

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

Joint Circular No. : 35/2020

Date : 28.07.2020

To,

**All the affiliated Unions of
AIDEF, INDWF, BPMS & Associations of CDRA**

**MEETING HELD WITH SECRETARY (DP) ON 28-7-2020
ON PROPOSED RESTRUCTURING OF ORDNANCE FACTORIES.**

**AIDEF, INDWF, BPMS & CDRA OUTRIGHTLY REJECTED THE MOVE OF THE
GOVERNMENT TO CORPORATIZE THE ORDNANCE FACTORIES.**

**FEDERATIONS AND CDRA URGED UPON THE GOVERNMENT TO WITHDRAW THE MOVE
TO CORPORATIZE OFB AND TO CONSTITUTE AN EXPERT COMMITTEE TO STUDY
THE RESTRUCTURING OF OFB TO IMPROVE ITS FUNCTIONING WITHIN
THE GOVERNMENT SETUP ITSELF.**

As already informed to you a meeting was held through video conference under the Chairmanship of the Secretary (DP) , Department of Defence production today (28.07.2020). The following employees representatives attended the meeting.

- 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.
- 7) Shri. B.B. Mohanty, General Secretary, CDRA.
- 8) Shri. Ajay, Joint Secretary, CDRA.

We had a 3 hours video conference amongst ourselves on 27.07.2020 and decided to submit a joint letter to the Secretary (DP) well in advance before the meeting, wherein all our supporting arguments against corporatization and our views with regard to the restructuring of Ordnance Factories. Accordingly a Joint letter dtd. 27.07.2020 was mailed to Secretary (DP) in the late evening of 27.07.2020.

The meeting was held at 15.00 Hrs under the Chairmanship of Secretary (DP) and Secretary (DP) in his inaugural speech stated the following.

- 1) The Finance Minister has announced the proposal of Corporatisation of Ordnance Factories. This meeting is convened to listen to your views with regard to the same.
- 2) HLOC meetings were held and Federations have not attended the meeting expressing their concern about the Terms of Reference.
- 3) The joint Letter forwarded by you to me on late evening of 27.07.2020 was received and I have gone through the contents.
- 4) At present the border of the country is in tension and there is a faceoff. In this situation the Ordnance Factory Employees going for an Indefinite strike is not advisable and the same may be reconsidered by the Federations.
- 5) The concerns of the employees on the subject matter can be placed before the meeting by the representatives.

Responding to the above points told by the Secretary (DP) all the 8 employees representatives in one voice have stated the following.

- 1) This meeting has been convened by the Secretary(DP) to discuss about the restructuring of the Ordnance Factory Board. While restructuring is for improvement of performance, the efficiency, Productivity, accountability etc., then the same can be discussed.
- 2) The entire workforce of Ordnance Factories have rejected the move of the Government to Corporatize the Ordnance Factories since they are convinced that it is neither in the interest of the Nation, the Armed Forces nor the Employees of OFB.
- 3) Government has declared its policy to privatise all the public sector undertakings. Therefore Ordnance Factories also doesn't want to face the same fate. The examples of Royal Ordnance Factories of Britain, BSNL, HAL, BPCL, BEML and other PSU's are quoted by us in the meeting.
- 4) The move of the Government is illegal and unjustified, since it is against the past written assurances given by the previous Defence Ministers and also the statement made by the Secretary (DP) in the strike negotiation meeting held on 23.08.2019.
- 5) The Federations and CDRA are prepared to Cooperate with the Government, if the Government wanted to improve the functioning, efficiency of the OFB in the present setup itself.
- 6) It is proposed that an Expert Committee may be constituted to study the restructuring proposal of the Government within the Government setup itself to consider the following.
 - Ø Improvement in OFB Apex Management's efficiency and Accountability.
 - Ø Independent R&D
 - Ø Import replacement
 - Ø Facilitate OFB to assume the role of Designer and integrator.
 - Ø Role of solution provider
 - Ø Full utilisation of available capacity and infrastructure.
 - Ø Reduction of wastages.
 - Ø Control of overhead expenditure etc.,
 - Ø Modernisation
 - Ø Skill Development

- 7) No law in the country is preventing to give all the powers given to a Corporation / PSU to a Government Department. Therefore whatever powers the Government is proposing under corporatization can very well be given to OFB in the present setup also.
- 8) The Government doesn't compare the cost of the products when purchased from Private Sector and foreign countries like Rafale Aircraft, whereas Ordnance Factories are criticised without any reason about the cost of the product. Even the benefits given by the pay commissions are also added to the cost of the products, which is not in the case of other Central Govt. Employees.
- 9) The Prime Minister has stated that Ordnance Factories performance after Independence was not upto the mark. It is unfortunate that the PM has been briefed wrongly. 16 Ordnance Factories only were there prior to Independence, today it is 41, if Ordnance Factories have not performed, then how it has become 41 and how so many Wars we have won including the Kargil War.
- 10) Many examples about the achievements of Ordnance Factories were quoted by us.
- 11) Retired Senior level Army officers and some Ordnance Factory officers they join the private companies and start propagating against the quality of Ordnance Factory products with vested interest. This is nothing but a conspiracy against the Ordnance Factories to damage its image.
- 12) In spite of our above submissions, if the Government still proceeds with its move to Corporatize the Ordnance Factories against the will and wish of its employees, then we shall be left with no option other than to fight against such a decision of the Government which will have serious implications on the Security of our country, apart from the aspirations of all its stake holders.

Responding to the above views expressed by the Employees representatives the Secretary (DP) stated as follows:

- 1) All the representatives have placed their views firmly with an open mind with regard to restructuring of the Ordnance Factories, which has been noted down.
- 2) Minutes of the meeting will be recorded and will be circulated.
- 3) All the concerns/suggestions told by the representatives will be immediately conveyed to the Raksha Mantri.
- 4) All of you are part of the Ministry of Defence and hence all of us should work together for the Defence of our country.

Responding to the concluding remarks of the Secretary(DP), it was told to the Secretary(DP) on behalf of the entire workforce that if the country is in trouble in the border because of the enemies the employees of the Ordnance Factories will be in the Fore Front for fully equipping our soldiers as in the past. However if the Government go ahead against the interest of the Ordnance Factories and its employees, then the employees will be left with no other option than to go for a serious Industrial action. We expressed our confidence that the Govt. would avoid such a situation and Secretary(DP) may convey this to the Hon'ble PM and RM.

The meeting concluded at 17.30 hrs. Thereafter it was decided by the Federations and CDRA to issue a Joint Circular to all the constituent organisations and also release the same to the press along with the joint letter dated 27.07.2020 given to the Secretary (DP). A copy of the joint letter dated 27.07.2020 addressed to the Secretary (DP) is enclosed herewith.

You are also requested to release the circular along with the enclosed Press Release to all the National and local news papers and TV channels.

The 3 Federations and CDRA will again meet on 29.07.2020 at 18.30 Hrs to further discuss our future action programme.



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Copy also to
The General Secretaries,
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DGOH HQ Employees Associations and IOFSOA.

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For your kind
information please

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

**PRESS RELEASE
FOR FAVOUR OF PUBLICATION**

To,

The Editor

**AIDEF, INDWF, BPMS & CDRA OUTRIGHTLY REJECTED THE MOVE OF THE
GOVERNMENT TO CORPORATIZE THE ORDNANCE FACTORIES.**

**FEDERATIONS AND CDRA URGED UPON THE GOVERNMENT TO
WITHDRAW THE MOVE TO CORPORATIZE OFB, AND TO CONSTITUTE AN
EXPERT COMMITTEE TO STUDY THE RESTRUCTURING OF OFB TO
IMPROVE ITS FUNCTIONING WITHIN THE GOVERNMENT SETUP ITSELF.**

The following representatives attended the meeting held today at 15.00 hrs under the Chairmanship of Secretary (DP), Department of Defence Production to discuss about the proposed restructuring of the Ordnance Factories.

- 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.
- 7) Shri. B.B. Mohanty, General Secretary, CDRA.
- 8) Shri. Ajay, Joint Secretary, CDRA.

The representatives outrightly rejected the move of the Government to Corporatize the Ordnance Factories and agreed to consider for improved functioning of the Ordnance Factories as a Government department. The

representatives also proposed for constituting an Expert Committee to study and recommend on the proposals given by the AIDEF, INDWF, BPMS & CDRA jointly to the Secretary (DP) for restructuring of the Ordnance Factories within the Govt. setup. A copy of the Joint circular dated 27-7-2020 issued by us along with a copy of the joint letter addressed to Secretary (DP) is enclosed along with this press release. We request you to kindly publish the same in your esteemed news paper.

Yours Sincerely,



(S.N.PATHAK)
President / AIDEF

S/d
(ASHOK SINGH)
President/INDWF

S/d
(G.THIRUKUMAR)
President/BPMS



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Ref. No. : 01/AIDEF/INDWF/BPMS/CDRA/20

Date : 27.07.2020

To,

The Secretary (DP)
Department of Defence Production,
South Block, New Delhi.

SUBJECT : MEETING WITH SECRETARY (DP) TO INTERACT WITH THE FEDERATIONS / CONFEDERATION OF OFB REGARDING THE PROPOSED RESTRUCTURING OF ORDNANCE FACTORY BOARD.

REFERENCE : MOD ID NO. 1(5)/2019/OFB/DP (PLG-V) DATED 24.07.2020.

Sir,

After receipt of the above meeting notice, the Federations discussed amongst themselves and decided to attend the meeting scheduled to be held on 28-7-2020 with Secretary (DP). The following representatives will be participating in the scheduled meeting.

- 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.
- 7) Shri. B.B. Mohanty, General Secretary, CDRA.
- 8) Shri. Ajay, Joint Secretary, CDRA.

BACKGROUND

You are aware that after the announcement made by the Honourable Finance Minister on 16-5-2020 to convert the Ordnance Factories into a Corporation and to list the same in the Stock Market, the Federations and CDRA have submitted a series of representations against Corporatization of the Ordnance Factories. As per the existing norms, procedure and instructions of DOP&T and MoD, the Correspondence of recognized Federations / CDRA should be replied to after taking necessary actions on the issues represented. However the DDP has not taken pain to give even an interim reply to our numerous representations. We reiterate once again that the announcement made by the Government to Corporatise Ordnance Factory Board is arbitrary and illegal due to the following reasons.

- (I) Four Defence Ministers in the past have assured the Federations that OFB would not be Corporatized.
- (II) The entire matter is pending before the CLC.
- (III) In violation of the Statement made by the Secretary (DP) in the meeting held on 23-8-2019 with the Federations and CDRA that ***"The matter regarding Corporatization of OFB is under examination of the Government. It was further informed that no final decision has been taken by the Government in this regard."***

The entire workforce of the Ordnance Factories have rejected the proposed move of the Government to Corporatize the Ordnance Factories since they know the fate of the Royal Ordnance Factories of Britain (Mother of Indian Ordnance Factories) after its conversion to corporation during 1984 and also the fate of BSNL after converting the Telecom Department into a PSU in 2000. The existing Defence PSUs are also in serious crisis for eg. HAL is deprived of an order recently, which was placed to a foreign country, major share of the BEML is being sold etc. Corporatisation will only benefit the Private Corporates, since they are only pressurising the Government for their share of the Defence Budget. Corporatisation of the Ordnance Factories is not at all in the interest of National Security and Defence Preparedness.

Moreover the Finance Minister has also announced that the Government have decided to keep only 4 PSU's in strategic sectors and the remaining PSU's will be privatised. In the Defence Ministry there are already 9 PSUs and in case of conversion of OFB into Corporation (s), then what will be the fate of OFB. Therefore, we outrightly reject the proposed move of the Government to Corporatize the Ordnance Factories. Apart from this assuming that everything in the OFB is bad as claimed by the Government, then it must not have become bad overnight. How the MoD has allowed the OFB to reach this state of affairs and what is accountability of MoD which was directly responsible for OFB's functioning. Whether MoD has taken any action against any person in the Apex Management of OF Board or course correction .

In the meeting notice of the DDP referred above, it is mentioned that the discussion will be regarding the proposed Restructuring of Ordnance Factory Board. Restructuring means improvement of the existing structure to meet the present day challenges. Restructuring doesn't mean changing the status of an organisation. In the name of restructuring a Government Organisation cannot be converted into a Corporation / PSU. Therefore the Federations are prepared to discuss with the DDP for improvement of the present structure of OFB. Accordingly with regard to restructuring of OFB we propose the following for your favourable consideration.

- 1) Prior to 1980 the Apex Management of the Ordnance Factories was with DGOF as the Chief and few Additional DGOF's looking after the different responsibilities. During 1980 based on Rajyadaksha Committee recommendations the Cabinet approved for formation of a Board Structure and accordingly Ordnance Factory Board was constituted with the present structure. However many recommendations of the Rajyadaksha Committee like integration of

Accounts / Finance Functioning etc., are still remaining unimplemented. At present the Government have decided to change the existing structure of Ordnance Factories. The reasons for the same has not been informed to the Federations/CDRA. However taking a positive approach towards the proposed restructuring, We are suggesting the following for further improvement in the overall functioning of OFB for achieving improved efficiency as a Govt. organisation reached.

- Improvement in OFB Apex Management's efficiency and Accountability
- Independent R&D
- Import replacement
- Facilitate OFB to assume the role of Designer and Integrator
- Role of solution provider
- Full utilisation of available capacity and infrastructure
- Reduction of wastages
- Control of overhead expenditure etc.,
- Modernisation
- Skill Development

The Federations and CDRA are prepared to sit with the Government and find out a solution jointly on the above lines to make OF Board a World Class Leader to achieve Defence preparedness of the country.

- 2) No law in the Country is preventing to give all the powers given to a Corporation / PSU to a Government Department. Therefore whatever powers the Government is proposing under Corporatization can very well be given to OFB in the present setup also.
- 3) To achieve the above task, Government may constitute a High Level Expert Committee in which the Federations and CDRA can also be involved, so that a mutually acceptable solution can be made to improve the functioning of OF Board.
- 4) As already proposed by the Federations and CDRA OFB may be given a 5 years period to achieve the proposed target of Rs. 30,000 Crores in the present setup itself, provided the MoD / Army place 5 years indent to all the Factories in advance.
- 5) It is also pertinent to mention here that the then Secretary (DP) have agreed to allot the salary expenditure of the OFB separately and to keep away the salary budget and the over head expenditure from the cost of the products. However this assurance is remaining unimplemented.

In view of the above, it is requested that the DDP instead of dealing the entire matter arbitrarily ignoring the established norms and procedures of Bi-Lateral discussions and joint consultations, and trying to sabotage the Constitutional rights of the employees by declaring the Defence Establishments as Public Utility Service and applying draconian measures, should come forward to deal the entire matter with transparency by involving all the stake holders. Other than the move of the

Government to convert the Ordnance Factories into a Corporation we are prepared to extend all co-operation and support to the Government for enhancing the functional efficiency of the Ordnance Factories.

The above unanimous views of the Federations and CDRA may be recorded in the minutes of tomorrow's meeting since it is an official meeting with the recognised Employees Organisations who are the major stake holders and whose constituents are going to be adversely affected by the proposed move of the Government.

In spite of our above submissions, if the Government still proceeds with its move to Corporatise the Ordnance Factories against the will and wish of its employees, then we shall be left with no option other than to fight against such a decision of the Government which will have serious implications on the Security of our country apart from the aspirations of all its stake holders. Hope you will consider our submissions in its true spirit and take a positive decision.

Thanking you.

Yours Sincerely,



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