

AIR Spotlight - Dedication of Seven New Defence Companies to the Nation

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in the [IAS exam](#) preparation. In this article, the discussion is on the seven new defence companies that were formed after dissolving the Ordnance Factory Board.

Participants:

- Lieutenant General Sanjay Kulkarni, Defence Expert
- Ajay Banarjee, Journalist.

Context:

PM Narendra Modi dedicated 7 new state-run defence firms replacing the Ordnance Factory Board.

Introduction:

- Seven new defence companies carved out of Ordnance Factory Board (OFB), were dedicated to the nation at a function organised by the Ministry of Defence on the occasion of 'Vijayadashami' in New Delhi on October 15, 2021.
- The assets of the OFB including its 41 ordnance factories were transferred to the seven new firms.
- The seven new defence companies are:
 - **Munitions India Limited (MIL):** A grouping of 12 Ordnance Factories (OFs) that produced explosives and ammunition.
 - **Armoured Vehicles Nigam Limited (AVANI):** The amalgamation of 5 OFs that built vehicles.
 - **Advanced Weapons and Equipment India Limited (AWE India):** The 5 OFs that made weapons and equipment.
 - **Troop Comforts Limited (TCL)** (Troop Comfort Items).
 - **Yantra India Limited (YIL):** Formed by combining the 8 OFs that produced metals and steels.
- **India Optel Limited (IOL),** and
- **Gliders India Limited (GIL).**

Need:

- The world saw the strength of India's ordnance factories at the time of [World War I](#) and they used to have better resources and world-class skills, but the companies were ignored in the post-Independence period, leading to the country's dependence on foreign supplies.

- After independence, there was a need to upgrade ordnance factories, adopt new-age technologies, but it didn't get much attention.
- Over time, India became dependent on foreign countries for its strategic needs.
- These new seven defence companies will play a big role in bringing a change in this situation.

Objectives:

The objectives of this restructuring are:

- To transform ordnance factories into productive, and profitable assets;
- To improve expertise in product range;
- To increase competitiveness;
- To improve quality;
- To enhance cost-efficiency, and
- To ensure self-reliance in defence preparedness.

PM Modi said there is more trust in the sector now and the goal is to make India the world's biggest military power.

Corporatization of the companies:

- Four committees were set up since 2000 to suggest reforms in the defence sector, and except the one formed by former Defence Minister Manohar Parrikar, the other three, TKS Nair Committee (2000), Vijay Kelkar Committee (2005), and Vice Admiral Raman Puri Committee (2015) had favoured corporatisation of OFB.
- Here the corporatization of the companies does not mean privatization of these companies.
 - It signifies that the government has given full functional autonomy along with giving a better production environment to all the companies.
- The participation of private companies in the delivery of certain services will be allowed and there will be proper monitoring of these activities.
- It has also been ensured that the interests of the workers of these factories are fully protected.
- The new structure will help in overcoming various shortcomings in the existing system of OFB and provide these companies incentives to become competitive and explore new opportunities in the market including exports while safeguarding the interests of the employees.

Innovation and technology:

- In the 21st century, whether a country or a company, its growth and brand value is determined by its research and innovation.
- From software to the space sector, India's growth, India's new identity is the biggest example of this.
- These companies will focus on research and innovation and they not only have to match the world's biggest companies, but also take the lead in future technology.

Way forward:

- These seven PSUs are established with the objective of fulfilling the domestic requirements of defence articles and making India self-reliant.
- The focus is on reducing the defence imports of India and making her one of the major exporters of these types of equipment in the near future.

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