

PROCUREMENT POLICY OFFICE

Directive No. 72B

(Issued pursuant to section 7(b) of the Public Procurement Act)

Reserved Works Contracts for Micro Enterprises, Small Enterprises and Medium Enterprises

1. The purpose of this Directive is to set procedures to be followed for reserved works contracts for micro, small and medium enterprises pursuant to Section 26B of the Public Procurement Act (2006) and Regulation 47C of the Public Procurement Regulations 2008.
2. The following procedures shall be adopted:
 - a. **Small works not exceeding Rs 1 million**
 - i) Invite bids from microenterprises.
 - ii) Award the contract to the lowest evaluated substantially responsive bidder irrespective of the annual turnover.
 - b. **Small works exceeding Rs 1 million and up to Rs 10 million**
 - i) Invite bids from micro and small enterprises.
 - ii) Separate the bids received from micro and small enterprises.
 - iii) Award the contract to the lowest evaluated substantially responsive bidder from among the micro enterprises.
 - iv) In the absence of any responsive bid from the micro enterprises, proceed with the evaluation of bids from the small enterprises and award the contract to the lowest evaluated substantially responsive bidder.
 - c. **Works contracts exceeding Rs 10 million and up to Rs 30 million**
 - i) Proceed with an open advertised bidding exercise.
 - ii) Separate the bids received from small, medium enterprises and other bidders.
 - iii) Award the contract to the lowest evaluated substantially responsive bidder from among the small enterprises subject to satisfying the required annual turnover in the bidding document and not exceeding annual turnover Rs 30 million.
 - iv) In the absence of any responsive bid from the small enterprises, proceed with the evaluation of bids from the medium enterprises and award the contract to the lowest evaluated substantially responsive bidder.
 - v) In the absence of any responsive bid from the medium enterprises, proceed with the evaluation of bids from other bidders and award the contract to the lowest evaluated substantially responsive bidder.
 - d. **Works contracts exceeding Rs 30 million and up to Rs 50 million**
 - i. Proceed with an open advertised bidding exercise.
 - ii. Separate the bids received from medium enterprises and other bidders.
 - iii. Award the contract to the lowest evaluated substantially responsive bidder from among the medium enterprises subject to satisfying the required annual turnover in the bidding document and not exceeding annual turnover Rs 100 million.
 - iv. In the absence of any responsive bid from the medium enterprises, proceed with the evaluation of bids from other bidders and award the contract to the lowest evaluated substantially responsive bidder.
3. The bidding document and the notice for invitation of bids should mention that the procedures outlined in Directive 72B will be followed for selection and award of contract.
4. In case the lowest evaluated responsive bid is more than 15% above the cost estimate, the provisions of Directive No. 61 shall apply.

5. No margin of preference is applicable to reserved contracts.
6. This Directive supersedes Directive 72A.

Notes:

(1) Definition of micro, small and medium enterprises:

- i. *Micro enterprise is an enterprise having an annual turnover not exceeding 10 million rupees; and*
- ii. *Small enterprise is an enterprise having an annual turnover exceeding 10 million rupees but not exceeding 30 million rupees; and*
- iii. *Medium enterprise is an enterprise having an annual turnover exceeding 30 million rupees but not exceeding 100 million rupees.*

**Procurement Policy Office
13 February 2026**