

Government of India
Ministry of Micro, Small & Medium Enterprises
Office of the Development Commissioner (MSME)
EP&M Division

F.No. 22(1)/2003/EP&M

29.7.2003

The Secretary
All Ministries /Deptt. of Govt. of India

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 at the unit is registered: and
- (iv) Price Preference upto 15% over the quotation of large-scale units

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

2. The aforesaid provisions have been made because the financial resources of SSI units 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 received from SSI units/Industry Associations that some of the Government Departments/Public Sector Undertakings etc. do not extend these facilities to them.

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4. It has also been brought to the notice of this Ministry that some of the Government Departments/Public Sector Undertakings impose mandatory eligibility clauses providing for a minimum turnover limit and amount of purchase orders executed earlier, to the tune of crores in the tenders for procurement of material floated by them.

5. You will kindly agree that issues of concern to a buyer are the quality and price of the product. Turnover is immaterial and putting an eligibility condition of minimum turnover with a threshold of crores of rupees in the tenders discriminate against SSI industries. Hence, the mandatory eligibility clause of minimum turnover should not be imposed for SSI units in the tenders for the procurement of the materials.

6. In view of the above, your cooperation is strongly solicited in extending the marketing support to SSI units in the emerging competitive environment. You are, therefore, requested kindly to impress upon the Purchasing departments/ Agencies working under your control to ensure that the SSI units registered with NSIC are extended the aforesaid facilities and issue further necessary instructions to all concerned departments for strict compliance.

7. Information about action taken in this regard may kindly be communicated to this Office.

Yours faithfully,
Sd/-

(AMIR SUBHANI)
JT.DEVELOPMENT COMMISSIONER(SSI)

Copy for similar action & compliance:

1. Chief Secretaries, All State Governments/Union Territories.
2. Secretary Industries, State Govts/Union Territories
3. Chairman & Managing Director, NSIC, New Delhi
4. DG, DGS&D, New Delhi
5. Deptt. Of Public Enterprises, CGO Complex, Lodhi Road, New Delhi

Copy for information :

1. All Director, SISIs
2. All Directors in DC(SSI), New Delhi.