

Government of India with the aim to make India a global manufacturing hub, Create millions of jobs in the country, encourage Domestic companies / Multinationals to manufacture their products in India, enhance the ease of doing business and attract foreign investments, over the years have launched several initiatives and policy reforms including Make in India, Start-Up India, Skill India, Digital India, Invest India, etc. and the most recent & powerful one, “**Atmanirbhar Bharat**” or “Self-Reliant India Movement”. These policy changes / reforms are very vital and helpful for the growth and development of Indian Industries.

Some of such policies / initiatives are highlighted below in brief so that Industries /manufacturers can get themselves aware & cognizant and can make a use of these:

1. Reforms in Public Procurement

i. **Public Procurement (Preference to Make in India) order 2017 (revised dated 16.09.2020)**

The Policy is to encourage ‘Make in India’ and promote manufacturing and production of goods and services in India with a view to encourage income and employment.

(For details refer :<https://dipp.gov.in/public-procurements>)

ii. **Policy to provide Purchase Preference (linked with local content) (PP – LC)**

Ministry of Petroleum & Natural Gas (MoPNG) vide DO No. O-27011/44/2015 dated 24.04.2017 notified the purchase preference (linked with local content) for providing Purchase Preference to the manufacturers/ service providers having the capability of meeting/ exceeding the local content targets in oil and gas business activities. Considering the revised PPP-MII order, MoPNG vide DO No. FP-20013/2/2017-FP-PNG dated 17.11.2020 notified the amended PP-LC policy.

Brief of the policy is as follows:

(a) As per the Policy, Supplier / service providers are now been categorised as:

- ‘Class-I local supplier’ means a supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50% as defined herein.
- ‘Class-II local supplier’ means a supplier or service provider, whose goods, services or works offered for procurement, has local content more than 20% but less than 50%, as defined herein.
- ‘Non-local supplier’ means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than or equal to 20%, as defined under this Order.

- (b) As per the Policy, in respect of all goods, services or works where there is sufficient local capacity and local competition, only Class-I local supplier shall be eligible to bid irrespective of purchase value.
- (c) For all other local tenders/ enquiries, only Class-I local supplier and Class-II local supplier, shall be eligible to bid in procurements, except when Global tender enquiry has been issued. In global tender enquiries, Non-local suppliers shall also be eligible to bid along with Class-I local suppliers and Class-II local suppliers.
- (d) In respect of Global Tender Enquiry (GTE), the guidelines as issued shall be followed.
- (e) For tenders/ enquiries issued as per b) above, Purchase Preference as per PP-LC will not be applicable. For tenders/ enquiries issued under c) & d) above, Class-I local supplier will only be eligible for purchase preference over Class-II local supplier and non-local supplier in any procurement.

(For details refer : <http://petroleum.nic.in/sites/default/files/PPLC.pdf>)

iii. **No Global Tender Enquiry**

No Global Tender Enquiry shall be invited for tenders up to Rs 200 Cr. However, for tenders below such limit, in exceptional cases, where there are special reasons for Global tender enquiry, prior approval for relaxation may be sought from Competent Authority (defined as Secretary (Coordination), Cabinet Secretariat)).

(For details refer : <https://www.doe.gov.in/procurement-policy-divisions>)

iv. **Procurement from countries sharing a land border with India**

As per the Order any bidder from such countries sharing a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) **only if the bidder is registered with the Competent Authority**. The Competent Authority for registration is the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT). Political and security clearance from the Ministries of External and Home Affairs respectively will be mandatory.

Relaxation has been provided in certain limited cases, including for procurement of medical supplies for containment of COVID-19 global pandemic. By a separate Order, countries to which Government of India extends lines of credit or provides development assistance have been exempted from the requirement of prior registration.

(For details refer :<https://www.doe.gov.in/procurement-policy-divisions>)

v. GeM (Government e Marketplace)

To ensure better transparency and higher efficiency an online Government e-Marketplace (GeM– an e-commerce marketplace) has been developed for common use goods and services. In GeM product or services are offered by a number of eligible sellers and all the eligible buyers can view/ compare all the product/ services and select the product/ services offered by any one of the seller. In general, because online marketplaces aggregate product/ services from a wide array of providers, selection is usually wider, availability is higher, and prices are more competitive than in vendor-specific online retail stores. The procurement process on GeM is online and electronic - end to end from placement of supply order to payment to suppliers. The registration of suppliers on GeM is online and automatic based on ID authentication etc.

(For details refer :<https://gem.gov.in/>)

vi. Public Procurement Policy for MSEs – 2012

Ministry of Micro, Small & Medium Enterprises notified the Public Procurement Policy (PPP), in 2012. The objective of Policy is promotion and development of Micro and Small Enterprises by supporting them in marketing of products produced and services rendered by them. Subsequently, Micro, Small & Medium Enterprises vide circular no. 21(8)/2018-MA dated 09.11.2018 has issued an amendment to the said policy. Details of the policy are as under:

- Every Central Ministry /Department / PSUs shall set an annual target for 25% procurement from MSE Sector.
- A sub-target of 4% out of 25% target of annual procurement earmarked for procurement from MSEs owned by SC/ST entrepreneurs.
- Overall procurement goal of minimum 25% has become mandatory from 1st April 2015.
- Special provision for Micro and Small Enterprise owned by women. Out of the total annual procurement from Micro and Small Enterprises, 3 per cent from within the 25 per cent target shall be earmarked for procurement from Micro and Small Enterprises owned by women.
- Tender sets free of cost and exemption from payment of earnest money deposit to registered MSEs.
- MSEs quoting price within price band L-1 + 15%, when L1 is from someone other than MSE, shall be allowed to supply at least 25% of tendered value at L-1 subject to lowering of price by MSEs to L-1.
- 358 items are reserved for exclusive procurement from MSEs.

(For details refer :<http://dcmsme.gov.in/pppm.htm.aspx>)

vii. Policy for Providing Preference To Domestically Manufactured Iron and Steel Product

The Government had notified on 8th May, 2017 and last revised in Dec, 2020 a Policy for providing preference to domestically manufactured Iron & Steel products in Government procurement (DMI&SP Policy). The policy mandates to provide preference to Domestically Manufactured iron & Steel Products (DMI&SP) with a minimum of 20%-50% value addition in Government Procurement. The policy shall be applicable to projects having procurement value of Iron and Steel products (Appendix-A of the DMI&SP Policy) greater than Rs 5 Lakhs.

(For details refer :<https://steel.gov.in/policies>)

viii. Startup India

Startup India launched in 2016 is a flagship initiative of the Government of India, intended to build a strong ecosystem that is conducive for the growth of startup businesses, to drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower startups to grow through innovation and design.

Besides other benefits available to Start-ups, Start-ups are eligible for relaxation in criteria of Prior Turnover and prior experience in all public procurement for all start-ups (whether Micro & Small Enterprises (MSEs) or otherwise) subject to their meeting of quality and technical specifications.

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 Turnover / experience for the start-ups.

(For details refer :<https://www.startupindia.gov.in/>)

(f) Policies for relief to Contractors / Manufacturers

i. Relief on account of Covid Situation

The Government has taken certain steps to provide the contractors with extended timelines and better cash liquidity, the reliefs are as follows:

- An extension for a period of 6 months will be provided by all Agencies of the Central Government (like Ministry of Road Transport & Highways, Railways, Central Public Works Department, etc.) to cover commitments like completion of work in the stipulated time, intermediate milestones as prescribed etc. and to provide extension of concession period in Public Private Partnership contracts.

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- Government agencies to partially release bank guarantees, to the extent contracts are partially completed, to ease cash flows.
- The Ministry of Finance (**MoF**) has issued a notification revising the performance security deposits for tenders to 3% of the contract value from the previous range of 5%-10%. This move is expected to help entities execute contracts and projects on time amid the COVID-19 induced economic slowdown.

It noted that this benefit would not apply to contracts under dispute whose proceedings are already underway in court. All tenders and contracts that have been issued or concluded until December 31, 2021, will also be eligible for the reduced performance security benefits.

Contracts, where the performance security has been reduced to 3%, are allowed to continue enjoying these benefits for the contract's entire duration. The performance security for these contracts will not be increased even after December 31, 2021. In cases where there are compelling enough reasons for a higher performance security rate, a higher authority's approval is required.

- Through another notification, MoF also ruled for bid security or earnest money deposit (EMD) provisions to be removed from bid documents in the future. Only bid security declarations can be retained in these documents.

(For details refer :<https://www.doe.gov.in/procurement-policy-divisions>)

ii. **TReDS**

TReDS is an electronic platform for facilitating the financing / discounting of trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers. These receivables can be due from corporates and other buyers, including Government Departments and Public Sector Undertakings (PSUs).

iii. **Sambandh Portal**

In order to make the Public Procurement Policy more effective, a Public Procurement Portal "**MSME SAMBANDH**" was launched on 8th December, 2017. The Portal tracks the procurement made by CPSEs from MSEs including SC-ST MSEs on a quarterly basis and contains the necessary information relating to the requirement of CPSEs in terms of items required, quantity, specifications, last purchase price etc. Therefore, the portal helps in effective monitoring while also enabling MSEs to build their capacities and participate in Public Procurement market.

(For details refer :<https://sambandh.msme.gov.in/>).

iv. **MSME Samadhan portal (MSME Delayed Payment Portal)**

MSME SAMADHAAN has been launched for empowering micro and small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries, Departments, CPSEs or State Governments.

(For details refer : <https://samadhan.labour.gov.in/>)

(g) **Measures for businesses (including MSMEs)**

- **Collateral free loans for businesses:** All businesses (including MSMEs) provided with collateral free automatic loans of up to three lakh crore rupees. MSMEs can borrow up to 20% of their entire outstanding credit as on February 29, 2020 from banks and Non-Banking Financial Companies (NBFCs). Borrowers with up to Rs 25 crore outstanding and Rs 100 crore turnover will be eligible for such loans and can avail the scheme till October 31, 2020. Interest on the loan will be capped and 100% credit guarantee on principal and interest will be given to banks and NBFCs.
- **Corpus for MSMEs:** A fund of funds with a corpus of Rs 10,000 crore set up for MSMEs. This provided equity funding for MSMEs with growth potential and viability. Rs 50,000 crore is expected to be leveraged through this fund structure.
- **Subordinate debt for MSMEs:** This scheme aims to support to stressed MSMEs which have Non-Performing Assets (NPAs). Under the scheme, promoters of MSMEs will be given debt from banks, which will be infused into the MSMEs as equity. The government will facilitate Rs 20,000 crore of subordinate debt to MSMEs. For this purpose, it will provide Rs 4,000 crore to the Credit Guarantee Fund Trust for Micro and Small Enterprises, which will provide partial credit guarantee support to banks providing credit under the scheme.
- **Expediting payment of dues to MSMEs:** Payments due to MSMEs from the government and CPSEs will be released within 45 days.
- **Insolvency resolution:** A special insolvency resolution framework for MSMEs under the Insolvency and Bankruptcy Code, 2016 will be notified.
- **Definition of MSME:** The definition of MSMEs will be changed by amending the Micro, Small and Medium Enterprises Development Act, 2006. As per the proposed definition, the investment limit will be increased from Rs 25 lakh to Rs 1 crore for micro enterprises, from Rs 5 crore to Rs 10 crore for small enterprises, and from Rs 10 crore to Rs 20 crore for medium enterprises. A new criteria of annual turnover will be introduced. The turnover limit for Micro, Small and Medium enterprises will be Rs 5 crore, Rs 50 crore, and Rs 100 crore, respectively. The current distinction between manufacturing and services

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MSMEs (to provide different investment limits for each category) will be removed.

- **Production Link Incentives (PLI)** - Production-Linked Incentive or PLI scheme is a scheme that aims to give companies incentives on incremental sales (over FY 2019-20) from products manufactured in domestic units. The scheme invites foreign companies to set up units in India, however, it also aims to encourage local companies to set up or expand existing manufacturing units and also to generate more employment and cut down the country's reliance on imports from other countries.

- **MSME Sampark Portal**

The MSME Sampark portal is a digital platform, wherein, jobseekers (passed out trainees / students of 18 MSME Technology Centers) and recruiters (various reputed national & multinational companies) register themselves for getting employment and getting right kind of manpower respectively.

(For details refer :<https://sampark.gov.in/Sampark/>)
