

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
DEPARTMENT OF PUBLIC ENTERPRISES

LOK SABHA

UNSTARRED QUESTION No. 1572

ANSWERED ON 20.09.2020

**MALPRACTICES IN PROCUREMENT AND AWARDING OF CONTRACTS AND
TENDERS BY CPSES**

1572. SHRI BHOLA SINGH:

DR. JAYANTA KUMAR ROY:

SHRI VINOD KUMAR SONKAR:

SHRI RAJA AMARESHWARA NAIK:

SHRIMATI SANGEETA KUMARI SINGH DEO:

DR.SUKANTA MAJUMDAR:

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

- (a) whether there have been reports of malpractices in procurement and awarding of contracts and tenders by Central Public Sector Enterprises (CPSEs);
- (b) if so, the details thereof, CPSE-wise;
- (c) whether there is a need for signing of Integrity Pacts by CPSEs and complete digitisation of procurement process to ensure transparency and if so, the details thereof;
- (d) whether there is an urgent need to delink CPSEs from administrative Ministries, run them by professionals and list them on stock exchange and if so, the details thereof;
- (e) whether retiring senior officials from CPSEs joining lucrative posts with private companies with which they have had dealings is a worrying trend; and
- (f) if so, the steps taken by the Government for improvement of the functioning of CPSEs?

ANSWER

**THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES
(SHRI PRAKASH JAVADEKAR)**

(a) & (b): The Central Public Sector Enterprises (CPSEs) function under the administrative control of the respective Ministries/ Departments. The complaints regarding malpractices in procurement and awarding of contracts and tenders in respect of CPSEs are dealt by Central Vigilance Commission, Vigilance Offices of respective Ministries/ Departments/ CPSEs and action is taken on them after investigation as per laid down procedure by the concerned authorities.

(c): Government has issued instructions in July 2011 that all Government Ministries /Departments including their attached/subordinate offices and autonomous bodies may use the generally applicable Integrity Pact in their procurement transactions/ contracts. These

instructions have also been extended in September 2011 to CPSEs. The administrative Ministry/ Department concerned is responsible for the implementation of the guidelines in respect of CPSEs under its control. The practice of entering into Integrity Pacts is expected to address corruption in procurement transactions/contracts and to promote transparency in public procurement. Department of Public Enterprises (DPE) has issued guidelines/ instruction to CPSEs for mandatory publication of tender enquiries on Central Public Procurement Portal (CPP) on 20th December, 2011 and on boarding of Government e-Marketplace (GeM) on 5th November, 2018.

(d): In order to delegate operational autonomy to the CPSEs, Government has introduced Maharatna, Navratna and Miniratna schemes. The Board of such CPSEs are empowered to take decisions in the areas of capital expenditure, investment in joint ventures/subsidiaries, human resources management, etc. The appointment of functional Directors of CPSEs (CMD and fulltime Directors) on the Boards of CPSEs is made on the basis of laid down eligibility criteria and selection process of Public Enterprises Selection Board in line with job description/operational requirements of the CPSEs . Regarding listing of CPSEs, Department of Investment and Public Asset Management (DIPAM) has issued guidelines on 17.2.2017 laying down the mechanism and procedure for time-bound listing of CPSEs on stock Exchanges. DPE has also written on 13th March, 2020 to the administrative Ministries/ Departments to take appropriate steps, in coordination with DIPAM, to ensure timely listing of eligible unlisted CPSEs under their control.

(e)&(f): DPE has issued guidelines on 15th May, 2008 which inter-alia provides that functional Director of the company including the Chief Executive who has retired/resigned from the service of the company, after such retirement/ resignation, shall not accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, with which the company has or had business relations, within one year from his/her date of retirement without the prior approval of Government. The guidelines also provide that the concerned administrative Ministry/Department shall examine requests received from Functional Directors including Chief Executives on a case to case basis. For improvement in the functioning of CPSEs, DPE has issued guidelines on (i) Corporate Governance, and (ii) professionalization of Boards of CPSEs by appointment of Independent Directors on the Boards of CPSEs, and also organizing orientation programmes for capacity building of Directors of CPSEs, etc.
