

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**STARRED QUESTION NO \*268**  
**TO BE ANSWERED ON 21.12.2023**

**PUBLIC PROCUREMENT POLICY FOR MSMEs**

\*268. SHRI MITESH RAMESHBHAI PATEL (BAKABHAI):  
SHRI DURGA DAS (D.D.) UIKEY:

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

- (a) the significance of Public Procurement Policy for Micro and Small Enterprises (MSEs);
- (b) the manner in which it impacts procurement from MSEs by Central Ministries/Departments/Central Public Sector Enterprises (CPSEs);
- (c) the details regarding total procurement from MSEs by Central Ministries/Departments/CPSEs;
- (d) whether the Government has taken steps to boost/promote the MSME sector through collaboration/tie-ups with e-Commerce companies;
- (e) if so, the details thereof and the steps taken in this regard during the last three years and the current year;
- (f) the steps taken by the Government to promote trade in the MSME sector across the country, State/UT-wise;
- (g) whether the Government has launched any scheme within public procurement to provide relief to MSMEs affected due to Covid-19 pandemic, if so, the details and the outcome thereof; and
- (h) the number of cases in which relief has been provided so far along with the value of such relief?

**ANSWER**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI NARAYAN RANE)

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

**STATEMENTS REFERRED TO IN REPLY TO PARTS (a) TO (h) OF THE LOK SABHA STARRED QUESTION NO. \*268 FOR ANSWER ON 21.12.2023.**

(a) & (b): With the objective of promoting the growth and development of Micro, Small and Medium Enterprises (MSME) by improving their market access and linkages, Ministry of MSME notified the Public Procurement Policy for Micro and Small Enterprises from 1<sup>st</sup> April, 2012, as amended subsequently. The Policy is mandatory as notified under the MSMED Act 2006. The Policy target is an overall procurement of minimum 25% of total annual purchases of products produced/ services rendered by Micro and Small Enterprises (MSE) by the Central Ministries, Government Departments and Central Public Sector Undertakings (CPSUs). The Policy has also specified a sub target of 4% procurement of goods and services from MSEs owned by SC/ ST entrepreneurs and 3% from MSEs owned by women entrepreneurs.

Benefits available to the MSEs under the Policy are:

- (i) Purchase Preference- Minimum 25% annual procurement from MSEs by Central Ministries/ Departments/ CPSUs.
- (ii) Price match-making facility- If the L1 price by a non-MSE is the lowest, participating MSEs quoting a price within a band of L1+15% will be allowed to bring down their price to match L1 price. Such MSEs are allowed to supply at least 25% of total tendered value.
- (iii) MSEs are to be provided tender sets free of cost, and are exempted from payment of earnest money.
- (iv) 358 items are reserved for procurement from MSEs.

(c): Implementation of Public Procurement Policy for Micro and Small Enterprises is monitored through 'MSME SAMBANDH' portal. As per the portal, during the FY 2023-24, as on 18.12.2023, out of total procurement of Rs. 1,03,139.37 crore reported by 110 CPSUs and one Department, total procurement from MSEs is Rs. 35,671.42 crore (34.59% of total procurement) benefitting 1,23,853 MSEs.

(d) & (e): An initiative of Open Network for Digital Commerce (ONDC) for empowering MSMEs to transact goods and services over digital/electronic network has been taken to facilitate MSMEs. ONDC is actively working with Ministry of MSME to onboard MSMEs to the network through existing seller applications and also working to integrate MSME Mart which has over 2 lakh MSMEs, with ONDC. ONDC is working actively with States/UTs.

(f): Promotion, growth and development of Micro, Small and Medium Enterprises (MSMEs) sector is a continuous process and Ministry of MSME is constantly working in this direction. The schemes/programmes inter alia include Prime Minister's Employment Generation Programme (PMEGP), Credit Guarantee Scheme for Micro & Small Enterprises, Micro & Small Enterprises Cluster Development Programme (MSE-CDP), MSME Champions Scheme, Entrepreneurship Skill Development Programme (ESDP), Procurement and Marketing Support Scheme (PMSS), etc. The components of PMSS, which inter alia include Participation of Individual MSEs in Trade Fairs / Exhibitions, Vendor Development Program, Adoption of Modern Packaging Techniques, Adoption of Bar Code, Adoption of e-Commerce Platform, etc. to promote trade of MSME Sector.

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Additionally, the Public Procurement (Preference to Make in India) Order 2017 (PPP-MII Order) was issued on 15th June, 2017 pursuant to Rule 153(iii) of the General Financial Rules, 2017 to promote domestic value addition and is applicable for procurement of goods, services and works by central government procuring entities. Further, Global Tender Enquiry cannot be issued for tenders less than Rs. 200 crore except in exceptional cases

(g): Vivad se Vishwas I - Relief for MSMEs Scheme was launched by Government of India on 11.04.2023. The last date for Submission of Claims under this Scheme was 31.07.2023. Under the Scheme relief by way of refund of 95% of the deducted performance security, bid security and liquidated damages is provided. Relief is also provided to MSMEs debarred for default in execution of contracts. The relief provided under this Scheme is in continuation of the ongoing efforts of the Government in promoting and sustaining the MSME sector.

(h): Till 15.12.2023, relief has been provided against 30,944 claims of MSMEs amounting to Rs. 672.80 crore.

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