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TRANSPARENCY IN PUBLIC PROCUREMENT THROUGH E-PROCUREMENT IN INDIA

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Abstract

Public procurement plays a vital role in the socio-economic development of a country. Transparent Public Procurement is quite essential for judicious utilization of the taxpayers' money. Lot of efforts has been made by the Government of India to enhance transparency in Public Procurement. Technology is widely used in bringing the transparency in governance. An effort has been made in this paper to through light on the End-to-end e-procurement system, which is considered as one the best initiative taken by the Government of India to enhance transparency in public procurement.

Keywords: Public Procurement; Transparency; E-Procurement

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INTRODUCTION

Public expenditure is must for the growth and development of the country. It is very important for the emerging nations to allocate lot of budget on developmental activities. Mere allocation of budget is not enough; it should be spent judiciously for the given purpose. Management of the public expenditure is a very difficult task. A major part of the Indian GDP is spent on public procurement. Efforts are being made by Government of India to give value for money of the tax payers' money. Ministry of Finance, Govt. of India has taken several initiatives in the recent past to enhance transparency in public procurement.

The Public Procurement Bill [1] was introduced by the Ministry of Finance in the Parliament on May 14, 2012. This Bill seeks to regulate and ensure transparency in the procurement process. The bill is applicable for all the procuring entities of ministries and departments of the central government, central public sector undertakings, and companies in which the government has a stake of more than 50 percent. This Bill shall not apply to procurements which are less than Rs. 50 lakh, emergency procurements made for , and procurement for the purpose of national security.

The basic norms that the procuring entity shall adhere to: (a) ensuring efficiency, economy and transparency; (b) provide fair and equitable treatment to bidders; (c) promote competitiveness; (d) ensure the quality is consistent with the price of the bid; and (e) prevent corruption. The Bill also defines a Code of Integrity for the procuring entity or Central Purchase Organization (CPO) as well as the bidders. It prohibits acceptance of bribe, collusion, misrepresentation, coercion or threat, and obstruction in the auditing process of the procurement made.

The Government of India had constituted Expenditure Management Commission (EMC) in September, 2014 to look into various aspects of expenditure reforms to be undertaken by the Government. The committee was headed by Dr. Bimal Jalan, eminent economist. The committee opined that "e-procurement has some obvious advantages such as savings in time and cost, the concerns relating to security and transparency need to be adequately addressed". It is recommended that initiatives towards e-procurement be strengthened and made more robust and that the features of e-procurement portals are duly certified and audited as per the guidelines of Department of Electronics & Information Technology.

An attempt has been made in this paper to highlight the end-to-end e-procurement system, which can be considered as landmark initiative in enhancing transparency in public procurement [2].

GOVERNMENT E-PROCUREMENT SYSTEM OF NATIONAL INFORMATICS CENTRE (GEPNIC)

The Central Public Procurement Portal (<https://eprocure.gov.in/eprocure>) is launched by

NIC on behalf of Department of Expenditure, Ministry of Finance, and Government of India. It is known as Government e-Procurement System of NIC (GePNIC). This is generic software which can be used by the Central Government Departments and Organizations. All kinds of procurement activities such as goods, works and services can be processed on through this portal. It enhances transparency in all activities relating to tendering process and non-discrimination amongst bidders. Tender documents can be accessed free of cost by the prospective bidders.

Facilities Provided on CPP Portal

The following facilities are made available on CPP portal:

- **Online registration of procurement entities and vendors:** Procurement entities as well as contractors and suppliers must enroll on the CPP portal using Digital Signature Certificate (DSC).
- **Tender creation and publishing:** It facilitates procuring entities to create the and publish tender online by providing key information of the tender such as bid submission and opening dates, pre-bid meetings, nature of procurement, tender values, EMD, tender fees, tender validity, etc. The whole document of Notice Inviting Tender is to be published in pdf format.
- **Publishing of corrigendum and pre-bid meeting decisions:** Sometimes procuring entities need to modify the tender documents, after floating the bids on CPP portal. Under such circumstances, there is also provision for procuring entities for issuing corrigendum on the portal.
- **Online bid submission, resubmission, and withdrawal of bids:** Bidders need to submit the bids online as per the requirements of NIT. There is also provision for resubmission of bids for 'n' number of times as well as the bids can be withdrawn before the bid closing date and time. All the documents are to be digitally signed. The bidder gets an online acknowledgement on submission of the bids online.
- **Online tender opening:** Bids can open on or after the date and time of opening bids by the authorized officials through DSC. Each activity is time stamped with server time. All the bids can be seen and saved locally for evaluation and further processing. After opening the bids, the bidders will be able to see the bids of other bidders also.
- **Publishing technical and financial evaluation:** After opening, bidders are selected for respective technical and financial evaluation. Bid documents are downloaded and given for evaluation and the recommendations of the committee are updated. Automatic comparative charts are generated for the price bids prepared from the templates available on CPP portal [3]. The system sends SMS

and mail to the bidders about the bid opening, bid evaluation, financial bid opening and award of contract.

- **Award of the contract:** Selection of a bidder he is to be officially notified on CPP portal. The letter called Award of Contract will state the contract price.

Benefits of E-procurement

E-procurement ensures secure online bid submission and access to bid opening event to the procuring entities, as well as bidders from any place on 24 x 7 bases. The system, which is being progressively used since the year 2007 [4]. Important benefits of E-procurement compared to offline tendering are as under:

- **Wide publicity:** The tender document gets wide publicity as it is mandatory for government entities to publish tenders on CPP portal. The vendors can easily find the tenders in which they can participate. Tender search option on CPP portal enables the bidders to search by using filters such as tender by nature of product/service, tenders by organization, tender by date etc. The vendors need not to search for tenders in several daily newspapers, which is a tedious and time consuming search. All tenders are not published in newspapers as it is not mandatory to publish tenders valuing less than Rs. 25, 00,000 for procurement goods and Rs. 10, 00,000 for procurement of services as per GFR 2005.
- **Easy to participate:** For the vendors it is quite easy to participate in the public procurement tenders floated on CPP portal. All the required documents are to be scanned and uploaded. The system generates an acknowledgment for submission of the online tender. There is no need to submit documents by post, there are no worries of postal delays. It is less expensive and less tedious work to submit the bids online. Micro and Small enterprises registered with NSIC can submit bids free of cost as they are waived from payment of Tender Processing Fee and Earnest Money Deposit. Central ministries or departments may relax the condition of prior turnover and prior experience in public procurement subject to meeting of quality and technical specifications.
- **Large number of bidders:** The procuring entity can expect more number of bids for online tenders, as it is widely publicized and it is easy for the vendors to submit bids. However, in the initial stages there are teething problems of resistance to change and adoptability to the online tendering.
- **Transparency:** Transparency is the need of the hour in public procurement. One bidder can see the bids submitted by the other bidders. Hence, the procuring entity cannot discriminate any bidder. All the bids are evaluated as per the tender norms.
- **Check on corruption:** There is a possibility of corruption in offline tenders. But this problem does not persist under e-procurement.

Superiority of E-procurement over E-publishing

The superiority of e-Publishing module and e-Procurement module of NIC is narrated as under (Table 1):

Table 1: Superiority of e-Publishing module and e-Procurement module of NIC.

e-Publishing module	e-Procurement module
<p>Entails publishing of all tender enquiries, corrigenda thereto and awards of contract thereon on the CPP Portal. Under e-Publishing, the User Organizations will invite bids offline.</p>	<p>Covers the complete tendering process starting from online publishing of tender enquiries, online bid submission by the bidders, online bid opening, uploading of bid evaluation results and publication of award of contract.</p> <p>Under e-Procurement, the complete tendering, including the submission of bids by the bidders, will be online.</p>
<p>Under the e-Publishing module, the user organizations are required to define two roles for their officials authorized to use this module, viz. Tender Creator and Tender Publisher.</p>	<p>Under the e-Procurement module, the user organizations will be required to define two additional roles apart from the Tender Creator and Tender Publisher as in e-Publishing, viz. Bid Opener and Bid Evaluator. At least 5 Digital Signature Certificates are required to complete one tender cycle. More personnel are involved here.</p>
<p>All authorized department users, from the user organizations, can login using a login ID and password assigned to them, to operate the e-Publishing module of the CPP Portal. They do not need any additional mode of authentication.</p>	<p>All authorized department users, from the user organizations, need to have valid Digital Signature Certificates (DSCs), in addition to their user ID and password, to be able to operate the e-Procurement module.</p>

<p>E-Publishing does not require the bidders to enroll on the CPP Portal, since the bids will continue to be submitted in the paper based format.</p>	<p>E-Procurement requires the bidders to enroll on the CPP Portal, using a valid Digital Signature Certificate (DSC) and Valid email address. The bidders will be required to submit their bids online on the e-Procurement module.</p>
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Training

The training on public procurement is provided at National Institute of Financial Management (NIFM), Faridabad. Government of India bears the cost of training of the government officials. NIFM has given a schedule of 40 batches for training from April 2016 to March 2017. During the six days training programme, two days are devoted to e-procurement. An intensive training is imparted to the participants.

Procurement Policy Division, Department of Expenditure, Ministry of Finance, Government of India has requested all Ministries, Departments, to nominate Directors, Deputy Secretaries, Under Secretaries, Section Officers level officers who are currently engaged in the area of Public Procurement, directly or indirectly. As the officers keeps on rotating due to transfers etc., even the officers who are currently not working in this area can also be sent for this training.

Tenders floated and Tender Value

The e-procurement system has lot of advantages. The e-procurement module is gaining momentum in the recent past. Table 2 gives the glimpse of tenders floated and their value on e-procurement mode.

It can be inferred from the Table 2 that there is a continuous growth in the number of tenders floated. It should be noted that it is not mandatory for procuring entities to mention the value of tenders. Hence, the tender value is not available for all the tenders.

Table 2: Tenders Floated and Total Value of Tenders Floated.

Year	Total No. of e-Tenders floated	Percent change	Total Value of e-Tenders floated (Rs. In-Crores)	Percent change
2012-13	79963	----	85624.37	----
2013-14	262778	228.62	376097.52	339.2412

2014-15	303697	15.57	348981.25	-7.2099
2015-16	480377	58.17	482399.81	38.23087
2016-17*	284664	----	318177.43	----
Total	1411479	----	1611280.38	----

Source: Compiled from the data of CPP portal. *Not for the entire year.

CONCLUSION

There is need for enhancing transparency in public procurement for the socio-economic development of India. Government of India has taken several initiatives to bring transparency in public procurement. Very important initiatives are e-publishing, e-procurement, DGS&D rate contracts, and Government e-market place. Public Procurement Bill [1] aims to regulate public procurement. Ensuring transparency, accountability, fair and equitable treatment of bidders, promoting competition, enhancing efficiency and economy are must for judicious spending of tax payers' money. The changes made in the public procurement system in the recent past are remarkable.

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