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Ref.No.MAIT/PY/2660

March 10, 2023

Shri Sanjay Aggarwal
Advisor, Procurement Policy Division
Department of Expenditure
Ministry of Finance

Subject: Requesting extension of relief under Vivad Se Vishwas-I for MSMEs

Respected Sir,

Greetings from MAIT!

Established in 1982, MAIT is the apex industry body representing the Electronic H/W sector in India. A not-for-profit body, MAIT closely works with policymakers of Central and State Governments to enable the growth of the Electronic System H/W Design & Manufacturing sector in India.

At the outset, MAIT on behalf of the MSME sector thanks the Department of Expenditure, Ministry of Finance for evolving the scheme for a refund of Liquidated Damages (LD) charged from them which has provided much-needed financial relief to the MSME sector.

As per Vivad se Vishwas I – Relief for MSMEs scheme by the Ministry of Finance states under clause 3 of sub-clause (iii) Refund of 95% of the Liquidated Damages (LD) deducted from MSMEs. The refunded LD cannot exceed 95% of the performance security stipulated in the contract. In orders where the buyer has not asked seller for performance security, deductions of LD charges have been applicable and in those orders benefit allowed is being debated.

As an example, there was a recent tender (Bid Number- GEM/2023/B/3093752 dated 07-02-2023) wherein the buyer has not asked for a performance guarantee but the provision of charging late delivery is in place.

We believe that MSMEs face several challenges such as working capital shortage, low productivity, regulatory hurdles, difficulty in raising funds, and limited budget allocation, which impede their competitiveness and creditworthiness.

Therefore, we request the Ministry to clarify/allow the relief under Vivad se Vishwas-I scheme to MSMEs bidding for tenders without the requirement of performance security, especially in cases where the tender does not ask for it. This will ensure that MSMEs have equal access to the Vivad Se Vishwas-I scheme.

We are sanguine that our request will be addressed in a positive manner by your good office.

We also request you for an **urgent appointment on a day and time convenient to you** and we would greatly appreciate your kind confirmation.

Warm regards,

Col. Ali Akhtar Jafri, Retd.
Director General

CC: Dr. Ishita Ganguly, ADC, MSME
CC: Dr. O P Singh, Director, MSME
CC: Shri Kanwalpreet, Director, Ministry of Finance
CC: Ms Usha Rani, Under Secretary, Ministry of Finance