

Public Procurement

Public Procurement

- Goods, Services, Works
- Common Procurement Mechanisms
 - Tenders – Open, Limited, Single
 - Rate contracts
 - Reverse Auctions/ Auctions
- Scope of competition
 - International Competitive Bidding
 - National Competitive Bidding
 - Local Competitive Bidding

Public Procurement

- Evaluation Methodology
 - Two cover (Technical & Price Bids)
 - Initially evaluate responsiveness in Tech stage
 - Promoted for opening of price bids
 - Single cover (Only Price bids)
 - Item rate
 - Percentage quote
 - Lump sum amount

Legal Frame work

- General Financial Rules
- Departmental codes
- Procurement Manuals/ Store Purchase Manuals
- Guidelines/ Best practices by the External Financial Institutions (WB, ADB etc)
- Public Procurement Act
 - Karnataka, Tamilnadu

Issues in Public Procurement

- Lack of a common Public Procurement Policy
- Public Procurement Law and regulations
- Dedicated Agency
- Transparency in Procurement Act
- Lack of model bidding documents and contract documents
- Complicated procedures for bidding, approvals and payments.
- Lack of skilled resources
- No centralized system of registration of suppliers
- Delays in making payments to suppliers

Salient Points to be kept in mind.

- As per laid down procurement procedure in Chapter VIII of the FM&P manual.
 - Procedure should be transparent, competitive, fair & to secure best value for money.
 - All Procurement must be made through tenders, unless exempted under these rules.
 - Invitation of competitive bids shall be open to all eligible participants which may provide equality in opportunity amongst them.
- Other condition being equal, the lowest tender should ordinarily be accepted.

Points to remember

- Identification of Needs on the basis of Requisition from users.
- Specific budget provision should exist as per the procurement schedule.
- Assessment of bulk requirement at the beginning of the financial year.
- The order should be placed in economic lots as per annual need.
- All purchases be made to the best advantage after comparison of competitive prices.

LEVELS OF PROCUREMENT

- The levels of procurement provided in Financial Management & Procurement manual.
 - School/Community Level
 - District level
 - State level
 - National level

Method of Procurement

1. National Competitive Bidding (Open tenders),
2. Shopping (Limited tenders),
3. Direct Contracting (Single tenders),
4. Shopping by collecting at least three quotations
5. Community Participation in Procurement

Financial Ceilings Annex XXV

S.N o.	Procurement Type	Financial Limit
1	No Tender or Direct Purchase (Certificate to be furnished as per rule under 145 of GFR 2005)	Up to Rs 15000/-
2	Three member committee (Certificate to be furnished as per rule under 146 of GFR 2005)	Above Rs 15000/- and up to Rs 1.00 Lakh.
3	Limited Tender	Above Rs 1.00 Lakh and up to Rs 10.00 Lakh
4	Open Tender	Above Rs 10.00 Lakh and below Rs 50.00 Lakh
5	Open tender using e-procurement process for Civil works, goods & services.	Rs 50.00 Lakh or above
6	Service Contract	
6 (a)	Direct Contracting (without three quotations)	Up to Rs 1.00 Lakh
6 (b)	Limited Tender	Above Rs 1.00 Lakh and up to Rs 10.00 Lakh
6(c)	Open Tender	Above 10.00 Lakh

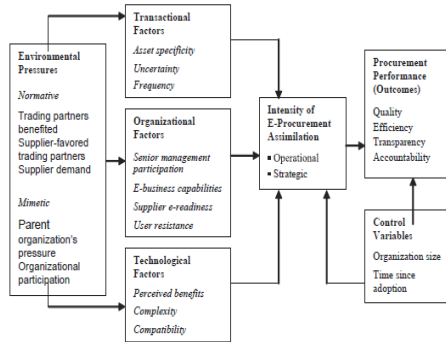
Important Provisions of FMP

- All procurements following Open Tender procedures for contract value of Rs. 50 lakhs or above for civil works, goods in all states financed by RMSA shall be procured through an e-procurement platform.
- Under this system, the 2 envelope system shall be adopted; the first part containing the technical qualification & 2nd part containing Financial details.
- E-procurement will be done by using NIC platform or certified by NIC which bears approval of MHRD.
- Contracts shall be procured based on bids submitted through acceptable e-procurement system in compliance with FMP Manual and RMSA SBDs.

What is e-Procurement ?

e-Procurement is the process wherein the physical tendering activity is carried out online using the Internet and associated technologies. e-Procurement enables the user to introduce ease and efficiency without compromising the required procedures of the organization.

The four perspectives of e-procurement assimilation



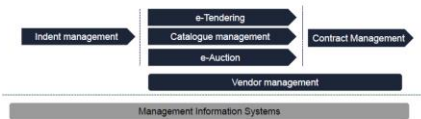
Adopted from Kishor Vaidya in E-Procurement in Emerging Economies: Theory and Cases

eProcurement



Doing procurement activities electronically over Internet with vendors/ suppliers.

- Vendor Management
- Indent Management
- Tender creation
- Tender Publishing
- eTenders
- Bid Submission
- Bid Modification
- Bid Opening
- Bid Evaluation
- Bid Award
- eForward/Reverse auctions
- eRate contracts
- eCatalogues
- Contract Management
- ePayments



Categorization of Procurements

- By Category of Goods & Services
 - Goods
 - Services
 - Civil Contracts
 - Outsourcing of required Services
 - Auctioning of old plants, machinery, building, furniture and fixtures, lands, properties
- By Nature of Procurement
 - Tenders
 - Rate Contract & Catalogue Buying
 - Auctions, Reverse Auctions
- By Size / Volume of procurement
 - High Value, low volume
 - Low value, High Volume

Objectives of e-Procurement

- To act as the catalyst for procurement reform
- To enhance transparency, monitoring and control in procurement process
- To bring in economies of scale through aggregation of demand
- To reduce cost of doing business for both government and suppliers
- To establish level playing field and "fair" competitive platform for the suppliers

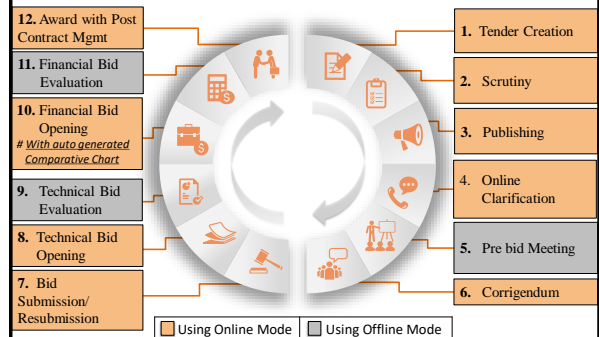
Benefits of eProcurement

- Institutional compliance
- Institutional Memory
- Single Stop Shop
- Increased price transparency
- Human touch points decreased
- Increases internal efficiency
- Best value for money
- Equal opportunity ushers economic development
- Paper consumption is less

Features of e-Tendering

- Publication of NIT
- Uploading of Tender/ RFP
- Downloading of Tender documents by contractors/ suppliers
- Online submission of tenders by bidders
- Opening of bids
- Auto-bid evaluation
- Publication of award
- Technical bid evaluation is sometimes handled manually automating this requires a well-functioning contract mgmt. and supplier mgmt. modules

Online Tender Process



Status of eProcurement Sol in States			
Sl. No.	State where NIC eProcurement portal Already Operational	State where NIC eProcurement portal To begin in 2012-13	States where Other eProc solution operational
1	Jammu & Kashmir	Sikkim	Andhra Pradesh
2	Jharkhand	Puducherry	Madhya Pradesh
3	Kerala	Manipur	Karnataka
3	Maharashtra	Meghalaya	Gujarat
4	Rajasthan	Mizoram	Chhattisgarh
5	Tamil Nadu	Bihar	
6	Tripura	Arunachal Pradesh	
7	Uttarakhand	Lakshadweep	
8	Uttar Pradesh	Nagaland	
9	West Bengal	Goa	
10	Punjab		
11	Orissa		
12	Himachal Pradesh		
13	Delhi		
14	Chandigarh UT		
15	Haryana		

Central Vigilance Commission – Leveraging IT

- The Government is promoting E-Governance to improve transparency in government functioning. As regards public procurement, the modern IT tools can be leveraged in enhancing transparency in the form of E-Tendering, E-Procurements, E-payments & uploading of post tender details on the website

World Bank/ ADB overview on eGP

- Govt Procurements account for 20% Global gross Domestic Products
- Govt is the single largest purchaser of goods & Services
- Transaction costs are reduced by 12%
- Cost savings on account of improved competitiveness 5-25%
- Improves internal efficiency
- Source for good MIS

E-Procurement Core Committee

- Chaired by Principal Secretary .
- Members include
 - Commissioner, School Education
 - RMSA Head
 - Representative of Service Provider
 - I.T Dept Representative
- Mandate to take decisions on fees, selection of service provider, process re-engineering & change management
- Periodicity of Meetings- Twice in a month initially
- Decisions taken by Committee are binding

Key Issues in e-GP implementations India

	ISSUE	APPROACH
BUYER	Complexity of Procurement Procedures	Procurement Reforms
	Organizational Resistance	Change Management
	Lack of IT Skills among employees	Training
SELLER	Difficulties in moving over to new tendering systems	Supplier adoption
	Low levels of technological skills	Training, Help Desk
	Difficulties in access to site	E-Procurement help centres
SYSTEM	Lack of Financial resources	Right business model, service charges
	Concerns of Confidentiality/ Authenticity of bids	Digital Signature Certificates
	Varying requirements of Multiple Departments	Process Reforms, Standards-based

Background of e-GP institutions in India

- Defined by the Principles of General Financial Rules(GFR) of the Government of India
- Process Guidelines enforced by Central Vigilance Commission (CVC) to ensure that free and fair procurement process is in place
- eProcurement Initiated from– Govt of Andhra Pradesh (2003), Indian Railways (2005), Govt of Karnataka (2004), National Informatics Centre, Meity (2008).
- Procurement is one area where large percentage of money is spent across Central / State Government.

eProcurement Business Models in place

Government Owned and Managed

- GePNIC, Railways, etc

Public Private Partnership

- Government eMarket Place

Third Party Service Providers

8 to 10 Major Service Providers, Few additional small providers

GePNIC

National Informatics Centre, MeitY has developed e-Procurement software system (GePNIC) as a product for facilitating electronic tendering in Government in consultation with MoE, MoComm.&Ind, State Governments, PSUs.

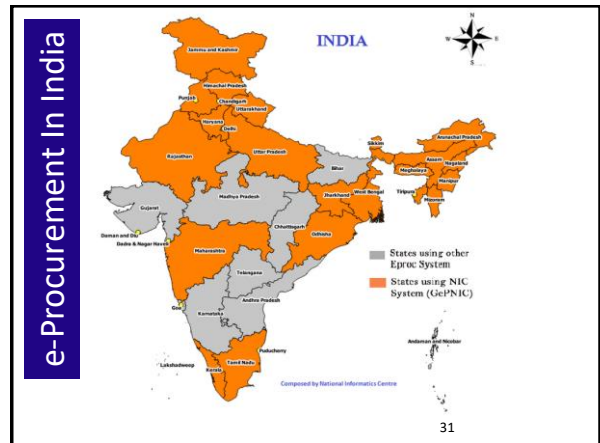
Used by – 27 States & Union Territories and over 300 Central Government Organisations including major Public Sector Units.

44 Live Instances Deployed and Operational

Year	Electronic Tenders	Value of Tenders (Rs. In Cr.)	% Increase over previous year	Average tenders in a Month
2014-15	3,08,854	4,77,517.24	39.98%	25,737
2015-16	5,13,842	6,92,177.78	66.37%	42,820
2016-17 Till Jan 2017	5,54,471	6,67,315.60	In Progress	55,447

18,59,371 e-Tenders processed (Till Jan 2017)
worth **Rs. 25,03,615.01 Cr since inception.**

Major Users of GePNIC		
Major Ministries / Depts	Major PSUs	27 States and UTs
<ul style="list-style-type: none"> • IIT Delhi, BHU , IIMA- A • Delhi University • Department of Science and Technology • Indian Army • Defence Research and Development Organisation • Delhi Police • Dept of Expenditure, Posts • Dept of Telecommunication • Military Engineering Services • CGHS, MSO • Boarder Roads Organisation • Border Security Force • ITBP , CRPF, CISF, SSB, NDRF • Central Bureau of Investigation • Intelligence Bureau • President's Secretariat 	<ul style="list-style-type: none"> • Delhi Metro Rail Corporation (DMRC) • National Thermal Power Corporation (NTPC) • Coal India Limited (CIL) • Indian Oil Corp Ltd (IOCL) • Delhi Development Authority • Singareni Collieries Company Limited • National Hydro Electric Power Corporation • Bharat Sanchar Nigam Limited (BSNL) • Goa Shipyard Limited • Hindustan Shipyard Limited • Mishra Dhatu Nigam Limited (MDNL) • Mazagon Dock Limited (MDL) • Bharat Electronics Limited (BEL) • Chennai Petroleum Corp Ltd • Vizag Port Trust 	<ul style="list-style-type: none"> • Assam • Bangla • Chandigarh UT • Daman and Diu • Dadra and Nagar Haveli • Haryana • Himachal Pradesh • Jammu & Kashmir • Jharkhand • Kerala • Lakshadweep • Nagaland • NCT of Delhi • Maharashtra • Manipur • Meghalaya • Mizoram • Odisha • Puducherry • Punjab • Rajasthan • Sikkim • Tamil Nadu • Tripura • UP • Uttarakhand



Classification of Systems using No. of Tenders
Large Installation: 20,000 Tenders Per annum to 1,20,000 Tenders Maharashtra, West Bengal, Odisha, Rajasthan, Govt of Delhi, Tamil Nadu, Jammu and Kashmir, Kerala, Haryana
Medium Installation: 500 to 20,000 Tenders Per Annum. Assam, Punjab, Dadra and Nagar Haveli, Uttarakhand, Jharkhand, Himachal Pradesh, Chandigarh
Low end Installation: Less than 500 Tenders per annum Lakshadweep, Daman and Diu, Nagaland, Arunachal Pradesh, Mizoram, Meghalaya, Sikkim, Tripura, Manipur, Puducherry

Security Features of GePNIC eProc System
<ul style="list-style-type: none"> • Two factor authentication • Bid encryption (Technical & Financial) at client end • Encryption using PKI based Technology • Digital Signing of all documents • Data Secured on transit using SSL • Secured Hosting • Role based access system • Log shipping, NTP configured • 24 X 7 availability of the system • Visibility of each other's offers for participating Bidders • Periodic audits by STQC as per EPS guidelines

Capacity Building Measures

24 x 7 Telephonic Help Desk facility is available

Daily Web Learning facility is available on different topics of e-Procurement at <http://webcon.nic.in>

Dedicated Email Support for any Technical queries related to Operation is available (Email ID support-eproc@gov.in / cppp-nic@nic.in)

Regular Class Room based training at NIFM, Faridabad as part of Management Development Programme on Public Procurement

On site comprehensive training by NIC experts for Department/Organisation implementing eProcurement in project mode.

Mahanadi Coal Fields.....a Case Study

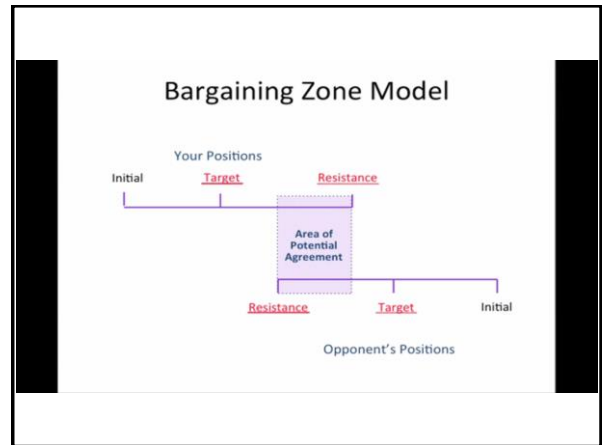
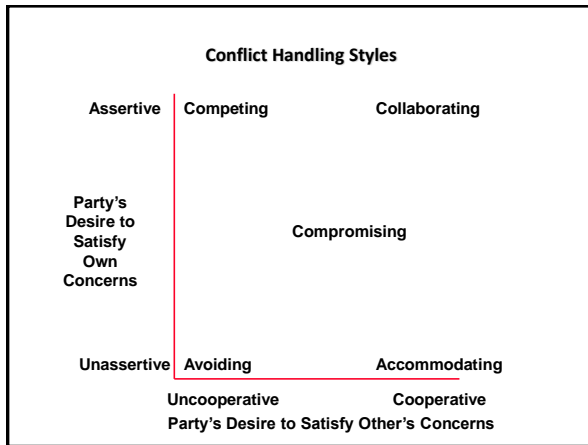
PARAMETER	BEFORE eTendering	AFTER eTendering	REMARKS
Cycle time from NIT to Award	120 to 300 days	17 to 82 days	Due to process reengineering and taking the advantage of online modules
Cost of bidding per bid for the bidder	Rs 2000 to 10000	Rs. 35 to 50	The frequent visit of bidder for submission and attending opening of bids is not needed now
Bid Validity Period	120 to 180 days	75 to 90 days	Average is 60 days
NIT Publication cost	Rs.4.7 Cr per Annum	Rs 49 Lakhs per Annum	Only General notices regarding availability of tenders are being given in the print media.

Benefits for Bidders

- ✓ Complete transparency in the process
- ✓ Free use of Portal, No charges levied
- ✓ Easy availability of Tenders Documents
- ✓ Anonymity in Bid submission
- ✓ Timely Mail / SMS Alerts
- ✓ No Physical visit required
- ✓ View Online Bid Opening
- ✓ Tender results readily available
- ✓ 24 X7 Availability
- ✓ Ease of Use

Benefits for Procuring Entities

- ✓ Standardize procurement processes across Government Departments
- ✓ Shortens Procurement Cycle
- ✓ Reduction of Human errors
- ✓ System aided Evaluation process
- ✓ Automated Process to a greater extent
- ✓ On the fly Reports / Comparative statement
- ✓ Integrity and Authenticity ensured due to Digital Signing of all docs
- ✓ Improvement in work culture in the Departments
- ✓ Reduces Litigation / Complaints /RTI



Thank You