

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

UNSTARRED QUESTION NO:1961

ANSWERED ON:09.03.2015

PUBLIC PROCUREMENT POLICY

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

- (a) the details of provisions of procurement explained under the Public Procurement Policy for Micro, Small and Medium Enterprises (MSMEs) for Central Ministries/ Departments/CPSUs;
- (b) the extent to which such provisions have been followed by various such agencies since notification of the said Policy;
- (c) the manner in which MSMEs have been benefitted therefrom;
- (d) whether the Government has now made the said policy mandatory; and
- (e) if so, the details thereof and the steps taken by the Government to ensure the implementation of the said policy?

Answer

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

(a): Government of India has notified Public Procurement Policy for Micro & Small Enterprises (MSEs) order, 2012 in respect of Procurement of Goods produced & Services rendered by Micro & Small Enterprises, by its Ministries, Departments, and Public Sector Undertakings w.e.f. 1st April, 2012.

The details of provisions of procurement under the policy are:

- (i) An overall procurement of minimum of 20 per cent of total annual procurement from MSEs.
 - (ii) A sub-target of 4 per cent out of 20 per cent has been earmarked for procurement from MSEs owned by SC/ST entrepreneurs.
 - (iii) A total of 358 items are reserved exclusively for procurement from MSEs.
 - (iv) Tender sets free of cost to MSEs.
 - (v) Exemption from payment of earnest money deposit to MSEs.
 - (vi) In tender, participating Micro and Small Enterprises quoting price within price band of L1+15 per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprises and such Micro and Small Enterprises shall be allowed to supply upto 20 per cent of total tendered value.
- (b)&(c): The provisions of the policy are being followed by agencies as per notification like providing tender sets free of cost, exemption from payment of earnest money deposit, exclusive procurement of 358 reserved items from MSEs and procuring 20 per cent goods and services from them. The details of procurement by CPSUs from MSEs during the last three years are given in the Annexure-I.
- (d)&(e): The policy is effective from 1st April, 2012. However, the provision of 20 per cent procurement from MSEs will be mandatory from 1st April, 2015. The steps taken by the Government to enhance procurement from MSEs are given in Annexure-II.