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

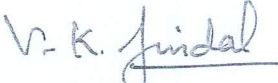
Public Enterprises Bhawan
Block No. 14, CGO Complex,
Lodhi Road, New Delhi-110003

Dated 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)
Director
Ph. 24362770

Encl: 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

श. कृ. माथुर, भा.प्र.से.

सचिव, भारत सरकार

R. K. MATHUR I.A.S.

Secretary to the Government of India



MSME
MICRO, SMALL & MEDIUM ENTERPRISES
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सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
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MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

UDYOG BHAWAN, NEW DELHI-110 011

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D.O. 21(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.

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