

Public Procurement in India: Assessment of Institutional Mechanism, Challenges, and Reforms

No. 204

31-July-2017

Bhabesh Hazarika and Pratap Ranjan Jena



**National Institute of Public Finance and Policy
New Delhi**

Public Procurement in India: Assessment of Institutional Mechanism, Challenges, and Reforms

Bhabesh Hazarika and Pratap Ranjan Jena

Abstract

The present study assesses the public procurement system and recent reform initiatives in India and outlines the need for changes in the institutional frameworks. There are several issues in the public procurement activities in India, which stem from fragmented procedures and rules, lack of transparency, widespread irregularities, and unavailability of sufficient procurement professionals. The recent initiatives to establish a consistent and transparent public procurement system have not yielded the desired results. The emergence of the practice of e-procurement as a vital tool in integrating the public service delivery and good governance, however, shows some forward movement towards a transparent, accountable, and competitive procurement regime. Although General Financial Rules (GFRs) and other procurement manuals are exhaustive in nature, these need to be backed by legislative power.

Key Words: Public Procurement, Institutional Mechanism, Procurement Reform, India

JEL Classification Codes: H11, H57, R58

1. Introduction

In recent years, the issues concerning public procurement has received increased attention from the academia and policy makers due to its vital role in public financial management (PFM) systems. A well-functioning and efficient public procurement system addresses issues like inefficiency, corruption, and waste (Jones, 2007), and thus, it helps the development process by improving the public administration. The strategic and efficient allocation of government expenditure (public procurement) is also crucial for meeting the country's fiscal commitments. Indeed, a sound public procurement system is not only an ethical requirement but also an economic and social one. Despite its emergence as a crucial element of good governance, the public procurement system in India continues to suffer from several weaknesses. Over the last decades, the country has initiated a series of reform measures in the system to achieve the best value for public spending. However, the reform initiatives in the procurement process have not yielded the desired results.

Public procurement accounts for a significant level of public all over the world. It constitutes about 15 percent or more of the gross domestic product (GDP) across the countries. In 2013, the estimated public procurement was 29 percent in the OECD countries (OECD, 2016) while it was around 20-30 percent of the GDP in India (UNODC, 2013). Looking at the expenditure pattern, the government expenditure in India has grown from INR 11,973 billion to INR 16,637 billion in the last five years (Ministry of Finance, 2017). A few Union ministries, namely, Defence, Railways, and Telecom allocate approximately 50 percent of their respective budget for public procurement. Considering such a large-scale public expenditure on procurement, streamlining the procurement process in the country has become imperative. Unlike many countries, India does not have a comprehensive procurement legislation, and the procurement regime in the country appears to be fragmented and inconsistent in terms of rules, regulations, and procedures (CUTS International, 2014; Tabish & Jha, 2011).

Given this background, the present study attempts to assess the institutional mechanism, challenges, and reform initiatives in public procurement in India. The assessment of the current procurement regime in India looks at the compatibility of the existing rules and regulations to the basic principles of public procurement. The study also throws light on the need for further reforms to address the shortcomings and challenges of the current procurement system.

2. The Nature of Public Procurement

Public procurement involves purchasing of goods or services by different entities such as ministries and departments of the government for public service delivery, and it encompasses activities ranging from assessment of procurement needs to awards of contract and final payment (Lewis-Faupel et al., 2014; CUTS International, 2014; OECD, 2016). An efficient procurement system appears as a strong element of the public expenditure management systems by helping an entity in taking appropriate budgetary decisions and identifying the required investment opportunities (Hunja, 2003; McCrudden, 2004). However, the procurement systems in many countries are constrained by several bottlenecks, and the need for reforms has been getting increasing attention from the stakeholders such as procuring entities, policy makers, and procurement professionals (Jones, 2007; World Bank, 2017). While achieving competitiveness, enhancing transparency, and reducing corruption remain the objectives of reform initiatives, particularly in developing and emerging markets, the results of the reforms have not been satisfactory (Odhiambo and Kamau, 2003; Jones, 2007; Tabish & Jha, 2011; Ambe & Badenhorst-Weiss, 2012; CUTS International, 2014). Analyzing the public procurement process in a few selected South Asian economies, Jones (2007) reveals that procurement practices in the countries like Vietnam, Laos, Cambodia, Indonesia, and the Philippines suffer from serious weaknesses despite having remarkable growth performances in the recent years. The efforts towards reforming the public procurement system are still inadequate. The experience from South Africa shows that it has remained challenging due to unavailability of sufficient procurement skills, non-compliance to the policies, lack of accountability, and corruption (Ambe & Badenhorst-Weiss, 2012).

Public procurement from the domestic suppliers especially the micro and small enterprises (MSEs) have gained importance in many countries in recent years. Promotion of MSEs is important due to their growth potential through innovations, competition, and inherent employment opportunities. Despite such policy interventions, the MSEs participation in the public procurement is much lower compared to their significant contribution to the GDP across countries. Lack of human resources, low access to information and technology, lack of financial capital, etc., appear to be the major challenges in this regard (World Bank, 2016). In practice, there also exist issues of non-compliance with MSEs-friendly policies by the procuring entities in most of the countries (Loader, 2013). Similarly, lack of competitive practices in

public procurement and rigid bureaucratic attitude also limit participation of the MSEs (Gelderman, Ghijsen, & Brugman, 2006).

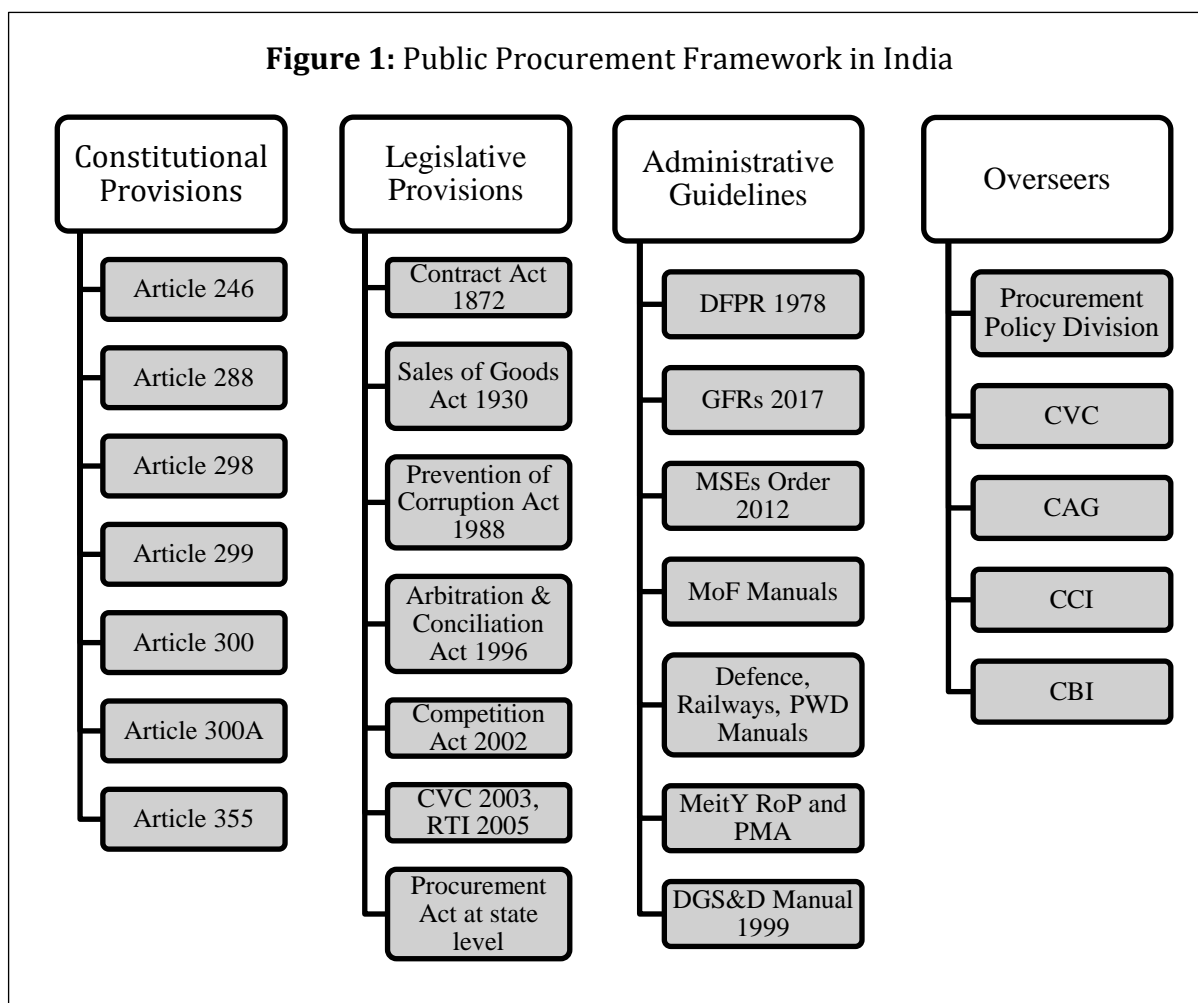
Focusing on the WTO's Agreement on Government Procurement (GPA), few studies have stressed on accessing foreign markets for public procurement (Evenett & Hoekman, 2005; Yukins & Schnitzer, 2015). Allowing the international players in the public procurement activities and harmonizing the procurement policies across countries are the major features in this regard. India too is liberalizing the procurement activities by accessing the foreign markets, and it has been an observer in the accessions in the WTO GPA since 2010. However, it needs to improve the competitiveness of the domestic suppliers before becoming a full-fledged member of the GPA (CUTS International, 2012).

3. Public Procurement in India: A Complex Process

The public procurement process in India is quite complex given the federal framework for public service delivery. The constitutional arrangements across the Union and State governments, autonomous and statutory bodies, public sector undertakings (PSUs), and the local governments (panchayats and municipalities) demand a broad range of requirements for providing public services. The system in India has become more complex as the country does not have a comprehensive public procurement law guiding the procurement activities. In the absence of a comprehensive law, General Financial Rules (GFRs) allow the government entities to conduct procurement activities independently. While the basic principles of public procurement are respected, the system has resulted in diversity in the procurement system in the country. Many entities such as Defence, Railway, Telecom, Public Works Department (PWD), and Directorate General of Supplies and Disposal (DGS&D) separately issue procurement manuals to administer public procurement activities. In addition, the system in India is aimed at achieving socio-economic developmental objectives including promotion of MSEs through price and purchase preferences and reservation of sector-specific products. These lead to complexities due to multiple interpretations of rules and regulations at the discretion of the procuring entities.

The public procurement framework in India has four broad features namely constitutional provisions, legislative provisions, administrative guidelines, and overseers (Figure 1).

Within the constitutional provisions, Articles 298, 299, 300 and 300A authorize the governments to contract for goods and services. Similarly, Article 246 specifies the legislative powers in the federal structure of India into three lists namely Union List, State List, and Concurrent List. While Article 355 specifies the executive power, Article 282 directs the financial autonomy in public spending. Beyond that, it does not provide any guidance on public procurement principles, policies, and procedures.



In the absence of a dedicated procurement law at the Union level, the legislative status of various procurement rules and regulations are guided by Contract Act 1872, Sale of Goods Act 1930, CAG's Duties, Powers and Conditions of Service Act 1971, Prevention of Corruption Act 1988, Arbitration and Conciliation Act 1996, Information Technology Act 2000, Competitions Act 2002, Central Vigilance Commission Act 2003, Right to Information Act

2005, etc. Apart from these, a few States such as Tamil Nadu, Karnataka, Rajasthan, Andhra Pradesh, and Assam follow their own procurement Acts to carry out public procurement at the State level.¹ From time to time, the Ministry of Finance has been bringing out changes in the public procurement rules and regulations so that the administrative efficiency can be achieved.

In general, the administrative guidelines of the public procurement activities are outlined by the GFRs. Apart from GFRs, the Ministry of Finance publishes separate procurement manuals of policies and procedures for work contracts, purchase of goods, and employment of consultants. Similarly, Delegation of Financial Power Rules (DFPR) 1978 was enacted to meet the provisions outlined in the Article 288 of the constitution. DFPR commends the expenditure autonomy of the different levels of authorities for decentralized procurement.

The DGS&D conducts the Rate Contracts for the government entities following the DGS&D manual. DGS&D also performs other procurement related activities on request of any ministry/department such as registration of vendors, enlistment of Indian agent of foreign suppliers, drawing of specification/technical parameters for the stores, and inspection of stores whenever insisted by the user departments. In August 2016, DGS&D initiated an e-platform Government e-Marketing (GeM) for conducting rate contracts, which will be discussed later in detail.

The defence procurement in India appears to be complex and unique. The objective is to maintain a balance between the competitive acquisition and the best value of money given the sector-specific characteristics such as supplier constraints, technological complexity, high cost, foreign exchange implications, foreign suppliers, and geopolitical ramifications. Defence procurement is done under two heads: revenue acquisition and capital acquisition. Defence Procurement Procedure was introduced in 2002 to streamline procurement of capital equipment which has gone several rounds of revision, the latest being in 2016. The capital acquisition is carried out under six categories namely *Buy (Indian)*, *Buy & Make (Indian)*, *Make (Indian)*, *Buy & Make (with Transfer of Technology)*, *Buy (Global)*, and *Buy (Indian Designed, Developed and Manufactured)*. On the other hand, Defence Procurement Manual 2009 covers the

¹ Recently, Himachal Pradesh, Kerala, and Delhi have released their respective draft procurement policy for public consultation.

defence procurements under revenue head as well as all medical procurements of the ministry.

The public procurements in Indian Railways are governed by the Indian Railway Financial Code 1998, Indian Railway Code for the Accounts Department 1997, the Indian Railway Code for the Stores Department 1990, and Indian Railways Rolling Stock Code 2008. The Indian Railway employs a multi-level procurement system that includes Indian Railways Stores Service (IRSS), Railway Board, Zonal Railways, Research and Design Standards Organisation (RDSO), and DGS&D. While the IRSS manages the procurement, logistics and transportation of materials, RDSO engages in developing standards, technical investigations, testing and inspecting the items to be procured, and drafting the tender specifications. The Indian railway uses Indian Railways E-Procurement System (IREPS) for procurement and also uses the arbitration mechanism for settlement of any dispute before approaching the courts.²

There are five major government bodies to check procurement probity issue in India namely Procurement Policy Division, Comptroller and Auditor General (CAG), Central Vigilance Commission (CVC), Competition Commission of India (CCI), and Central Bureau of Investigation (CBI). While the CAG and CVC address the probity issues, the CCI takes on the anti-competitive elements. The CVC has urged for adopting Integrity Pact towards enhancing transparency, equity, and competitiveness in the public procurement system. Accordingly, it approved the appointment of Independent External Monitors (IEMs) in 132 procuring entities in 2016 (CVC, 2017). However, CVC or the CAG do not have the power of prosecution to take disciplinary action against the procurement irregularities. Instead, they only advise/recommend disciplinary actions. Apart from probity issue, CVC and CAG also release guidelines on public procurement, which are mostly advisory in nature, but not binding on the procuring entities.

The CCI intends to monitor and promote competitiveness in public procurement by identifying and correcting anti-competitive elements. It can impose a penalty on individuals on finding evidence for involvement in anti-competitive activities such as bid rigging, collusive bidding, cartelization, and abuse of dominance. The commission alerts the procuring entities and concerned officials about the potential anti-competitive designs in public procurement. On the other hand, the CBI is engaged for investigation and prosecution of the criminal

² The Arbitration & Conciliation Act 1996, India.

cases in procurement activities upon recommended by the other procurement overseers. Unlike CVC, CAG, and CCI, the CBI which is a police organization and sometimes suffers from the risk of political influence.

The Procurement Policy Division (PPD) under the Department of Expenditure has the mandate to undertake reforms in the procurement process in the country. The PPD attempts to disseminate the best practices, provides guidance and capacity building, and issues the procurement manuals. The PPD has revised GFRs, manuals for procurement of goods and services in 2017, and now it is working for a revised manual for procurement of works. Each manual provides the detailed procurement guidelines for respective category of procurement. However, the PPD neither advocates centralization of procurement activities nor involves itself in such activities. The specific roles of the Division are as follows:

- i. Harmonizing the public procurement processes including e-procurement;
- ii. Issuing public procurement legislation and rules, notifications, and orders;
- iii. Preparation and issuing manuals for different types of public procurements; and
- iv. Providing the guidance to the procuring entities and enhancing the capacity building of the procurement officials.

3.1 General Financial Rules 2017: Procurement features

The GFR is a compilation of general rules and orders to be followed by the government entities dealing with the matters involving public financial management. It aims at facilitating efficiency in government functioning in accordance with the accountability and procedure of financial discipline. It was first enacted in 1947 which subsequently has been revised and issued as GFR 1963, GFR 2005, and GFR 2017. The 2017 revision has been done to cope with the recent changes in administrative works across the government entities and to bring ease and clarity in day-to-day government functioning. GFR contains a few chapters specific to public procurement. While Chapter 5 outlines the concerned rules for the procurement of works, Chapter 6 outlines the rules for procurement of goods and services. Similarly, Chapter 8 describes the contract management issue. The main features of GFRs are as follows:

- a) Defines works, goods, and services to be procured and the scope of public procurement
- b) Outlines the fundamental principles of public procurement like enhancing transparency and efficiency, instilling fair practice, and promotion of competition

- c) Prescribes monetary thresholds for using specific procurement methods across the categories of procurements, i.e., works, goods, and services.
- d) Describes different procurement methods and their applicability
- e) Prescribes Code of Integrity
- f) Specifies tender award criteria
- g) Outlines general principles and rules of contract management

GFR prescribes the use of a standard procurement method (limited tender enquiry, advertised/open tender enquiry, single tender enquiry, two-stage bidding, or electronic reverse auctions) depending on type (works/goods/services) and volume of procurement (in monetary terms). The open tender enquiry is prescribed as the preferred method as it tends to promote competitiveness and equal opportunity to the prospective bidders. In a few special cases such as urgency or single source of supply, single tender is called with proper justification and approval of the competent authority. Similarly, limited tender can be called instead of open tender on urgency given that there will be at least three bids. On the other hand, low-valued procurements are done without calling a tender by the authority or a purchase committee of the procuring entity.

While GFR 2017 has kept intact the monetary threshold limits for a few categories as given in GFR 2005, it enhances the threshold limits for others. For example, GFR 2017 has kept intact the threshold limit for the procurement of original works through limited tender. However, it has enhanced the upper threshold limit for open tender enquiry from INR 10 lakhs to 30 lakhs. Similarly, it has increased the upper threshold limit for procurement of goods by the purchasing committee from INR 1 lakh to 2.5 lakhs. While GFR 2005 perceived procurement of all kinds of services to be similar, GFR 2017 has segregated procurement of services into two broad categories viz., 'consulting services' and 'non-consulting services'. In addition to these changes, GFR 2017 also includes a few important provisions as mentioned below to streamline the public procurement activities in the country.

- a) GFR 2017 recommends two-stage bidding where a procuring entity holds discussions with the bidder community to finalize the technical specifications in the first stage. The financial bid is called from those whose ideas were accepted, and the bid is awarded to the bidder with the best quality-price ratio. It is expected to enhance the technical capacity of the procuring entity by drawing on the know-how from the market (Rule 164).

- b) It directs to assign higher weightage to quality as compared to the price especially in the procurement of services through the quality and cost-based selection (Rule 192).
- c) It gives emphasis on the use of information technology in public procurement to ensure greater transparency and competition by mandating the use of Central Public Procurement Portal (CPPP) for publication of all tender details (Rule 159), compulsory e-bidding for all procurements (Rule 160), and promotion of electronic reverse auction (Rule 167).
- d) It introduces Code of Integrity to address probity in procurement activities (Rule 175).
- e) It urges the inclusion of environmental issues in the bid documents [Rules 173(xi), 217, and 218].
- f) It directs to share the reasons of rejecting a tender or non-issuing a bid document to a prospective bidder upon request [Rule 173(iv)].

3.2 Procurement provisions under reservation/preferential mode

The Union government mandates procurement of goods and services through reserved/preferential procurement of locally produced goods and services in order to uplift the domestic sector. A few of such provisions are outlined below in brief.

3.2.1 Reserved Procurement from Khadi Goods/Handloom Textiles

The government has reserved hand-spun and hand-woven as well as other textile items for preferential procurement from the Khadi & Village Industries Commission (KVIC) and Association of Corporations and Apex Societies of Handlooms (ACASH). The DGS&D also maintains long-term contracts with KVIC and ACASH for the reserved items of recurrent procurement items and lays down terms and conditions therein.

3.2.2 Reserved Procurement from Pharmaceutical CPSEs

The Pharmaceutical Purchase Policy 2013 reserves the procurement of certain medicines by the Union and State procuring entities from the Pharmaceutical CPSEs.³ The National Pharmaceutical Pricing Authority fixes the prices using a cost-based formula. If the CPSEs fail to supply the medicine, a procuring entity can purchase from other manufacturers, and the Pharmaceutical CPSEs may be charged for liquidity damages as per the terms of contract.

³ The list of medicines is periodically reviewed and revised by the Department of Pharmaceuticals as per requirement.

3.2.3 Preference Policy for Domestically Manufactured Electronic Products

Procurement preference is also provided for the domestically manufactured electronic products (DMEP) as per the preferential market access provision in government procurement policy. From time to time, the Ministry of Electronics and Information Technology (MeitY) issues latest details and notifications for implementation of the policy. For the listed DMEP, a bidder quoting a price within the band of L1 + 20 percent (if the L1 price is from non-DMEP) is eligible for being awarded a specified percentage of the total tendered value,⁴ if the bidder agrees to match the L1 price.

3.2.4 The Public Procurement Policy for MSE Order 2012

Given the operational size and low-cost structure of the MSEs, low price of the bid may be possible creating a financial reserve for the procuring entity (World Bank, 2016). Despite such preference policies, the World Bank (2017) observed that the participation rate of MSEs in public procurement is much low in many countries due to the constraints such as lack of technology, human resource, and capital. MSEs need to be strengthened in terms of the resource base and human capital for successful planning, drafting, and completing the tender process. Given the current market environment, India needs to undertake policies aimed at providing more access to information, technology, and finance to foster MSEs participation in public procurement.

Currently, the Public Procurement Policy for MSE Order 2012 mandates every Union government entity to set a minimum annual procurement target of 20 percent from the MSEs. In the quota of 20 percent of annual procurement, 4 percent is earmarked for the ST/SC owned MSEs, and a procuring entity has to report procurement compliances in its annual report. An MSE quoting price within the price band of L1+15 percent will be allowed to supply by bringing down its price to L1 price. In case of more than one such MSEs, the supply shall be shared proportionately.

⁴ The percentage as notified by the department is a minimum of 30 percent as on November 2015. L1 refers the lowest bid price.

4. Electronic Portals for Public Procurement in India

The government of India has emphasized information technology (e-procurement) as a tool for enhancing transparency, efficiency, and accountability in the public procurement. GFR 2017 has mandated the use of CPPP and GeM by the procuring entities. Apart from that, the State governments have been using their respective State e-procurement portal with support from the National Informatics Centre (NIC). Similarly, the Indian Railways uses IREPS for conducting e-procurement.

4.1 Central public procurement portal

Adoption of e-procurement and e-payments to reduce cost and improve efficiency in public procurement, got a boost with the creation of Indian Government Tenders Information System known as 'Tenders India'.⁵ This was developed by NIC in association with the DeitY to provide greater accessibility to the government tenders. Further, a Committee on Public Procurement (CoPP) was set up in January 2011 to suggest measures towards ensuring transparency, efficiency, economy, and to strengthen the public procurement practices in the country. In pursuance of the recommendations of the CoPP, NIC set up CPPP. CPPP provides an e-platform to the procuring entities to publish and accept the tender and tender related documents, free access to bid documents, bid submission, communications for clarifications, and access to bid opening.

Table 1: Number of Tenders Floated in the CPPP during the Last Five Years

Year	Number of Tender	Value of Tenders (in crores)
2012-13	158,306	82,432.99
2013-14	301,390	189,278.85
2014-15	381,167	212,735.46
2015-16	596,852	404,176.60
2016-17	723,999	543,820.52
Last 5 years	2,161,714	1,432,444.42

Source: <https://eprocure.gov.in/cppp/catgwisetenders>

As evident from Table 1, the procuring entities have been using the CPPP intensively in the last few years indicating that the public procurement in India has been moving towards

⁵ See http://mof.gov.in/the_ministry/dept_expenditure/notification/misc/ExpManag.pdf

e-procurement. All the procuring entities have been mandated to publish the tender enquiries with estimated value INR 2 lakhs w.e.f. 1st April 2016.⁶ In order to make the CPPP as the single source of all public procurement enquiries, the CVC has conveyed 'no objection' in 2016 allowing the entities to migrate from 'Tenders India' into the CPPP portal.⁷

4.2 Government e-marketing

The DGS&D developed Government e-Marketing (GeM) in August 2016 as an end-to-end e-portal for common use goods and services.⁸ A full-fledged GeM has been approved in April 2017 as a replacement to the DGS&D.⁹ The DGS&D publishes the item-wise list of goods and services periodically to be procured through GeM. Accordingly, the prospective suppliers register themselves on the portal. DGS&D asks the procuring entities to project their annual procurement plans and submit them for displaying on GeM. An entity selects a supplier directly with the lowest price available on the portal for procurement value of up to INR 30 lakhs, whereas, it uses bid/reverse auction for procurement value of more than INR 30 lakhs (DGS&D, 2017). Upon receipt of goods and services by the entity, payment is made electronically.

5. Green Public Procurement in India

Green Public Procurement (GPP) is a response to deal with the climate change issues and promote sustainable development programs through environment friendly procurement. The journey of GPP in India began with the introduction of EcoMark in 1991 that intended to increase the awareness among the consumers including the government machinery about the environment friendly goods and services.

From time to time, efforts have been made towards GPP by different procuring entities which can be considered as work-in-progress (Table 2). The recent bid documents especially the construction tenders have started incorporating clauses related to environmental concerns in this regard. A few entities such as Indian Railways, National Thermal Power Corporation, Bharat Heavy Electricals Limited, and Indian Oil Corporation have started internalizing environmental and energy efficiency criteria in their procurement decisions

⁶ See <http://www.dghrdcbec.gov.in/WriteReadData%5Cscan0013.pdf>

⁷ See http://mof.gov.in/the_ministry/dept_expenditure/ppcell/PubTenderInqu17052016.pdf

⁸ GeM won South Asia Procurement Innovation Awards 2016-17 awarded jointly by the Asian Development Bank, The World Bank, and Procurement iNET.

⁹ See <http://pib.nic.in/newsite/PrintRelease.aspx?relid=160965>

such as the phasing out of incandescent lamps (2000), the insistence on purchase of Bureau of Energy Efficiency (BEE) three-star or higher star products (2007), migration from CFC refrigeration to HFC (2008), and development and adoption of green toilet technology (2010). However, these efforts are primarily initiated in isolation, ad hoc in nature, and yet to replicate at a larger scale across the public procuring entities.

Table 2: Steps towards Green Procurement in India

Year	Steps
1991	EcoMark was launched to increase the awareness among the stakeholders (consumers) towards reducing environmental impact.
2006	The National Environment Policy 2006 is aimed at the adoption of Environmental Management Systems through purchase preference for ISO 14000 goods & services.
2007	Prime Minister's Council on Climate Change suggest Green Procurement & Purchasing (GPP) Guidelines
2008	Consultation on GPP Guidelines
2009	Ministry of Environment and Forest mandates CII-ITC Centre of Excellence for Sustainable Development to develop GPP guidelines
2010	Installation of bio-toilets by Indian Railways in passenger coaches
2013	Guidelines on Corporate Social Responsibility and Sustainability for CPSEs urge the CPSEs to initiate and implement measures towards a GPP supply chain.
2015	National program for LED-based home and street lighting for promoting energy efficiency
2017	GFR 2017 Rule 173 (xvii) on the procurement of energy efficient electrical appliances urges the procuring entity to ensure electrical appliances procurements only with the notified BEE star rating.

Source: Authors' compilation from various documents

GPP in India is challenged by several issues such as cost (these products are often expensive), lack of environmental knowledge, lack of tools and information, and absence of a uniform approach for defining energy efficiency criteria. In order to overcome these challenges, it becomes imperative to incorporate environmental concerns at all stages of the procurement system. It is also important to create an inter-ministerial task force to overview the mechanism. The government initiatives such as smart-city projects can be the vehicle towards promotion and adoption of GPP and innovation.

6. Thematic Representation of Public Procurement System in India

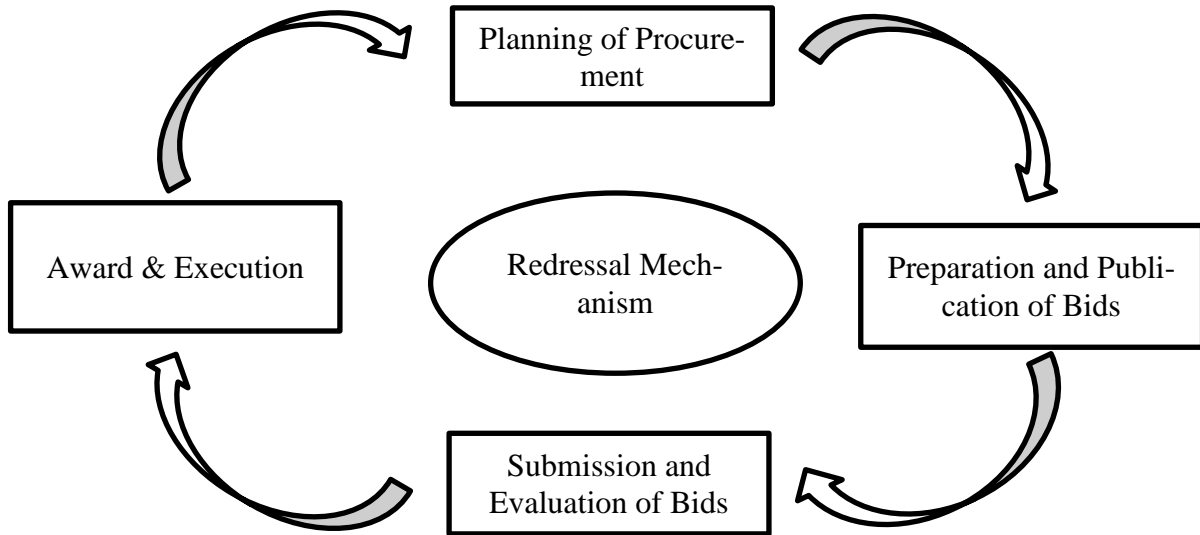
The public procurement system in India can be explained following the thematic representation of World Bank (2016). In general, Indian public procurement system involves five different stages namely *planning of procurement, preparation and publication of bids, submission and evaluation of bids, award and execution of bids, and redressal mechanism* (Figure 2). Each stage is outlined below in brief.

Planning of bids

The procurement process starts with the need assessment of the procuring entity followed by an internal research for technical and financial specifications. Unlike the countries such as USA, Canada, Denmark, France, Ireland, New Zealand, Botswana, Bulgaria, and Poland, the government procuring entities in India do not consult the private parties (bidders) for need assessment and procurement specifications. Recently, GFR 2017 has prescribed to adopt two-stage bidding process (for the procurements where an entity does not have expertise) to explore the market and to finalize the specifications holding technical discussions with the prospective bidders in a transparent manner. Once the need is finalized, the stage of bid planning then involves a few other elements such as sanction of the procurement (administrative, technical, and financial), cost estimation, and assignment of officials for different stages (bid preparation, bid evaluation, etc.).

Given the inputs received from the internal assessment, a procuring entity describes the need, specifies the technical and financial requirements, and accordingly, prepares the bid documents. Although GFRs ask the procuring entities to include all relevant information such as the evaluation criteria including respective weightage in the bid documents, many bids do not incorporate the same. Even in many cases, the weightages given to different cost and quality parameters appear to be inconsistent. On the other, GFRs allow the procuring entity to draft the procurement activities at their discretion which lead to inconsistent and fragmented bid documents even for the similar procurements.

Figure 2: Thematic Presentation of Public Procurement System in India



Source: Based on World Bank (2016)

Preparation and Publication of bids

The bid documents also include critical information such as bid fee, earnest money deposit (EMD) or bid security, performance security, etc. While the procuring entity charges a fee for most of the bids, a few bids are exempted. The EMD in India has an average validity of 45 days beyond the final bid validity period, and it is stipulated to be 2-5 percent of the estimated procurement. The MSEs registered with the concerned ministry/department/procuring entities are exempted from depositing the EMD. The EMD of the unsuccessful bidders should be returned at the earliest after the expiry of the final bid validity and latest within one month after the contract award, but there has always been some delays. Adoption of e-payment for depositing the different bid related fees is a recent initiative, and it is playing a crucial role in reducing bidders' transaction costs.

Bid documents also include the time-frame of the procurement process, i.e., dates of accessing bid documents, pre-bid meetings, submission, opening, and evaluation. A few bids also include clauses on environmental concerns especially in construction tenders which is a

crucial step for ensuring GPP. The bids so prepared are then advertised/published through multiple channels¹⁰ including e-portals with a reasonable time to access and submit the bids.

Submission of Bids and Evaluation

Once a bidder decides to submit a bid in response to a notice inviting tender/bid, it needs to properly prepare and submit the bid (offline/online)¹¹ complying all the specifications and procurement timeline as mentioned in the bid documents. Both the concerned government officials and bidders use valid digital signature certificate (DSC) to access the e-portals.¹² Meanwhile, the procuring entities take some steps to ease the preparation of bids by addressing questions of the bidders through e-portals and holding pre-qualification/pre-bid meetings. Once submitted through CPPP, the bidders are given the opportunity to modify/withdraw their bids within a stipulated time which ordinarily happens to be the last date of the bid submission.

Most of the bids are submitted in a two-envelope system, i.e., the bidders submit technical bid and financial bid separately. Although the bids need to be opened and evaluated immediately after the submission deadline, there are often delays in bid opening and evaluation. However, there have been some improvements in this regard, and a few entities have started electronic bid opening. The delays of opening and evaluation of bid have been drastically reduced after the introduction of e-procurement. The bids are opened in the presence of the bidders or their representatives and evaluated for compliance with the tender specifications to select the qualified bids. The minutes of bid opening are often published online and sent to the participating bidders electronically. Only the bids that meet the necessary requirements are retained for technical evaluation, and others are returned unopened. The concerned officials then undertake technical evaluation, and only technically qualified bids are retained for financial evaluation. Many entities hire consultants to evaluate technical bids due to lack of in-house procurement expert.

¹⁰ Often the invitation of bids are published in notice board at entity's premise, newspaper, website of the entity and procurement portals namely CPPP and GeM.

¹¹ E-procurement (CPPP) has been mandated for procurements valued INR 2 lakhs and above across all the government procuring entities.

¹² A Certified Authority (CA) issues DSC to the government officials and the bidders under Section 24 of the Indian IT-Act 2000 that remain valid for a maximum of 2 years. The list of CA is displayed on CPPP portal.

Award & Execution

After the selection of technically qualified bidders, the contract is awarded promptly and transparently to the most favoured bidder/s as per the award criteria (often the lowest price L1). GFR 2017 has stressed on using quality-price criteria for awarding the contract especially in the procurement of services. In order to enhance transparency in the system, the procurement framework has mandated the publication of contract awards. Another significant improvement in this direction is that the unsuccessful bidders can obtain the feedback on request, which will emerge as a learning opportunity for them in submitting future bids. It should be noted that no price negotiation is allowed in India other than in a few special circumstances. The awardee is asked to accept and sign the contract for execution. The awardee has to deposit a performance security in the form of a certificate of deposit. The performance security is regulated to be 5-10 percent of the contract value and remains valid for sixty days beyond the date of completion of all contractual obligations including warranty obligations. While in some cases, EMD is accepted as a part of the performance security, it is usually refunded to the successful bidder on receipt of performance security. The provision for online payment request through CPPP/GeM for the bidders is an improvement in the contract payment. However, in the absence of a legal time-frame for processing the contract payment, the later often is delayed; and thus, seeks attentions from the policy makers.

Redressal Mechanism

Establishment of an efficient redressal mechanism is a key element for ensuring transparency and accountability in public procurement by addressing the faults and non-compliances in a procurement process. India exercises a two-tier review system although this is not formally specified in the procurement framework. In the first tier, an aggrieved bidder can report the irregularities to the concerned officials of the procuring entity. As a first tier review authority, many tenders engage arbitrator (Dispute Review Expert) to resolve any possible disputes in the procurement activities as per the Indian Arbitration and Conciliation Act 1996. In the second tier, the aggrieved bidder can move to the courts for settlements. In many cases, CCI is also approached for addressing anti-competitive issues in public procurement. A bidder (including successful), if found guilty, is debarred either indefinitely or for a given period from participating in public procurement.

7. Issues in the Public Procurement in India

In order to realize the desired outcomes from the budgetary outlays in India, an efficient and effective public procurement system is essential where strong and consistent implementation of the prescribed rules and regulations is equally critical. In reality, procurement practices in the country often differ from what is prescribed because of the hurdles such as inefficient monitoring process, limited accountability and governance, limited awareness, and organizational culture. Following are the major challenges evolved in the Indian public procurement system.

7.1 The absence of a comprehensive procurement Act

In the absence of a comprehensive procurement Act, GFRs allow the government entities to frame procurement process with its own perception of public interest. It has resulted in heterogeneous procedures and multiplicity of rules across the procuring entities. Although GFRs and other procurement manuals are exhaustive, they are prone to unfair practices in the absence of legislative backing. Many times, undertaking comprehensive actions against the stakeholders involved in unfair practices become challenging in the absence of a strong legislation.

7.2 Lack of standard bid documents

In spite of the initiatives for standardizing the bid documents and code of contract following the international agencies such as IMF and the World Bank, there continues to be a multiplicity of bid documents across the entities in terms of addition/rephrase/repetition of clauses/provisions. Such ambiguities and contradictions in the bid documents stand against the principles of standardization, transparency, and accountability. GFR 2017 asks to provide clarity on the evaluation criteria on the basis of which the evaluation of bids must be carried out. Even then, many bid documents do not have clarity on the evaluation criteria which gives a rise in the complexity in the evaluation process.

7.3 Delays in activities in procurement cycle

The introduction of e-procurement has managed to reduce the procurement cycle especially in the stages of publication, submission, opening, and evaluation of bids. However, the procurement process is often delayed in the stage of need assessment, budget preparation, and approval. Similarly, unavailability of sufficient procurement professionals and non-realization of the required information usually appear responsible for the delay in preparing

the technical specifications. A few other issues such as appropriate need assessment, the involvement of people who are being affected primarily in the construction procurements, and environmental impact assessment are often overlooked. The construction and infrastructure procurements often suffer from the delay in land acquisition and the regulatory/administrative approvals from multiple authorities.

7.4 Unfair practices and corruption

Given the size and the interests of the stakeholders, public procurement is vulnerable to unfair practices imposing high costs on both the government and the society. Despite the procedural safeguards,¹³ corruption level in India is perceived to be high in recent years leading to low quality of public services which ultimately hampers the development process (World Bank, 2016).¹⁴ As advocated by the CVC, GFR 2017 prescribes adoption of Integrity Pact towards curbing corruption and unfair practices. Although CVC guidelines urge for appointing an external monitor to mitigate the corruption and ethical risks, GFR 2017 has not prescribed the same implicitly to enforce the Code of Integrity. The absence of comprehensive legislation, violation of procedural norms, and weak monitoring procedures has emerged as the major reason behind the corrupt practices. In many cases, a procuring entity itself encloses bundling and non-competent clauses in the bidding documents to favour a particular bidder/s which opens up a scope for unfair practices. While every tender incorporates clauses on prohibiting corrupt practices in the bidding process, there is no clear provision for a penalty if someone is found to engage in the unfair practice.

7.5 Presence of anti-competitive elements

The existence of anti-competitive practices by the bidders' community tends to hamper the procurement process by negating the best value of money. Competition issues in India mainly concern with collusive bidding, bid rigging, cartelization, and abuse of dominance.¹⁵ Such anti-competitive elements have detrimental effects on the public procurement through various means such as eliminating competition, denying fair/minimum price, variation in the

¹³ Refers to the guidelines and trial outcomes by CAG, CVC, CCI, and CBI etc.

¹⁴ As per the Report of the Transparency International 2016, India's rank in Corruption Perception Index is 79 out of 179 ranks (for details, see http://www.transparency.org/news/feature/corruption_perceptions_index_2016).

¹⁵ Bid rigging is of different types such as cover bidding, bid suppression, bid rotation, market allocation, repetitive bidding, and industry associations.

tender specifications, paying for fabricated work, and poor quality procurement, which ultimately undercut the development prospects (World Bank, 2003).

In many cases, the mechanism itself facilitates unfair practices through inclusion of anti-competitive clauses in the bid documents. While specifying the product characteristics, many tenders focus on product description instead of functional performances, which gives rise to specification ambiguities. Sometimes a procuring entity restricts the number of bidders to reduce the cost of bid evaluations or/and get quality supply and stability in the procurement process. Such entry barriers may lead to inefficient outcomes.

7.6 Low participation of the domestic MSEs

Despite the MSEs provisions, the participation of domestic MSEs in the public procurement activities remains low in India. Apart from resource related entry barriers including anti-competitive elements, many MSEs do not also take part in public procurement due to a perception that government procuring entities often delay in releasing the contract payments. This perception affects the financial stability of the MSEs.

7.7 Absence of an independent grievance redressal mechanism

India does not have an Independent Grievance Redressal Mechanism in the procurement system. The GFR 2017 only allows the aggrieved bidders to file complaints with procuring entities, arbitrators, and courts. At the first tier, an aggrieved bidder files complaints on the irregularities to the concerned officials of the procuring entity. However, the judgement lacks credibility as the authority is from the procuring entity itself who is responsible for causing grievance. As an alternative, many tenders incorporate provisions for engagement of arbitrator (Dispute Review Expert) to resolve any possible disputes, but it is a lengthy and costly process. Similarly, courts appear as the second tier redressal mechanism for the aggrieved bidders, but the hierarchy of judicial process often appears to be a time-consuming and costly process. Apart from that, the final judgement may be challenging in the absence of a comprehensive legislation while penalizing the individuals for unfair practices. Moreover, reporting of irregularities is not allowed in each stage of procurement but only at the stage of award. In 2013, Ministry of MSME set up an online grievance cell to facilitate the aggrieved MSEs against any malpractice in public procurement activities.¹⁶ However, the mechanism

¹⁶ See http://igms.msme.gov.in/MyMsme/grievance/COM_Grievance_Welcome.aspx;
http://dcmsme.gov.in/ppp_Constitution.pdf

bears little scope for transparency in the absence of an independent grievance redressal system.

7.8 Competency and skill of the procurement officials

There are implementation challenges concerning the skills and competency of the government procurement officials as these activities require professional skills. The officials need to be more acquainted with the procurement management, rules and regulations, legal issues, contract management issues, and others. They also need more exposure to cope with the best procurement norms and practices of the developed countries and the international agencies like World Bank, IMF, ADB, and UNICEF as well as the WTO GPA and UNCITRAL Model. Technological competency and capabilities of the officials should also be enhanced for proper implementation of e-procurement. It is found that the procurement officials are often reluctant to take a financial/administrative decision, especially while performing procurement of services due to the possible trials for any procedural error (even corruption charges) wherever specific guidelines on such procurement are absent. In addition, many entities lack in expertise in preparing technical specifications and appropriate evaluation criteria for a competitive bidding. In order to overcome such issues, they tend to employ temporary consultants to carry out procurement activities. This dependence on external capacity may reduce the credential and public confidence.¹⁷

8. The Draft Public Procurement Bill 2012

In order to regulate the public procurement and bring more accountability and fairness in the system, the Draft Public Procurement Bill 2012 was introduced in the parliament. The Draft Bill 2012 seeks to regulate procurement activities valued over INR 50 lakhs by the government procuring entities. The Draft Bill 2012 was referred to the Parliamentary Standing Committee on Finance in May 2012, and as of date, a revised draft of the Bill has not been introduced in the parliament. The major features of the Bill were as follows:

- a) Need-based assessment for the procurement by the entities
- b) Setting up of CPPP to ensure transparency where the entire bidding process will be done
- c) Open bidding to be the preferred method of procurement and thus, streamlining the bidding process for foreign participants too

¹⁷ Tender AIDC/I&C/PP(TSK)/AR&D/372/2015-16/4405: Technical evaluation summary.

- d) Incorporates the provisions made in MSMEs Order 2012
- e) Defining Code of Integrity for the procuring entities as well as the bidders
- f) Constituent of one or more independent procurement redressal committees
- g) Different degree of penalties/punishments for offences such as corruption, making vexation, interference with the process, malicious complaints, and abetment of offences
- h) No provision for price negotiation with the bidders except in a few circumstances

As mentioned earlier, many issues raised in the Draft Bill 2012 have already been placed for implementation through GFR 2017 and procurement manuals. However, GFRs still need to be backed by legislative provisions to ensure a level playing field. The provisions outlined in Draft Bill 2012 are well intended towards bringing greater transparency, efficiency, and value for money in the public procurement. However, a few issues such as threshold limit, inclusion of post-tendering aspects, e-procurement, MSEs participation, and grievance redressal mechanism need to be addressed in Draft Bill 2012.

8.1 Revision of threshold limit

The lower threshold limit of INR 50 lakhs for applicability of Draft Bill 2012 is not justified adequately. There may be risks of unfair practices through a multiplicity of small procurements ending up being equal to or even larger than the lower threshold limit. Therefore, the revision of the lower threshold limit is much needed at least at the level of mandatory e-procurement of INR 2 lakh, and subsequent procedures may be defined in the procurement manuals.

8.2 Inclusion of post tendering aspects

The Draft Bill 2012 has not included the post-tendering aspects such as contract management, order, monitoring, and contract payment. These aspects should be incorporated in the Draft Bill 2012 following GFRs and other international best practices as the post-tendering stage is more prone to disputes. A legal and prompt payment framework is important in building and maintaining a high reputation for any procuring entity and increasing competition in the subsequent procurement activities.

8.3 E-procurement issues

The electronic access to and submission of bids through CPPP/GeM is expected to be the agents in fighting against corruption by reducing inter-personal interaction. To achieve

the desired results, the Draft Bill 2012 should mandate electronic opening of the bids.¹⁸ Similarly, the Draft Bill 2012 should also mandate the e-payments for different bid related payments which will inevitably increase transparency, reduce transaction costs, and cut delays in payments.¹⁹

8.4 MSEs participation

The 2012 Draft Bill permits a procuring entity to limit its competition in order to achieve a few other objectives such as the promotion of domestic industry, considerations of public interest, and other socio-economic considerations. While providing reservations to MSEs, the quality in public procurement should not be compromised. In order to enhance MSEs' participation, the procurement framework in India should establish a cap on the financial requirement of the MSEs which help them in obtaining a financial guarantee from the market.

8.5 Grievance redressal mechanism

The proposed grievance redressal mechanism should be strengthened to ensure that the complaints to be resolved are fast-tracked and not summarily dismissed. The proposed mechanism only reviews the disputes that arise up to contract award, most of which are non-judicial. The power of the proposed mechanism is limited to recommendations only which can be rejected by the procuring entities. Thus, it is weaker as compared to the UNCITRAL Model and WTO GPA. The scope of the mechanism should be enhanced to cover the post-award stages and may adopt directives similar to the WTO GPA and UNCITRAL Model. While the Draft Bill 2012 includes clauses on punishments against the involvement in unfair practices, it should also provide enough safeguards to the procurement officials. It is evident that the fear of prosecution has often paralyzed the bureaucracy, and in many times, the procurement officials hesitate to take decisions for a particular procurement in the absence of strict official guidelines.

¹⁸ Bids are opened electronically in Australia, Georgia, Morocco, Kazakhstan, and the Republic of Korea.

¹⁹ E-payments have already been in practice in several procuring entities such as GeM, Food Corporation of India, and a few States such as Punjab, Kerala, and Karnataka.

9. Towards a Transparent and Efficient Procurement Regime in India

Some reform initiatives have been undertaken towards streamlining the public procurement framework in India in the last couple of years including the latest GFRs 2017. In accordance with the GFRs 2017, the Ministry of Finance has also released revised manuals for procurement of goods and services in May 2017, and the ministry is about to release a revised manual for procurement of works. These initiatives reveal India's efforts to move towards a transparent, accountable, and competitive public procurement regime. The World Bank (2017) report also reveals that the public procurement framework in India has made remarkable progress towards a transparent regime in the recent years. However, the system is yet to come up with the best standards to become comparable to countries like Australia and Singapore. The government needs to put more efforts towards improving transparency, accountability, competitiveness, and efficiency of the procurement system.

Enactment of a procurement Act is imperative to provide a structured competitive process towards ensuring the best value for public money and establishing public confidence. The current procurement system is vulnerable to several risks such as unfair practices, political interest, fragmented bidding process, multiplicity in interpreting the tender clauses, etc., in the absence of a comprehensive Act. In order to eliminate such risks, GFRs and procurement manuals need legislative backing. Similarly, efforts should be made in preparing standard and uniform bid documents for identical procurement of works, goods, and services having similar contractual terms and conditions. While GFRs and other procurement manuals ask for inclusion of the criteria for pre-evaluation, exclusions, and evaluation of bids in the bid documents, many bids still do not clearly specify the same. It is important to clearly specify the criteria along with the relative weightages of the different parameters to avoid/minimize possible grievances in the bidding process.

The adoption of e-procurement portals have certainly helped in enhancing the transparency in the procurement system. Still, a few areas need to be addressed to reap full benefits of e-procurement such as e-opening of bids, e-deposit of the tender-related payments, e-filing for contract payment, and e-payment to the suppliers. Similarly, the State governments should be encouraged to use GeM portal. Many times, the procurement process gets constrained by the inadequate digital infrastructure, the level of computer skills and IT personnel, and cyber threats. Therefore, the government should also focus on addressing these constraints, and thus, the *Digital India* campaign should be promoted at a large scale.

An effective procurement management information system (PMIS) is important for a sound and sustained procurement system. PMIS not only helps in tracking the ongoing as well as completed procurements but also provides information to any procuring entity in executing different procurement activities primarily in bid preparation and evaluation. It, thus, serves as a data centre to assess and track the past tenders to identify and weed out the anti-competitive elements as well as narrow down the procurement cycle. Similar to the procurement portals of other countries like Australia, France, Mexico, Brazil, Korea, Colombia, Tanzania, and Rwanda, CPPP can be developed as the PMIS for India to provide appropriate information with an adequate balance between accountability and competition, and protecting data and confidentiality. As the electronic database is vulnerable to cyber threats, PMIS should be protected from unauthorized access/manipulation along with developing a prototype Corruption Risk Dashboard to identify the potential anti-competitive elements such as collusion, rigging, and fraud.²⁰

The procurement competency and capacity of the concerned officials should be enhanced through training and exposure to the best procurement mechanisms used in advanced countries as well as the international agencies. The officials should also be motivated to ensure probity in public procurement. The CCI and CVC provide support to the procuring entities in detecting anti-competitive elements and adopting counter-measures, but these efforts should be made more coherent. The training institutions for government officials at all levels should introduce specific modules on public procurement.²¹

In order to enhance the participation of MSEs in the public procurement, efforts should be made to provide access to information, technology, credit facilities, training especially for tendering process, and use of IT in public procurement. The government should link the price and purchase preferences to the policies such as *Make in India* and *Start-Up India* initiatives and should relax some norms especially with regards to prior experience and financial capacity.

²⁰ See <https://en.ogpsummit.org/osem/conference/ogp-summit/program/proposal/561>

²¹ The National Institute of Financial Management (NIFM) has been conducting training programs on Public Procurement since 1996 with a view to educating and familiarizing the concerned executives/officers with all the relevant rules and procedures of public procurement. As the nodal agency, NIFM receives active support from Public Procurement Division of Ministry of Finance, Government of India. Similarly, the training institutions across the States should also conduct such training programmes to the concerned officials and other stakeholders.

Establishment of independent and decentralized grievance redressal system is crucial for building public confidence in the procurement system imparting that the procurement activities are undertaken transparently and in an impartial manner. The aggrieved bidders should be allowed to lodge complaints at each stage of the procurement cycle. The provisions made in WTO GPA, the UNCITRAL Model Law, and other best systems can be considered in suggesting an independent grievance redressal mechanism to be applicable in the Indian framework. A good grievance redressal mechanism guarantees the suppliers on corrective measures when treated unfairly. These corrective measures should be granted in a timely and affordable manner at every stage of the procurement cycle.

It is also important to develop a set of key performance indicators (KPIs) for the procuring entities to assess and monitor their efficiency. Corrective measures can be taken to promote a fair, competitive, and transparent public procurement system. Further, the KPI data can be used for benchmarking different procurement activities. The Union as well as the State governments should develop a visualization mechanism to give real-time information on the procurement activities undertaken through the e-procurement portals. This mechanism will also allow comparative assessment across the States/departments/procuring entities that will further urge to think about undertaking best procurement measures and innovation.

10. Conclusions

The present study assesses the public procurement system and recent reform initiatives in India and outlines the need for changes in the institutional framework. Currently, GFRs mainly govern the public procurement activities in the country. The current system appears to be complex due to heterogeneity in the requirements in the federal structure of the government functioning and absence of a comprehensive procurement Act. The system suffers from some serious drawbacks such as fragmented procedures and rules, lack of standard bid documents, unavailability of sufficient procurement professionals, lack of transparency, widespread corruption, and lack of independent grievance redressal mechanism. A number of reforms have been initiated in the last couple of years towards establishing a transparent, accountable, and competitive procurement system, but these are still regarded as work-in-progress. Certain achievements such as the introduction of e-procurement, open tender as the preferred mode, preference policies, anti-competitive measures, etc., have been made towards achieving a sound procurement process but the system is yet to come with the best

possible standard. Although GFRs and procurement manuals provide numerous provisions towards standardizing the procurement system in the country, public procurement is vulnerable to the unfair practices in the absence of a comprehensive Act. Hence, these need to be backed by legislative power, and Draft Bill 2012 should be enacted with revisions in certain areas.

References

- Ambe, I.M. and J.A. Badenhorst-Weiss, 2012. Procurement Challenges in the South African Public Sector. *Journal of Transport and Supply Chain Management*, 6(1): 242–261.
- CUTS International, 2012. *Government Procurement in India: Domestic Regulations & Trade Prospects*. Jaipur, India: CUTS International.
- CUTS International, 2014. *Public Procurement: Need for a National Policy in India*. Jaipur, India: CUTS International.
- CVC, 2017. *Annual Report 2016*. New Delhi: Central Vigilance Commission, Government of India.
- DGS&D, 2017. *Annual Report 2015-2016*. New Delhi: Directorate General of Supplies & Disposals, Government of India.
- Evenett, S.J. and B.M. Hoekman, 2005. International Cooperation and the Reform of Public Procurement Policies. World Bank Policy Research Working Paper 3720. Retrieved from <http://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-3720>
- Gelderman, C.J., P.W.T. Ghijsen, and M.J. Brugman, 2006. Public Procurement and EU Tendering Directives – Explaining Non-compliance. *International Journal of Public Sector Management*, 19(7): 702–714.
- GFRs, 2005. *General Financial Rules 2005*. Ministry of Finance, Government of India.
- GFRs, 2017. *General Financial Rules 2017*. Ministry of Finance, Government of India.
- Hunja, R.R., 2003. Obstacles to Public Procurement Reform in Developing Countries. In Arrowsmith, S. and M. Trybus (eds.), *Public Procurement: The Continuing Revolution* (13–22). The Hague: Kluwer Law International.
- Jones, D.S., 2007. Public Procurement in Southeast Asia: Challenge and Reform. *Journal of Public Procurement*, 7(1): 3–33.
- Lewis-Faupel, S., Y. Neggers, B.A. Olken, and R. Pande, 2014. Can Electronic Procurement Improve Infrastructure Provision? Evidence from Public Works in India and Indonesia. National Bureau of Economic Research Working Paper No. 20344. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.707.7659&rep=rep1&type=pdf>
- Loader, K., 2007. The Challenge of Competitive Procurement: Value for Money versus Small Business Support. *Public Money and Management*, 27(5): 307–314.
- McCrudden, C., 2004. Using Public Procurement to Achieve Social Outcomes. *Natural Resources Forum*, 28(4): 257–267.
- Ministry of Finance, 2017. *Union Budget 2017-18*. New Delhi: Government of India
- Odhiambo, W. and P. Kamau, 2003. Public Procurement: Lessons from Kenya, Tanzania and Uganda. OECD Development Centre Working Papers, No. 208, OECD Publishing, Paris.

Retrieved from http://www.oecd-ilibrary.org/development/public-procurement_804363300553

OECD, 2016. Preventing Corruption in Public Procurement. Retrieved from <http://www.oecd.org/gov/ethics/Corruption-in-Public-Procurement-Brochure.pdf>

Tabish, S.Z.S. and K.N. Jha, 2011. Analyses and Evaluation of Irregularities in Public Procurement in India. *Construction Management and Economics*, 29(3): 261–274.

Thai, K.V., 2001. Public Procurement Re-examined. *Journal of Public Procurement*, 1(1), 9–50.

UNODC, 2013. *India: Probity in Public Procurement*. New Delhi: United Nations Office on Drugs and Crime.

World Bank, 2003. India: Country Procurement Assessment Report. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2004/04/02/000012009_20040402111746/Rendered/PDF/278590IN.pdf

World Bank, 2016. Benchmarking Public Procurement 2016: Assessing Public Procurement Systems in 77 Economies. Retrieved from <http://bpp.worldbank.org/~media/WBG/BPP/Documents/Reports/Benchmarking-Public-Procurement-2016.pdf>

World Bank, 2017. Benchmarking Public Procurement 2017: Assessing Public Procurement Systems in 180 Economies. Retrieved from <http://bpp.worldbank.org/~media/WBG/BPP/Documents/Reports/Benchmarking-Public-Procurement-2017.pdf>

WTO, 2015. Opening Markets and Promoting Good Governance: Government Procurement Agreement. Policy Brief of *The WTO Regime on Government Procurement: Challenge and Reform*. Retrieved from https://www.wto.org/english/thewto_e/20y_e/gpa_brochure2015_e.pdf

Yukins, C.R. and J.S. Schnitzer, 2015. GPA Accession: Lessons Learned on the Strengths and Weaknesses of the WTO Government Procurement Agreement. *Trade, Law, & Development*, 7(1): 89–119.

MORE BY THE AUTHORS

- Jena, P. R., (2017). [Indian Variant of MTEF: The Scope and Opportunities to Develop an Effective Budget Planning Process](#), WP No. 185 (January).

Pratap Ranjan Jena, is Associate Professor, NIPFP

Email: pratap.jena@nipfp.org.in

Bhabesh Hazarika, Economist, NIPFP

Email: bhabesh.hazarika@nipfp.org.in

MORE IN THE SERIES

- Tiwari, A. K., Ghei, D., and Goel, P., (2017). [Social Security Agreements in practice: Evidence from India's SSA with countries in Europe](#), WP No. 203 (July).
- Mohanty, R. K., and Sahoo, B. K., (2017). [Examining the Eco-Macroeconomic Performance Index of India: A Data Envelopment Analysis Approach](#), WP No. 202 (July).
- Bose, S., Ghosh, P., and Sardana, A., (2017). [Resource Requirements for Right to Education: Normative and the Real](#), WP No. 201 (July).

National Institute of Public Finance and Policy,
18/2, Satsang Vihar Marg,
Special Institutional Area (Near JNU),
New Delhi 110067
Tel. No. 26569303, 26569780, 26569784
Fax: 91-11-26852548
www.nipfp.org.in