



**ABSTRACT**

Micro, Small and Medium Enterprises - Exemption from payment of Earnest Money Deposit (EMD) in respect of tenders called for by Government Departments, State Owned Corporations, Boards, Local Bodies, Co-operatives, etc., - Proof of Micro, Small and Medium Enterprises - Udyam Registration - Orders - Issued.

**Finance (Salaries) Department**

**G.O.Ms.No.199**

**Dated: 27.06.2022**

சுபகிருது, ஆனி - 13

திருவள்ளூர் ஆண்டு-2053

**Read:**

1. G.O.(Ms)No.387, Finance (BPE) Department, Dated: 03.08.1998.
2. G.O.(Ms)No.390, Finance (BPE) Department, Dated: 27.09.2013.
3. Government of India Notification S.O.2119 (E), Dated: 26.06.2020.
4. From the Industries Commissioner and Director of Industries and Commerce Letter Rc.No.765 / PDK2 / 2021, Dated, 19.01.2021 and 18.10.2021.

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**ORDER:-**

In the Government Order first read above among other things, orders were issued exempting the Small Scale Industrial Units, located within the State and registered with Tamil Nadu Small Industries Development Corporation or the National Small Industries Corporation (NSIC) or holding permanent Registration Certificate from the District Industries Centers of Directorate of Industries and Commerce from payment of Earnest Money Deposit/Security Deposit in respect of those items for which the Registration Certificate has been obtained and tenders called for by the State Government Departments, State Public Sector Undertakings/Statutory Boards, Local Bodies and Co-operatives etc., apart from making them eligible for receiving the Tender Forms and other connected documents at free of cost. Further, Small Scale Industrial Units located outside the State and registered with National Small Industries Corporation were also eligible for such concession except with regard to supply of Tender Forms and other connected documents at free of cost. Subsequently, the concession of remitting Security Deposit and availing cost free tender documents by State Public Sector Undertakings, Small Scale Industries and Co-operatives has been discontinued vide Government Letter No.12980/BPE/2004-1 dated 28.4.2004.

2. Consequent to the enactment of Micro, Small and Medium Enterprises Development Act, 2006, in the Government Order second above, the Government have amended the Para 3(i) of Government Order first read above duly exempting Small Scale Industrial Units from payment of Earnest Money Deposit against production of a copy of the acknowledgement obtained from the General Manager, District Industries Centre concerned for filing of the Entrepreneur Memorandum Part - II. Besides, in the above said Government Order, it has also been specifically indicated that the purchasing department, may inspect the unit and satisfy themselves on the line of activity pursued by the manufacturer, quality, production capacity etc.,

3. In the Ministry of Micro, Small and Medium Enterprises, Government of India Notification dated 18.9.2015, Entrepreneur Memorandum has been replaced with 'Udyog Aadhaar Memorandum'. Subsequently, the Ministry of Micro, Small and Medium Enterprises, Government of India vide Notification dated 01.06.2020 has further amended the classification of Micro, Small and Medium Enterprises based on the composite criteria of investment in Plant and Machinery or Equipment and Annual turnover as follows:-

Classification	Micro	Small	Medium
Manufacturing and Services	Investment <Rs.1 crore and turnover <Rs.5 crore	Investment <Rs.10 crore and turnover <Rs.50 crore	Investment <Rs.50 crore and turnover <Rs.250 crore

4. Accordingly, orders were issued in G.O. (Ms.) No.69, Micro, Small and Medium Enterprises [D(2)] Department, dated 24.10.2020 notifying the changes in the classification of Micro, Small and Medium Enterprises based on the above criteria. The existing practice of issuing certificate viz., 'Entrepreneurs Memorandum Part II' and 'Udhyog Aadhar Memorandum' have been replaced with 'Udyam Registration Certificate' for the registration of Micro, Small and Medium Enterprises w.e.f 01.07.2020 vide notification dated 26.06.2020 issued by the Ministry of Micro, Small and Medium Enterprises, Government of India wherein it has been specifically indicated that all the existing enterprises registered under Entrepreneurs Memorandum Part II or Udhyog Aadhar Memorandum shall register again on the Udyam Registration portal on or after 01.07.2020 and the existing enterprises registered prior to 30.06.2020 shall continue to be valid only for a period upto 31.03.2022 vide Notification issued by the Ministry of Micro, Small and Medium Enterprises on 19.01.2022.

5. Consequent on the changes in classification of Micro, Small and Medium Enterprises and introduction of 'Udyam Registration' by Government of India in lieu of existing 'Udyog Aadhaar Memorandum' and 'Entrepreneur Memorandum Part-II', the Industries Commissioner and Director of Industries and Commerce has requested the Government to issue necessary amendment to G.O.(Ms.) No.387, Finance (BPE)

Department, dated 03.08.1998 and G.O.(Ms.) No.390, Finance (BPE) Department, dated 27.09.2013 to substitute Udyam Registration in the Government Orders to safeguard the interests of the Micro and Small Enterprises in Tamil Nadu to participate in the tenders floated by the Government Departments, State Public Sector Undertakings, Boards, Local Bodies, Co-operatives etc.,

6. With regard to the matter pertaining to the exemption of Earnest Money Deposit/Security Deposit to the Small Scale Industrial Units and Public Sector Undertaking the Government have reviewed the orders issued in the Government Orders read above in line with the provisions under Rule 14 (1) of Tamil Nadu Transparency in Tender Rules, 2000 and considered that there is a need for issue of a single consolidated and comprehensive order. Accordingly, the Government in supersession of the orders issued in the Government Order first and second read above, pass the following order:-

- (i) "Micro and Small Enterprises located within the State of Tamil Nadu are exempted from payment of Earnest Money Deposit against the production of a copy of 'Udyam Registration Certificate' or any other valid registration certificate/proof as notified by the Government of India in respect of the items manufactured by them for participation in the tenders floated by the Government Departments, State Public Sector Undertakings, Statutory Boards, Local Bodies, Co-operatives, Universities and Societies formed by the Government and whenever it is deemed necessary, the procuring entity may inspect the unit and satisfy themselves with regard to verifying the credentials of the applicants on the line of activity pursued by such manufacturers, quality and production capacity and other relevant factors".
- (ii) Procuring entities shall obtain an undertaking from the successful bidders that they would pay penalty an amount equivalent to Earnest Money Deposit/Security Deposit or an amount equal to the actual loss incurred by the procuring entities whichever is less in the event of non-fulfilment or non-observance of any of the conditions stipulated in the contract.

**(BY ORDER OF THE GOVERNOR)**

**N. MURUGANANDAM**  
**ADDITIONAL CHIEF SECRETARY TO GOVERNMENT.**

To  
All Secretaries to Government, Chennai-9  
All Departments of Secretariat. Chennai -9.