

**GOVERNMENT OF INDIA  
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
LOK SABHA**

STARRED QUESTION NO:135  
ANSWERED ON:30.11.2006  
SALE OF GOODS/ SERVICES BY PSUs TO GOVERNMENT DEPARTMENTS  
Jha Shri Raghunath

**Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:**

- (a) the volume of sale of goods / services made by the Public sector Undertakings (PSUs) to the Government department during each of the last three years;
- (b) whether the goods / services purchased by the Government department from PSUs are available in the open market at cheaper rates; and
- (c) is so, the reasons for purchasing the same at higher rates from PSUs?

**Answer**

THE MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a) to (c) A statement is laid on the table of the House.

Statement in respect of Lok Sabha Starred Question No. 135 to reply on 30.11.2006

(a) The volume of total sale of goods / services of operating Central Public Sector Enterprises (CPSEs) as per Public Enterprises Survey 2004-05 (PE Survey) is generally reflected in turnover. The same for 2002-03, 2004-05 and 2004-05 for which information is available, is as follows:

2002-03    2003-04    2004-05

No. of CPSEs	226	230	227
Turnover / Operating Income	5,34,001	5,87,052	7,00,862
(Rs. Crore)			

The sales / services of CPSEs to different customers including Government Departments relates to day-to-day activities of these enterprises. Information regarding specific sale to individual customers or group of customers is not maintained centrally.

(b) & (c) The Government Departments / Organizations / CPSEs may make purchases from the open market as per competitive prices by following the laid down procedures, if any, in this regard. However, in order to provide level playing field or enabling the CPSEs to utilize the created capacities by them particularly by loss making / sick enterprises the Government has introduced a Purchase Preference policy under which the Government Departments / Organizations / CPSEs are required to make purchases from CPSEs at lowest valid bid price (L1 price) if the price quoted by the supplying CPSE is within 10% of the L1, other things being equal.