

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 606
TO BE ANSWERED ON 12.12.2022

Benefits to MSMEs units and new start-ups

606. SHRI LAHAR SINGH SIROYA:

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

- (a) benefits being given to Micro, Small and Medium Enterprises (MSMEs) units and new start-ups registered as MSMEs;
- (b) whether MSME units are exempted from payment of Earnest Money Deposit (EMD) for Government tenders;
- (c) if so, whether any instructions or guidelines have been issued in this regard;
- (d) whether MSME units are facing problems in participating in the tender process as they are being insisted to pay EMD in Government tenders despite instructions on exemption, if so, the details thereof, if not, the reasons therefor; and
- (e) measures being taken or proposed to be taken to ensure compliance of instructions/guidelines?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) & (b): The benefits given to the Micro and Small Enterprises (MSEs) under the Public Procurement Policy for MSEs Order, 2012 include:

- (i) Purchase Preference: 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.
- (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. In case there is more than one such MSE, the supply will be shared proportionately (to tendered quantity). In case the tender item is non-splitable or non-divisible, an MSE quoting a price within the price band L1+15% may be awarded full or complete supply of total tendered value, if it matches the L1 price.
- (iii) Exemption from Earnest Money Deposit: MSEs are exempted from payment of earnest money.

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(iv) Other Benefits: To reduce the transaction cost of doing business, MSEs are facilitated by providing them tender sets free of cost and adopting e-procurement to bring in transparency in tendering process.

(c): The instructions/guidelines issued in this regard include Public Procurement Policy for MSEs Order, 2012 vide Notification No. S.O.(E) 581, dated 23rd March, 2012 and its amendments dated 9th November, 2018 and 11th August, 2021.

(d) & (e): Any grievance received in respect of the Policy is immediately taken up for resolution. The Ministry of MSME monitors the procurement targets under the Policy through the MSME Sambandh portal.
