

# Public Procurement

MCRHRD

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# Agenda

- Public Procurement
- Frame Work -Good Practices
- Issues
- eProcurement

**Framework**

# **PUBLIC PROCUREMENT**

# What is public procurement

- It is the acquisition of goods and services by public bodies – government ministries, agencies, local bodies, municipalities, state enterprises and private utilities holding monopoly

# Why is it important

- Very large portion of national budget - maintenance and investment - is spent for acquisition of goods and services through public procurement
- Public Procurement covers
  - 20 to 30 % of the Gross Domestic Product
  - 15 to 70 % of the budget
  - Includes very large contracts for infrastructure, energy, communication, defense , education

# Stake Holders

- Tax payers and Public
- Business Community
  - Domestic
  - International
- Funding agencies
  - Nabard, WB, ADB, JICA
- Government Agencies
- Politicians
- Vigilance/ Audit

# What do the stake-holders expect - I

- **Tax Payers and general public look for:**

1. Value for money *i.e.* economy
2. Transparency of process and decisions
3. Non-discrimination in treatment of vendors / bidders
4. Accountability of public officials

# What do the stake-holders expect - II

5. Quality of goods/services
6. Responsiveness, efficiency
7. Integrity in use of public money
8. Support to public policies e.g. protection of environment, social equality, minimum wages, balanced development, etc.



# What do the stake-holders expect - III .

- **Domestic private sector looks for -**

1. Development of local industry--  
manufacturing, construction and services  
(professional and non-professional)
2. Reasonable protection against foreign  
competition
3. Construction Industry particularly is mostly  
dependent on the government contracts

# Growing importance is due to

- Formation of international development institutions such as the World Bank, ADB, AfDB, EBRD, etc.
- **Trade Agreements such as:**
  - EC ( European Commission) common market
  - WTO GPA (Government Procurement Agreement)
  - NAFTA ( North American Free Trade Agreement)
  - APEC ( Asia Pacific Economic Cooperation )

All the above,

require a set of transparent, non-discriminatory public procurement regime open to all members.

# Public Procurement culture reflects on Governance

- Public procurement is one important activity of governance with high potential for corruption
- Public look for integrity and honesty
- The IMAGE of any government, particularly in the developing world, is largely influenced by the quality and integrity of public procurement

# Public Procurement – Objectives - I

- Get the best value for money (economy)
- Ensure an efficient process
- Promote competition
- Provide equal and non-discriminatory access and opportunity to all eligible bidders
- Ensure transparency and openness of process and decisions

# Public Procurement - Objectives - II

- Build in accountability
- Reduce scope for corruption and abuse
- Develop domestic economy
- Compliment other public policies
- Be a model purchaser and employer

# Models of good public procurement laws/rules

- World Bank Guidelines
- UNCITRAL model law
- European Commission Rules
- GPA of WTO
- NAFTA Procurement Rules
- APEC Procurement Principles

# Common features

- Clear statement of objectives
- Open tender as the general rule
- Wide publicity of opportunities
- Non discriminatory specification
- Fair bidding procedures
- Disclosure of qualification / selection criteria.
- Dispute Resolution Mechanism

# Bid Document

- Intent
- Notice : Time schedule, bid fee, guarantees
- Eligibility criteria
  - General, Technical
- Evaluation method
  - Technical / Price
- General bid conditions
- Special terms and conditions
- Specifications, Quantities, Estimated rates
- Drawings



# Procurement Mechanisms

- Static
  - Tenders
- Dynamic
  - Auctions
  - Reverse Auctions
- Hybrid
  - Tender (First stage)
  - Reverse Auction(Second stage)

# Procurement Types

- Open Tenders
- Limited Tenders
- Single Sourcing
- Stages
  - One
  - Two
- Methods
  - Single Cover (Tech cum Price)
  - Two Cover (Technical and Price)
  - Three Cover (Pre Qualification, Tech, Commercial)

# Procurement Types

- Based on Competition
  - International Competitive Bidding
  - National Competitive Bidding
  - Local Competitive Bidding
- Mode
  - Paper Based
  - Internet Based

**Issues in**

# **PUBLIC PROCUREMENT**

# Actual Situation in Paper Procurement

Sensitive , always under scrutiny

Inadequate transparency

Vested interest

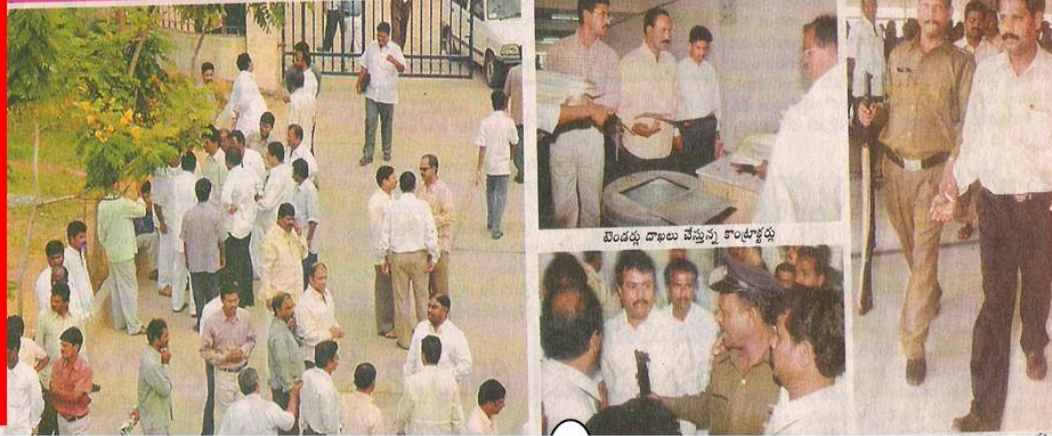
Physical platform facilitated rigging

Delays in finalisation of procurements

Absence of information on suppliers, availability of opportunities, status on procurements

**#CORRUPT**

**Before e-GP**



పెండ్లపాటి దాడులు చేస్తున్న కాంట్రాక్టర్లు

# Contractors conspire to seize tenders

File for irrigation projects worth nearly Rs 5,000 cr

**Situation before eProcurement**

HYDERABAD

## Tender process completed amid tension

By Our Special Correspondent  
 HYDERABAD, NOV. 9. The crucial process of filing tenders for irrigation projects was completed in the last minute, G. V. P. Veera Reddy rushed into the chamber of the Engineer-in-Chief, Major Irrigation, T. S. Prakash Rao, raising a hue and

### TIP OF THE ICEBERG Tender scam busted in MCD office Tribune News Service

New Delhi, August 19  
 The Crime Branch of the Delhi Police today claimed to have unearthed a tender mafia racket in the Municipal Corporation of Delhi with the arrest of eight contractors and an employee of the corporation.

**CONSPIRACY**

# **ELECTRONIC PROCUREMENT**

## World Bank/ ADB overview on eGP

- Govt Procurements account for 20% of GDP
- 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



# Benefits of eProcurement

- Institutional compliance
- Institutional Memory
- Single Stop Shop
- Increased price transparency
- Increases internal efficiency
- Best value for money
- Concurrent Audit by Vigilance wing
- MIS Reports
- Paper consumption is less

# E-Procurement – Internet Based System

- Web based interface with Vendors - notifications, receipt of proposals , posting of results -
- Internal workflows of the department could be Intranet based.
- Integration with legacy MMS , ERPs etc
- Forms based system
- Authentication and Encryption
- Data Security
- Flexibility to set the transparency levels

**Department officials operating tenders in a Computer**



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# Using e-Procurement – Buyer

1. A buyer logs in to the system, creates a tender document and digitally signs the document before uploading using his digital certificate.
2. In the process, the buyer uploads his public key for vendors to encrypt the data with
3. Only the buyer's digital certificate can decrypt the content uploaded by the vendors
4. Buyer configures tender process time lines
5. Opens bids after lapse of Bid opening time



## Situation After eProcurement

**A Supplier submitting Bids from Internet Kiosk**



# Using e-Procurement - Bidder

1. A bidder logs on to the system. Prepares bid proposal and digitally signs using his digital certificate.
2. The bidder uses the buyer's public key to encrypt data
3. Submits Bid over the Internet
4. The digital signature is verified before storing it into the server.
5. All digitally signed content is time stamped



# Tender opening – Instant Comparative Statement

Welcome to C1 India Tender Management Services - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Links Tender Address <https://tender.eprocurement.gov.in/asp/epc/commercial> Go Norton AntiVirus

Tender No. : 2/2006-2007, Dt: 30-5-2006. Tender Type: Limited

### Current Evaluations

Bidder Name	Supplier Bid Details	Supplier Docs	Rating	Overall Tendered Cost (words)	Tender Cost (INR)	Select Bidder
P.Lakshmu Reddy and M/S Kranthi Construction,Hyder			L1	forty four crores twenty one lacs fifty two thousand nine hundred ninety nine	442,152,999.00	<input type="radio"/>
M/S Manisha and Mulay,Aurangabad.			L2	forty nine crores fifty nine lacs	495,900,000.00	<input type="radio"/>
M/S Sadbhav Engineers Limkited Ahmedabad			L3	forty nine crores eighty five lacs forty two thousand	498,542,000.00	<input type="radio"/>
RMN-GVR Engineers,Hyderabad.			L4	forty nine crores ninety two lacs	499,200,000.00	<input type="radio"/>
A.Prabhakar Reddy and Co, Hederabad			L5	forty nine crores ninety three lacs	499,300,000.00	<input type="radio"/>
Lanco Infra Tech Ltd, Hyderabad			L6	fifty crores fifty eight lacs	505,800,000.00	<input type="radio"/>
Pioneer Builders Limited,Banjara Hills,Hyderabad			L7	fifty two crores thirty four lacs seventy one thousand one hundred forty nine	523,471,149.00	<input type="radio"/>
Engineering Projects(India) Ltd,Hyderabad			L8	fifty three crores	530,000,000.00	<input type="radio"/>
M/s ECI Engineering Construction Company & M/s Bho			L9	fifty three crores ten lacs	531,000,000.00	<input type="radio"/>

Comparative Statement

Done

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# Current Scenario of e-Procurement in States

State	e-GP ASP/ Vendor/ OEM	Status	Tendering
Andhra Pradesh	C1 India/Vayam Tech	Well established	Yes
Karnataka	HP	Well established	Yes
Gujarat	GNFC's nProcure	Well established	Yes
Rajasthan	NIC	Established and growing	Yes
Odisha	NIC	Established and growing	Yes
Chhattisgarh	Nextenders and Wipro	Established and growing	Yes
Kerala	NIC and Antares	Started last year	Yes
Maharashtra	NIC and Tender Wizard	Somewhat established	Yes
Punjab	Antares	Established and growing	Yes
Bihar	Antares	Somewhat established	Yes
Uttar Pradesh	NIC	Somewhat established	Yes
Madhya Pradesh	C1 India and Nextenders	Somewhat established	Yes



# Major e-Procurement Adoptions in India

Sl. No	Description	GoAP	Railways	GoK	GoC	GeP-NIC
1	Start of Project	2003	2005	2007	2007	2008
2	Governed by	Steering Committee	Railway Board	Steering Committee	Empowered Committee	Client specific
3	No. of departments using e-Procurement	> 200	> 25	> 100	> 25	Depts. In multiple States
4	No. of tenders published	> 1,20,000	> 2,10,000	> 45000	> 19000	> 65000
5	Value of tenders handled in INR	> 3,20,000 Crore	NA	> 80,000 Crore	> 30,000 Cr	> 1,00,000 Crore
6	Implementation model	PPP	Govt. Owned	PPP	PPP	Govt. Owned

**A.P and Telangana Case Study**

# **ELECTRONIC PROCUREMENT**

# AP and TS Case Study

- First State to implement in 2002
- Centralised IT infrastructure- Decentralised functions
- Govt depts, PSUs, Universities, Municipalities, Temples, societies
- Goods, Services, Works
- Mandatory Electronic mode; No paper bids
- 224 Govt agencies, 20000 Users
- 1.63 lakhs tenders completed
- Rs 3,20,000 Crores
- Public Private Partnership Model

# Range of procurements

- Buildings, Highways, Bridges
- Computers, Furniture, Stationery
- Consultancy Services
- Drugs, Medical equipment, Edible items, Electricity Sub-stations,, Vehicles, Auto spares, Transformers, Pumps, Buffaloes
- Services, power purchase, land sales
- Highest value **Rs 3500 Cr** Irrigation project
- lowest **Rs 55,000** drain in a Municipality
- **65** bidders for a single tender
- **529** tenders closed on a single day (Sept 2008)
- 1500 Govt users, 9800 suppliers

# Economy in Advertising !

Government of Andhra Pradesh  
**ROADS AND BUILDINGS DEPARTMENT**  
 "e-Procurement Notice"

e-CTN No. 15/CE/(R&B) Roads/EE(TEC)/TA16/AEE(A)/2006, dt. 12.05.2006

1. Name of the work: Construction of HLB's at km 24/0-2, km 26/8-10, km 28/8-10, km 29/0-2 and km 30/2-4 of Bheemaram-Nannel road in Adilabad District. 2. Estimate contract value: Rs. 25561865, 3. Last date and time for receipt of tender: 03.06.2006, 3.30 p.m. 4. Name & Address of the Superintending Engineer (R&B) concerned: Superintending Engineer(R&B) Circle, Adilabad. Further details can be seen at e-procurement market place at [www.eprocurement.gov.in](http://www.eprocurement.gov.in).

Sd/- for Chief Engineer (R&B) Roads



**GOVERNMENT OF ANDHRA PRADESH  
 ANDHRA PRADESH URBAN REFORMS AND  
 MUNICIPAL SERVICES PROJECT**

**INVITATIONS FOR BIDS (IFB)  
 NATIONAL COMPETITIVE BIDDING**

Date: 17-06-2005  
 Bid No.: MCQ/APURMSP/2/2005-06

- The Government of India has Applied for a loan from the International Bank for Reconstruction & Development towards the cost of APURMS Project and intends a part of the funds to cover eligible payments under the contracts for construction of works as detailed below. Bidding is open to all bidders from eligible source countries as defined in the IBRD Guidelines for Procurement. Bidders from India should, however, be registered with the Government of Andhra Pradesh or other State Governments/ Government of India, or State/ Central Government Undertakings. **Bidders are advised to note the minimum qualification criteria specified in Clause 4 of the Instructions to Bidders to qualify for the award of the contract.**
- The Commissioner, Quthbullapur Municipality invites bids for the construction works detailed in the table.
- Bidding documents (and additional copies) may be purchased from the office of the Commissioner, Quthbullapur Municipality from 23-06-2005 to 23-07-2005 for a non-refundable fee (three sets) as indicated, in the form of cash or Demand Draft on any Scheduled bank payable at Hyderabad in favour of Commissioner, Quthbullapur Municipality. Interested bidders may obtain further information at the same address. Bidding documents requested by mail will be dispatched by registered/ speed post on payment of an extra amount of Rs. 500/-. The Bids inviting authority will not be held responsible for the postal delay if any, in the delivery of the documents or non-receipt of the same.
- Bids must be accompanied by security of the amount specified for the work in the table below, drawn in favour of Commissioner, Quthbullapur Municipality. Bid security will have to be in anyone of the forms as specified in the bidding document and shall have to be valid for 45 days beyond the validity of the bid.
- Bids must be delivered to the Commissioner, Quthbullapur Municipality on or before 15.00 hours on 25-07-2005 (date) and will be opened on the same day at 15.30 hours, in the presence of the bidders who wish to attend. If the office happens to be closed on the date of receipt of the bids as specified, the bids will be received and opened on the next working day at the same time and venue.
- A prebid meeting will be held on 07-07-2005 at 15.00 hrs. at the office of the Commissioner, Quthbullapur Municipality to clarify the issues and to answer questions on any matter that may be raised at that stage as stated in Clause 9.2 of 'Instructions to Bidders' of the bidding document.
- Other details can be seen in the bidding documents.

**TABLE**

Package No.	Name of work	Approximate value of work (Rs.)	Bid security (Rs.)	Cost of document (Rs.)	Period of completion
1	2	3	4	5	6
	Providing water supply feeder lines in Wards 22, 23 & 24 Sanjay Gandhi Nagar, Nehru Nagar, Devamma Basthi to Sanjay Gandhi Nagar, Anjaiah Nagar, Jagathgungutta. Beerappa Nagar, Devamma Basthi, Sanjaypuri, Papireddy Nagar, Sanjay Gandhi Nagar, Nehru Nagar, Ranga Reddy Nagar, Venkatram Reddy Nagar under Shapur Nagar Section in Quthbullapur Municipality.	Rs. 140.55 Lakhs	Rs. 2.82 Lakhs	Rs. 3,000/-	6 Months

COMMISSIONER  
 Quthbullapur Municipality

DIPR RO. 72PP/CL, dt. 20.6.05

# Online MIS

Welcome to C1 India Tender /

File Edit View Favorites Tools

Back Forward Stop Refresh

Address <https://tender.eprocurement.gov.in/jsp/reports/reports.jsp> Go Links

**e**procurement .gov.in

Dashboard Edit Profile Feedback Change Request Logout

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Good Morning Mr.K.Bikshapathi ! [ SECRETARIAT ] Easy Links : Select Link Go

## Reports

### List of Reports

■	<a href="#">Total Procurement Summary</a>
■	<a href="#">Summary of Works Completed</a>
■	<a href="#">Feedback Report</a>
■	<a href="#">Summary of Products Completed</a>
■	<a href="#">Tender Search Details</a>
■	<a href="#">Tender Data Statistics</a>
■	<a href="#">Tenders Geographical Wise</a>
■	<a href="#">Department Wise Tenders</a>

Trusted sites

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<a href="#">HMWSSB</a>	0	0.00	38	6,504,189,310.00	107	4,972,659,611.00	145	11,476,848,921.00
<a href="#">HUDA</a>	0	0.00	11	26,984,274.00	8	201,302,104.00	19	228,286,378.00
<a href="#">I&amp;CAD</a>	0	0.00	1161	131,015,117,515.00	474	10,743,839,763.00	1635	141,758,957,278.00
<a href="#">I&amp;CAD-EPC</a>	0	0.00	103	104,091,043,566.00	82	4,618,861,793.00	185	108,709,905,359.00
	0	0.00	0	0.00	11	3,561,105.00	11	3,561,105.00
<a href="#">JNTU</a>	0	0.00	8	98,975,080.00	8	170,500,000.00	16	269,475,080.00
<a href="#">MCKNL</a>	0	0.00	104	95,829,016.00	227	66,356,147.00	331	162,185,163.00
<a href="#">MCA</a>	0	0.00	14	28,845,336.00	4	11,544,130.00	18	40,389,466.00
<a href="#">MCH</a>	0	0.00	73	145,408,947.00	246	519,660,383.00	319	665,069,330.00
<a href="#">MCK</a>	0	0.00	10	36,437,070.00	8	17,955,512.00	18	54,392,582.00
<a href="#">MCR</a>	0	0.00	136	92,326,565.00	5	12,291,059.00	141	104,617,624.00
<a href="#">MCV</a>	0	0.00	0	0.00	3	152,946,194.00	3	152,946,194.00
<a href="#">MCW</a>	0	0.00	39	86,434,733.00	113	61,489,405.00	152	147,924,138.00
<a href="#">MUNICIPALITIES</a>	0	0.00	590	870,804,343.00	369	647,908,236.00	959	1,518,712,579.00
<a href="#">MCN</a>	0	0.00	7	35,343,325.00	8	23,596,162.00	15	58,939,487.00
<a href="#">MCNZM</a>	0	0.00	11	20,533,032.00	3	9,492,523.00	14	30,025,555.00
<a href="#">PHMED</a>	0	0.00	189	1,569,336,128.00	138	741,845,852.00	327	2,311,181,980.00
<a href="#">PRED</a>	0	0.00	1540	12,665,035,181.00	614	8,684,229,437.00	2154	21,349,264,618.00
<a href="#">R&amp;B</a>	0	0.00	2867	19,797,117,277.00	608	5,293,529,435.00	3475	25,090,646,712.00
<a href="#">SKU</a>	0	0.00	2	5,509,188.00	0	0.00	2	5,509,188.00
<a href="#">TWED</a>	0	0.00	266	1,210,469,152.00	404	1,001,507,132.00	670	2,211,976,284.00
<a href="#">SCCL</a>	0	0.00	0	0.00	13	129,251,182.00	13	129,251,182.00
<a href="#">TTD-CIVIL WORKS</a>	0	0.00	5	88,663,876.00	16	116,946,610.00	21	205,610,486.00
<a href="#">TTD-EDP</a>	0	0.00	1	0.00	1	1.00	2	1.00
<a href="#">TTD-MARKETING</a>	0	0.00	2	0.00	3	0.00	5	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>7827</b>	<b>283,524,293,182.00</b>	<b>4435</b>	<b>49,565,572,978.00</b>	<b>12262</b>	<b>333,089,866,160.00</b>



List of Tenders Completed in the Circle

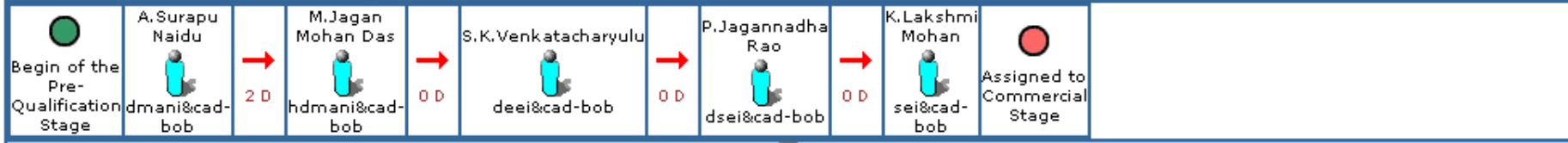
<b>Department Name</b>	MUNICIPALITIES	<b>Circle Name</b>	ALWAL MUNICIPALITY
<b>Date From</b>	30/9/2002	<b>Date To</b>	21/3/2006

Name of the Work	Tender No.	ECV	Percentage at which tender is awarded		Tender Award Value	Name of the winning contractor	No. of Bids Received	Tender Evaluation Time	Tender Award Date
			Rupees	Excess/Less					
Laying of C.C Road at Citizen Colony, Old Alwal Ward No.21 in Alwal Municipality	AM/E/521/12/1/2004	97,420	Less	13.60	84,170	p.sudarshan	2	2	25/11/2004
Laying of C.C Road W.No.21 in Citizen Colony	AM/E/521/12/2/2004	194,855	Less	18.18	159,430	M.Raji Reddy	4	2	25/11/2004
Laying of C.C. Road , Sever Line and water supply Line from H.No.4-10 to Nala at Reddy Basthi,Kowkoo, Ward No.1	AM/E/521/12/4/2004	98,108	Less	12.99	85,363	Sree Narendra W.L.C.C.S	6	2	25/11/2004
Laying of C.C Road at H.No.1-152 to 1-26 , Kowkoo, Ward No.1	AM/E/521/12/5/2004	197,448	Less	16.99	163,901	P.M.V.PRASAD	5	2	25/11/2004
Laying of C.C.Road at Kowkoo, Barshapet, Ward No.2	AM/E/521/12/6/2004	199,925	Less	18.18	163,578	A.SEETHARAMREDDY	3	2	25/11/2004
Construction of Open Drain at	AM/E/521/12/7/2004	98.831	Less	14.99	84.016	Sree Narendra	5	2	25/11/2004

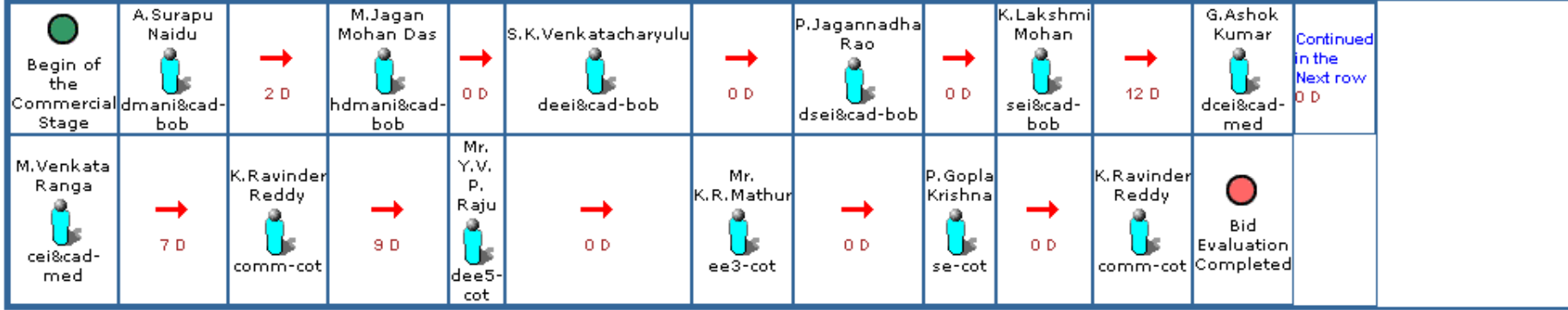
**Tender Monitor**

<b>Tender No</b>	<b>14/2004-05 Dt. 7-8-2004 (3rd Call)</b>	<b>Tender Type</b>	<b>Open</b>	<b>Tender Publishing Date (mm/dd/yyyy hr:mn:sc)</b>	<b>8/16/2004 1:00:00 PM</b>
<b>Status</b>	<b>closed</b>	<b>Tender Category</b>	<b>Works</b>	<b>Estimated Contract Value</b>	<b>29589938</b>

**Pre-Qualification/Technical Bid Stage**



**Price Bid Stage**



Start of Stage  
 SE Office  
 CE Office  
 Current Position  
 End of Stage  
 COT  
 Other-Office  
 Rejected

[Back](#)

**THANK YOU**