Procurement in India
-Recent Developments

Ministry of Finance
Department of Expenditure
Government of India
February, 2017
General Financial Rules (GFRs)

Introduction

- General provisions to be followed in Government of India (GOI) on financial matters.
- These are executive instructions.
- GFRs were first issued in 1947. Revised in 1963 and 2005.
- GFRs, 2017 are being issued.
- Broad procurement rules are covered under GFRs.
- Respective procuring entities may issue detail instructions regarding procurement broadly in conformity with GFRs.
GFRs, 2017- Proposed Modifications

- Electronic Procurement.
- Government e-Marketplace (GeM).
- Code of Integrity.
- Electronic Reverse Auction.
- Requirement of Advertisement in Newspaper waived.
- Relaxation to Startups.
Electronic Procurement

- Central Public Procurement Portal (CPPP)
  - CPPPP started in the year 2012
  - Publishing of tenders and details of contracts awarded.
  - Mandatory e-bid submission and opening of all tenders (Threshold ~ $3000 per tender).
  - Online comparative statement.
Year Wise, Number of tenders in Million

Financial Years

Number of tenders in Million

- 2007-09: 0.008
- 2009-10: 0.011
- 2010-11: 0.035
- 2011-12: 0.064
- 2012-13: 0.136
- 2013-14: 0.221
- 2014-15: 0.309
- 2015-16: 0.521
- 2016-17: 0.554 (Till January 2017)
Year Wise Growth in Value of tenders in electronic mode

<table>
<thead>
<tr>
<th>Financial Years</th>
<th>USD Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-09</td>
<td>3.173</td>
</tr>
<tr>
<td>2009-10</td>
<td>3.148</td>
</tr>
<tr>
<td>2010-11</td>
<td>6.851</td>
</tr>
<tr>
<td>2011-12</td>
<td>9.556</td>
</tr>
<tr>
<td>2012-13</td>
<td>24.17</td>
</tr>
<tr>
<td>2013-14</td>
<td>55.524</td>
</tr>
<tr>
<td>2014-15</td>
<td>72.351</td>
</tr>
<tr>
<td>2015-16</td>
<td>99.587</td>
</tr>
<tr>
<td>2016-17 (Till January 2017)</td>
<td>99.708</td>
</tr>
</tbody>
</table>
Govt. E-Marketplace (GeM):

- For Goods and Services
- Mandatory for procuring entities to procure Goods and Services available on GeM
- Credentials of vendors shall be verified by GeM authorities.
- Procuring authority to check the reasonableness of prices.
GeM...

- Up to Rs.50,000/- through any of the available suppliers on the GeM
- Above Rs.50,000/- and up to Rs.30,00,000/- through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM.
- Above Rs.30,00,000/- through the supplier having lowest price after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM.
Code of Integrity: Proposal

- Applicable for both the procuring entity and the bidder.

- Code of Integrity prohibits
  - Making offer, solicitation or acceptance of bribed
  - Any misrepresentation that attempts to mislead
  - Collusion, bid rigging, anti competitive approach
  - Coercion or threat to impair or harm

- Disclosure of Conflict of Interest

- Disclosure of any previous transgression by the bidder

- Procuring entity after considering the facts may take appropriate measures including debarment of bidder.
Electronic Reverse Auction

- An online real-time purchasing method, which involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids;

- Purchasing through reverse auction is applicable when
  - Detailed description of the subject matter of the procurement is available;
  - There is competitive market
Invitation to tenders by advertisement in newspapers was mandatory for procurement of $37,000 (approx.) and above.

Publication in newspaper is no more mandatory

Advertisement should be on Central Public Procurement Portal (CPPP) and on GeM.

An organisation having its own web site should also publish all its advertised tender enquiries on the web site.
Relaxation to Startups

- An entity shall be considered as a 'startup'-
  - Up to five years from the date of its incorporation/registration,
  - If its turnover for any of the financial years has not exceeded $3.73 million
  - It is working towards innovation, development, deployment etc. driven by technology or intellectual property

- Provision for relaxing the condition of prior turnover and prior experience for Startups in bid documents subject to meeting of quality & technical specifications.
Capacity Building

- Regular procurement trainings are held at National Institute of Financial Management (NIFM), Faridabad.
- Around 2000 officers are trained every year.
- NIFM is tying up with other institutions across India for training.
Thank you !!