

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1439

ANSWERED ON:11.12.2003

WITHDRAWAL OF PURCHASE PREFERENCE FROM STATE OWNED COMPANY

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of POWER be pleased to state:

- (a) whether the Union Government propose to withdraw the 10 percent purchase preference available to State owned companies in power sector;
- (b) if so, the details and the facts thereof;
- (c) the number of contracts assigned to State owned companies at 10 per cent more than the lowest bidder during the last three years and current year so far;
- (d) whether the Government has assessed the impact of withdrawal of preference on PSUs;
- (e) if so, the details thereof; and
- (f) the reasons for withdrawal of such facilities?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (f) : As per the existing instructions, the policy on purchase preference for products and services of Central Public Sector Enterprises will be in operation till 31.03.2004. Meanwhile, in order to bring down the cost of power by increasing the completion at the bidding stage for power projects, the Government, pending a general review of the scheme, have considered the overall position/competition in bidding etc., and authorized the Ministry of finance to exempt such proposals of the Ministry of Power from purchase preference on case to case basis as and when needed.

The power sector public sector undertakings go in for bidding for the execution of various packages pertaining to their projects as and when needed and other related components of packages are executed. The Government does not get involved in the bidding process of PSUs/assign any specific contract to such PSUs. The Board of PSUs are empowered to take a final decision in the process of bidding etc., based on merits and as per the existing instructions. During the last three years, 12 contracts each were awarded by National Thermal Power Corporation (December, 2000 to November, 2003) and Power Grid Corporation of India Ltd. (1.4.2000 to 30.11.2003), one order by Damodar Valley Corporation (April, 2001), after considering purchase preference as applicable.