

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

UNSTARRED QUESTION NO:2049

ANSWERED ON:28.11.2016

Public Procurement Policy

Adsul Shri Anandrao ;Munde Dr.Pritam Gopinath;Patil Shri Shivaji Adhalrao;Raut Shri Vinayak Bhaurao;Shinde Dr. Shrikant Eknath;Shrirang Shri Chandu Barne;Yadav Shri Dharmendra

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

- (a) whether the Government has made the Public Procurement Policy of Micro, Small and Medium Enterprises (MSMEs) mandatory for Central Ministries/Departments /CPSUs;
- (b) if so, the extent to which the aforesaid policy is being followed by various such agencies since its notification;
- (c) whether majority of state-owned firms are reportedly not meeting the norms of 20 per cent procurement from MSMEs, if so, the details thereof and the reasons thereof;
- (d) whether the Government has called for a strong co-ordination mechanism between the Ministry of MSME and other stakeholders, if so, the details thereof along with the steps taken by the Government to ensure proper implementation of the said policy; and
- (e) whether the Government also proposes to make it mandatory for central Ministries and PSUs to earmark a portion of their procurement of goods and services from women entrepreneurs, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARATHIBHAI CHAUDHARY)

- (a): Yes, Madam. The Government of India has notified Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 under which a minimum of 20% of the total annual procurement is made mandatory from Micro & Small Enterprises by Central Ministries /Departments/PSUs. w.e.f. 1st April 2015. Out of this 20% target of annual procurement from MSEs, a sub-target of 4% has been earmarked for procurement from MSEs owned by SC/ST entrepreneurs.
- (b): The mandatory provisions of the Policy are being followed by agencies which are detailed below:-
1. Tender set free of cost
 2. Exemption from the payment of Earnest Money
 3. In tender, participating MSEs quoting price within price band of L1+15% 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 MSE and such MSE shall be allowed to supply at least 20% of the total tendered value.
 4. 358 items reserved for exclusive procurement from MSEs.
- (c): The PP Policy is applicable to only Central Ministries /Departments /PSUs and State owned firms follows respective State Procurement Policy.
- (d): A Review Committee headed by Secretary, MSME has been constituted to monitor and review the Policy including coordination between the Ministry and various stakeholders. The meetings of the Review Committee are held on regular basis for monitoring the progress made in implementation of the Policy.
- (e): At present, no such proposal is under consideration of this Ministry.