

Public Procurement Guidelines

– Challenges & Areas of Concern

❖ Scenario

- Government Procurement comprises of about 25%-30% of Gross Domestic Product (GDP)
- Annual Expenditure on Public Procurement by Union Government estimated in the range of `2.5 to 3 lacs crores and by Central PSUs in the range of `10 to 11 lakh crores
- Public Procurement Market highly fragmented
- No single Public Procurement Policy
- No Separate Public Procurement Law

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❖ Present Scenario

- No separate department in the Central Government to monitor Public Procurement
- Guiding factor for procurement – By & large by General Financial Rules (GFRs) and delegation of financial powers issued by Department of Expenditure, Ministry of Finance, Government of India
- Government Departments & Ministries like Indian Railways, Defence, Ministry of Health & Family Welfare & CPWD issued their own Procurement manuals.

❖ **Canons of Public Procurement Policy**

- Value for money – Procurement on best possible terms.
- Enhancing integrity / transparency in procurement practices - no red tape or corruption
- Infusing accountability in to the system – whether objectives of procurement fulfilled or not
- Equal opportunity to all participants in procurement process
- Providing fair treatment to suppliers
- Opening up of markets for international trade

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❖ **Canons of Public Procurement Policy**

- Fulfilling social & economical objectives :
 - a. Promotion of MSME sector – Reservation & 20% preference purchase
 - b. Preference for domestic product (electronic goods) under Make in India Scheme
 - c. KVIC/ ACASH
 - d. Make in India policy

❖ Financial Prudence in Public Procurement

- Absence of Central Legislation to regulate Public Procurement
- Fundamental of Financial Prudence through General Financial Rules (GFRs) and delegation of financial powers rules
- These rules issued by Department of Expenditure, Ministry of Finance, Government of India from time to time
- GFRs – General Provisions to be followed by all offices of Government of India dealing with matters of Financial nature.

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❖ **Financial Prudence in Public Procurement**

- Chapter 6 of GFR deals with procurement of Goods & Services. Rules 135 to 162 deal with Procurement of Goods while rules 163 to 185 deals with Procurement & outsourcing of services.
- These rules deal with open tendering, effective advertisement, non-discriminatory tender condition and technical specifications, bids evaluation based on pre-disclosed criteria, award to the most suitable bidder without any negotiation of price, two bid system for capital equipments etc.

❖ **Government Initiatives**

- Public Procurement bill, 2012 under active consideration of the present Government
- Pending passing of the bill, Government of India revised manual for Procurement of goods in the year 2017
- New revised procurement manual put emphasis on transparency, fairness, competition, economy, efficiency & accountability
- E-Reverse auction
- Central Public Procurement Portal (CPPP)
- Government E-Market Place (GeM)
- Preferential market access for MSME Sector
- Preference for domestic manufactured goods (electronics)
- E-Tendering / E-Procurement

❖ **Intricacies in Government Procurement**

- In absence of Public Procurement law, guidelines in the form of GFR available.
- Lack of standard contracts & tender document
- Due to less publicity, public access to tenders limited
- Restrictive pre-qualifying criteria
- Inadequate time to participants
- Non-communication of tender results to participants
- Delay in Procurement decisions
- Restrictive tendering practices – Procurement Authorities tend to depend on effective limited tenders

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❖ **Intricacies in Government Procurement**

- Registration of vendors – limiting competition
- Tedious tender procedure
- No grievance redressal mechanism
- Weakness of monitoring system
- Poor record keeping
- Vigilance process takes long time
- Ex-post facto comments from CAG

❖ **Government E-Market Place (GeM)**

Highlights

- GeM – an e-platform hosted by DGS&D for making procurement of different common use goods & services bought by Central Government & PSUs etc.
- Portal launched on 09th Aug, 2016 by Ministry of Commerce & Industry
- Completely paperless, cashless and system driven
- Listing of various products under individual categories of goods & services
- Competitive pricing

❖ **Government E-Market Place (GeM)**

- Buying & selling online
- Continuous vendor rating system
- Transparent
- Direct access to all Government department
- One Stop Shop for bids / reverse auction
- Marketing with minimal efforts
- Dynamic pricing based on market conditions
- Single window for aggregation of demand & supply

❖ **Government E-Market Place (GeM)**

Advantages

- Eliminates human interface in vendor registration, order placement and payment processing
- Direct purchase in a matter of minutes
- Entire process online
- Bidding / reverse auction within minimum of 7 days
- Completely secured platform
- Savings in terms of cost & time – Average prices lower by about 15%-20% as compared to tender, rate contract & direct purchase rates due to simplified process

❖ E-Procurement / E-Tendering

Salient Features

- An emerging method of conducting public procurement using internet
- Procurement portal access through internet by authorized official of buyers & sellers
- Detailed procedure under manual tendering process viz signing of each page of tender documents, bid sealing, tender opening etc. not required.
- Minimum chances of manipulation & corruption
- Savings in terms of cost & time

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❖ E-Procurement / E-Tendering

- Transparent system
- Due to increased competition, enhanced choice of vendors / suppliers
- Availability of buyers & sellers profile

Thank You