

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:1519  
ANSWERED ON:16.07.2004  
PROCUREMENT OF PHOTOCOPIES AND STENCIL PAPER BY DGS D  
Singh Shri Prabhunath

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether it is a fact that photocopies and stencil paper are reserved for procurement from small scale units but DGS&D have been procuring them from big companies without issuing rate contracts;
- (b) if so, what are the details of other items that have been reserved exclusively for purchase from SSIs but are being purchased/procured from large scale units;
- (c) whether allegations have been made for awarding rate contracts on the basis of prices quoted by a cartel of cable manufacturers and whether some of the suppliers who were awarded rate contracts by DGS&D are supplying similar cables to NDMC for wiring up VIP areas at price which are 30% to 35% lower than the rates quoted to DGS&D;
- (d) if so, were the allegations enquired into and if so, with what results; and
- (e) what are the other items which are being sold by rate contract holders at lower price than DGS&D rate?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY( SHRI E.V.K.S. ELANGO VAN)

(a) & (b) - The list notified by DC(SS)I provides reservation for purchase from SSI for 'Paper Conversion products, paper Bags, envelops, Ice-cream cups, paper cup and saucer and paper plates'. This list does not specifically include Photocopier paper and Stencil paper.

However, the office of DCSSSI gave a ruling about inclusion of Photocopier Paper for exclusive purchase from SSI units vide their letter dated 24.01.03. Since then, DGS&D have, concluded R/Cs for photocopier paper with SSI units only.

As regards Stencil paper, the office of DCSSSI vide their letter dated 28.2.2002 conveyed that the Stencil paper is not covered in the list of items reserved for exclusive purchase from SSI units. DGS&D are concluding R/Cs for Stencil paper accordingly.

DGS&D is not concluding Rate Contracts with units other than SSI units in respect of items reserved exclusively for purchase from SSI units.

(c), (d) & (e) - Rate contracts in DGS&D are being concluded as per prescribed procedure. Whenever cartel formation is noted, appropriate corrective measures are taken while finalizing the Rate Contracts.

All DGS&D R/Cs have a fall clause which entitles DGS&D to enforce lower rate in case such R/C holders have sold or even offered to sell at prices lower than DGS&D R/C prices. Fall Clause provision was invoked in respect of DGS&D R/C holding firms who had quoted lower rates to NDMC.

The Fall Clause in DGS&D R/C has a built in price safety mechanism and is invoked to meet such eventualities. Further, contractual and administrative actions are taken in respect of firms on DGS&D Rate Contract, who do not report sale at lower rates.