



GOVERNMENT OF KERALA

No: PLGEA-BPE3/187/2025-PLGEA
Planning & Economic Affairs (BPE) Department
Thiruvananthapuram,
Dated: 13-03-2026

CIRCULAR

Sub: Bureau of Public Enterprises — Formulation of Purchase Policy for Public Sector Undertakings (PSUs) — Instructions issued – Reg.

Ref: Deliberation outcomes in the Conclave of senior-level managers and MDs of PSUs .

The Planning and Economic Affairs (BPE) Department organized a series of workshops and a high-level Conclave chaired by the Hon'ble Chief Minister to streamline policy formulation for Public Sector Undertakings (PSUs) in the State. During these deliberations, it was identified that the formulation of a clear and well-defined Purchase Policy is essential for PSUs, Statutory Corporations, and other Government bodies particularly those engaged in commercial, manufacturing and revenue-generating activities to ensure operational efficiency, competitiveness, and timely procurement while maintaining transparency and financial discipline.

Though the provisions of the Kerala Store Purchase Manual have been extended to such organisations, it has been observed that the nature of business and functional requirements of many undertakings necessitate procurement procedures distinct from those envisaged in the said Manual.

Government have therefore examined the matter in detail and are pleased to direct that all Public Sector Undertakings, Statutory Corporations and Boards under Government, whose nature of business and functional requirements necessitate specialised procurement procedures and which do not have a separate Government-approved Purchase Policy, shall formulate a comprehensive Purchase Policy suited to their business and operational requirements.

The Purchase Policy so formulated shall:

- i. Remain broadly aligned with Government policies, Financial Rules, Vigilance Guidelines and statutory provisions in force.
- ii. Incorporate principles of transparency, economy, efficiency, competition and accountability.
- iii. Provide flexibility required for commercial and operational effectiveness without compromising financial propriety.

The Purchase Policy thus formulated shall be approved by the Board of Directors / Governing Body of the concerned organisation and thereafter submitted to the respective Administrative Department and Finance Department for obtaining Government sanction, wherever required, prior to implementation.

The policy formulated shall be in line with State Procurement Guidelines and the policy shall reviewed and coordinated in the event of subsequent revision in state Purchase Manual . A provision to this effect shall be incorporated in the Policy.

A Model Outline of Purchase Policy is appended as Annexure to this Government Order for guidance. The same is illustrative and not exhaustive. Organisations may incorporate additional provisions based on their specific business needs.

All Administrative Departments shall ensure strict compliance of the above directions by the institutions under their administrative control.

DR SHARMILA MARY JOSEPH
PRINCIPAL SECRETARY

To:

All Administrative Departments in Government Secretariat.
The Managing Directors/Chief Executive Officers of
all Public Sector Undertakings.
Principal Accountant General (Audit)/(A&E), Kerala,
Thiruvananthapuram.
Information & Public Relations (Web & New Media) Department (For
uploading in the official website).

Planning & Economic Affairs (BPE1 & BPE2) Department.
Stock File/Office copy.

Forwarded / By order,

Section Officer.

ANNEXURE

Model Outline of Purchase Policy

1. **Preamble and Objectives:** Purpose of the policy and guiding principles such as transparency, economy, efficiency, and accountability.
2. **Scope and Applicability:** Coverage of goods, works, and services across all units/divisions.
3. **Alignment with Government Rules:** Reference to Government policies, financial rules, vigilance guidelines, and statutory provisions.
4. **Classification of Purchases:** Categorization based on value, nature, urgency, and criticality.
5. **Modes of Procurement:** Conditions for open tender, limited tender, rate contracts, e-procurement, and negotiated procurement.
6. **Delegation of Powers:** Explicit financial and procurement powers at various levels.
7. **Vendor Management:** Registration, evaluation criteria, and performance review.
8. **Special Purchases:** Procedures for emergency purchases, proprietary items, repeat orders, and imports.
9. **Contract Management:** Execution, amendments, penalties, and dispute resolution.
10. **Ethics, Vigilance, and Audit:** Measures to ensure probity and prevent conflicts of interest.
11. **Review and Amendment:** Procedures for periodic review and updating of the policy.