



MANUAL FOR PROCUREMENT OF GOODS 2017



Government of India
Ministry of Finance
Department of Expenditure



- be applicable to purchase of medicines by State Governments under Health Programmes funded by Government of India such as the National Rural Health Mission etc.
- d) The pricing of the products would be done by National Pharmaceutical Pricing Authority (NPPA) using the cost based formula, as mentioned in the Drugs Price Control Order, 1995. A uniform discount of 16% (Sixteen percent) would be extended to all products. All the taxes, whatsoever, would have to be passed on to buyers.
 - e) Annual revision of prices would be linked to Wholesale Price Index as per provisions contained in Drugs Prices Control Order, 2013.
 - f) The Procuring Entity would purchase from pharma CPSEs and their subsidiaries subject to their meeting Good Manufacturing Practices (GMP) norms as per Schedule 'M' of the Drugs & Cosmetic Rules.
 - g) In case pharma CPSEs and their subsidiaries fail to supply the medicines, the Procuring Entity would be at liberty to make purchases from other manufacturers. If the pharma CPSEs or their subsidiaries fail to perform as per the purchase order, they would also be subject to payment of liquidated damages or any other penalty as per the terms of the contract.
 - h) The list of medicines (please refer to Annexure 27) may be reviewed and revised by the Department of Pharmaceuticals as per requirement.

1.10.3 **Reservation of specific items for procurement from Micro and Small Enterprises (MSE)**

To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure items reserved for procurement exclusively from MSE, presently 358 (three hundred and fifty-eight) items including eight items of Handicrafts, from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. The latest list may be seen from the website of the MSME Ministry⁵. Ministry of MSME has clarified that the laminated paper Gr.I,II and III are not covered under the paper conversion product (SI.No.202) of the Public Procurement Policy. For locating the sources of such reserved items, NSIC may be contacted.

1.10.4 **Public Procurement Policy for Micro and Small Enterprises (MSEs)**

- i) From time to time, the Government of India lays down procurement policies to help inclusive national economic growth by providing long-term support to small and medium enterprises and disadvantaged sections of society and to address environmental concerns. The Procurement Policy for Micro and Small Enterprises, 2012 has been notified by the Government in exercise of the powers conferred in Section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Details of the policy are available on the MSME website⁶.
- ii) Micro and Small Enterprises (MSE) must, along with their offer, provide proof of their being registered as MSE (indicating the terminal validity date of their registration) for the

⁵<http://www.dcmsme.gov.in/schemes/Listof358itemsReserved.pdf>

⁶<http://dcmsme.gov.in/pppm.htm>



- item tendered, with any agency mentioned in the notification of the Ministry of Micro, Small and Medium Enterprises (Ministry of MSME), indicated below:
- a) District Industries Centres;
 - b) Khadi and Village Industries Commission;
 - c) Khadi and Village Industries Board;
 - d) Coir Board;
 - e) National Small Industries Corporation;
 - f) Directorate of Handicraft and Handloom; and
 - g) Any other body specified by the Ministry of MSME.
- iii) For ease of registration of Micro and Small Enterprises (MSMEs), Ministry of MSE has started Udyog Aadhar Memorandum which is an online registration system (free of cost) w.e.f. 18th September, 2015 and all Micro & Small Enterprises (MSEs) who are having Udyog Aadhar Memorandum should also be provided all the benefits available for MSEs under the Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012.
- iv) The MSEs are provided tender documents free of cost and are exempted from payment of earnest money, Subject to furnishing of relevant valid certificate for claiming exemption.
- v) Chapter V of the MSMED Act, 2006 also has provision for ensuring timely payments to the MSE suppliers. The period agreed upon for payment must not exceed forty-five days after the supplies. For delays in payment the buyer shall be liable to pay compound interest to the supplier on the delayed amount at three times of the bank rate notified by the Reserve Bank. For arbitration and conciliation regarding recovery of such payments and interests, Micro and Small Enterprises Facilitation Council has been setup in states.
- vi) In tender, participating Micro and Small Enterprises (MSE) quoting price within price band of L1+15 (fifteen) per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a MSE and such MSE shall be allowed to supply up to 20 (twenty) per cent of total tendered value. The 20 (twenty) per cent quantity is to be distributed proportionately among these bidders, in case there are more than one MSMEs within such price band.
- vii) Within this 20% (Twenty Percent) quantity, a purchase preference of four per cent (that is, 20 (twenty) per cent out of 20 (twenty) per cent) is reserved for MSEs owned by Scheduled Caste (SC)/Scheduled Tribe (ST) entrepreneurs (if they participate in the tender process and match the L1 price). Provided that, in event of failure of such SC/ST MSE to participate in tender process or meet tender requirements and L1 price, four per cent sub-target shall be met from other MSE. MSEs would be treated as owned by SC/ST entrepreneurs:
- a) In case of proprietary MSE, proprietor(s) shall be SC /ST
 - b) In case of partnership MSE, the SC/ST partners shall be holding at least 51% (fifty-one percent) shares in the unit
 - c) In case of Private Limited Companies, at least 51% (fifty-one percent) share shall be held by SC/ST promoters.