

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 111**  
**TO BE ANSWERED ON 25.11.2024**

**PROCUREMENT POLICY FROM MSMEs**

111. SHRI SANDOSH KUMAR P:

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

- (a) the current policy on public procurement from Micro, Small and Medium Enterprises (MSMEs);
- (b) whether Government is planning to increase procurement from MSMEs units to promote the livelihood security of the people dependent on MSMEs;
- (c) the impact of public procurement on MSMEs; and
- (d) the details of public procurement from MSMEs during the current financial year, State-wise?

**ANSWER**

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES  
(SUSHRI SHOBHA KARANDLAJE)

(a): The Ministry of Micro, Small and Medium Enterprises notified the implementation of the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order from 1<sup>st</sup> April, 2012 under the MSMED Act, 2006. The Policy was made mandatory from 1st April, 2015. The amended policy mandates 25% annual procurement from MSEs by Central Ministries/ Departments/ Central Public Sector Enterprises (CPSEs), including 4% from MSEs owned by SC/ST and 3% from MSEs owned by Women entrepreneurs. Under the Policy, several benefits are provided to support and promote the participation of MSEs. These include price matching facility, wherein, participating MSEs, in tender quoting price within price band of L1+15 percent are 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 an MSE. They are also to be provided tender sets free of cost and are exempted from payment of Earnest Money Deposit. Further, 358 items have been reserved exclusively for procurement from MSEs.

(b): As per the data available on the MSME Sambandh Portal, during the last few years, the share of MSEs in Govt. procurement has been rising and we have surpassed the target of 25% procurement from MSEs as mandated by the Public Procurement Policy for MSEs Order, 2012. The procurement from MSEs stands at 43.66% for the financial year 2023-24.

(c): The Public Procurement Policy for MSEs Order, 2012, notified by the Ministry of MSME, aims to foster the growth and development of Micro and Small Enterprises (MSEs) by enhancing their market access and providing an assured market. The Policy has led to increased participation of MSEs in government procurement. In the FY 2023-24, 2,56,712 MSEs had benefited from participation in government procurement, as facilitated by the policy.

(d) The Public Procurement Policy for MSEs Order, 2012 pertains to procurement by Central Government Ministries/ Departments/ Central Public Sector Enterprises and State-wise details are not available. The details of procurement from MSEs during the current financial year are tabulated as below:

| Financial Year                               | Total Procurement<br>(Rs. in Crores) | Procurement from MSEs<br>(Rs. in Crores) | No. of MSEs Benefited |
|--|--------------------------------------|--|-----------------------|
| 2024-25<br>(125 CPSEs)<br>(as on 19.11.2024) | 94,266.60                            | 36,348.87<br>(38.56%)                    | 1,11,401              |

(Source: MSME Sambandh Portal)

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