



BHARATIYA PRATIRAKSHA MAZDOOR SANGH

(AN ALL INDIA FEDERATION OF DEFENCE WORKERS)

(AN INDUSTRIAL UNIT OF B.M.S.)

(RECOGNISED BY MINISTRY OF DEFENCE, GOVT. OF INDIA)

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New Delhi

Dated: 16.06.2014

To, The Office Bearers,
CEC Members, JCM (II, III) members,
Union's President/Secretaries of B.P.M.S.

SUBJECT: - Brief of meeting held with Hon'ble Fin. & Def. Minister

Dear Brothers & Sisters,
Sadar Namaskar,

It is for your kind information that our delegates S/Sri V L Nawade , Sadhu Singh, Mukesh Singh & Virendar Sharma today had a meeting with Hon'ble Finance & Defence Minister, Shri Arun Jaitley at 1300 hrs. It was scheduled as a courtesy meeting but we invited his attention to the news articles on 100% FDI in defence sector because it was a great concern for all the stake holders. We reflected our concern vide a memorandum submitted by Shri Sadhu Singh (copy of the same is enclosed for ready reference).

Hon'ble Minister narrated how the Secretary, DIPP came to his office with the concerned minister on the same day of assuming the charge of ministry and shown the discussion paper prepared during the previous Government on 100% FDI in defence sector which he rejected at once. He has assured us that he is not in favour of 100% FDI in defence sector as neither it is required nor it is in the interest of the Nation. Not only that, he would take all the necessary steps to strengthen the existing Ordnance Factories & DPSUs but on the same time these defence installations require introspection.

Apart from above, some of the following issues were also brought to his notice which were considered by him very sympathetically and assured that appropriate action would be taken by concerned authorities:-

1. Defence installations should be exempted from 5% limit of Compassionate ground appointment and one time relaxation for all pending cases,
2. Re-draft the role of Defence (Finance) so that service matters like Recruitment Rules, Cadre Review, revival of sanctioned posts, payment of arrears, revision of allowances etc. may be settled at the earliest,
3. Judicial pronouncements may be extended to similarly placed non-petitioner employees,
4. The meeting of Departmental Council (JCM), MOD is not being convened regularly,
5. None of the Administrative Joint Secretaries of Departments of MOD has implemented the instruction {MOD I.D. No. 1(1)/2013/D(JCM), dated 22.10.2013} on the Mechanism to provide additional meeting opportunities to Staff Side to sort out their grievances,
6. The minimum benefit under Central Government Employees Groups Insurance Scheme should be enhanced to Rs. 10 lakh,
7. Dearness Allowance should be merged with Basic Pay,

8. Scrap the New Pension Scheme and restore old Pension Scheme,
9. CSD Canteen facilities may be provided to the retired Defence Civilian Employees,
10. A separate meeting to discuss the issues related to Department of Defence Production (OFB, DGQA, DGAQA etc.).

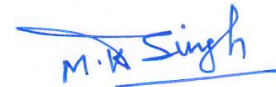
After that we met Shri Navin Kumar Chaudhari, Joint Secretary (Establishment), Min of Defence and discussed following issues besides all the above issues;

1. Probable date of completion (PDC) on the pattern of citizen charters should be fixed for resolving the issues, for movement of file/paper from desk to desk/section in respect of issues raised by JCM/Federations and latest position should be updated in website,
2. A permanent cell of empowered officers from Min of Defence, Finance, Law, Labour, DoPT etc. should be constituted in MoD so that the Cadre Review & Recruitment Rules of Group 'B', 'C' & 'D' may be revised expeditely.
3. Remove the artificial restriction of 40 days PLB for AOC, Navy, Air Force, EME & Ordnance Factories. The PLB should not be less than the Adhoc Bonus of 30 days, and all ceilings on payment and eligibility of Bonus should be removed,

JS (E) immediately called the DS (E) & DS (CP) and instructed to convene regular meetings of JCM and next meeting of Departmental Council (JCM), MOD may be convened on 24.06.2014 in Sena Bhawan.

With regards,

Sincerely yours



(MUKESH SINGH)
Secretary / BPMS &
Member JCM-II Level Council (MOD)



GOVERNMENT EMPLOYEES NATIONAL CONFEDERATION

(A CONFEDERATION OF DEFENCE, RAILWAYS, POSTAL, AUTONOMOUS BODY, CENTRAL & STATE GOVT EMPLOYEES' FEDERATIONS)

(A UNIT OF BHARATIYA MAZDOOR SANGH)

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Ref: GENC / FDI / 01

Dated: 16.06.2014

To,
Shri Arun Jaitley ji,
Union Minister for Finance & Defence,
Government of India,
South Block, DHQ PO,
New Delhi – 110011

Memorandum on FDI in Defence Sector

Respected Sir,

Government Employees National Confederation (GENC), an affiliate of Bharatiya Mazdoor Sangh, represents the 02 crores Government employees working in Central Government, State Government and Local Bodies. It has been working since last 45 yrs for the rights and welfare of employees besides taking into consideration the progress and interest of the Nation as well.

Vide this memorandum GENC is reflecting its concern over the news article published in Time of India on 30th May, 2014 that Govt has approved 100% FDI in Defence Sector. As usual TV Channels started debate on this issue and trade unions started opposing the Govt move. Naturally, this news also created a heated debate amongst BMS Cadres because BMS/ GENC/BPMS have strongly opposed the policy of FDI in Defence Sector.

It has to remind your good self that a meeting was held with the then Hon'ble Raksha Mantri Shri Jaswant Singh on 18.07.2001 wherein BPMS expressed its apprehension on the issue of 26% FDI in Defence Sector and explained the threats to National Security as well as the Public Sector Undertakings and Ordnance Factories. Hon'ble Raksha Mantri stated that the apprehension of BPMS on 26% FDI in defence sector would be brought to the notice of Government of India and assured that full utilization of OFB shall be strived. Later, another meeting held with the Hon'ble Raksha Mantri ji on 22.04.2002 wherein he assured that there was no proposal for privatization/corporatization of the Ordnance Factories or any other defence establishment. The same assurance was given by the Hon'ble Raksha Mantri Shri Pranab Mukherji in the meeting held on 18.09.2006. When we reflected our concern before Hon'ble Raksha Mantri Shri A K Antony in the meeting held on 26.06.2007 that 26% FDI allowed in the private sector (for defence equipments) was to bring technology but no foreign company had so far given technology and **the Govt is going to clear for 50% FDI in defence sector, Hon'ble Raksha Mantri ji assured that this was only a proposal from the Ministry of Commerce and as far as MOD was concerned , it had not been agreed to the proposal and conveyed its disagreement to the Ministry of Commerce.**

Last year (in the month of July, 2013), news articles published in print and electronic media that Government is considering the report of Arvind Mayaram Committee on removal of ceiling of FDI in Defence, Retail, Banking etc.. It agitated the defence civilians and BMS / GENC / BPMS activists burnt the effigy of committee's recommendations countrywide.

We know that the Department of Industrial Policy and Promotion under the Ministry of Commerce & Industry, Govt of India releases Discussion Papers on various aspects related to FDI and

invites the views and suggestions on the observations made in the discussion papers. In the series of these Discussion Papers, this Paper is on 'Foreign Direct Investment in Defence sector'.

We also keep in the mind that the views expressed in this discussion paper issued by department of Industrial Policy & Promotion under the Ministry of Commerce & Industry, Govt of India, should not be construed as the views of the Government. The Department hopes to generate informed discussion on the subject, so as to enable the Government to take an appropriate policy decision at an appropriate time.

But India is one of the largest users and importers of conventional defence equipment. It ranks among the top ten countries in the world in terms of military expenditure and most of the global defence equipment suppliers are only system integrators and they manufacture various equipment keeping in view the requirements of a particular order placed upon them. Since the companies keep on winding-up their operations and changing hands, it is virtually impossible to ensure maintenance and product support through their life cycle. This problem exists, in particular, with indigenous equipment manufactured with critical imported components. This raises the issue of the reliability of defence supplies in times of need. Contrary to above the Indian Ordnance Factories and other Defence Public Sector Undertakings are having the capabilities to repair, modernize or upgrade the defence equipments which they are supplying through their life cycle.

Defence industry is highly technology driven and capital intensive. There is no doubt that it may take some time for domestic companies to acquire a technical edge, but we are against the accessing the technology through the modality of allowing foreign companies to set up production bases/ facilities within the country itself in the Defence sector. Manufacturing within the country, through India Inc. / Members of FICCI/CII/ASOCHEM in addition to OFB/DPSUs, with full transfer of state-of-the-art technology will be a better option than importing the equipment from abroad.

The major reason for reluctance in encouraging the Private Sector into defence production and welcome FDI in the sector is on account of concern for the Defence PSUs and the Ordnance Factories. However, it is clear that if the import continues at the present level, the role of the Defence PSUs and the Ordnance Factories would only be further marginalised. But this may be redressed by modernizing the Ordnance Factories & DPSUs and their capacities may be enhanced by removing the hindrances.

Another concern is that FDI could lead to ownership and control of firms operating in a critical and highly sensitive industry being passed on to foreign hands. Even if ownership or control does not pass on fully to the foreign investors, raising of the cap could lead to their enhanced influence and say in affairs of the company's management. A related concern is that this could lead to an increased dependence on foreign investment, for meeting our defence needs. Taken to an extreme, this could lead to a situation where a clear relationship of dependency, in terms of foreign capital and technology, develops with regard to investment drawn from specific countries/ blocs.

There can also be concern relating to availability or reliability of supplies in times of war. The availability of maintenance and repair capability, spare parts, material and other support to keep critical systems functioning in all circumstances is a vital concern. This is related to the vital question of whether the foreign investor would continue to serve India's defence needs in the times of war. This concern cannot be met by imposing a condition that the Government has a right to expropriate a manufacturing facility in case there is a need to do so due to the exigencies of national security, by payment of suitable compensation.

The next concern is related to the issue of passing on of the critical equipment, design or source code to other players-particularly, countries inimical to Indian interests. There can be an issue of export of Defence equipment manufactured in India and exported to inimical countries. There is a general concern about the internal security aspect of manufacture of defence equipment especially small arms and ammunition.

There are other reasons also due to which defence civilians are opposing the FDI in Defence Sector but due to shortage of time some of those are mentioned hereinabove. Hence, kindly consider the above view in correct perspective and convey the disagreement to the proposal of Ministry of Commerce on removal of ceiling of FDI in defence sector.

Thanking you.

Sincerely yours

SADHU SINGH
Secretary General