

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

UNSTARRED QUESTION NO:1124
ANSWERED ON:16.08.2012
PROCUREMENT POLICY
Owaisi Shri Asaduddin

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

e:

- (a) whether the Government has made it mandatory for all the Government Departments and Public Sector Undertakings to procure 20 percent of their requirement from the micro and small enterprises;
- (b) if so, the details thereof;
- (c) the total average annual purchase of Government Departments and PSUs;
- (d) whether there is any penalty clause for those who fail to purchase accordingly; and
- (e) if so, the details thereof?

Answer

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VAYALAR RAVI)

(a): Yes, Madam

(b): Under section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the Government of India has notified a Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012 effective from 1st April, 2012. Under the Policy, every Central Ministry / Department / PSU has to set an annual goal for procurement from MSEs at the beginning of every financial year, with the objective of achieving an overall procurement of minimum 20 per cent of total annual purchases of products produced / services rendered by MSEs. After a period of three years, i.e. with effect from 1st April, 2015 overall 20% procurement shall be mandatory for every Central Ministry / Department / PSU. The Policy also earmarked a sub target of 4% out of this 20% procurement from MSEs owned by SC/ST Entrepreneurs.

(c): Government Departments / PSUs have recently started furnishing their procurement profile to Ministry of MSME and as such a firm figure of total annual purchases is presently not available.

(d&e): Government Departments / PSUs are now required to prepare annual procurement plan for purchases and upload the same on their official website. Further, they have to report goal set with respect to procurement and achievement made thereto in their respective annual reports. Under the Policy, a review committee has been constituted under the Chairmanship of Secretary (MSME) for monitoring and review of Public Procurement Policy. There is also provision for setting up a Grievances Cell under the Policy for redressal of grievances of MSEs in government procurement.