

No.F.1/1/2023-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

264-C, North Block, New Delhi.  
10<sup>th</sup> April, 2023.

**Office Memorandum**

**Subject: Vivad Se Vishwas I - Relief for MSMEs**

Government has been getting many references from Micro, Small and Medium Enterprises (MSMEs) regarding difficulties being faced by them in the last two years due to COVID 19 pandemic. The Government had provided certain benefits to the industry (including MSMEs) in Government contracts in the past. In continuation to the efforts of the Government in this regard, this Department had issued an OM of even number dated 06.02.2023. Many references have been received by this Department seeking clarifications on implementation of the scheme circulated on 06.02.2023. In this context, it has been decided to issue following instructions in supersession of this Department's OM of even number dated 06.02.2023.

2. The following parameters will determine eligibility for benefits under this scheme:

<b>SN</b>	<b>Parameter</b>	<b>Eligibility condition</b>
i	Nature of procurement eligible for the relief	Procurement of Goods and Services
ii	Central government procurement entities to whom this scheme applies	Ministry/ Department/ attached or subordinate office/ autonomous body/ Central Public Sector Enterprise (CPSE)/ Central Public Sector Banks/ Financial Institution etc.
iii	Nature of the supplier/ contractor eligible for the scheme	Registered as a Medium, Small or Micro Enterprise (MSME) as per prevalent scheme of Ministry of MSME on the date of claim by supplier/ contractor.  MSME may be registered for any category of Goods and Services.
iv	Eligible contracts in case of forfeiture of performance security or imposition of Liquidated Damages (LD) or the damages levied under "Risk Purchase" (RP) or debarment action	Where original delivery period/ completion period stipulated in contract was between 19.02.2020 and 31.03.2022 (both dates are inclusive).  In case of risk purchase, the original delivery period of the main contract (and not the risk purchase contract) should be between 19.02.2020 and 31.03.2022.

v	Eligible tenders in case of forfeiture of Bid security (Earnest Money Deposit) or debarment action	Tenders, where date of closing of the tender was between 19.02.2020 and 31.03.2022 (both dates are inclusive).
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3. The following amount shall be refunded by the procuring entities as a relief under this scheme after determining eligibility as per para 2 as above:

<b>SN</b>	<b>Cause of action</b>	<b>Amount/ extent of relief</b>
i	Performance security forfeited by the procuring entities for failure to execute contracts by the contractors.	95% of the performance security forfeited by the procuring entity.
ii	Imposition of Liquidated damages (damages deducted for late deliveries) or the damages levied under the risk purchase.	95% of the Liquidated Damages (LD) deducted or 95% of the risk purchase amount realized by the procuring entities from the MSME.
iii	Bid security (Earnest Money Deposit) forfeited	95% of the Bid security (Earnest Money Deposit) forfeited.
iv	Debarment of the contractor due to default in execution of eligible contracts/ eligible tenders under the scheme	Revocation of debarment by issue of an appropriate order by the procuring entity. The date of revocation shall be the date of such order. However, in case a firm has been ignored for placement of any contract due to debarment in the interim period (i.e. date of debarment and the date of revocation under this order), no claim shall be entertained.

Notes:

- i. No interest shall be paid on such refund/ relief amount in any case.
- ii. Wherever, performance security has been reduced in view of this Department OM F.9/4/2020-PPD dated 12.11.2020 or for any other reasons, the relief under para 3(i) and 3(ii) as above, shall be limited only to 95% of the reduced performance security.
- iii. In case liquidated damages and/ or performance security and/ or damages under risk purchase have been deducted in the same contract, total relief will be 95% of LD forfeited plus 95% of the performance security forfeited plus 95% of the damages under risk purchase realized.
- iv. For cases where recoveries/ forfeiture for liquidated damages and/ or performance security and/ or damages under risk purchase have not materialized/ completed, the cases shall be dealt on the principles of this circular under para 3 as above.

4. Government e-Marketplace (GeM) has provided a dedicated link on their portal for implementation of this scheme. The link/ portal has the functionality for MSME Vendors to register their claims through its authorized personnel. For non- GeM contracts of Ministry of Railways, MSME vendors will be required to register on IRePS ([www.ireps.gov.in](http://www.ireps.gov.in)). The information regarding contracts for which claim is to be lodged on IRePS will be provided on GeM as well as IRePS. The broad features of this portal are as under:

- i. The registered contractor shall list out the eligible contracts on the portal. The list of the procuring entities is available through drop down menu on the portal. The details, such as contract number, contracting authority, Deducted/ forfeited amount, etc. will be submitted by the contractor on the portal.
- ii. GeM portal shall intimate through dashboard such details to the procuring entities to verify and refund the claim in terms of the eligibility etc. mentioned above and shall update the portal with the amount, date and transaction details of the payment. Procuring entities must approve/ reject the claim within 30 days of claim submitted by the contractor on the portal. Further, once claim is accepted, payment must be made and details are entered on the portal by the procuring entities within 30 days of the acceptance of the claim.
- iii. Pendency Reports to each procuring entity shall be provided by GeM.

5. The date of commencement of the scheme will be 17.04.2023 and claims can be submitted by 30.06.2023.

  
10/4/2023  
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To

1. Secretaries of all Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities under their administrative control.
2. Secretary, Department of Public Enterprises with a request to reiterate these orders in respect to public enterprises.
3. Secretary, Department of Financial Services with a request to reiterate these orders in respect to public sector financial institutions.
4. Secretary, Ministry of MSME with a request to monitor the procuring entities for implementation of the scheme.
5. Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi.
6. CEO/ GeM.

Copy to: Chief Secretaries of all State Governments, for kind information, and with a request to consider formulation of similar schemes in their States.