

**ALL INDIA DEFENCE EMPLOYEES' FEDERATION**  
**INDIAN NATIONAL DEFENCE WORKERS' FEDERATION**  
**BHARTIYA PRATIRAKSHA MAZDOOR SANGH**  
(RECOGNIZED FEDERATIONS OF DEFENCE CIVILIAN EMPLOYEES)

Joint Circular No. : 45/2020

Date : 20.08.2020

To,

**All the affiliated Unions of  
AIDEF, INDWF, BPMS**



**Federations represents to KC Ajit Dovel / National Security Advisor and Gen. Bipin Rawat / Chief of Defence Staff to intervene in the matter of corporatization of Ordnance Factories.**

As decided in the joint meeting of the three Federations and CDRA held on 10.08.2020 a joint representation is submitted today by the three Federations to Shri. KC Ajit Dovel / National Security Advisor and Gen. Bipin Rawat / Chief of Defence Staff requesting them to intervene in the matter and advice the Government to withdraw its decision to corporatize the Ordnance Factories. A copy of the Letter dated 20th of August, 2020 addressed to Shri. KC Ajit Dovel / National Security Advisor is enclosed as **Annexure-I** and a Letter addressed to Gen. Bipin Rawat / Chief of Defence Staff is enclosed as **Annexure-II** of this Joint Circular.

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Copy also to :

**The General Secretaries**

CDRA, NPDEF, AIBDEF,  
DGOH HQ. Employees Associations & IOFSOA

For your kind information please

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**(RECOGNIZED FEDERATIONS OF DEFENCE CIVILIAN EMPLOYEES)**

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Ref. No. : 28/AIDEF/INDWF/BPMS/20

Date : 20.08.2020

To,

**Shri. KC Ajit Dovel Ji,**  
 National Security Advisor  
 South Block, New Delhi – 110 001.

**SUBJECT : APPEAL AGAINST THE PROPOSED MOVE OF THE**  
**GOVERNMENT TO CORPORATISE THE ORDNANCE**  
**FACTORY BOARD UNDER DDP**

Respected Sir,

Your kind and immediate attention is invited to the above subject matter, which is having a serious impact on the National Security and Defence preparedness of our country. The Hon'ble Finance Minister on 16<sup>th</sup> of May 2020 have announced that the 219 years old India's pioneer Defence Industry will be converted in to a Corporation/PSU. After this announcement Government is going ahead with its move to implement the decision of the Government by appointing a consultant for formulating the operational procedures. We the three recognised Federations of 80,000 Employees of Ordnance Factories have so far submitted 16 representations to the Hon'ble President of India, Hon'ble Prime Minister, Hon'ble Defence Minister and Secretary(DP) requesting to reconsider the decision taken to convert OFB in to a Corporation by the Government by giving the sufficient/justifiable reasons for the same.

The proposal of Corporatising the Ordnance Factories was considered by the Government several times during the past 20 years., based on the recommendations of Nair Committee, Kelkar Committee and Raman Puri Committee. However the previous Defence Ministers after considering its impact on the Defence preparedness and national security, have rejected the proposals and have given written assurances to the recognised Federations as follows:-

- |       |                       |   |               |
|-------|-----------------------|---|---------------|
| (i)   | Shri George Fernandes | - | on 22.04.2002 |
| (ii)  | Dr.Pranab Mukherjee   | - | on 18.09.2006 |
| (iii) | Shri A.K. Antony      | - | on 26.06.2007 |
| (iv)  | Shri Manohar Parrikar | - | on 15.04.2015 |



In the Parliament also Government have assured that there is no proposal to corporatize the Ordnance Factories (Rajyasabha unstarred Question no.833 answered on 3/3/2015). Based on our representation to the then Army Chief, when we met the MGO, he was all praise for the Ordnance Factories and he told that the Army would always like to purchase equipments only from Ordnance Factories. Several Senior Army officers, including the former Army Chief's have reiterated this and appreciated the role being played by Ordnance Factories. Even the DDP have stated before the Parliamentary Standing Committee that OFB would not survive, if it is converted in to a PSU, considering the fluctuations of requirement of the Armed Forces and also the compulsion to maintain a war reserve to face any crisis.

Sir, you will appreciate that Ordnance Factory Board is one of the highly efficient Government Department in the country standing shoulder to shoulder with the Armed Forces for its requirements for safe guarding the nation. Unfortunately this service of OFB has never been brought to the notice of the Hon'ble PM and RM. The Ordnance Factories are with its world class quality production systems, highly competitive pricing mechanism for major weapons and ammunitions, when compared with international Market. OFB is also exporting various items as per the stipulation of Government of India. Repeated export orders for ammunition and explosives indicates acceptability of OFB products in terms of quality and competitiveness. The committed delivery performance of the OFB is more than 95% of the mutually agreed financial targets. The products of Ordnance Factories are contains indigenous content of 90% of the annual turnover. This is highest when compared to any DPSU. Ordnance Factories are the true example of *"Make in India"* and *"Āatmanirbhar Bharat"*. Since R&D was the domain of DRDO, OFB was not given the powers of R&D till 2006. However after 2006 OFB on its own has developed wide range of products for the Indian Armed Forces through R&D route. Within this short period more than 25% of the products manufactured in the Ordnance Factories are those developed through In-House R&D only. Recent success stories in this regard include the State of the Art 155 x 45 Cal Artillery Gun Dhanush, 100% indigenous solution of 130/155mm upgun sharing, Bullet Resistant Jacket, Trichy Assault Rifle, Ghatak Rifle, 100% indigenous engine for T-72 and T-90 Tanks, Modernized Mine Protected Vehicle, Air Defence Gun, Mounted Gun System etc. Further, the new products which are under development by in house R&D of Ordnance Factories are Armament upgrade of BMP-II with Missile firing and tracking capability, modernized Mine protected vehicle, Assault Rifle, 7.62 x 51 mm, Futuristic Infantry Compact Vehicle, Air Defence Gun, Electronic Fuse and Artillery Ammunition, Ballistic Helmet etc.



However, it is unfortunate that the authorities in the DDP relying upon the outdated reports referred above have misguided the PMO without considering the present realities of the Ordnance Factories. We have repeatedly represented to the DDP, that the OFB is an efficient organization accountable to the Country through the Parliament, subjected to periodical review by Hon'ble RM, Parliamentary Standing Committee and also by CAG Audit. OFB does not directly draw major part of the Budget from the Government, rather it earns by selling its products to its customers. It has also generated surplus in many financial years. With these facts we hereby once again submit the following reasons which we believe are sufficient for the Government to reconsider its decision for Corporatizing the OFB.

- Conversion of Ordnance Factories into a PSU without considering the concomitant risks associated with it would bring untold miseries and unmitigated problems to the Armed Forces, resulting in serious impact on the security of our country.
- The proposal of the Government also suffers from proportionality since the proposed change in structure and benefits are in no way interrelated and the remedy suggested to address the issue is more dangerous than the problem it purports to solve.
- Other alternatives suggested by the three recognized Defence Federations for improving the performance and innovation capability of OFB have not been discussed and debated.
- There is no clarity of thinking, rigour of analysis and alignment between the strategy, goals, objectives and deliverables, as has been observed in the EOI cum RFP document against which a CVC complaint is filed and a representation made to the Honorable President of India by the Federations.
- Converting the Ordnance Factories in to a Corporation(s) is against the democratic vote of large majority of employees, stated through their strike ballot.
- Ordnance Factories are war reserve/insurance which was proved during all the border crisis and wars happened over the years.
- Ordnance Factories are also peace reserve which has been proved during the COVID-19 crisis by producing PPEs required for the Doctors, Nurses and health staff for fighting against the COVID-19 pandemic. This reserve capacity cannot be maintained by a Public Sector company.



- Considering all these aspects, the proposed move of the Government to Corporatize the Ordnance Factories is not in the interest of National Security and Defence preparedness of our Country.
- Therefore, as demanded in the meeting held with Secretary (DP) on 28-7-2020 on the subject of Restructuring of OFB, the proposed move for changing the status of OFB from a Government Department into a Corporation / PSU should be withdrawn immediately.
- Besides, the EOI cum RFP issued for selection of a Consultant for processing the Corporatization of Ordnance Factories should also be withdrawn.
- Federations suggested an alternative in the meeting held with Additional Secretary /DP ON 14-8-2019. "The statement given in the Cabinet note prepared for the 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 the Armed Forces especially Army.

Sir, is Corporatisation a precondition for autonomy? Is corporatisation the only option for improving efficiency? Is corporatisation is the last word for accountability? There are more questions for which no convincing answer is given by MoD so far. Therefore we are left with no option than to knock your door for justice. It is also brought to your kind notice that since the above decisions of the Government will have far reaching consequence, not only in equipping the Armed Forces, the vital and lethal weapons, ammunitions, Troop comfort items etc., but also will wipe out an organisation which is rendering a yeomen service to the nation and stood with the Armed forces in all its successful operations. We therefore request your honour to kindly intervene in the matter as a National Security Advisor and give us a hearing and save the 219 years old pioneer Defence Industry from the present crisis. We have full faith in your honour in this regard.

Yours Sincerely,



**(C. SRIKUMAR)**

General Secretary/AIDF

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**(RECOGNIZED FEDERATIONS OF DEFENCE CIVILIAN EMPLOYEES)**

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Ref. No. : 29/AIDEF/INDWF/BPMS/20

Date : 20.08.2020

To,

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**Chief of Defence Staff**

And

Secretary/ Department of Military Affairs,  
South Block, New Delhi 110001.

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General Secretary/AIDF

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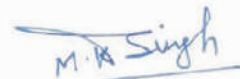


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