

NO.F.20-2/2014-PPD(M)  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division  
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Room No.516, Lok Nayak Bhawan,  
New Delhi dated the 27<sup>th</sup> July, 2017.

**OFFICE MEMORANDUM**

**Sub: Relaxation of Norms for Statups Medium Enterprises in Public Procurement regarding Prior Experience-Prior Turnover Criteria – reg.**

The undersigned is directed to refer Secretary, Department of Industrial Policy & Promotion's (DIPP)'s D.O. letter No.12(11)/2017-SI dated 22.06.2017 (copy enclosed) and to say that this Department's O.M. NO.F.20/2/2014-PPD (Pt.) dated 20.09.2016 (copy enclosed) clarifying that all Central Ministries / Departments may relax condition of prior turnover and prior experience in public procurement subject to meeting of quality and technical specifications by Startups is applicable to all Startups (and not limited to manufacturing sector). Hence Department of Public Enterprises may consider issuing appropriate instructions to Central Public Sector Undertakings (CPSUs) in this regard.

  
(Vinayak T. Likhari)  
Under Secretary to the Govt. of India  
Tele: 24621305  


Ministry of Heavy Industries & Public Enterprises,  
(Kind Attn.: Smt. Seema Bahuguna, Secretary),  
Department of Public Enterprises,  
Udyog Bhawan, New Delhi.

**Copy to:** Ministry of Commerce & Industry, (Kind Attn.: Shri Ramesh Abhishek, Secretary), Department of Industrial Policy & Promotion, Udyog Bhawan, New Delhi.

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सत्यमेव जयते

रमेश अभिषेक

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RAMESH ABHISHEK

Secretary

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22<sup>nd</sup> June 2017

Dear Sir,

The Department of Expenditure (DoE) vide its OM. No. F.20/2/2014-PPD (Pt.) dated 20.09.2016 has clarified that all Central Ministries/ Departments may relax conditions of prior turnover and prior experience in public procurement to all Startups, subject to their meeting quality and technical specifications in accordance with GFR, 2005.

In this context, a meeting was held in Department of Policy and Promotion on May 25, 2017, which was attended by representatives from various Ministries/PSUs. The participants brought to notice that the aforesaid circular issued by DoE (dated 20<sup>th</sup> September 2016) refers to implementation of instructions as stated in Action Plan Point 5 of the Startup India Action Plan, which relaxes the norms only for manufacturing sector Startups. However, Department of Public Enterprise circular dated 08.11.2016 clearly stipulate that the relaxed norms of procurement shall be applicable to all Startups. The same position is reflected in Rule 173(i) of General Financial Rules 2017.

Accordingly, it is requested that DoE may issue a letter to DPE clarifying that the relaxed norms are applicable to all Startups (irrespective of sector) and delete the reference to Action Point 5 of the Startup India Action Plan to remove all ambiguity.

Further, as per Rule 170(i) of GFR 2017, all Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy, are exempt from paying earnest money deposit. Since all Startups are similar to MSEs and face the same challenges in the development and growth, the same benefit should be extended to Startups. Accordingly, it is requested that exemption from submitting Earnest Money Deposit may also be provided for all Startups (recognized by DIPP).

warm regards,

us/(ppd)

27-6-17

RASHA  
29/6/17

Yours sincerely,

(Ramesh Abhishek)

Shri Ashok Lavasa,

Secretary,

Department of Expenditure,

Ministry of Finance, North Block, New Delhi.

भारत सरकार  
औद्योगिक नीति और संवर्धन विभाग, वाणिज्य एवं उद्योग मंत्रालय, उद्योग भवन, नई दिल्ली - 110011

Government of India

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No.F.20/2/2014-PPD(Pt.)  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi  
Dated the 20<sup>th</sup> September, 2016

**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 25<sup>th</sup> 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. Likhari )  
Under Secretary (PPD)  
Tel/Fax – 24621305  
E-mail – [vinayak.likhar@nic.in](mailto: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".