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Ref.No.MAIT/PY/2667

March 16, 2023

Shri T V Somanathan, IAS  
Secretary - Expenditure  
Ministry of Finance

**Subject: Requesting Extension on the Office Memorandum No.F.9/4/2020-PPD dated-30<sup>th</sup> Dec 2021 regarding Performance Security for MSMEs**

Respected Sir,

***Greetings from MAIT!***

At the outset, MAIT on behalf of the MSME sector thanks the Department of Expenditure, Ministry of Finance for granting relief by reducing the percentage of Performance Security for MSMEs through an Office Memorandum (OM) dated December 12, 2020 (OM No.F.9/4/2020-PPD) and providing an extension on the same till March 31<sup>st</sup> 2023 through OM dated December 30, 2021.

MAIT would like to highlight that the Indian MSMEs have still not completely recovered from the acute financial crunch which in turn is affecting the timely execution of the contracts. The quantum of Security Deposits in Public contracts has always been a challenge for the MSME sector to cope with, leaving the sector in austerity. These guarantees can be challenging for MSMEs to obtain, particularly when they are already facing financial constraints.

MAIT strongly believes that the extension of relief in the reduction in the percentage of Performance Security for MSMEs will strengthen their position and help them become resilient in the situation of acute financial crunch.

MAIT requests the Ministry to consider its representation and grant the above-said extension to the MSMEs. This, in turn, would help promote a culture of quality and sustainability in the MSME sector, which is critical for its long-term growth and success.

MAIT is confident that this step will go a long way in supporting the growth and development of the MSME sector in our country and helping achieve our PM's vision of "**Atmanirbharta**".

We are sanguine that our request will be answered in a positive manner.

Warm regards,

Col. AA Jafri, Retd.  
Director General

CC: Dr. Rajneesh, DC, MSME  
CC: Dr. Ishita Ganguly Tripathi, ADC, MSME  
CC: Shri Kanwalpreet, Director, Public Procurement, DoE, MoF