

## Summary

### Workshop on Public Procurement Practices, 23<sup>rd</sup> August 2014

#### Indian Institute of Management, Lucknow

The public procurement observatory for the state of UP conducted its second workshop on public procurement practices at IIM Lucknow campus on 23<sup>rd</sup> August 2013. Participants were drawn from various Uttar Pradesh Govt. departments, IIM Lucknow and the World Bank. World Bank's procurement specialists and IIM Lucknow faculty members shared their findings and observations on public procurement in India and particularly in the state of Uttar Pradesh.

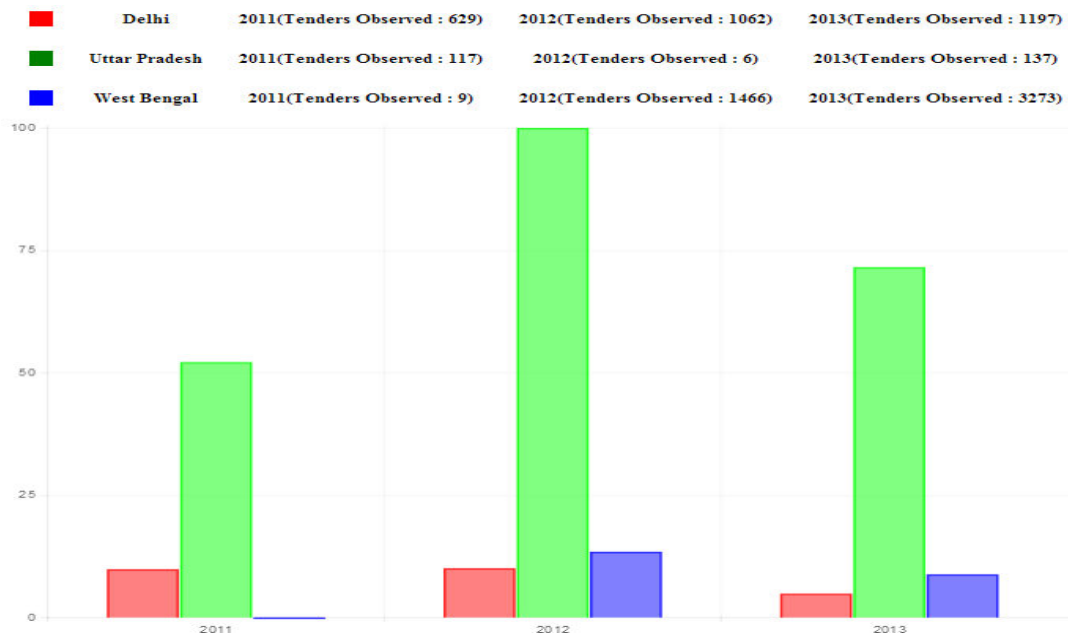
The workshop started with a welcome note from the Public Procurement Observatory team and setting the context. The team highlighted procurement observatory's rationale and the headway it had made since the first workshop held in November 2013. Various features of procurement observatory's web site at [www.procurementobservatoryup.com](http://www.procurementobservatoryup.com) were shared with the participants. The website features news and twitter feeds that are dynamically updated and provide the visitors consolidated information on public procurement related issues from across the globe. The website also includes a tool on procurement process visualization that uses e-tendering data available on NIC's e-Procurement portal to help the visitors compare different states on various Key Performance Indicators (KPIs). These KPIs measure procurement process in terms of process economy and efficiency, transparent, fair and equitable vendor treatment and promotion of competition. Participants were informed that at present the web site can compare Uttar Pradesh, West Bengal, Delhi, Rajasthan and Tamil Nadu for three years (2011-13). The observatory team intends to add a few more states and public sector undertakings over the next few months whose tendering data is available on NIC e-tendering portal. Mr. Shanker Lal and Mr. Tanuj Mathur from the World Bank Group made a presentation on analysis of procurement and financial management policies and practices in the state of Uttar Pradesh. The World Bank will also be willing to support the Government of U.P. in improvement of procurement and FM policies, if so desired by the Government.

The deliberations clearly show the potential for improvements in procurement processes in U.P., which may have significant impact on effective delivery of services to the citizens. The observatory team stated that their objective is not finding faults but they are committed to work with U.P. government to have a positive impact on public procurement in the state. The workshop ended with a vote of thanks.

A few interesting observations and reflections of the workshop are listed below:

1. In some states such as West Bengal, e-Procurement usage is mandatory because of which number of tenders on e-tendering portal has gone up rapidly. However, in states such as Tamil Nadu and Uttar Pradesh, where e-Tendering use isn't mandatory, the number of tenders on e-tendering portal is still limited. E-Tendering not only brings efficiency in public procurement, it also makes the process more transparent and leaves an auditable trail. Such trail will make state wide procurement management information available for useful analysis or policy formulation. Thus, it is highly recommended that the e-Tendering should be made mandatory for the state of Uttar Pradesh as well.

2. Process cycle time as measured by time between bid submission end date and date of award of contract has generally been unduly long and has often exceeded the bid validity period. Figure below shows the percentage of awarded tenders where process cycle time is higher than bid validity days as generated by the observatory's visualization tool. Such delays are mainly because of multiple layers (between tender evaluation committee and accepting authority) of scrutiny, particularly in high value procurements. Further, procurements are based on budgetary provisions and procurement planning & monitoring do not cover timelines. This needs immediate possible process redesign.



3. Supplier adequacy ratio depicts average ratio of initial number of bidders to the number of bidders awarded the contract. Higher score in this KPI indicates greater competition among suppliers. As illustrated in the next figure, while Delhi shows a very high supplier participation, states such as West Bengal and Uttar Pradesh are not performing as well. However, for the state of Uttar Pradesh there has

been an improvement over the years. Participants opined that ease of doing business may be a reason for higher vendor participation in Delhi. In the state of Uttar Pradesh, contractors need to get registered in multiple departments and there is no single procurement coordination agency. A single point registration of contractors may be introduced which may apply to all purchasers in the state and allow interested contractors to apply for registration any time.



4. Overall, the participants observed that while technology can bring efficiency and transparency in the public procurement process, there is a need for education and capacity building on public procurement in the state of Uttar Pradesh. There is a need for a common portal or public procurement team/ cadre to ensure coordinated action in this area. To bring greater transparency in public procurement, contract implementation data may be shared in the public domain so that UP's contract implementation process performance can be measured as well.

Please visit [www.procurementobservatoryup.com](http://www.procurementobservatoryup.com) for comparative analysis of public procurement performance. For further information please feel to contact:

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