

DELHI DEVELOPMENT AUTHORITY
E.M.SECRETARIAT

No.EM 1(10)/Cir./MSME/1177

Dated: 09th May, 2019

CIRCULAR No. 672

Sub: Implementation of Public Procurement Policy for Micro & Small Enterprises notified vide MSMED Act 2006, Section 11.

Ministry of Micro, Small and Medium Enterprises has issued order on 23.03.2012 on Public Procurement Policy for Micro & Small enterprises for providing certain benefits to MSMEs registered with National Small Industries Corporation (NSIC).

CPWD has issued OM no. DG/MAN/Misc./10 dated 27.06.2017 and OM no. DG/MAN/Misc./12 dated 25.07.2017 for implementation of Ministry of Micro, Small and Medium Enterprises Order dated 23.03.2012. As per Authority Resolution No. 211 dated 26.04.65 of the DDA, in the interest of smooth working, the provision made in GFR, CTR, Accounts of Codes, CPWD Code and CPWD / C. Code are made applicable in DDA mutatis mutandis.

Therefore, as laid down in CPWD OM dated 27.06.2017 and 25.07.2017, exemptions for MSME should be given in DDA for procurement of goods and services and not for work contracts. NIT approving authorities may make provisions for this purpose accordingly.

This issues with the approval of Competent Authority.

Encl:

1. MSME order dated 23.03.2012
2. CPWD OM dated 27.06.2017 and 25.07.2017

Director(Works)

Copy to:

1. OSD to L.G.
2. Vice-Chairman, DDA.
3. Finance Member, DDA.
4. Engineer Member, DDA.
5. Principal Commissioner (Horticulture), DDA.
6. Principal Commissioner (Housing, LM & System), DDA.
7. Chief Vigilance Officer, DDA.
8. Commissioner-Cum-Secretary, DDA.
9. Chief Accounts Officer, DDA.
10. All Chief Engineers, DDA.
11. F.A. (Housing), DDA.

T. B. Neo
09/05/2019
Director(Works)

Ministry of Micro, Small and Medium Enterprises
Office of Development Commissioner (MSME)

New Delhi,
The 23rd March, 2012

ORDER

Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012

Whereas, the Central Government Ministries, Departments and Public Sector Undertakings shall procure minimum of 20 per cent of their annual value of goods or services from Micro and Small Enterprises;

And whereas, the Public Procurement Policy shall apply to Micro and Small Enterprises registered with District Industries Centers or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation or Directorate of Handicrafts and Handloom or any other body specified by Ministry of Micro, Small and Medium Enterprises;

And whereas, the Public Procurement Policy rests upon core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods or services in accordance with a system which is fair, equitable, transparent, competitive and cost effective; and

And whereas, for facilitating promotion and development of micro and small enterprises, the Central Government or the State Government, as the case may be, by Order notify from time to time, preference policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or Departments, as the case may be, or its aided institutions and public sector enterprises.

Now, therefore, in exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Central Government, by Order, notifies the Public Procurement Policy (hereinafter referred to as the Policy) in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries, Departments and Public Sector Undertakings.

2. Short title and commencement -

- (1) This Order is titled as 'Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012'.
- (2) It shall come into force with effect from 1st April 2012.

3. Mandatory procurement from Micro Small and Enterprises. - (1)

Every Central Ministry or Department or Public Sector Undertaking shall set an annual goal of procurement from Micro and Small Enterprises from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum of 20 per cent, of total annual purchases of products produced and services rendered by Micro and Small Enterprises in a period of three years.

(2) Annual goal of procurement also include sub-contracts to Micro and Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by National Small Industries Corporation.

(3) After a period of three years i.e. from 1st April 2015, overall procurement goal of minimum of 20 per cent shall be made mandatory.

(4) The Central Ministries, Departments and Public Sector Undertakings which fail to meet the annual goal shall substantiate with reasons to the Review Committee headed by Secretary (Micro, Small and Medium Enterprises), constituted in Ministry of Micro, Small and Medium Enterprises, under this Policy.

4. **Special provisions for Micro and Small Enterprises owned by Scheduled Castes or Scheduled Tribes.** — Out of 20 per cent target of annual procurement from Micro and Small Enterprises, a sub-target of 20 per cent (i.e., 4 per cent out of 20 per cent) shall be earmarked for procurement from Micro and Small Enterprises owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs. Provided that, in event of failure of such Micro and Small Enterprises to participate in tender process or meet tender requirements and L1 price, 4 per cent sub-target for procurement earmarked for Micro and Small Enterprises owned by Scheduled Caste or Scheduled Tribe entrepreneurs shall be met from other Micro and Small Enterprises.

5. **Reporting of targets in Annual Report.** — (1) The data on Government procurements from Micro and Small Enterprises is vital for strengthening the Policy and for this purpose, every Central Ministry or Department or Public Sector Undertaking shall report goals set with respect to procurement to be met from Micro and Small Enterprises and achievement made thereto in their respective Annual Reports.

(2) The annual reporting shall facilitate in better understanding of support being provided by different Ministries or Departments or Public Sector Undertakings to Micro and Small Enterprises.

6. **Price quotation in tenders.** — (1) in tender, participating Micro and Small Enterprises quoting price within price band of L1+15 per cent shall also be 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 a Micro and Small Enterprise and such Micro and Small Enterprise shall be allowed to supply up to 20 per cent of total tendered value.

(2) In case of more than one such Micro and Small Enterprise, the supply shall be shared proportionately (to tendered quantity).

7. **Developing Micro and Small Enterprise vendors.** — The Central Ministries or Departments or Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes or Buyer-Seller Meets and entering into Rate Contract with Micro and Small Enterprises for a specified period in respect of periodic requirements.

8. **Annual Plan for Procurement from Micro and Small Enterprises on websites.** — The Ministries or Departments or Public Sector Undertakings shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.

9. **Enhancing participations of Micro and Small Enterprises including those owned by Scheduled Castes or Scheduled Tribes in Government procurements.** — For enhancing participation of Scheduled Castes or Scheduled Tribes in Government procurement, the Central Government Ministries, Departments and Public Sector Undertakings shall take following steps, namely:

- (a) Special Vendor Development Programmes or Buyer-Seller Meets shall be conducted by Departments/Public Sector Undertakings for Scheduled Castes or Scheduled Tribes;
- (b) Outreach programmes shall be conducted by National Small Industries Corporation to cover more and more Micro and Small Enterprises from Scheduled Castes or Scheduled Tribes under its schemes of consortia formation; and
- (c) National Small Industries Corporation shall open a special window for Scheduled Castes or Scheduled Tribes under its Single Point Registration Scheme (SPRS).

10. **Reduction in transaction cost.** — To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money, adopting e-procurement to bring in transparency in tendering.

process and setting up a Grievance Cell in the Ministry of Micro, Small and Medium Enterprises.

11. Reservation of specific items for procurement. — To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure 358 items (Appendix) from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. This will help in promotion and growth of Micro and Small Enterprises, including Khadi and village industries, which play a critical role in fostering inclusive growth in the country.

12. Review Committee. — (1) A Review Committee has been constituted under the Chairmanship of Secretary, Ministry of Micro, Small and Medium Enterprises, for monitoring and review of Public Procurement Policy for Micro and Small Enterprises vide Order No. 21(1)/2007-MA dated the 21st June 2010 (Annexure).

(2) This Committee shall, inter alia, review list of 358 items reserved for exclusive purchase from Micro and Small Enterprises on a continuous basis, consider requests of the Central Ministries or Departments or Public Sector Undertakings for exemption from 20 per cent target on a case to case basis and monitor achievements under the Policy.

13. Setting up of Grievance Cell. — In addition, a 'Grievance Cell' will be set up in Ministry of Micro, Small and Medium Enterprises for redressing grievances of Micro and Small Enterprises in Government procurement. This cell shall take up issues related to Government procurement raised by Micro and Small Enterprises with Departments or agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments or agencies that put Micro and Small Enterprises at a disadvantage.

14. Special Provisions for Defence Procurements. — Given their unique nature, defence armament imports shall not be included in computing 20 per cent

goal for Ministry of Defence. In addition, defence equipments like weapon systems, missiles, etc. shall remain out of purview of such Policy of reservation.

15. Monitoring of Goals. — The monitoring of goals set under the Policy shall be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

16. Removal of difficulty. — Any difficulties experienced during the course of implementation of the above Policy shall be clarified by Ministry of Micro, Small and Medium Enterprises through suitable Press releases which would be kept on the public domain.

(AMARENDRA SINHA)
Additional Secretary and Development Commissioner (MSME)



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No. DG/MAN/Misc./10

ISSUED BY AUTHORITY OF DIRECTOR GENERAL, CPWD

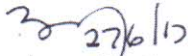
NIRMAN BHAVAN, NEW DELHI

DATED: 27.06.2017

Sub:- Exemption from payment of Earnest Money Deposit (EMD) & other relaxations to the firms registered with National Small Industries Corporation (NSIC) under Public Procurement Policy for Micro Small & Medium Enterprises (MSME) .

Various references have been received regarding relaxation of EMD and other benefits extended to firms registered with National Small Industries Corporation (NSIC) under Public Procurement Policy for Micro Small & Medium Enterprises (MSME). In this regard, it is stated that the firms registered in NSIC under PP Policy under MSME are exempted for goods and services produced and provided by MSMEs. It is also reiterated that said exemption cannot be extended to construction work as it cannot be treated as service rendered or supply of goods.

This issues with the approval of DG, CPWD.


27/6/17
Superintending Engineer (C&M)

Issued from file No. CSQ/CM/18(2)/MSME/2017

1. File No. CSQ/CM/16(1)/2017
2. All Spl. DGs, ADGs, CPWD, E-in-C, PWD, Delhi Govt. They are requested to endorse a copy of this O. M. to all CEs, SEs & EEs.


Executive Engineer (C)



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No. DG/MAN/Misc./12

ISSUED BY AUTHORITY OF DIRECTOR GENERAL, CPWD

NIRMAN BHAVAN, NEW DELHI

DATED: 25.07.2017

Sub:- Implementation of Public Procurement Policy for Micro & Small Enterprises notified vide MSMED Act 2006, Section 11.

Ministry of Micro, Small and Medium Enterprises has issued Order on 23.03.2012 on Public Procurement Policy for Micro & Small enterprises for providing certain benefits to MSEs registered with National Small Industries Corporation (NSIC).

For CPWD, wherever bids are invited for supply of goods and services which are included in the list of items reserved for purchase from MSEs, NIT approving authorities may make special provision for providing the benefits under the policy to such MSEs. These benefits are extended only for procurement of these good & services and not for works contracts.

[Handwritten Signature]
25/7/17

Superintending Engineer (C&M)

Issued from file No. CSQ/CM/18(2)/MSME/2017

1. Copy to CSQ/CM/16(1)/2017
2. All Spl. DGs, ADGs, CPWD, E-in-C, PWD, Delhi Govt. They are requested to endorse a copy of this O. M. to all CEs, SEs & EEs.

[Handwritten Signature]
25/7/17

Executive Engineer (C)