

PROCUREMENT POLICY OFFICE

Directive No. 72A (Issued pursuant to section 7 of the Public Procurement Act)

Reserved Works Contracts for Micro and Small Enterprises

1. The purpose of this Directive is to further clarify on the procedures for reserved works contracts for micro enterprises and small 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 micro enterprises.
 - ii) Award the contract to the lowest evaluated substantially responsive bidder irrespective of the annual turnover.
 - b. Small works between Rs 1 million and Rs 10 million**
 - i) Proceed with a restricted bidding exercise 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.

Notes:

- (1) **Definition of micro and small 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.
- (2) For para 2(a) and (b) above, in respect of specialised works where there is no known micro enterprise capable of performing the contract or following an unsuccessful bidding among micro and small enterprises, bids may be invited from other bidders as well, either through a restricted or open advertised bidding. However, the evaluation shall be carried out in the steps mentioned above.

c. Works between Rs 10 million and Rs 30 million

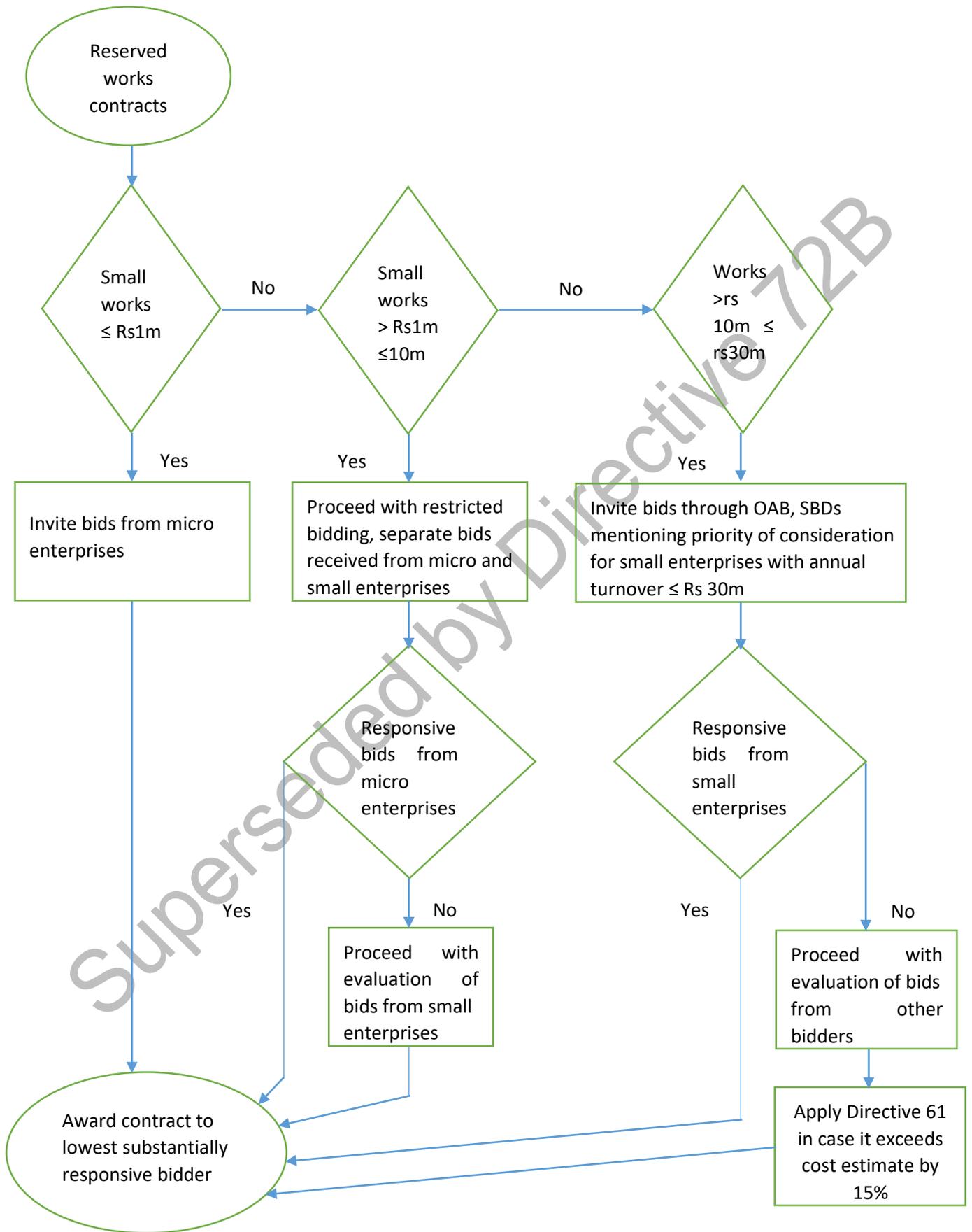
- i) Invite bids through open advertised bidding by clearly mentioning in the bidding documents that priority of consideration for award shall be given to small enterprises.
- ii) Separate the bids received and proceed with the evaluation of bids received from small enterprises.
- iii) Award the contract to the lowest evaluated substantially responsive enterprise. iv) In the absence of responsive bids from a small enterprise, proceed with the evaluation of bids from the other bidders and award the contract to the lowest evaluated substantially responsive bidder.

3. In case the lowest evaluated responsive bid is more than 15% above the cost estimate, the provisions of Directive No. 61 shall apply.
4. No margin of preference is applicable to reserved contracts.
5. This Directive supersedes Directive 72.

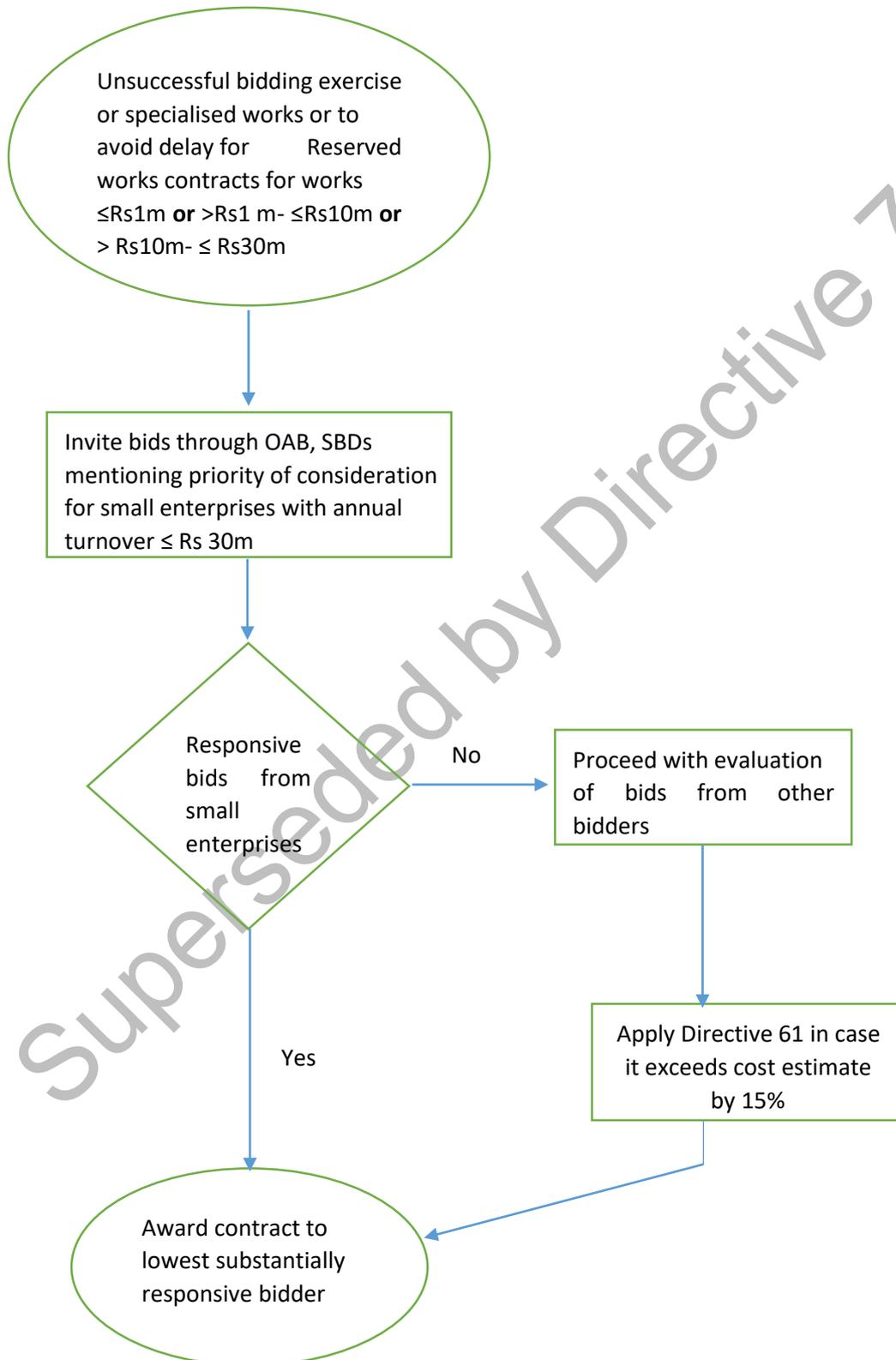
Procurement Policy Office
25 October 2024

Superseded by Directive 72B

Flowchart 1: Reserved works contracts for micro and small enterprises



NB: No margin of preference is applicable to reserved contracts Flowchart 2: To avoid delay in the process or following an unsuccessful bidding exercise or for specialised works contracts



N.B: A bidder registered as a Small and Medium Enterprise (SME) or a joint venture consisting of local SMEs having an aggregate annual **turnover not exceeding Rs 100M** shall benefit from a margin of preference of **30%** in bidding exercises for works contracts **above 30 million rupees**.

Superseded by Directive 72B