

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
RAJYA SABHA

UNSTARRED RAJYA SABHA QUESTION NO. 410
TO BE ANSWERED ON TUESDAY, FEBRUARY 3, 2026/ MAGHA 14,
1947(SAKA)
“PUBLIC PROCUREMENT REFORMS AND FINANCIAL GOVERNANCE”

410# Shri Naresh Bansal:
Shri Ryaga Krishnaiah:

Will the Minister of *Finance* be pleased to state:

- (a) the details of the revisions undertaken to the public procurement manuals and guidelines to improve efficiency, transparency and ease of participation for suppliers;
- (b) the steps taken to simplify procurement procedures for Micro, Small and Medium Enterprises and to promote wider competition in Government procurement;
- (c) the extent to which the adoption of digital platforms and standardised procedures has reduced procurement timelines and administrative discretion; and
- (d) whether the Ministry proposes to introduce measurable performance benchmarks or public reporting mechanisms to assess the effectiveness of procurement reforms?

ANSWER
THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): Department of Expenditure, Ministry of Finance has over 2024-25 revised three procurement Manuals viz. Manual for Procurement of Goods (Second Edition, 2024), Manual for Procurement of Consultancy Services (Second Edition, 2025), Manual for Procurement of Works (Second Edition 2025). A new Manual for Procurement of Non-Consultancy Services was also introduced in 2025. These Manuals are available at the Website of Department of Expenditure, Ministry of Finance @ doe.gov.in.

The revised Manuals focus on ease of business for suppliers and clarity for the procurement professionals. A wide range of topics have been rewritten such as clarifying extent of applicability to various entities, categorisation of procurements, conflict of interest, interest-free advance payments, new forms of performance securities, outsourcing procurement, auto-extension of bids, capping price variation and liquidated damages, mitigating cartel formation, reverse auction, rate contracts, withdrawal by L1 bidders, Net Present Value (NPV), Procurement during Natural Disasters etc. Provisions regarding reduction in Performance Security, increase in financial limits related to Public Procurement, reduction in Liquidated Damages and

Guidelines for Arbitration and Mediation in Contracts of Domestic Public Procurement etc. have been incorporated.

(b): With the objective of promoting the growth and development of Indian Micro and Small Enterprises (MSEs) by improving their market access and linkages, the Government of India had notified the Public Procurement Policy for Micro and Small Enterprises Order, 2012 under Rule 153(ii) of General Financial Rules, 2017. The policy mandates 25% annual procurement from MSEs by Central Ministries/ Departments/ Central Public Sector Enterprises (CPSEs) including 4% from MSEs owned by SC/ST entrepreneurs and 3% from MSEs owned by Women entrepreneurs.

To reduce transaction cost of doing business, MSEs are facilitated by providing them tender sets free of cost, exempting MSEs from payment of Earnest Money Deposit (EMD). Additionally, 358 items have been exclusively reserved for procurement from MSEs.

The Ministry of MSMEs has launched MSME SAMBANDH Portal on 08.12.2017 to help in monitoring the implementation of Public Procurement Policy for Micro and Small Enterprises Order, 2012. This portal is meant to serve as a bridge between the MSEs and the CPSEs by uploading necessary information relating to requirement of the CPSEs and the details of procurement made by them from the MSEs and help to ensure effective monitoring of the procurement on real time basis.

Ministry of MSMEs has reduced the Compliance Burden on business as well as on citizens related to Public Procurement Policy for MSEs Order, 2012 vide Notification No. S.O. 3237(E) dated 11th August, 2021 by merging 04 compliances into one, reducing the number of compliances from 07 to 04. The Central Ministries/ Departments/ Central Public Sector Enterprises (CPSEs) require to take necessary steps to develop appropriate vendors by organising Vendor Development Programmes or Buyer-Seller Meets focused on developing MSEs for procurement through Government e-Marketplace (GeM) Portal. For supporting MSEs specially owned by SC/ ST and Women entrepreneurs, follow up communication with GeM is done on a regular basis by Ministry of MSMEs.

The provisions of the Public Procurement Policy for Micro and Small Enterprises Order, 2012 have also been incorporated in the Procurement Manuals issued by the Department of Expenditure namely the Manual for Procurement of Goods - Second Edition, 2024, the Manual for Procurement of Consultancy Services (Second Edition, 2025) and the Manual for Procurement of Non-Consultancy Services, 2025.

(c): Adoption of digital platforms has decreased procurement timelines and administrative discretion. For example in Central Public Procurement Portal (CPPP), the time taken from tender published (Open/Limited) till Financial Evaluation/ Award of Contract has gradually reduced from 64 days in 2021-22 to 37 days in 2025-26.

Digital platforms have also facilitated increased bidder participation due to wider publicity, anonymity of participation and reduction of tender publishing costs leading to increased competition & transparency.

(d): No such proposal is presently under consideration of the Ministry.
