The General Manager, All Indian Railways/PUs, NF(C), CORE
The DG/RDSO/Lucknow & NAIR/Vadodara.
CAOs, DMW/Patiala, WPO/Patna, COFMOW/NDLS
MD/All Railway PSUs, KRCL, MRVC

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

Ref: Board’s letter no. 2010/RS(G)/363/1 dated 04.07.2017.

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Please find enclosed two circulars, one each from Ministry of Micro, Small & Medium Enterprises and Ministry of Finance (Deptt. of Expenditure) regarding relaxation of norms for Startups and Micro & Small Enterprises in Public Procurement on Prior Experience – Prior Turnover criteria.

It has been brought to notice that many of these norms are not being followed at lower levels of procurement. Accordingly, it is requested that these norms may be given wide publicity and their compliance may be ensured.

DA : As above

(Anshu Malik)
Jt. Director Rly. Stores(G)
Railway Board

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1. PFAs, All Indian Railways & Production Units.
2. The PCMMs, PCEs, CMEs, CEEs, CSTEs, All Indian Railways & PUs, RCF/RBL/NDLS, COFMOW, CORE, WPO and RWP/Bela
3. The Directors-
   a) Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad.
   c) Indian Railway Institute of Elect. Engg., Nasik.
   d) Indian Railway Institute of Civil Engg., Pune.
   e) Indian Railway Institute of Traffic Management, Lucknow
4. Sr.Prof. (Materials Management), NAIR, Vadodara.
5. MD, CRIS, Chanakya Puri, New Delhi.
6. MD, RITES, RITES Bhawan, Sector -29, Gurugram
7. Director, Iron & Steel, 3, Kolia Ghat Street, Kolkata.
8. Executive Director (Stores), RDSO, Manak Nagar, Lucknow.
Copy to:- PSOs/Sr. PPSs / PPS / PS to
1. MR, MoS(S), MoS(G), ED/Co-ordination/MoS(G)
2. CRB, FC, ME, MTR, MRS, MS, MT, SECY., DG(RS), DG(S&T), DG(Personnel), 
   DG (RHS), DG (RPF)
3. All AMs and PEDs & All Executive Directors of Railway Board.
Government of India  
Ministry of Micro, Small & Medium Enterprises
O/o the Development Commissioner (MSME)  
Nirman Bhavan, A-Wing, 7th Floor  
Maulana Azad Road,  
New Delhi-110108  
Tel. 011-23061091  
Fax No.011-23060536

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

Dt. 10th 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 1st April, 2012 and 20% procurement from Micro & Small Enterprises of the total procurement by Central Ministries/Departments/CPSUs has become mandatory with effect from 1st 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.
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 25th 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

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(Pl.)
Ministry of Finance
Department of Expenditure
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi
Dated the 20th September, 2016