to:**

1. The General Secretary,  
Bhartiya Mazdoor Sangh,  
27, Pt. Deen Dayal Upadhyaya Marg,

(For kind information & favourable action, please.)