

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

STARRED QUESTION NO:204

ANSWERED ON:08.12.2014

PUBLIC PROCUREMENT

Kumar Shri Santosh; Singh Shri Rama Kishore

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

- (a) whether the Government has taken note of problems being faced by the small and marginal entrepreneurs, in the matter of public procurement and if so, the details thereof;
- (b) whether the Government has assessed the performance of various Central Ministries/ Departments/PSUs under the Public Procurement Policy 2012;
- (c) the details of meetings held under the aegis of Directorate General of Supplies & Disposals (DGS&D) with various departments and user agencies during each of the last three years and the current year in the matter of public procurements; and
- (d) the details of rate contracts concluded by DGS&D for products which are reserved for procurement from micro, small and medium enterprises?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI KALRAJ MISHRA)

(a)to(d): A statement is laid down on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) IN RESPECT OF LOK SABHA STARRED QUESTION NO. 204 FOR ANSWER ON 8.12.2014

(a): The Ministry has also set up a Grievance Redressal Cell in the O/o Development Commissioner, MSME which receives complaints of Micro & Small Enterprises as well as Industries Associations and resolves the issues. This Cell also clarifies on issues relating to the procurement policy raised by CPSUs. The major problems and issues which have emerged are:-

- (i) Exemption from Earnest Money Deposit as mandated by the policy, is not followed.
- (ii) Unreasonable conditions such as high turnover limit imposed in tenders which debar participation of MSEs in tenders.
- (iii) Clarifications are sought on 358 items reserved exclusively for procurement from MSEs as mandated in the policy.
- (iv) Clarifications are sought on the validity of Entrepreneurial Memorandum –II (EM-II) which is issued by District Industries Centre for registering enterprises. This EM-II is free from validity period and does not require renewal.

(b): Yes Madam, the performance of various Central Ministries/ Departments/ CPSUs under the Public Procurement Policy for MSEs 2012 is constantly reviewed.

(c)&(d): As per details given by Directorate General of Supply & Disposals(DGS&D), Department of Commerce (Supply), Ministry of Commerce & Industry, the information is as follows:

i) DGS&D convenes Consultative Committee Meeting associating user agencies / departments and vendors before concluding any rate contract. The brief details of Consultative Committee Meetings held in last three financial years and from 1st April 2014 to 30th November 2014 are as follows:

Financial Year	2011-12	2012-13	2013-14	2014-15 (till 30th November)
Nos. of Meetings	268	211	197	115
Product Groups	Electrical Stores, Hardware, Information Technology, Mechanical Engineering, Oil & Chemical, Paper & Paper Products, Steel & Cement structural items, Wool & Leather, Machine tools, etc.			

ii) For Procurement from Micro and Small enterprises, DGS&D adheres to the list of reserved items as notified in the Procurement Policy. Presently DGS&D has valid Rate Contracts for 16 product categories, which are reserved for exclusive purchase from MSEs.