

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
LOK SABHA**

UNSTARRED LOK SABHA QUESTION NO. 3455

TO BE ANSWERED ON 16th March, 2018/ Phalgun 25, 1939 (SAKA)

“MALPRACTICES IN CPSEs”.

3455. Smt. Anju Bala, Shri B. Sriramulu, Shri Tej Pratap Singh Yadav

Will the Minister of Finance be pleased to state :

- (a) whether there have been reports of malpractices in procurement and awarding of contracts and tenders by the Central Public Sector Enterprises (CPSEs) and if so, the details thereof and the Government's reaction thereon;
- (b) whether there is an urgent need for signing of Integrity Pacts by CPSEs and complete digitisation of procurement process to ensure transparency and if so, the details thereof and the Government's reaction thereon;
- (c) whether administrative Ministries often have the last word in the critical decisions of CPSEs leading to delays, lack of accountability and innovation which affects their performance and profitability and if so, the details thereof;
- (d) whether retiring senior officials from the CPSEs joining lucrative posts with private companies with which they have had dealings is a worrying trend for the Government and if so, the details thereof;
- (e) whether there is urgent need to delink CPSEs from administrative Ministries, run them by professionals and list them on stock exchange and if so, the details thereof along with Government's reaction thereto; and
- (f) the corrective steps proposed to be taken by the Government for improvement of functioning of CPSEs in the country?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PON. RADHAKRISHNAN)

- (a) The malpractices in procurement and awarding of contracts and tenders by Central Public Sector Enterprises (CPSEs) whenever reported are dealt by concerned Chief Vigilance Officers (CVOs)/ Central Vigilance Commission (CVC) as per extant procedures.

- (b) CPSEs have been advised to enter into Integrity Pact in their procurement transactions/ contracts. The nature and threshold value is decided by CPSEs in consultation with the concerned administrative Ministries/ Departments. The practice of entering into Integrity Pacts is expected to reduce all forms of corruption in procurement transactions/ contracts.
All CPSEs have been also instructed in January 2015 to implement comprehensive end to end e-procurement.
- (c) CPSEs are commercial entities set up as per objectives of their respective administrative Ministries/ Departments. However, day-to-day functions of a CPSE are supervised by their respective Board and administrative Ministry/ Department. The performance and profitability of a CPSE depends upon several factors such as market conditions, productivity, pricing, etc.
- (d) The Government has laid down guidelines which inter-alia provide that "no functional Director of the company including the Chief Executive who has retired/resigned from the service of the company, after such retirement/ resignation, shall 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 the date of retirement without prior approval of the Government".
- (e) and (f) : The Board of Directors of CPSEs are responsible for day-to-day management of CPSEs. The Government has introduced Maharatna, Navratna and Miniratna schemes for empowerment of CPSEs and has delegated financial and operational powers to the Boards of such CPSEs in the areas of capital expenditure, investment in joint ventures/subsidiaries, human resources management, etc. The Government also promotes professionalization of Boards of CPSEs as well as appointments in CPSEs on immediate absorption basis. Exemption from the rule of immediate absorption is given when after attempt(s) to fill the posts in CPSEs on regular basis are not successful or there are mitigating circumstances against recruitment on regular basis.
The Government has also taken a decision that unlisted CPSEs with no accumulated losses and having earned net profit in three preceding consecutive years are to be listed.

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI P. N. KADAKISHAN)

(3) The ministries in procurement and awarding of contracts and tenders by Central Public Enterprises (CPEs) whenever reported are dealt by concerned Chief Vigilance Officers (CVOs) Central Vigilance Commission (CVC) as per extant procedures.