

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

UNSTARRED QUESTION NO:226  
ANSWERED ON:25.02.2000  
PUBLIC SECTOR UNDERTAKINGS IN POWER SECTOR .  
C.K. JAFFER SHARIEF

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

(a) whether a large number of manufacturing Public Sector Undertakings engaged in the power sector (Thermal and Nuclear) are suffering adverse effects of profitability due to excessive carrying cost on account of interest, storage and handling, insurance, record-keeping, inspection and risk of deterioration in quality due to excessive inventory holdings; and

(b) if so, the steps taken to maintain the optimum level of inventory and its prescribed percentage of 33% to the annual consumption, minimising the avoidable expenditure to achieve higher turnover against the capital invested by these Public Sector Undertakings?

**Answer**

THE MINISTER OF STATE (HI&PE) DR. VALLABHBHAI KATHIRIA

(a)&(b): As per Public Enterprises Survey 1997-98, the net profit earned by the PSUs engaged mainly in the manufacturing of capital goods/machinery used by the Power Sector has increased to Rs. 632 crores during 1997-98, as compared to Rs. 422 crores during 1996-97 and the interest burden has come down from Rs. 287 crores to Rs. 176 crores during the same period. The inventory of raw materials and stores & spares held as on 31.3.98 was Rs. 779 crores which represent 23.5% of the total consumption of these items during 1997-98. The various steps taken by PSUs to control inventory holdings include regulation of purchases, reducing the lead time, enhanced computerisation and continuous monitoring.