OFFICE CIRCULAR

Subject: Incorporating clause for exemption towards Tender fee and EMD and implementation of Govt. purchase and price preference policy for grant of benefit to MSEs-reg.

Provision of Rule 171 (i) of GFR, 2017 as amended by OM no. F.20/2/2014-PPD (Pt.) dated 25.07.2017 of Ministry of Finance, Department of Expenditure, Procurement Policy Division, letter no 22 (1) 2003/ EP&M dated 29.07.2003 and rule 153 (ii) of GFR, 2017 read with Order dated 23.12.2012 of Ministry of Micro, Small and Medium Enterprises [Office of Development Commissioner (MSME)] are required to be given due consideration for incorporation of the provisions under the same in all tender documents in the Head Office and field offices so that the need to tender advice on this matter on a case to case basis is obviated.

Therefore, suitable clause for exemption towards Tender fee and EMD and implementation of Govt. purchase and price preference policy for grant of benefit to MSEs/ start-ups as provisioning under GFR, 2017 etc. may be incorporated in all the tender documents being proposed for issue at Head Office and all field offices.

Copy of the relevant documents are enclosed for information and compliance.

This issues with the approval of the Competent Authority.

(A. K. Gupta)
Chief Accounts Officer

Encl.: As above.

To

1. Chief Engineer-I, II, III,
2. Chief Engineer-IV (Kochi Office)
3. Director, IWAI, Kolkata/ Patna/Guwahati.
5. All Directors, IWAI, Noida.  
6. All Assistant Secretary, IWAI, Noida.
7. All Dy. Director (Fin.), IWAI, Noida.
8. Sr. Accounts Officer/ All Jr. Accounts Officer, IWAI, Noida

Copy for information to: PPS/ Sr. PS/ PA to Chairperson, Vice-Chairman/ Project Director (JMVP), Member (Finance), Member (Technical), Secretary, IWAI.
SUB: GOVERNMENT STORES PURCHASE PROGRAMME-GRANT OF BENEFITS TO SMALL SCALE UNITS.

Sir,

Your attention is invited to the instructions issued by this office from time to time and the latest instructions issued on 2nd August 2001 on the subject cited above. Under the Government Stores Purchase Programme, Government of India has been extending various facilities as given below to the SSI units registered with NSIC under its Single Point Registration Scheme:

(i) Issue of Tender Sets free of cost.
(ii) Exemption from payment of Earnest Money.
(iii) Waiver of Security Deposit upto the Monetary Limit for which the unit is registered; and
(iv) Price Preference upto 15% over the quotation of large-scale units.

In addition to the above, 358 items are also reserved for exclusive purchase from SSI Sector.

2. The aforesaid provisions have been made because the financial resources of SSI unit are limited and it becomes difficult for them to participate in more than one tender at a time floated by any Government Department/PSU as this will block their limited capital for long.

3. Although the instructions have been reiterated by this Office from time to time to all the Ministries/Departments of Government of India, complaints are continuously being...
OFFICE MEMORANDUM


The reference of Department of Industrial Policy & Promotion (DIPP) to exempt Startups from submitting Earnest Money Deposit (EMD) has been considered and it has been decided to revise the Rule 170(i) of GFRs, 2017 regarding ‘Bid Security’ as under:

"Revised Rule 170(i): To safeguard against a bidder’s withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders except Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME) or are registered with the Central Purchase Organisation or the concerned Ministry or Department or Startups as recognised by Department of Industrial Policy & Promotion (DIPP). The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The amount of bid security should be determined accordingly by the Ministry or Department and indicated in the bidding documents. The bid security may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker’s Cheque or Bank Guarantee from any of the Commercial Banks or payment online in an acceptable form, safeguarding the purchaser’s interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period."

2. This OM is also available on our website http://doe.gov.in -> Notification -> Circular -> Procurement Policy OM.

3. Hindi version of this OM will follow.

(Vinayak T. Likhar)
Under Secretary to the Govt. of India
Tel.No.2462 1305.

To

All Secretaries & Financial Advisers of Ministries/Departments of the Government of India.
Ministry/Department will maintain such list which will also be displayed on their website.

(iv) The bidder shall not be debarred unless such bidder has been given a reasonable opportunity to represent against such debarment.

Rule 152  Enlistment of Indian Agents. As per the Compulsory Enlistment Scheme of the Department of Expenditure, Ministry of Finance, it is compulsory for Indian agents, who desire to quote directly on behalf of their foreign principals, to get themselves enlisted with the Central Purchase Organisation (e.g. DGS&D). However, such enlistment is not equivalent to registration of suppliers as mentioned under Rule 150.

Rule 153  Reserved Items and other Purchase/Price Preference Policy.

(i) The Central Government, through administrative instructions, has reserved all items of hand spun and hand-woven textiles (khadi goods) for exclusive purchase from Khadi Village Industries Commission (KVIC). It has also reserved all items of handloom textiles required by Central Government departments for exclusive purchase from KVIC and/or the notified handloom units of Association of Corporations and Apex Societies of Handlooms (ACASH).

(ii) Ministry of Micro, Small and Medium Enterprises (MSME) have notified procurement policy under section 11 of the Micro, Small and Medium Enterprises Development Act, 2006.

(iii) The Central Government may, by notification, provide for mandatory procurement of any goods or services from any category of bidders, or provide for preference to bidders on the grounds of promotion of locally manufactured goods or locally provided services.

Rule 154  Purchase of goods without quotation

Purchase of goods upto the value of Rs. 25,000 (Rupees twenty five thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.

"I, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

Rule 155  Purchase of goods by Purchase Committee. Purchase of goods costing above Rs. 25,000 (Rupees twenty five thousand only) and upto Rs. 2,50,000/- (Rupees two lakh and fifty thousand only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

"Certified that we, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question, and it is not debarred by Department of Commerce or Ministry/Department concerned."

Rule 156  Purchase of goods directly under Rate Contract. In case a Ministry or Department directly procures Central Purchase Organisation (e.g. DGS&D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the Rate Contract. The Ministry or Department shall make its own arrangement for inspection and testing of such goods where ever required.

Rule 156  (2) The Central Purchase Organisation (e.g. DGS&D) should host the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the web site for use by the procuring Ministry or Department.

Rule 157  A demand for goods should not be divided...