

Public Procurement Observatory for the State of Uttar Pradesh

(A World Bank Funded Observatory based at the Indian Institute of Management, Lucknow)

Web Page: <http://www.procurementobservatoryup.com>

The public procurement observatory for the state of UP conducted a workshop on public procurement practices at IIM Lucknow's campus on 23rd November 2013. Key performance indicators (KPIs) for public procurement process to measure process economy and efficiency, transparent, fair and equitable vendor treatment and promotion of competition were discussed at the workshop. While the public procurement process in the state of Uttar Pradesh has its own characteristics, following are some observations:

1. In the last three years, in more than 60% of contract awarded, the process cycle time was higher than their bid validity period. This may increase the cost of purchase if lowest bidder does not agree to extend the bid validity. Moreover, bidders may load the bids if there are consistent delays in award of contracts.

2. In the last three years, more than one fourth of the tenders received zero bids. Further, more than 20% of the tenders were cancelled. In 2012 alone almost half of the tenders were cancelled. This may also result in higher cost of purchase.

3. In the last three years, average number of bids per tender remained around 2.5 bids. Further, the ratio of the number of technically qualified bidders to number of bidders awarded contract was only 1.2 indicating very limited competition among vendors in the public procurement process.

These observations clearly show the scope for potential improvement in procurement processes in U.P., which may have significant impact on effective delivery of services to the citizens. The objective of the observatory is not fault finding but we are committed to work with U.P. government to have a positive impact on public procurement in the state. Above observations are based solely on NIC's U.P. e-tendering website that covers less than 10% of the total public procurement in the state. We understand that U.P. Government is considering making e-procurement mandatory for contracts above a certain value, which may address this limitation.