

No.GL-008/80/23-1/80-BPE/MM  
GOVT. OF INDIA  
MINISTRY OF FINANCE  
BUREAU OF PUBLIC ENTERPRISES

NEW DELHI, THE 15TH OCT., 1980

OFFICE MEMORANDUM

**SUBJECT- PURCHASE/PRICE PREFERENCE FOR PRODUCTS OF PUBLIC ENTERPRISES  
IN COMPETITION WITH PRIVATE SECTOR UNDERTAKINGS IN THE MATTER OF  
PURCHASE BY GOVERNMENT DEPARTMENT ETC.**

A reference is invited to the OM No. BPE/GL-023/18-MM, dated 13.7.78 and GL/016/77-BPE/MM dt. 15.6.77 both on the subject of purchase and price preference. Government have reconsidered the present policy and have decided that the following consideration shall be kept in view in purchases henceforth by public sector undertakings and Government Departments:-

- (a) Investments in the public sector are made on overall grounds of public policy. Public enterprises have to be made viable and the capacities created should be utilized to the fullest extents Ministries, Government Departments and Public Sector Undertakings should therefore, invariably purchase their requirements from public enterprises wherever such undertakings are able to meet the demand. Quality requirements and reasonable delivery schedules should be of course enforced.
- (b) Subject to negotiations for an agreement on price, price preference not exceeding 10% will be admissible to public sector undertakings.
- (c) In exceptional circumstances where a public sector undertaking requires a price preference of more than 10%, the purchasing Ministry or department and the concerned undertaking should endeavour to reach an agreement by negotiation.
- (d) Where negotiations in regard to (c) above do not succeed, the cases should be submitted to the Cabinet Committee on Economic Affairs for a decision.
- (e) Price preference upto 10% can not be taken for granted. Every effort should be made to bring down cost and achieve competitiveness.

Sd/-P.K. BASU  
Director General, Bureau of  
Public Enterprises and Additional