

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण

(सड़क परिवहन और राजमार्ग मंत्रालय)

National Highways Authority of India

(Ministry of Road Transport and Highways)

जी-5 एवं 6, सेक्टर-10, द्वारका, नई दिल्ली-110075

3-5 & 6, Sector-10, Dwarka New Delhi-110075

दूरभाष / Phone : 91-11-25074 100/25074200
फैक्स / Fax : 91-11-25093507 / 25093514

NHAI/CMC/Misc./2014

Date: 18th March, 2014

CIRCULAR

Sub: Public Procurement Policy for Micro and Small Enterprise (MSEs) – Reg.

Secretary, Ministry of Micro, Small and Medium Enterprises, Govt. of India, New Delhi vide letter No.21(15) 2012-MA dated 9th January, 2014 (Copy enclosed) has requested for taking appropriate measures for effective implementation of the Public Procurement Policy for Micro and Small Enterprise policy and setting up a monitoring mechanism to review the same.

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under Micro, Small and Medium Enterprises Development Act, 2006 and it came into effect from 01.04.2012. The policy mandates that atleast of 20% of the total annual procurement of goods and services shall be made by all Central Ministries / Departments / Central Public Sector Undertakings (CPSUs) from the Micro and Small Enterprises (MSEs). Within this mandated percentage, a sub target of 4% (of total procurement) is to be made from MSEs owned by SC/ST Entrepreneurs.

Also, it has been informed that OM No.DPE/7(4)/2007-Fin dated 16.08.2013 of Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises has been issued for effective implementation of this policy. This OM communicates about the decision with respect to:

- (i) Award of appropriate weightage in MOU of CPSEs for the year 2014-15 for implementation of this policy.
- (ii) Publishing information regarding implementation of this policy by CPSEs in the Annual Public Enterprises Survey from 2012-13 onwards.

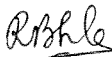
For effective implementation of the policy all PDs/ROs/NHAI-HQ officials are required to ensure compliance of guidelines of MSEs in procurement works as applicable.

Also PDs may ask the Concessionaire under their jurisdiction, to consider the procurements from MSME Entrepreneurs, if, the required specification/ supply schedule are met by these Entrepreneurs.

The monitoring of the above guidelines is also required to be ensured by concerned Regional Officers of field units of NHAI/CGM(T)s in HQ under their jurisdiction. A centralized report for compliance of various provisions of the Policy has to be sent by CMC Cell to the O/o DC-MSME, Ministry of MSME, 7th Floor, Nirman Bhawan, New Delhi being Nodal of Office of the policy, for which compliance report shall be made available by respective ROs for procurements at field units and CGM (T)s for procurements at NHAI, HQ to CMC Cell on quarterly basis.

Encl: As above

To
All PDs/ROs/ CGM(T)s / GM(T)s


(R. B. Sinha)
General Manager (CMC)

Copy also to:

PS to Chairman
PS to All Members

माधव लाल
सचिव
MADHAV LAL
Secretary



966
2014
Special 1887

1392/CUR/119
20/2/11

MSME

भारत सरकार
सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
उद्योग भवन, नई दिल्ली-110 011
GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
UDYOG BHAWAN, NEW DELHI-110 011
Tel.: +91-11-23082107 Fax: 23063045

No. 21(15)2012-MA

m.l. el spk' m d h
10/2/11
CA M (CMC)

Dated 9th January, 2014

Dear Sir,

You are aware that the Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006, and it came into effect from 1st April, 2012. The policy mandates that at least 20% of the total annual procurement of goods and services shall be made by all Central Ministries/ Departments/ Central Public Sector Undertakings (CPSUs) from the Micro and Small Enterprises (MSEs). Within this mandated percentage, a sub-target of 4% Procurement is to be made from MSEs owned by SC/ST entrepreneurs.

2. I would like to draw your attention to OM No. DPE/7(4)/2007-Fin dated 16.08.2013 of Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises on effective implementation of this policy (Copy enclosed). This OM communicates about decision with respect to:

- i) Award of appropriate weightage in MoU of CPSEs for the year 2014-15 for implementation of this Policy.
 - ii) Publishing information regarding implementation on this policy by CPSEs in the Annual Public Enterprises Survey from 2012-13 onwards.
3. You are requested to take appropriate measures for effective implementation of the policy and set up a monitoring mechanism to review the same.
4. You may please also ensure to send reports on various provisions of the Policy to O/o DC-MSME, Ministry of MSME, 7th Floor, Nirman Bhawan, New Delhi being nodal office of this policy.
5. Look forward to your cooperation in the effective implementation of the policy.

Yours sincerely,

Madhav Lal
(Madhav Lal)

Shri Ranjit Pal Singh
Chairman
National Highways Authority of India
A 5 & 6, Sector - 10, Dwarka,
New Delhi - 75

965

No. DPE/7(4)/2007-Fin.
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No. 14, CGO Complex,
Lodhi Road, New Delhi-110003

Dated 28th January, 2014

OFFICE MEMORANDUM

Subject:- Effective Implementation of Public Procurement Policy for Micro & Small Enterprises(MSEs) Order, 2012

The undersigned is directed to refer to DPE O.M of even no dated 6th December 2012, and O.M no dated 16th August 2013 on the above subject and to state as under :

- i) CPSEs are advised to provide details on the implementation of Public Procurement Policy for Micro, Small and Medium Enterprises (MSEs) Order, 2012 as required by Ministry of MSMEs under intimation to this Department by 15/02/2014
- ii) Reference is invited to MoU guidelines for year 2014-15 which provide that in case of non-compliance with MSEs order, issued vide D.O No. 21(1) /2011-M.A dated April, 2012, CPSEs will be penalized up to 1 mark at the time of annual evaluation of MoU.
- iii) In case any CPSE is not in position to achieve the target of 20% procurement from MSEs, it can approach the Committee constituted for monitoring and review of the public procurement policy for MSEs for seeking exemption (copy of Order constituting the Committee is enclosed)

2. This issues with approval of Secretary, PE

V.K. Jindal
(V. K. Jindal)
Director
Ph. 24362770

Encl. : As above

1. Chief Executives of All CPSEs

Copy to:

- 1) Ministry of Micro, Small & Medium Enterprises
- 2) NIC, DPE for uploading this OM on the DPE website.
- 3) Director (Survey), DPE
- 4) Director (MoU), DPE

964

No. 21(1)/2007-MA
Ministry of Micro, Small & Medium Enterprises

No. 21(1)/2007-MA
Government of India
Ministry of Micro, Small and Medium Enterprises
Office of the Development Commissioner (MSME)

'A' Wing, 7th Floor, Nirman Bhavan,
New Delhi-110108
Dated: 21st June, 2010

ORDER

Subject: Constitution of a Committee for monitoring and review of the Public Procurement Policy for Micro and Small Enterprises

Pending approval of the new Public Procurement Policy for Micro and Small Enterprises (MSEs), a Committee is hereby constituted for looking into the applicability of some of the provisions of the proposed policy in respect of select Central Ministries/Departments. The Committee will be chaired by the Secretary, Ministry of Micro, Small and Medium Enterprises.

2. The composition of the Committee will be as follows:

- | | | |
|------|--|--------------------|
| (i) | Secretary,
Ministry of MSME | : Chairman |
| (ii) | Secretary,
Planning Commission | : Member |
| (iv) | Secretary,
Department of Public Enterprises | : Member |
| (v) | Director General (Supplies & Disposals),
Department of Commerce,
Ministry of Commerce and Industry | : Member |
| (vi) | Additional Secretary &
Development Commissioner (MSME) | : Member Secretary |

3. The Committee will undertake the following functions:

- (i) Consider the requests of the Central Ministries/Departments/PSUs for exemption, on a case to case basis, from the 20% target;
- (ii) Review the list of 358 items reserved for exclusive purchase from the MSEs based on the feedback received from the Central Ministries/Departments/PSUs;
- (iii) Review the grievances received from MSEs regarding Government procurement, including imposition of unreasonable conditions in the tenders floated by the Government Departments/PSUs; and

No 21(1)/2007-MSME
Ministry of Micro, Small & Medium Enterprises
(iv) Suggest special measures to be taken by the Central
Ministries/Departments for enhancing their procurements from MSEs

4. The Committee may co-opt any other Ministries/Departments of the Central Government as well as State Governments or invite any other expert/person associated/concerned with the MSMEs in its meetings, as and when required.
5. The Office of the Development Commissioner (MSME) will provide secretariat support to this Committee.
6. This issues with the approval of the Competent Authority.

Sd/-
(Praveen Mahto)
Additional Economic Adviser
Ph: 23062230, Fax: 23061611

To,
All Members of the Committee

- Copy to:
1. Cabinet Secretariat (Shri V.P.Arora, Under Secretary), w.r.t. their O.M.No. 601/2/1/2009-Cab.III dated 24.02.2010
 2. PS to Minister (MSME)
 3. Sr. PPS to Secretary (MSME)

962

GOVERNMENT OF INDIA
Department of Public Enterprises
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Division
Block No. 14, CGO Complex,
Lodhi Road, New Delhi-110003
Dated the 19th August, 2013

OFFICE MEMORANDUM

Subject: Effective Implementation of Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012.

The undersigned is directed to refer to DPE G.M. of even number dated 6th December 2012 on the above subject.

2. In order to ensure effective implementation of the above policy, it has been decided to award appropriate weightage in MOU of CPSEs for the year 2014-15 for implementation of the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012.

3. It is also decided to publish information regarding implementation of this policy by CPSEs in the Annual Public Enterprises Survey from 2012-13 onwards. Therefore, all CPSEs are required to submit the information for inclusion in the Annual Public Enterprises Survey.

4. Administrative Ministries/Departments are requested to ensure that suitable directions are issued to all CPSEs under their administrative control for effective implementation of this policy and an appropriate monitoring mechanism is set up to review its implementation. A confirmation on the action taken in this regard may also be sent to this Department.

V.K. Jindal
(V.K. JINDAL)
DIRECTOR
Tel: 24362770
Fax: 24365842

To
All Secretaries of administrative Ministries/Departments.

Copy to:
Ministry of Micro, Small & Medium Enterprises (Kind Attention: Shri Madhav Lal, Secretary), Udyog Bhawan, New Delhi.

Copy, along with a copy of D.O. letter dated April 25, 2012 received from Secretary (MSME) with the request to take necessary action, to:

- 1. Joint Adviser, Survey Division -- Action on para 3 referred above.
- 2. Director, MOU Division -- Action on para 2 referred above.

961

SECRET

No. CPZ 19/2007-Fin.
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No. 18, CGO Complex
Lodhi Road, New Delhi-110003

Dated: 6th December 2012

OFFICE MEMORANDUM

**Subject:- Effective Implementation of Public Procurement Policy For
Micro & Small Enterprises(MSEs) Order, 2012**

The undersigned is directed to enclose herewith a copy of the D. O Letter No 21(1)/2011-M.A dated April, 2012 of the Ministry of Micro, Small & Medium Enterprises, on the above subject. All the Administrative Ministries / Departments are advised to direct all the CPSEs under their administrative control to take necessary steps for the implementation of the policy referred herein.

V. K. Jindal
(V. K. Jindal)
Director
Ph. 24362770

End: As above

1. All Secretaries of Administrative Ministries/Departments,

Copy to : Ministry of Micro, Small & Medium Enterprises (Kind Attention : Shri R. K. Mathur, Secretary) w.r. to D.O No. 21(1)/2011-M.A. dated 25th April, 2012

श्री. माथुर,
४६, भारत सरकार
R. K. MATHUR I.A.S.
Secretary to the Government of India



दूरदर्शन के माध्यम से सूचना
प्रसारण, नई दिल्ली-110 011
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
207/04 BHAVAN, NEW DELHI-110 011
Tel: +91-11-23062107 Fax: 23050046

MSMED/1(1)/2011 M.A.
April 25, 2012

Dear Shri. *Ranvir*,

In exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Government has notified a new Public Procurement Policy for Micro & Small Enterprises (MSEs) (copy enclosed) effective from 1st April, 2012. The Policy mandates that 20% of procurement of annual requirement of goods and services by all Central Ministries / Public Sector Undertakings will be from the micro and small enterprises. Government has also earmarked a sub target of 4% procurement of goods & services, out of the 20%, from MSEs owned by SC/ST Entrepreneurs. The policy has a time frame of three years beginning 2012-13 for implementation after which it will become mandatory. It is expected that 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.

2. In brief the Policy entails:

- i) With effect from 2012-13 every Central Ministries/Departments/PSUs 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, (i.e. from 2015-16) 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.

959

- (iv) The participating bidder in a tender, quoting price within the band of $\pm 1\%$ 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 eligible MSE, the supply will be shared equally.
- v) With effect from 2012-13, every Central Government Ministries/Departments/PSUs 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 Ministries/Departments/Public Sector Undertakings will continue to procure 358 items from MSEs, which have been reserved for exclusive purchase from them (Details at Appendix of the Policy).
- vii) For enhancing the participation of SCs/STs in the Government procurement, the Central Government Ministries/Departments/PSUs will take necessary steps including organizing special Vendor Development Programmes, Buyer-Seller Meets etc.
- (viii) 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.
- ix) A Grievance Cell would be set up in the Ministry of MSME for redressing the grievances of MSEs in Government procurement. In addition, a Review Committee under my Chairmanship shall periodically review implementation of this policy.

3. I would request you to kindly issue necessary instructions to your departments / statutory bodies / PSUs for taking necessary steps to implement this policy. In particular, following may be considered:

- (a) Preparation of an Annual Procurement Plan 2012-13 for purchases and uploading the same on official website, so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.

958

D.O. 21(1)/2011 M.A.
April 25, 2012

- (2) Appointment of a nodal officer not below the rank of Joint Secretary for implementation of the Policy and for redressing grievances.
4. I look forward to your help and cooperation for effective implementation of the policy.

[Handwritten signature]

Yours sincerely,

[Handwritten signature]

(R.K. Mathur)

Encl: As above

Shri O.P. Rawat,
Secretary,
Department of Public Enterprises,
Room No. 309, 3rd Floor,
CGO Complex, Block No.14,
Lodi Road,
New Delhi