

## Chapter I: Introduction

### 1.1 Ordnance Equipment Group of Factories

The Ordnance Factory Board (OFB), Kolkata functioning under the administrative control of the Department of Defence Production, Ministry of Defence (MoD), is headed by the Director General Ordnance Factories (DGOF) and Chairman, OFB. There are 39 ordnance factories, grouped into five product-based Operating Groups, of which Ordnance Equipment Factories Group (OEFG) is engaged in production of general stores and clothing (GS&C) to meet the requirements of the Services<sup>1</sup>. Five factories, viz. Ordnance Equipment Factory Kanpur (OEFK), Ordnance Parachute Factory Kanpur (OPF), Ordnance Clothing Factory Shahjahanpur (OCFS), Ordnance Clothing Factory Avadi (OCFA) and Ordnance Equipment Factory Hazaratpur (OEFH) constitute this group. These factories also cater to the demands of paramilitary forces, other government departments, public sector undertakings, private indentors, sister factories *etc.*

During 2008-12, the value of issues of GS&C items to the Army was 77.36 *per cent*, Air Force 13.85 *per cent* and Navy only 1.71 *per cent*. Issue to the paramilitary forces was negligible at 0.97 *per cent*, while the remaining issues were made to others.

### 1.2 Organisational structure

OEFG is headed by Additional (Addl.) DGOF, Kanpur who functions under the OFB. OFB and OEF HQ are responsible for policy formulation, production planning, supervision and control of all the activities of OEFG, apart from regular interaction and coordination with the Services and MoD.

Factories are headed by Senior General Managers/ General Managers (GMs) who are assisted by Addl. GMs / Joint GMs in day to day activities of the factories.

Directorate General of Quality Assurance (DGQA) which is independent of the OFB is responsible for quality assurance of the products issued to the Services. DGQA discharges this function through two Controllerates of Quality Assurance (CQA) based at Kanpur, one for Textile and Clothing

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<sup>1</sup> Army, Navy and Air Force

(T&C) and another for General Stores (GS). Senior Quality Assurance Establishments (SQAE) are posted at each factory to function under the respective CQA.

The Principal Controller of Accounts (Factories) Kolkata [PCA (Fys)] under Controller General of Defence Accounts New Delhi discharges its functions of cost accounting, compilation of annual accounts and advisory role on finance through Accounts Office attached with every factory.

### 1.3 Product profile and cost of production

The factory-wise product-profile, cost of production, value of issue and profit/loss for the period 2008-12 are depicted in Table-1.

**Table-1: Major products, cost of production and value of issue**

(₹ in crore)

Factory (Year of establishment)	Major products	Year	Cost of production	Value of issue	Profit(+)/ Loss(-) <sup>2</sup>
<b>OEFC (1862) KANPUR</b>	Tents, Boot, Net Mosquito, Bag Sleeping/kit, Gloves, Tape Tracing, Cover Waterproof, Mattress, Heater Space Oil Burning, Ground Sheet, etc.	2008-09	265.70	264.71	2.17
		2009-10	256.34	228.92	(-)26.43
		2010-11	318.40	290.56	(-)26.00
		2011-12	288.00	243.19	(-)42.84
		<b>Total</b>	<b>1128.44</b>	<b>1027.38</b>	<b>(-)93.10</b>
<b>OCFS (1914) SHAHJA- HANPUR</b>	Shirt, Trouser, Jersey, Coat, Suit, Blanket, Cap, Overall, Socks, Men's Parka, etc.	2008-09	156.64	143.03	(-)13.90
		2009-10	142.47	94.94	(-)46.93
		2010-11	237.32	199.41	(-)37.67
		2011-12	297.06	261.80	(-)22.22
		<b>Total</b>	<b>833.49</b>	<b>699.18</b>	<b>(-)120.72</b>
<b>OCFA (1961) AVADI</b>	Trouser, Jacket, Shirt, Parachute, Shorts, Overall, Coat, Cap, etc.	2008-09	103.93	88.26	(-)14.21
		2009-10	115.18	107.26	(-)7.76
		2010-11	127.69	122.45	(-)5.15
		2011-12	165.07	157.27	(-)7.89
		<b>Total</b>	<b>511.87</b>	<b>475.24</b>	<b>(-)35.01</b>
<b>OPF (1941) KANPUR</b>	Parachutes (Supply Drop/Brake), Shirt, Trouser, Socks, Coat, Tent, Poncho Glacier, PTA(M), NBC Suit, etc.	2008-09	99.90	101.08	1.16
		2009-10	115.84	118.54	2.76
		2010-11	118.29	114.24	(-)4.09
		2011-12	151.51	138.59	(-)13.11
		<b>Total</b>	<b>485.54</b>	<b>472.45</b>	<b>(-)13.28</b>
<b>OEFH (1985) HAZRAT- PUR</b>	Trouser, Jacket, Gaiter Glacier, Tent, Coat, Net Mosquito, Bag Kit, Parachute, Multiple Element Net Assembly (MENA), etc.	2008-09	33.38	36.82	3.16
		2009-10	39.16	45.00	5.84
		2010-11	53.38	66.04	12.97
		2011-12	59.53	73.86	14.05
		<b>Total</b>	<b>185.45</b>	<b>221.72</b>	<b>36.02</b>
<b>Grand Total</b>			<b>3144.79</b>	<b>2895.97</b>	<b>(-)226.09</b>

(Source : Annual reports of the OFB and Annual Accounts of OF Organisation)

<sup>2</sup> Profit/loss as computed by the ordnance factories.

The OEFG suffered a total loss of ₹226.09 crore during 2008-12 which was made good by providing funds from the Consolidated Fund of India (CFI) as is seen from the succeeding paragraph.

#### 1.4 Budget estimates and actual expenditure/income

The estimated and actual expenditure *vis-a-vis* income of the OEFG for the years 2008-09 to 2011-12 are given in Table -2.

**Table-2: Budget estimates and actual expenditure/income of OEFG**

(₹ in crore)

Year	Expenditure			Income			Net budget support (Actual) (₹)
	Budget Estimate (₹)	Actual (₹)	Variation (per cent)	Budget Estimate (₹)	Actual (₹)	Variation (per cent)	
1	2	3	4	5	6	7	8 (3-6)
2008-09	498.15	670.54	34.61	466.86	648.38	38.88	22.16
2009-10	822.77	742.87	-9.71	716.61	604.23	-15.68	138.64
2010-11	816.29	832.53	1.99	777.57	809.53	4.11	23.00
2011-12	957.34	1016.73	6.20	812.80	887.90	9.24	128.83
<b>Total</b>	<b>3094.55</b>	<b>3262.67</b>		<b>2773.84</b>	<b>2950.04</b>		<b>312.63</b>

(Source: Statement of Budget Utilisation as furnished by OFB)

As the expenditure exceeded the income, the OEFG had to resort to budget support from the Consolidated Fund of India every year, aggregating ₹312.63 crore during 2008-12.