

**No.DPE/7(4)/2017-Fin.**  
**Government of India**  
**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**

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

**Dated 8<sup>th</sup> November, 2016**

**OFFICE MEMORANDUM**

**Subject: - Relaxation of Norms for Startups Medium Enterprises in Public Procurement Regarding Prior Experience-Prior Turnover criteria-reg.**

The undersigned is directed to enclose herewith a copy of the O.M No F.20/2/2014-PPD(pt.) dated 20<sup>th</sup> September, 2016 along with a copy of OM bearing the same number dated 25<sup>th</sup> July, 2016 (with enclosure) on the above subject issued by Ministry of Finance, Department of Expenditure (Procurement Policy Division). All Ministries/Departments concerned are advised to direct their CPSEs to follow the directions mentioned therein for implementation.

2. This issues with the approval of Secretary, DPE.

*Kalyani Mishra*

(Kalyani Mishra)  
Director  
Tel.24362061

Encl: As above

1. All Secretaries of Administrative Ministries/Departments
2. All CMD of CPSEs
3. Ministry of Finance, Department of Expenditure w.r.t. Letter No. F.20/2/2014-PPD (Pt.) dated 20<sup>th</sup> September,2016
4. Sr. Director NIC with a request to up load in-office website of DPE



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No.F.20/2/2014-PPD(Pt.)  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi  
Dated the 20<sup>th</sup> September, 2016

**OFFICE MEMORANDUM**

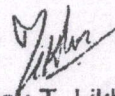
Subject: Relaxation of Norms for Startups Medium Enterprises in Public Procurement regarding Prior Experience - Prior Turnover criteria.

The undersigned is directed to refer to this Department O.M. of even number dated 25<sup>th</sup> July, 2016, wherein it was clarified that all Central Ministries/ Departments may relax condition of prior turnover and prior experience in public procurement to all Start-ups [whether Micro & Small Enterprises (MSEs) or otherwise] subject to meeting of quality and technical specifications in accordance with the relevant provisions of GFR, 2005.

2. A doubt has arisen if it makes optional for Central Ministries/ Departments to relax condition of prior experience and prior turnover in public procurement to Startups. In this regard, it is again clarified that normally for all public procurement, the Central Ministries/ Departments have to ensure that criteria of prior turnover and prior experience for all Startups is relaxed subject to their meeting of quality and technical specifications.

3. However, there may be circumstances (like procurement of items related to public safety, health, critical security operations and equipments, etc.) where procuring entities may prefer the vendors to have prior experience rather than giving orders to new entities. For such procurements, wherever adequate justification exists, the procuring entities may not relax the criteria of prior experience/ turnover for the Startups.

4. This issues with the approval of Finance Secretary.

  
( Vinayak T. Likhar )  
Under Secretary (PPD)  
Tel/Fax – 24621305  
E-mail – [vinayak.likhar@nic.in](mailto:vinayak.likhar@nic.in)

To

The Secretaries of all Central Government Ministries/ Departments.

Copy to: -

- (i) Financial Advisors of all Central Government Ministries/ Departments.
- (ii) The Secretary, Department of Public Enterprises, Room No.305, Block No.14, CGO Complex, New Delhi-110 003 with a request to issue appropriate instructions to Central Public Sector Undertakings (CPSUs) to implement #5 of "Action Plan for Startup India".



No.F.20/2/2014-PPD(Pt.)  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi  
Dated the 25<sup>th</sup> July, 2016

**OFFICE MEMORANDUM**

**Subject:- Relaxation of Norms for Startups Medium Enterprises in Public Procurement regarding Prior Experience - Prior Turnover criteria.**

The Government of India has announced 'Startup India' initiative for creating a conducive ecosystem for the growth of Startups in India. The Startups are defined in **Annexure-A** of the "Action Plan for Startups India". The same is available on the website of Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry.

2. Ministry of Micro, Small & Medium Enterprises (MSMEs) vide Policy Circular No. 1(2)(1)/2016-MA dated 10<sup>th</sup> March, 2016 has clarified that all Central Ministries / Departments / Central Public Sector Undertakings (CPSUs) may relax condition of prior turnover and prior experience with respect of Micro & Small Enterprises (MSEs) in all public procurements subject to meeting of quality and technical specifications.

3. As per Rule 160(i)(a) of GFR, 2005, there is already a provision that the bidding document should contain criteria for eligibility and qualification to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc. In view of above, it is further clarified that all Central Ministries / Departments may relax condition of prior turnover and prior experience in public procurement to all Startups (whether MSEs or otherwise) subject to meeting of quality and technical specifications in accordance with the relevant provisions of GFR, 2005.



(Vinayak T. Likhari)  
Under Secretary to the Govt. of India  
Tel/Fax – 24621305  
E-mail – [vinayak.likhar@nic.in](mailto:vinayak.likhar@nic.in)

To

The Secretaries of all Central Government Ministries/ Departments.

Copy to: -

Financial Advisors of all Central Government Ministries/ Departments.



विकास आयुक्त का कार्यालय  
(सूक्ष्म, लघु और मध्यम उद्यम)  
सूक्ष्म लघु और मध्यम उद्यम मंत्रालय  
(भारत सरकार)

निर्माण भवन, सातवीं मंजिल, मौलाना आजाद रोड,  
नई दिल्ली-110 108



OFFICE OF THE DEVELOPMENT COMMISSIONER  
(MICRO, SMALL & MEDIUM ENTERPRISES)  
MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES  
GOVERNMENT OF INDIA

Nirman Bhawan, 7<sup>th</sup> Floor, Maulana Azad Road,  
New Delhi - 110 108

Ph.EPABX - 23063800, 23063802, 23063803 FAX - (91-11) 23062315, 23061726, 23061068. e-mail - dcmsmeHQ@nb.nic.in

F. No. 1(2)(1)/2014-MA Part

Dated the 10<sup>th</sup> March, 2016

### OFFICE MEMORENDUM

Please find enclosed a Policy Circular of even no dated 10<sup>th</sup> March, 2016 relating to Relaxation of Norms for Startups and Micro & Small Enterprises in Public Procurement on Prior Experience – Prior Turnover criteria.

Publication Division is requested to take up the matter with Public Information Bureau to place this Policy Circular on the public domain.

Encl : As above.

Yours faithfully,

( U. C. Shukla )  
Director(MA)  
Tele: 23063363

1. Shri Harish Anand, Director (Pub), O/o DC(MSME)
2. Shri S V Sharma, Director (SENET) with a request to up load in – office website.
3. Information Officer, PIB, Room No 704A Shastri Bhawan, New Delhi.



Government of India  
Ministry of Micro, Small & Medium Enterprises  
O/o the Development Commissioner (MSME)  
Nirman Bhavan, A-Wing, 7<sup>th</sup> Floor  
Maulana Azad Road,  
New Delhi-110108  
Tel. 011-23061091  
Fax No.011-23060536

Policy Circular No. 1(2)(1)/2016-MA

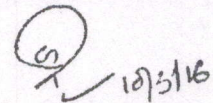
Dt. 10<sup>th</sup> March 2016

To

All Central Ministries/Departments/CPSUs/All Concerned

**Subject: Relaxation of Norms for Startups and Micro & Small Enterprises in Public Procurement on Prior Experience – Prior Turnover criteria.**

- (1) The Government of India has notified Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012 with effect from 1<sup>st</sup> April, 2012 and 20% procurement from Micro & Small Enterprises of the total procurement by Central Ministries/Departments/CPSUs has become mandatory with effect from 1<sup>st</sup> April, 2015.
- (2) The Government of India has announced 'Startup India' initiative for creating a conducive environment for Startups in India.
- (3) The Startups are normally Micro and Small Enterprises which may not have a track record. These will have technical capability to deliver the goods and services as per prescribed technical & quality specifications, and may not be able to meet the qualification criterion relating to prior experience-prior turnover.
- (4) In exercise of Para 16 of Public Procurement Policy for Micro and Small Enterprises Order 2012, it is clarified that all Central Ministries/Departments/ Central Public Sector Undertakings may relax condition of prior turnover and prior experience with respect to Micro and Small Enterprises in all public procurements subject to meeting of quality and technical specifications.
- (5) This issues with the approval of Union Minister of Micro, Small and Medium Enterprises.



(Surendra Nath Tripathi)  
Additional Secretary & Development Commissioner-MSME  
Ministry of Micro, Small & Medium Enterprises.