



**CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)**



No.CWC/ Pur./S&P/MSME/2015-16 / 1037

Dated : 08.01.2016

To,

The Regional Manager
Central Warehousing Corporation,
Regional Office,
.....

Executive Engineer,
Central Warehousing Corporation,
Construction Cell,
.....

Subject: Issue of "Guidelines for Implementation of Purchase and Price Preference Policy of the Government of India for small manufacturing units registered with National Small Scale Industries Corporation Ltd. (NSIC)" – reg.

Sir,

A new Public Procurement Policy for Micro and Small Enterprises (MSE) effective from 1.4.2012 was notified by Ministry of MSME through Gazette Notification No.503 of 26.3.2012, copy of which is enclosed for ready reference and for compliance of the guidelines issued by the Ministry of MSME. However, in brief the Policy entails:-

- (i) Every Central Ministry/Department/PSU is required to set an annual goal for procurement from the MSE sector at the end of the year with effect from 2012-13 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 .
- (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) To achieve overall procurement goal of minimum 20% by the end of 2015-16 is mandatory. Non-conforming Departments will be required to provide reasons for the same to the Review Committee set up under the Policy.

Contd. P/2

- (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 eligible MSE, the supply shall be shared proportionally (to tendered amount) .
- (v) Every Central Government Ministries / Departments / PSUs is required with effect from 2012-13 to 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 the Government procurement. In addition, a Review Committee under Chairmanship of Secretary to the Govt. of India, Ministry of Micro, Small & Medium Enterprises, Udyog Bhavan, New Delhi shall periodically review implementation of this policy.

In view of above, the following orders towards Purchase Preference Policy of CWC for the purchase of goods and related services are issued with the approval of Competent Authority :

- (a) Purchase Preference Policy pertains to procurement of goods & services from firms registered with any of National Small Industries Corporation, Khadi and Village Industries Commission, District Industries Centre, Khadi and Village Industries Board or Coir Board or Directorate of Handicrafts and Handloom or any other body specified by Ministry of Micro, Small and Medium Enterprises.)

- (b) An annual goal to be achieved for internal procurement (this will include Admn. and IT Departments) has to be set up each year, earmarking minimum 20% procurement from MSE sector. A further 20% within this 20% will be reserved for MSE firms owned by SC/ST entrepreneur.
- (c) 358 listed items are to be procured from such registered firms only (list enclosed at Annexure-I).
- (d) All supply tenders for goods & related services floated by CWC will have a provision for Purchase Preference for MSE firms.
- (e) No cost of tender or Earnest Money will be charged from such registered firms.
- (f) Any of the above mentioned registered firms quoting rates within + 15% of the L1 offer may be offered upto 20% of the tendered quantity provided that they are willing to match the price of L1. In case of more than one MSE tenderer falling within this purview, the total quantity of 20% may be split amongst them proportionately. They should also meet qualification criteria specified in the tender documents. All supply tenders should have an enabling clause for splitting the quantities to this extent.
- (g) E-procurement portal of CWC (at present portal of CWC is www.tenderwizard.com) will be improved to incorporate the above stipulations.
- (h) "Performance Security is to be obtained from the successful bidder irrespective of its registration status etc." as per terms and conditions of the Tender.
- (i) In Annual report of the Corporation, the details shall be given for the goals set for procurement from MSEs and achievement made.

The following amendments in tender documents may also be given effect immediately in respect to MSEs firms :

Sl.No.	Item	Provision for MSEs firms
1.	Issue of tender free of cost	Yes
2.	Exemption from EMD	Yes
3.	Waiver of S.D.	No exemption
4.	Price preference upto 15% of L1	Upto 20% quantity of supply may be offered to MSEs if they are ready to match the L1 price.
5.	Relaxation in eligibility	No relaxation in eligibility.

Exemption Certificate and Competence relating to productivity schemes may be sought for the MSE Firms who submit Tenders in response to NIT.

Apart from amendment as suggested above, standard clause wherever necessary in line with the guidelines explained under this letter may also be incorporated in NIT and the Tender documents.

In addition to above, all RMs and EEs are required to furnish the information under the enclosed proforma in respect of purchase and related services to the Purchase Division on month to month basis to enable the Purchase Division to submit report to the Ministry of MSE, Small and Medium Enterprises, Govt. of India and also Ministry of CAFPD/Department of Food, Govt. of India.

This should supersede all earlier instructions and guidelines issued, if any, on the subject matter.

Encl: As above.

Yours faithfully,



(KUSHAL SORENG)
GENERAL MANAGER (PURCHASE)

Copy to:

- GM(F&A)/GM(Systems)/GM(Per.)/GM(Comm.)/Dy.GM(Tech)/SE(Engg.), CWC, CO, New Delhi- for kind information and necessary action please.
- PPS to MD/Manager to D(P)/ AM to D(F)/PS to CVO – for kind information please.