



Public Procurement Policy Order for MSEs, 2012

Indian SMEs[MSME Sector] - An Overview

- In India, the nomenclature used for small businesses is **Micro, Small and Medium Enterprises (MSMEs)**
- A separate category called **Micro** – for enterprises operating at a very small level
- **MSMEs contribute to –**
 - **29% of GDP**
 - **36% of Manufacturing Output**
 - **Second largest employment after Agriculture**
 - **45% of Exports**
- **Over 6 Crore registered MSMEs as on date**

Sources - National Statistical Office (NSO)

Directorate General of Commercial Intelligence & Statistics (DGCIS)

MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

- Act to facilitate the promotion and development of MSMEs
- Came into force w.e.f. 2nd October, 2006.
- The Act, *inter alia*, provides the first ever-legal framework for recognition of the concept of “enterprises” (comprising both manufacturing & services).
- Udyam Registration Portal - Online portal for registering MSMEs - www.udyamregistration.gov.in

Definition of MSMEs (01.07.2020 onwards)

Composite Criterion of Investment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing & Services	Investment not exceeding Rs 1 crore	Investment not exceeding Rs 10 crore	Investment not exceeding Rs 50 crore
	Turnover not exceeding Rs 5 crore	Turnover not exceeding Rs 50 crore	Turnover not exceeding Rs 250 crore

Budget Announcements 2025-26 for MSMEs

Revision in Classification Criteria for MSME

Investment and turnover limits for MSME classification will be raised by 2.5 and 2 times, respectively

Second Engine of Growth

Category	Investment Not exceeding (₹ in Crore)	Investment Not exceeding (₹ in Crore)	Turnover Not exceeding (₹ in Crore)	Turnover Not exceeding (₹ in Crore)
Micro	1	2.5	5	10
Small	10	25	50	100
Medium	50	125	250	500

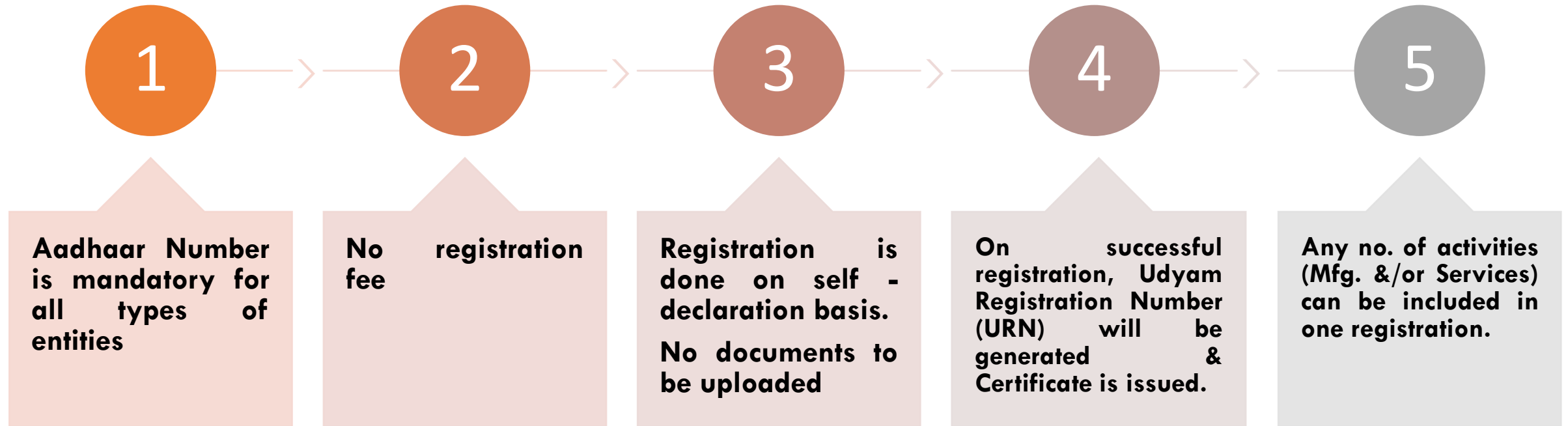
Benefits

Promote Investment

Incentivize & Scale

Enhanced Coverage

Udyam Registration



- This certificate has a dynamic QR Code from which the web page on Portal and details about the enterprise can be accessed.
- No need for renewal of Registration
- Udyam registration is linked with PAN & GSTN databases

Public Procurement Policy for MSEs Order, 2012

- Notified under section 11 of MSMED Act, 2006
- Implemented from April, 2012
- Made mandatory w.e.f. 1st April, 2015
- **25% annual procurement by all Central Ministries / Departments / Central Public Sector Enterprises (CPSEs) – to be sourced from MSEs**
- **Within the overall threshold of 25%, there are sub-thresholds for procurement from MSEs owned by –**
 - **SC/ST – 4%**
 - **Women – 3%**

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- **Preference to MSEs under PPP-MSE Order, 2012**

- **L-1 is a non-MSE bidder**
- **MSEs quote a price within the price band $L-1 + 15\%$**
- **Such MSEs allowed to supply at least 25% of the tendered value at L-1 subject to the condition that they can match L1 price**
- **In case the tender is non- divisible, an MSE quoting a price within the price band $L-1+15\%$ may be awarded full or complete supply of total tendered value, if it matches the L-1 price.**
- **In case of more than one such MSE, the supply shall be shared proportionately (to tendered quantity)**

Public Procurement Policy for MSEs Order, 2012

- **358 items exclusively reserved for procurement from MSEs.**
- **Other benefits** extended under PPP-MSE Order, 2012 include –
 - **Tender sets free of cost**
 - **Exemption from Earnest Money Deposit (EMD)**
 - **Exemption from Prior Experience and Prior Turnover criteria may be given, subject to meeting technical and quality specifications.**

MSME SAMBANDH PORTAL

- Online portal to monitor the procurements by the Ministries/ Departments and CPSEs from MSEs
- Launched on 8th December, 2017
- Enables procuring entities to upload
 - list of products/services required
 - monthly data
- Dashboard provides summary of procurement

THANK YOU