

# Corporatisation of OFB

June 17, 2021

**In news-** The Union Cabinet cleared the corporatisation of the Ordnance Factory Board (OFB) to boost its efficiency and competitiveness.

## **Key updates-**

- OFB is India's main producer of weapons and military equipment and **controls 41 ordnance factories.**
- Ordnance factories are currently engaged in the production of tanks, armoured personnel carriers, mine protected vehicles, bombs, rockets, artillery guns, anti-aircraft guns, parachutes, small arms, clothing and leather equipment for soldiers.
- OFB **will be split into seven new Defence PSUs**, that will produce ammunition and explosives, vehicles, weapons and equipment, troop comfort items, opto-electronics gear, parachutes and ancillary products.
- All OFB employees (Group A, B and C) from different production units will be transferred to the corporate entities on deemed deputation for an initial period of two years without changing their service conditions as government employees.
- The pension liabilities of the retirees and existing employees will continue to be borne by the government.
- An **empowered group of ministers (EGoM)**, constituted under the defence minister in 2020 will oversee the board's corporatisation.
- An internal army assessment in 2020 had flagged concerns about faulty ammunition and armament supplied by the OFB causing army casualties.
- The **CAG had also raised questions** about the quality of products supplied by the OFB and its overall performance in its reports.

## **About Ordnance Factory Board (OFB)-**

- It is a Government agency under the control of the **Department of Defence Production (DDP)**, Ministry of Defence (MoD), Government of India.
- It was **founded in 1712** as Dutch Ostend Company's Gun Powder Factory at Ichhapur and OFB was established on **2 April, 1979**.
- It is **headquartered in Kolkata**.
- It is engaged in research, development, production, testing, marketing and logistics of a product range in the areas of air, land and sea systems.
- It comprises 41 ordnance factories, 9 training institutes, 3 regional marketing centres and 4 regional controllerate of safety.
- Every year, **18 March** is celebrated as the Ordnance Factory Day in India.
- OFB is the **world's largest government-operated production organisation** and the **oldest organisation in India**.

It is often called the **"Fourth Arm of Defence"** and the **"Force Behind the Armed Forces"** of India