

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
LOK SABHA

UNSTARRED QUESTION NO: 2729

ANSWERED ON: 04.08.2021

Defence related Industrial Establishments

Thalikkottai Rajuthevar Baalu

Will the Minister of

DEFENCE

be pleased to state:-

- (a) whether the Government has decided to convert all the country's departmental defence related industrial establishments including AVADI complex, Chennai, Heavy Alloy Penetrator Project and Small Arms Project, Trichy, etc. in Tamil Nadu into corporate entities;
- (b) if so, the reasons for such an unprecedented move;
- (c) whether such a radical change will not adversely affect the national security interests;
- (d) if not, the safeguards proposed to ensure nation's defence concerns; and
- (e) whether the Government assure that the existing service conditions and rights of employees including pension and other retirement benefits will not be deprived of lakhs of employees of these departmental establishment and if so, the details thereof?

ANSWER

MINISTER OF STATE (SHRI AJAY BHATT)
IN THE MINISTRY OF DEFENCE

(a) & (b): To enhance functional autonomy, efficiency and unleash new growth potential and innovation in Ordnance Factories, the Government of India has decided to convert the production units of Ordnance Factory Board (OFB) into 07 Defence Public Sector Undertakings, including the production units of OFB located in Tamil Nadu.

(c) & (d): No, Sir. The Government has decided to grandfather the indents/orders pending with OFB post corporatisation to ensure continuity in supply of strategic arms and ammunition to the Services, MHA and others.

(e) The Government has assured safeguarding the interests of the employees of Ordnance Factory Board (OFB) post corporatization of OFB, inter-alia, in the following manner:-

(i) It has been decided that all the employees of OFB (Group A, B & C), belonging to the production units and also the non-production units being handed over to the new Defence Public Sector Undertakings (to be formed) would be transferred to these DPSU(s) on terms of foreign service without any deputation allowance (deemed deputation) initially for a period of two years from the appointed date.

(ii) All the employees of OFB Head Quarter, OFB New Delhi Office, OF Schools and OF Hospitals, would be transferred to the Directorate of Ordnance Factories (to be formed) under the Department of Defence Production, initially for a period of two years from the appointed date.

(iii) Till such time the employees remain on deemed deputation to the new entities, they shall continue to be subject to all rules and regulations as are applicable to the Central Government servants. Their pay scales, allowances, leave, medical facilities, career progression and other service conditions will also continue to be governed by the extant rules, regulations and orders, as are applicable to the Central Government servants.

(iv) The pension liabilities of the retirees and existing employees will continue to be borne by the Government.

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