

भारत सरकार
सूक्ष्म, लघु एवं मध्यम उद्यम मंत्रालय
शाखा - एमएसएमई विकास संस्थान
मसाट उद्योगनगर, सिलवासा - ३९६२३०
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Ministry of Micro, Small & Medium Enterprises
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Date : 19th March, 2015

To,
The President,
Silvassa Industries Manufacturers Association,
Dadra & Nagar Haveli,
SILVASSA.

Sub: Organizing One day State Level Vendor Development Programme on Public Procurement Policy-reg.

Sir,

This institute intends to conduct One day State Level Vendor Development Programme on Public Procurement Policy on 23/03/2015 at Shradhha Foundation, ITI campus, Silvassa for Vendor Development of Micro, Small and Medium Enterprises.

Public sector undertaking like Balmer Lawrie and company, Dadra Nagar Haveli power Distribution Co. Ltd., BSNL, etc. will participate in the programme.

You are requested to kindly give wide publicity to Micro & Small enterprises to participate in the programme.

You are also requested to attend the programme.

Yours faithfully,

[K P Sharma]
Assistant Director I/c
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Public Procurement Policy for goods produced and services rendered by Micro and Small Enterprises (MSEs) be procured by Central Ministries/Departments/Public Sector Undertakings (PSUs)

The Cabinet has approved the Public Procurement Policy for goods produced and services rendered by Micro and Small Enterprises (MSEs) be procured by the Central Ministries/ Departments/Public Sector Undertakings (PSUs), to be notified under Section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The Policy will be applicable w.e.f.1.4.2012

The MSEs, including the khadi, village and coir industries, constitute an overwhelming majority of this sector, contributing significantly to the gross domestic product, manufacturing output and exports. In the overall production/value chains, however, MSEs are highly susceptible to volatile market conditions. To address this inherent problem, many countries in the advanced world have put in place public procurement policies to support MSEs and to ensure a fair share of market to such entities. Under the existing dispensation in India, the Government guidelines provide for support in marketing of MSE products through a variety of measures such as price preference, reservation of products for exclusive purchase from MSEs, issue of tender sets free of cost, exemption from payment of earnest money, etc. In practice, however, most of these facilities are not being provided to the MSEs by the Government Departments/ CPSUs, etc.

The main features of the Public Procurement Policy for MSEs are:

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- (i) Every Central Ministry/Department/PSU shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs from the latter in a period of three years.
 - (ii) Out of 20% target of annual procurement from MSEs, a sub-target of 4% (i.e., 20% out of 20%) will be earmarked for procurement from MSEs owned by SC/ST entrepreneurs. However, in the event of failure of such MSEs to participate in the tender process or meet the tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs.

- (iii) At the end of 3 years, the overall procurement goal of minimum 20% will be made mandatory. Non-conforming Departments will be required to provide reasons for the same to the Review Committee set up under the Policy.
- (iv) The participating MSEs in a tender quoting price within the band of L1+15% may also be allowed to supply a portion of the requirement by bringing down their price to the L1 price, in a situation where L1 price is from someone other than an MSE. Such MSEs may be allowed to supply up to 20% of the total tendered value. In case of more than one such MSE, the supply will be shared equally.
- (v) Every Central Government Ministry/Department/PSU will report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports.
- (vi) The Central Ministry/Department/Public Sector Undertaking will continue to procure 358 items from MSEs, which have been reserved for exclusive purchase from them.
- (vii) For enhancing the participation of SCs/STs in the Government procurement, the Central Government Ministry/Department/PSUs will take necessary steps including organizing special Vendor Development Programmes, Buyer-Seller Meets etc.
- (viii) Given their unique nature, defence armament imports will not be included in computing the 20% goal for M/o Defence. In addition, Defence Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation.
- (ix) A Committee has been constituted under the chairmanship of Secretary (MSME), inter alia, to review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis and for monitoring and review of the Public Procurement Policy for MSEs. In addition, a 'Grievance Cell' would be set up in the Ministry of MSME for redressing the grievances of MSEs in Government procurement.

The policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkages between MSEs and large enterprises.