

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

Joint Circular No. : 48/2020

Date : 29.08.2020

To,

All the affiliated Unions of
AIDEF, INDWF, BPMS

MEETING HELD WITH ADDL. SECRETARY (DP) ON 28-8-2020 AT 16.30 HRS
THROUGH VIDEO CONFERENCE TO DISCUSS ABOUT THE STRIKE DEMANDS

You are aware that the authorities held two rounds of discussions on our Strike demands against the Corporatization of Ordnance Factories, first meeting was held under the Chairmanship of Secretary (DP) on 28-7-2020, the second meeting was held under the Chairmanship of DGOF & Chairman on 18-8-2020 and yesterday (28-8-2020) the 3rd meeting was held under the Chairmanship of Addl. Secretary (DP). From the Official side apart from Addl. Secretary (DP), Joint Secretary (LS), DGOF designate & Chairman/ OFB, Member / Per OFB, DDG/IR OFB were present in the meeting. The following leaders represented the Federations.

- 1) Shri. S.N. Pathak, President, AIDEF.
- 2) Shri. C. Srikumar, General Secretary, AIDEF.
- 3) Shri. Ashok Singh, President, INDWF.
- 4) Shri. R. Srinivasan, General Secretary, INDWF.
- 5) Shri. Sadhu Singh, Vice President, BPMS.
- 6) Shri. Mukesh Singh, General Secretary, BPMS.

Presiding over the meeting Addl. Secretary (DP) informed about the decision taken by the Government to Corporatize the Ordnance Factories and also about the Cabinet decision to constitute an Empowered Group of Ministers Committee to monitor the implementation of the process of Corporatization. He requested that to complete the entire exercise smoothly, the Federations should co-operate with the Government, especially with regard to protection of their service benefits like pension etc., Thereafter he invited the Federation representatives for their views. On a query raised by the Federation representatives that why Government is Corporatizing the Ordnance Factories, Addl. Secretary stated it is a Government decision to do so.

Responding to the views expressed by the Addl. Secretary (DP) the Representative of the Federations stated the following:

1. The Federations have already categorically given in writing their decisions to not accept Corporatization with all logic and justification. Since the representations of the Federations were not given any cognizance by the Government, the Federations have taken the decision to commence the Indefinite Strike from 12-10-2020 in accordance with the mandate given by the workers through the strike ballot and also under the provisions of ID Act 1947. The assurance given by the Secretary (DP) on 28-7-2020 that our concerns against Corporatization would be urgently communicated to the RM. However we have not received any feedback in this regard which we protest.
2. OFB and its factories are directly under the control of DDP, all postings right from DGOF and Chairman to General Manager is being done by the DDP only. All the policy decisions are taken by DDP only. In all these decision making process there is no role of either the workers or their Trade Unions. Therefore if anything is bad with OFB then DDP is only responsible for the same. Hence if at all Corporatization has to take place first it is the MoD and DDP which should be corporatized and not the Ordnance Factories.
3. The Prime Minister in his speech on 27th August 2020 in the Seminar on Atmanirbhar Bharat in Defence Manufacturing, have appreciated the workforce of the Ordnance Factories, however he has also made a statement that Ordnance Factories are in the process of becoming a Corporation and this will strengthen the workforce of OFB and also the Army. However the PM has not given any details that how it is going to strengthen the workforce. Rather Corporatization will damage the future of the workforce. Therefore the senior officials who ever have drafted the speech of the Prime Minister may please inform the workers that how they are going to be benefited when OFB becomes a Corporation when the Government's policy itself is to privatise all PSUs.
4. The Addl. Secretary (DP) is insisting that Federations should support the Government in implementing the process of the Corporatization, which will never happen. If we have to co-operate for Corporatization then why we have given an Indefinite Strike notice? Our demand is Government should reconsider its decision and the decision taken should be withdrawn and dialogue with the Federations on improvement of the performance of OFB, achieving Rs.30,000 Crores worth of production within the present setup etc., can always be discussed and decisions can be taken.
5. Addl. Secretary (DP) is insisting that Federations should come forward to discuss about the service protection of the employees. The DDP was never kind to its employees, rather continuous apathy is being shown towards the employees. None of the demands of the employees were settled. No cadre restructuring proposal was approved for the past 20 years. For the past 3 years the piece work correlation proposal of 7th CPC is pending with the DDP, the proposal for incentive for

examiners, DOT to piece workers, to pay back the arbitrary reduction of one day PLB for the past 10 years etc., are rejected. 275 products of the OFB were declared as Non Core and OFB is asked to compete with the private sector. Our demand for allotment of salary budget separately and not to link the same with the cost of the product was accepted by the previous Secretary (DP) in the meeting with Federations and also in the presence of Cabinet Secretary in the National Council JCM Meeting. However the same has not seen the light of the day. Therefore Federations are not simply fighting for protecting the service conditions but the movement we have started is to protect this 219 years old premier Defence Industry of our Country.

6. All of us know what is happening in BSNL after its conversion to a PSU and in the erstwhile Government of India Mint (SPMCIL). Government have decided to disinvest its share in HAL and the BEML another DPSU is almost privatised. Therefore knowingly the Federations cannot accept the decision of the Government to Corporatize the Ordnance Factories.
7. The Government is not coming forward to sit with its employees, understand their difficulties, why Federations are opposing Corporatization. Instead the Government is taking all measures for crushing the strike by publishing the ID Act notification treating the Ordnance Factories as Public Utility Service etc. Since the Government is not sensitive towards its employees the Trade Unions have got only recourse to democratically fight as per the law of the land.
8. The Government has never shared the Cabinet decision, the EGOM notification etc., to the Federations. Without our views Government has go ahead with its decision in violation of the written assurances given by the previous Defence Ministers, assurance given before the Parliament and the DDP's own statement before the Parliamentary Standing Committee.
9. Ordnance Factories are attacked in all the corners. The DRDO is being told to handover the new technologies whatever they are developing to the private sector and not to give the technologies to the Ordnance Factories. Without technology how OFB can survive?.
10. OFB is being liquidated with the agenda of helping the private sector. The private sector has never come to the rescue of the Nation in emergence situation. Country and its Army cannot depend for its requirements on private corporate and foreign vendors. We strongly feel that all these facts are not brought to the notice of the Prime Minister and the Defence Minister by the MoD Officials.
11. Much is being discussed about autonomy and decision making etc., We do not know whether DDP is aware of the fact that there is no quorum as Members post are lying vacant. These are all deliberate attempts to spoil and destroy the OFB.
12. The DDP should understand that the decision taken to convert OFB into a PSU and its employees will overnight become PSU employees are a clear violation of Article 14 and 21 of the Indian Constitution.

13. In conclusion the Federations unanimously proposed that let the Government withdraw its decision on Corporatization, give 5 years time with minimum 2 years advance indent so as to reach the production target of Rs. 30,000 crore. For this purpose constitute an Expert Committee and the Federations are prepared to Co-operate with the Expert Committee in all possible manner.

Responding to the views expressed by the representatives of the Employees Addl. Secretary (DP) stated that the record of discussion of the meeting will be issued and the views of the Federations would be placed before the Higher Authorities.

Forwarding of letter to be addressed to the Political Parties.

We are in the process of issuing support seeking letters to all the National and State Level recognized Political Parties requesting them to extend all support and Co-operation to our Indefinite strike. A copy of the draft letter approved by the 3 Federations is enclosed herewith as **Annexure-I** of this Joint Circular. You may kindly issue such letters through your Factory level / Area level Joint Action Committees requesting for their support and co-operation to our indefinite strike against the Corporatization of the Ordnance Factories.



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Copy also to

The General Secretaries,
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For your kind
information please

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

Ref. No. : 32/AIDF/INDWF/BPMS/20

Date : 27.08.2020

To,

All Political Parties

Subject : Appeal for extending support to the struggle of the 80,000 employees of 219 years old Indian Ordnance Factories under Department of Defence Production / Ministry of Defence against the Government decision to convert the departmentally run Ordnance Factories into a Corporation / PSU.

Sir,

We the 3 Recognized Federations of the Trade Unions of Defence Civilian Employees wish to draw your kind attention towards the above mentioned subject.

Background

The Ordnance Factories are the integrated base of indigenous production of all types of Defence equipments in its 41 Factories spread all over the Country. The product profile includes the technologies which cover a wide spectrum of Engineering, Metallurgy, Chemical, Electronics, Clothing, Leather, Parachute, Textile, Electronics and optical technology etc., The primary objective of the Ordnance Factories are to meet the mission of our country i.e., Self Reliance in Defence Production. The Ordnance Factories produce a wide range of Arms, Ammunition, Weapon, Guns, Small Arms, Tanks, vehicles, Strategic Battle field dress, extreme climate protective clothing, Parachutes, Tents, Boots and optical instruments etc.,

Ordnance Factories is the only organization in the world which makes the entire range of ammunition from 5.56mm to 155 mm and weapons from the 5.56mm INSAS rifle to 155mm X45 calibre 'Dhanush' artillery gun system. At another level, Metal and Steel Factory at Ishapore is the world's largest manufacturer of weapons grade steel from secondary sources.

The record of Ordnance Factories for indigenization is far better than the DPSU's. Ordnance Factories are supplying the engines for T-72 and T-90 Tanks with 100% indigenous content to the Indian Army. OFB has consistently displayed an exceptional record in absorbing manufacturing technologies received through foreign OEM's. **Ordnance Factory products have an indigenous content of 90% of the turnover, highest when compared to any DPSU's.** With indigenization level of over 97% in ammunition items, Ordnance Factories has almost nil dependence on foreign countries. **Ordnance Factories are a true example of "Atma – Nirbhar Bharat".**

Ordnance Factories has always stood by the Indian Armed Forces during its times of need. For its contribution during Kargil War, OFB won accolades from the then Chief of Army Staff and the Parliamentary Standing committee. OFB stretched its capacity in all the critical items as per the demand even to the extent of 200% of pre-Kargil supplies. In the foreword to

Arming the Indian Arsenal”, former COAS Gen VP Malik has stated, “*Indian Ordnance Factories, which could produce ammunition and some equipment for which they had the necessary technology, rose to the occasion. But we faced considerable problems in procuring items that had to be imparted at short notice.*” Ordnance Factories supplies did not suffer the post – Pokhran-II sanctions and it contributed its mite during Operations Vijay in 1999.

Government’s Decision to Corporatize the 41 Ordnance Factories

On 16-5-2020, Finance Minister Nirmala Sitharaman said that the long-pending Corporatization of OFB had been approved and while the entity would not be privatised, the Government would look at listing the entity to enhance the transparency in its operations. Why Finance Minister had to add in the same breath that the move is for Corporatization and not privatisation is patently because privatisation is on the back of mind of the Government and it is its ultimate goal.

The three putative benefits on which MoD is marketing the Corporatization of OFB are Autonomy, Accountability and Efficiency. Autonomy is more to do with Ministry of Defence, delegating powers than it is in the court of OFB. Being a Government Department, OFB is accountable to the people of the country through Parliament and also to the CAG. OFB is subjected to periodical review by the Honourable RM and by the Parliamentary Standing committee also. OFB’s efficiency can be sent from the fact that it exports and wins contract against open bidding with the private sector pitted against it. Compared to any other Government Department, the workforce of the Ordnance Factories are more efficient and more than 60% of the employees earn their wages only through their output, since they are on a piece work system.

Impact of Corporatization of Ordnance Factories on the National Security and Defence Preparedness.

The commercial principle, fundamental to the running of a Public Sector will not work for OFB to deliver for Make in India. Commercial viability is questionable due to large fluctuations in orders, orders after long gap, Uneconomical Order Quantity and Life Cycle support required for 30-40 years after the induction of the equipment, which no private sector can commit.

The consequences of Corporatisation will be disastrous, as the ability of OFB to invest in ongoing Capital investment will be retarded, since it will depend on funding from internal accruals, as it is happening in case of many DPSU’s. The ability of OFB to invest in R&D will be severely constrained, as it will be constrained to take every decision for maintaining a good cash flow and defer such investment to a later date, adversely affecting ‘Make in India’.

With our vast experience in the field of Defence Production we would like to record here that Corporatization will kill OFB much faster. And there will be a big loss to the nation, as the exit of a long standing player will migrate the market towards oligopoly, even to monopoly to the extent of dependence on players from abroad, defeating the very objective of Self Reliance. May be the nation has to go with a begging bowl to the unscrupulous foreign sources as has been seen recently.

Converting Ordnance Factory Board into a Public Sector entity will not be in National interest and maintaining Defence capability in term of surge capacity, providing lifetime support for spares, supplying fluctuating volume of demand and uneconomic order quantity, not feasible with commercial orientation.

The Government as a policy has already decided to privatise almost all the PSU’s by retaining only 4 PSU’s in the Strategic sector. There are already 9 PSU’s under the DDP. If OFB also becomes a PSU, then what it may meet the same fate as would be meted out to all but the 4 blessed DPSU’s. It is a known fact that Corporatization is the first step towards privatisation.

The country has seen many scams in the past in Defence deals through private sector and foreign agencies. The country can no longer afford such types of scams. The 219 years old pioneer Defence Industry of our country which is a most valuable national asset cannot be handed over to private Corporates whose motive will be only to earn profit and not to serve the nation.

Assurances given in the past by the 4 previous Defence Ministers and also in the Parliament with regard to Corporatisation of Ordnance Factories.

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 3/3/15). All the above assurances are being violated by the Ministry of Defence.

Impact of Corporatization of Ordnance Factories on its 80,000 employees.

The proposed change in structure is not only in violation of Articles 14 and 16 of the Constitution, it is also against national interest. From HR angle, the employees are in panic, counting their days before they are thrown to the teetering boat of Corporatisation with their right of drawing salary from the Consolidated Fund of India taken away, violation the fundamental rules of Service conditions.

If state of affairs of OFB is bad then any accountability is fixed till date

It is also brought to your kind notice that the Ordnance Factory Board headed by the Chairman and Members works in tandem with the instructions and guidelines issued by DDP headed by Secretary/DP, which means they are together responsible for the performance or lack of it by the Ordnance Factory Board. This being so, it is not understood that how DDP has now found out that the performance of OFB is bad and they lack accountability, responsibility and credibility. If the performance of OFB has reached such a bad state of affairs, as is being brought out now, what action has been taken by the Government against these erring custodians of O.F Board who were responsible for its functioning in all these years? Instead of fixing them for their responsibility, they all have been rewarded with promotion/elevation and allowed to retire gracefully. We fail to understand that how the employees of Ordnance Factories, who works day and night with full devotion and commitment to produce the best quality arms, armaments, equipments including Troop comfort items for the armed forces all these years, are responsible for the so called poor performance of the Management headed by Secretary (DP) at DDP and DGOF & Chairman/OFB. The bureaucrats posted in the Ministry of Defence always talk on a different footing, while showing their supremacy of control over Ordnance Factories. Unaware of the ground realities as existing on the shop floor, they would always talk about overheads and high cost of production. After this tussle of 2 to 3 years, the officials at the apex level either get retired or posted to some other Ministry, leaving behind burning issues unresolved. **Hence, we beseech the Hon'ble committee that the workmen**


of OFB should not be punished for the poor performance of the Management headed by Secretary/DP, who decides even posting of the General Manager's in each unit under OFB.

The Ordnance Factory perform their work with zero tolerance and by following the highest quality standards. Even due to the commitment and hard work of the workers the issue price of many products are reduced and the Army has expressed their happiness on this achievement. It is unfortunate such officers who do not have any in-depth knowledge of Ordnance Factories are entrusted with the responsibility of Corporatisation of Ordnance Factories. A major portion of the Defence budget is for procurement and the private corporate are always having an eagle's eye on their share of the Defence budget. To help these private corporate vested interested officials in the Government have misguided the Government and got the approval of the Cabinet for Corporatising the Ordnance Factories, so that the Organisation worth one lakh crore assets and 62 thousand Acre of land can easily handed over to private sector through Corporatisation route.

Appeal to your goodself


We have made innumerable correspondence with the Government of India from 17-5-2020 till date including to the Honourable President of India, Prime Minister, Defence Minister, National Security Advisor, Chief of Defence Staff and finally to the Chairman of the Parliamentary Standing Committee on Defence. In all our representations we have requested that converting the Ordnance Factories into a corporation and thereafter listing it in the Share Market and privatising the same is not at all in the Interest of the National Security of our Country. Ordnance Factories are War Reserve which only can survive if it continues to remain as a Government Organisation. Since we have not got justice from the Government, we have decided that the 80,000 employees of Ordnance Factories and the DGQA Employees posted inside the Ordnance Factories will commence an indefinite strike from 12-10-2020 onwards. We therefore request your good self to kindly take up the matter with the Honourable Prime Minister / Defence Minister requesting them to withdraw the decision taken by the Government which is not at all in the interest of the Defence preparedness and National Security of our country. In case the Government is adamant in its decision then we will be forced to proceed with the Indefinite Strike. **We request the full pledged support of your party for the struggle of the Ordnance Factory Employees. We also request you to kindly issue a statement supporting our strike and also directing your state committees to extend all support to the striking employees of the Ordnance Factory in the respective states. Awaiting for your favourable response please.**

With kindest regards,


(S.N.PATHAK)
President / AIDEF

Yours Sincerely,
S/d
(ASHOK SINGH)
President/INDWF

S/d
(G.THIRUKUMAR)
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