

Public Procurement Policy for MSE's Order 2012

MSME

Micro, Small & Medium Enterprises
सूक्ष्म, लघु और मध्यम उद्यम



सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
Ministry of Micro, Small & Medium Enterprises



Entrepreneurs!

Just take few simple steps to make an Enterprise of your dreams...

MSME / Udyam Registration

Process



Our Small Hands to Make you LARGE

History:

- This policy is applicable with effect from 01.04.2012 and become mandatory with effect from 01.04.2015.
- MSME: Micro, small and Medium Enterprises.
- The Ministry of MSME [earlier known as Ministry of Small Scale Industries and Agro & Rural Industries (SSI & ARI)] came into being from 1999.
- To provide focused attention to the development and promotion of the sector.
- यह नीति 01.04.2012 से प्रभावी है और 01.04.2015 से अनिवार्य हो गई है।
- MSME: सूक्ष्म, लघु और मध्यम उद्यम।
- MSME मंत्रालय [जो पहले "सूक्ष्म, लघु और मध्यम उद्योग तथा कृषि और ग्रामीण उद्योग (SSI & ARI)" के नाम से जाना जाता था] 1999 से अस्तित्व में आया।
- इस क्षेत्र के विकास और संवर्धन पर केंद्रित ध्यान देने के लिए।

Objectives of the policy:

- The **objective** of the Policy is to **promote** Micro and Small Enterprises (MSEs) by improving their market access and competitiveness through:
- Increased participation in Government purchase.
- Encouraging relationship (including product development) **between MSEs and Public Sector Undertaking (PSUs)**.
- **Increased share of supplies** of MSEs to Central Government Ministries/ Departments and CPSUs. ☐
- The long terms goal of the Ministry is to enhance **manufacturing base in the country** by improving performance of MSME through skill and entrepreneurship development.

- नीति का उद्देश्य सूक्ष्म और लघु उद्यमों (MSEs) को बढ़ावा देना है, उनके बाजार तक पहुंच और प्रतिस्पर्धात्मकता में सुधार करके, निम्नलिखित तरीकों से:
- सरकारी खरीद में बढ़ी हुई भागीदारी।
- MSEs और सार्वजनिक क्षेत्र उपक्रमों (PSUs) के बीच संबंधों (जिसमें उत्पाद विकास भी शामिल है) को बढ़ावा देना।
- केंद्रीय सरकारी मंत्रालयों/विभागों और CPSUs को MSEs की आपूर्ति में वृद्धि।
- मंत्रालय का दीर्घकालिक लक्ष्य MSME के प्रदर्शन को कौशल और उद्यमिता विकास के माध्यम से सुधारकर देश में विनिर्माण आधार को बढ़ाना है।

Functions:

- Facilitation and credit flow to MSMEs.
- Improving competitiveness of MSMEs.
- Improve manufacturing base through upgradation of technology.
- Promotion of MSMEs through cluster bases approach.
- Marketing support to MSMEs.
- Skill development and entrepreneurship development training.
- Creation of new Micro Enterprises through Prime Minister's Employment Generation Program (PMEGP).
- Growth and development of Khadi and Village Industries (KVI) sector.
- Growth and development of Coir Industry.

- MSMEs को सुविधा और क्रेडिट प्रवाह।
- MSMEs की प्रतिस्पर्धात्मकता में सुधार।
- प्रौद्योगिकी उन्नयन के माध्यम से विनिर्माण आधार में सुधार।
- क्लस्टर आधारित दृष्टिकोण के माध्यम से MSMEs का प्रचार।
- MSMEs को विपणन समर्थन।
- कौशल विकास और उद्यमिता विकास प्रशिक्षण। प्रधानमंत्री रोजगार सृजन कार्यक्रम (PMEGP) के माध्यम से नए सूक्ष्म उद्यमों का निर्माण।
- खादी और ग्राम उद्योग (KVI) क्षेत्र का विकास और वृद्धि।
- कोयरा उद्योग का विकास और वृद्धि।

- In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:
 - (1) Manufacturing Enterprises.
 - (2) Those engaged in providing / rendering service Enterprises.
- Both categories of enterprises have been further classified into micro, small and medium enterprises based on their investment in plant and machinery or on equipments.
- The present ceiling on investment to be classified as micro, small or medium enterprises is as under:

- सूक्ष्म, लघु और मध्यम उद्यम विकास (MSMED) अधिनियम, 2006 के प्रावधानों के अनुसार, सूक्ष्म, लघु और मध्यम उद्यमों (MSME) को दो श्रेणियों में वर्गीकृत किया गया है:
 - (1) उत्पादन उद्यम।
 - (2) सेवा प्रदान करने वाले उद्यम।
- इन दोनों श्रेणियों के उद्यमों को उनके संयंत्र और मशीनरी या उपकरणों में निवेश के आधार पर सूक्ष्म, लघु और मध्यम उद्यमों में और अधिक वर्गीकृत किया गया है।
- वर्तमान में सूक्ष्म, लघु या मध्यम उद्यम के रूप में वर्गीकृत होने के लिए निवेश पर निर्धारित सीमा इस प्रकार है:

Micro, Small and Medium Enterprises: Know the Differences



Classification		Investment on plants, Machinery & equipments	Turnover
Manufacturing Enterprises and Enterprises rendering Services	Micro	Upto Rs.2.5 crore	Upto Rs. 10 crore
	Small	Upto Rs.25 crore	Upto Rs. 100 crore
	Medium	Upto Rs.125 crore	Upto Rs. 500 crore

- The public procurement policy rest upon the core principles (सार, मूलभूत सिद्धान्त) of competitiveness (प्रतियोगितात्मकता) adhering (पालन करना) to sound procurement practice and execution of order for supply of goods or services in accordance with a system which is fair (न्याययुक्त), equitable (निष्पक्ष), transparent (पारदर्शी), competitive, cost effective (फ़ायदेमन्द, किफायती).
- The policy extending certain benefit/preferential treatment to MSEs.
- Making effort for development of appropriate vendors and enhancement of their participation in government procurement.

- सार्वजनिक खरीद नीति प्रतिस्पर्धात्मकता (competitiveness) के मूलभूत सिद्धांतों (core principles) पर आधारित है, जो उचित (sound) खरीद प्रक्रिया का पालन करती है और सामान या सेवाओं की आपूर्ति के लिए आदेशों का निष्पादन एक ऐसे प्रणाली के तहत करती है, जो न्याययुक्त (fair), निष्पक्ष (equitable), पारदर्शी (transparent), प्रतिस्पर्धात्मक, और किफायती (cost-effective) हो।
- यह नीति MSMEs को कुछ लाभ/प्राथमिकता उपचार (preferential treatment) प्रदान करती है।
- साथ ही, यह सरकारी खरीद में उपयुक्त विक्रेताओं के विकास और उनकी भागीदारी को बढ़ाने के लिए प्रयास करती है।

Who is eligible for availing the benefits under this policy:

- In order to avail themselves such benefit and preferential treatment to MSEs must registered (as mentioned in section 7(4) of Ministry of MSME's Notification No. S.02119(E) dated 26th June, 2020) with any other organisation under the Ministry of MSME shall register itself under **Udyam Registration** With effect from 01.07.2020. MSEs registered under Udyam Registration are eligible to avail the benefits under the Policy.



भारत सरकार
Government of India
सूक्ष्म, लघु एवं मध्यम उद्यम मंत्रालय
Ministry of Micro, Small and Medium Enterprises



UDYAM REGISTRATION CERTIFICATE



TYPE OF ENTERPRISE	MEDIUM		SERVICES																					
UDYAM REGISTRATION NUMBER	UDYAM-MH-19-000330																							
NAME OF ENTERPRISE	M/S PREMIER ROAD CARRIERS LIMITED																							
NAME OF UNITS	<table border="1"> <tr> <th>Sl.No.</th> <th>Unit/Shop Name</th> <th>Unit Name</th> </tr> <tr> <td>1</td> <td>MEETHEM12045</td> <td>Premier Road Carriers Limited</td> </tr> </table>				Sl.No.	Unit/Shop Name	Unit Name	1	MEETHEM12045	Premier Road Carriers Limited														
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1	MEETHEM12045	Premier Road Carriers Limited																						
OFFICIAL ADDRESS OF ENTERPRISE	<table border="1"> <tr> <td>Post/Post/Post No.</td> <td>D-Post</td> <td>Name of Premises/ Building</td> <td>Delivered To/From</td> </tr> <tr> <td>Village/Town</td> <td>Madam Pate</td> <td>Block</td> <td>PO</td> </tr> <tr> <td>Post/Post/Post No.</td> <td>Post From/To</td> <td>City</td> <td>Substation</td> </tr> <tr> <td>State</td> <td>MAHARASHTRA</td> <td>Market</td> <td>MUMBAI, Pin-400001</td> </tr> <tr> <td>Mobile</td> <td>98204205</td> <td>Mobile</td> <td>98204205@premierroadcarriers.com</td> </tr> </table>				Post/Post/Post No.	D-Post	Name of Premises/ Building	Delivered To/From	Village/Town	Madam Pate	Block	PO	Post/Post/Post No.	Post From/To	City	Substation	State	MAHARASHTRA	Market	MUMBAI, Pin-400001	Mobile	98204205	Mobile	98204205@premierroadcarriers.com
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Village/Town	Madam Pate	Block	PO																					
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State	MAHARASHTRA	Market	MUMBAI, Pin-400001																					
Mobile	98204205	Mobile	98204205@premierroadcarriers.com																					
DATE OF INCORPORATION / REGISTRATION OF ENTERPRISE	11/06/1968																							
DATE OF COMMENCEMENT OF PRODUCTION/BUSINESS	11/06/1968																							
NATIONAL INDUSTRY CLASSIFICATION CODE(S)	<table border="1"> <tr> <th>Sl.No.</th> <th>NIC 2 Digit</th> <th>NIC 4 Digit</th> <th>NIC 6 Digit</th> <th>Authority</th> </tr> <tr> <td>1</td> <td>40 - Land transport and transport via pipeline</td> <td>4021 - Freight transport by road</td> <td>40211 - Motorised road freight transport</td> <td>Haridwar</td> </tr> </table>				Sl.No.	NIC 2 Digit	NIC 4 Digit	NIC 6 Digit	Authority	1	40 - Land transport and transport via pipeline	4021 - Freight transport by road	40211 - Motorised road freight transport	Haridwar										
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DATE OF UDYAM REGISTRATION	27/08/2023																							

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Printed from: <https://udyamregistration.gov.in>

For any assistance, you may contact:

1. IIC
2. MSME-DI
MUMBAI CITY
MUMBAI

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with the
Ministry of
MSME

➤ In pursuance (अनुसरण)of the public procurement on MSME, it has been decided that :

- The tender sets will be provided free of cost to MSE to registered with the above agencies for the tendered item.
- MSE registered firm will be exempted from EMD.
- In tenders, participating MSEs quoting a price within price band of **L1+15%** shall be allowed to supply a portion of the requirement by bringing down their price to L1 price in a situation where L1 price from someone other than a MSEs can be order together **upto 25% of the total tender value.**
- **100% in case order quantity is not divisible.**
- In case of more than one such MSE, the supply shall be shared proportionately (to tendered quantity). Railway Board letter No. 2022/RS(G)/363/1 dated 21.09.2022.

- MSME पर सार्वजनिक खरीद के पालन में, यह निर्णय लिया गया है कि:
- निविदा सेटस MSEs को मुफ्त में प्रदान किए जाएंगे, जो उपरोक्त एजेंसियों के साथ पंजीकृत हैं और निविदा किए गए आइटम के लिए आवेदन कर रहे हैं।
- पंजीकृत MSE फर्मों को EMD (Earnest Money Deposit) से छूट दी जाएगी।
- निविदाओं में, जो MSEs L1+15% की कीमत के भीतर मूल्य उद्धृत करेंगे, उन्हें अपनी कीमत को L1 कीमत तक कम करके आवश्यकताओं का एक हिस्सा आपूर्ति करने की अनुमति दी जाएगी, यदि L1 मूल्य किसी अन्य MSE से न हो तो, यह आदेश कुल निविदा मूल्य का 25% तक हो सकता है।
- यदि आदेश की मात्रा विभाज्य नहीं है, तो 100% आपूर्ति की जाएगी।
- एक से अधिक ऐसे एमएसई के मामले में, आपूर्ति आनुपातिक रूप से (निविदा मात्रा के अनुसार) साझा की जाएगी। रेलवे बोर्ड का पत्र संख्या 2022/आरएस(जी)/363/1 दिनांक 21.09.2022

- **Note:** If the procuring entity negotiates with the non-MSE L1 bidder, the price band ($L1+15\%$) should be calculated based on the original L1 price, not the lower negotiated price, and such eligible MSE bidders shall be called to match the new negotiated L1 price as per procedure mentioned above for placement of 25% quantity.

- Every Department shall set an annual goal of procurement from MSE from the year 2012-13 and onwards. With the objective of achieving an overall procurement of minimum 20% of annual total purchase of product produced and service rendered by MSE in a period of three years.
- After 01.04.2015 overall procurement goal of minimum 25% shall be mandatory.
- Defense armament import will not be included in computing 25 % goal for M/o defense.
- **Out of this 25%, 4% owned by SC/ST Entrepreneurs & 3% Women Entrepreneur.**
- In the event of failure of such MSEs to participate in the tender process or meet tender requirement and L1 price 4% sub-target for procurement earmarked from MSEs owned by SC/ST entrepreneurs 3% earmarked to women Entrepreneur will also be met from other MSEs.

- प्रत्येक विभाग 2012-13 से शुरू होकर, MSEs से खरीदारी का वार्षिक लक्ष्य निर्धारित करेगा, जिसका उद्देश्य तीन वर्षों की अवधि में MSEs द्वारा उत्पादित उत्पादों और प्रदान की गई सेवाओं की कुल वार्षिक खरीद का न्यूनतम 20% प्राप्त करना है।
01.04.2015 के बाद, कुल खरीद लक्ष्य न्यूनतम 25% अनिवार्य होगा।
- रक्षा आयुध आयात को M/o रक्षा के लिए 25% लक्ष्य की गणना में शामिल नहीं किया जाएगा।
- इस 25% में से, 4% SC/ST उद्यमियों द्वारा स्वामित्व वाले और 3% महिला उद्यमियों द्वारा स्वामित्व वाले होंगे।
- यदि ऐसे MSEs निविदा प्रक्रिया में भाग लेने में विफल रहते हैं या निविदा आवश्यकताओं और L1 मूल्य को पूरा नहीं करते हैं, तो SC/ST उद्यमियों द्वारा स्वामित्व वाले MSEs के लिए 4% उप-लक्ष्य और महिला उद्यमियों के लिए 3% उप-लक्ष्य अन्य MSEs से पूरा किया जाएगा।

- Ministry or Department shall continue to **358 items** from MSE, which have been reserved for exclusive purchase from them.
- In order to extend benefit/preferential treatment to eligible MSEs, Suitable conditions may be include in bid documents as below (i) to (iii)
 - I. **The tender sets will be provided free of cost to MSME to registered with the above agencies for the item tendered.**
 - II. **MSME registered firms will be exempted from EMD.**
 - III. In tenders, participating MSEs quoting a price within price band of L1+15% shall be allowed to supply a portion of the requirement by bringing down their price to L1 price in a situation where L1 price from someone other than a MSEs can be order together upto 25% of the total tender value.
 - IV. In case of more than one such Micro and Small Enterprise, the supply shall be shared proportionately.

- मंत्रालय या विभाग उन 358 वस्तुओं की खरीद जारी रखेंगे, जो MSEs से विशेष रूप से खरीदी के लिए आरक्षित की गई हैं।
- योग्य MSEs को लाभ/प्राथमिकता उपचार प्रदान करने के लिए निविदा दस्तावेजों में निम्नलिखित शर्तें शामिल की जा सकती हैं:
 - (i) निविदा सेट्स MSEs को मुफ्त में प्रदान किए जाएंगे, जो उपरोक्त एजेंसियों के साथ पंजीकृत हैं और निविदा किए गए आइटम के लिए आवेदन कर रहे हैं।
 - (ii) MSE पंजीकृत फर्मों को EMD (Earnest Money Deposit) से छूट दी जाएगी।
 - (iii) निविदाओं में, जो MSEs $L1+15\%$ की कीमत के भीतर मूल्य उद्धृत करेंगे, उन्हें अपनी कीमत को $L1$ कीमत तक कम करके आवश्यकताओं का एक हिस्सा आपूर्ति करने की अनुमति दी जाएगी, यदि $L1$ मूल्य किसी अन्य MSE से न हो तो, यह आदेश कुल निविदा मूल्य का 25% तक हो सकता है।

- The MSE who are interested in availing themselves of these benefit will enclose with their the proof of being MSE registered with [Udyog Aadhaar Memorandum(UAM) valid till 31.03.2022 has been replaced by **Udyam Registration Certificate (URC)** w.e.f. 01.07.2020] any of the agencies notified.
- The MSEs must also indicate the terminal validity date of their registration.

Question:

- Tender Quantity: 10000 Nos.
- L1: @ Rs. 2000 per Nos.
- L2: @ Rs. 2100 per Nos. (MSE General)
- L3: @ Rs. 2200 per Nos. (MSE SC/ST)
- L4: @ Rs. 2250 per Nos. (MSE Women)
- L5: @ Rs. 2600 per Nos.

Question: Which firms are eligible to get order for how much quantity and at what rates under MSME policy.

Question:

- Quantity distribution:
- (1) If L2, L3, L4 all are agree to accept the counter offer.
- (2) If L2 is not agree to accept the counter offer.
- (3) If L3 is not agree to accept the counter offer.
- (4) If L4 is not agree to accept the counter offer.

Solution:

- (1) L1: 75%, L2: 18%, L3: 4%, L4: 3 % all are @ Rs. 2000 per Nos.
- (2) L1: 75%, L2: Nil, L3: 22%, L4: 3 % all are @ Rs. 2000 per Nos.
- (3) L1: 75%, L2: 22%, L3: Nil, L4: 3 % all are @ Rs. 2000 per Nos.
- (4) L1: 75%, L2: 21%, L3: 4%, L4: Nil all are @ Rs. 2000 per Nos.

Timely Payments:

- Chapter V of the MSMED Act, 2006, also has provisions for ensuring timely payments to the MSE suppliers.
- The period agreed upon for payment must not exceed **forty-five days** from the deemed acceptance of the materials.
- in case of any discrepancies in the supplies, then the Procuring Entity shall raise an objection to the MSME supplier **within 15 days** from the date of receipt of materials.
- For delays in payment, the buyer shall be liable to pay **compound interest to the supplier on the delayed amount at three times the bank rate** notified by the Reserve Bank.
- For arbitration and conciliation regarding the recovery of such payments and interests, the Micro and Small Enterprises Facilitation Council has been set up in various states.

Question:

Q1. In tenders, participating MSEs quoting a price within price band of $L1+15\%$ shall be allowed to supply a portion of the requirement in a situation where L1 price from someone other than a MSEs can be order together upto 25% of the total tender value.

- a. bringing down their price to $L1+10\%$ price.
- b. bringing down their price to L1 price.
- c. bringing down their price to $L1-10\%$ price.
- d. bringing down their price less than $L1+15\%$ price

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- d. bringing down their price less than $L1+15\%$ price.

Question:

Q2. How much of total government purchase is presently targeted for purchase from Micro and Small Enterprises:

- A. Minimum 15%
- B. Minimum 20%
- C. Minimum 25%
- D. Minimum 30%

Question:

Q2. How much of total government purchase is presently targeted for purchase from Micro and Small Enterprises:

- A. Minimum 15%
- B. Minimum 20%
- C. Minimum 25%
- D. Minimum 30%

Question:

Q3. Which of the following items is not reserved for procurement from MSEs (Group IV items)?

- A. Bolts & nuts
- B. Leather Bags
- C. Brake beam for coach
- D. Brooms

Question:

Q3. Which of the following items is not reserved for procurement from MSEs (Group IV items)?

- A. Bolts & nuts
- B. Leather Bags
- C. Brake beam for coach
- D. Brooms

Question:

Q4. How many items are reserved for procurement from MSEs?

- A. 328
- B. 358
- C. 378
- D. 398

Question:

Q4. How many items are reserved for procurement from MSEs?

A. 328

B. 358

C. 378

D. 398

Question:

Q5. In terms of MSME Development Act, an MSE vendor is entitled for ----- .

- A. Purchase preference for 15% of NPQ.
- B. Price preference for 15% of NPQ.
- C. Purchase preference for 25% of NPQ.
- D. Price preference for 25% of NPQ.

Question:

Q5. In terms of MSME Development Act, an MSE vendor is entitled for ----- .

- A. Purchase preference for 15% of NPQ.
- B. Price preference for 15% of NPQ.
- C. Purchase preference for 25% of NPQ.
- D. Price preference for 25% of NPQ.

Thank
you

