

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1814

ANSWERED ON:01.12.2011

PROMOTION OF MSME

Gavit Shri Manikrao Hodlya;Kishor Shri Kamal ;Reddy Shri Modugula Venugopala ;Venugopal Shri P.

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has finalised a procurement policy making it mandatory for all the Government Departments and Public Sector Undertakings to procure 20 percent from Micro, Small and Medium Enterprises (MSMEs)
- (b) if so, the details thereof and the salient features of the policy indicating the reservation made for various categories therein;
- (c) whether any penalty provisions have been made for not following the mandatory procurement policy;
- (d) if so, the details thereof; and
- (e) the details of the objections raised by various Government agencies against the said policy ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a)&(b): Under the Public Procurement Policy for Micro and Small Enterprises (MSE), minimum share of 20% of total annual purchases of Central Ministries /Departments/PSUs has been reserved for procurement by them from MSEs. Out of 20% share of annual procurement from MSEs, a share of 4% (i.e. 20% out of 20%) has been reserved for procurement from MSEs owned by SC/ST entrepreneurs. For enhancing participation of SC/ST in the Government procurement, every Central Ministries/Departments/PSUs have to organize special vendor development programmes, buyer seller meet, etc.

(c)&(d): Ministries/Departments/PSUs have to report the goals set with respect to procurement from MSEs and achievement made thereto in their respective Annual Reports. Those Ministries/Departments/ PSUs which do not meet the mandatory goal of Public Procurement Policy for MSE would be required to provide reasons thereof to the Review Committee which is headed by Secretary, Ministry of Micro, Small & Medium Enterprises.

(e): Ministry of Defence, on account of its unique nature, had reservations about implementation of Public Procurement Policy for MSEs. Keeping this in view, defence armaments imports, weapon systems, missiles, etc. have been kept out of purview of the Policy.