

Event Report of ‘Project Design Meeting’
Under the project
Setting up a Public Procurement Observatory in Rajasthan

Proceedings of the Programme

Background

CUTS Institute for Regulation and Competition (CIRC), New Delhi in collaboration with CUTS Centre for Consumer Action, Research and Training (CUTS CART) supported by the World Bank (WB), New Delhi is implementing a project named as ‘Setting up a Public Procurement Observatory in Rajasthan (ProOb)’ to impart public access to information and happenings in regard of current procurement and the procurement process followed by various selected departments, in order to ensure transparency and thus trigger a mechanism of public watch. This observatory will enable learning from past good experiences and also learning from goal-oriented developments in order to shed some light on past failures and provide guidance for future reforms and innovations in the procurement process in the State and consequently it will make the procurement process cost-effective by advocating better practices for process improvement.

Under the project, State Procurement Facilitation Cell (here after SPFC) in Finance Department, Rajasthan Medical Services Corporation (here after RMSC) under Department of Health and Family Welfare and Public Works Department of Government of Rajasthan have been selected for observing their roles and implementation of procurement processes as per RTPP Act, 2012 respectively. The public-procurement process of these selected three departments would be observed against the ‘Rajasthan Transparency in Public Procurement (Here after RTPP)’ Act, 2012 and RTPP Rules, 2013 based on the specific ‘Key Performance Indicators (KPIs)’ developed, under the project during its one-year period.

Objectives

The main objectives of the meeting were to introduce the key-stakeholders about the project and its purposed and activities on one hand, and sharing and taking the views, guidance and suggestions and experiences of the primary stakeholders, on the other. In the meeting, Key Performance Indicators (KPIs) were also shared and presented before the participants for their suggestions and comments on the selected indicators. Some of the potential members of the Project Advisory Committee were also invited to orient them about the intervention.

Participation

In the meeting, there were around 15 key participants from all the concerned departments. Some of the civil society organisations (CVO) were also invited in the event to share their relevant experiences related to public procurement. Moreover, officials from RMSC (O M Rajotiya, Executive Director), from SPFC (Arvind Deewan, Chief Accounts Officer along with his two colleagues R P Sharma, Accounts Officer and Yapandra Bagda, AAO II), from Public Works Department (PWD) (Rajeev Gupta, Joint Director, Information Technology (IT), and M K Jindal, Assistant Engineer-P&M), actively participated and actively throughout the entire interactions. In the meeting, Shanker Lal, Senior Procurement Specialist from 'World Bank' and Ashwini K Swain, Fellow from CIRC also participated in the meeting through Skype. Project team members of CART Amrat Singh, Varidhi Singh and Sweepthish Jayan and Vineet Gupta from IT team were also present in the meeting.



Welcome and Opening Remarks

George Cheriyan, Director, CUTS and Centre Head of CART addressing the participants in his



welcome note mentioned about the work done by CUTS in the area of governance, background of ProOb project and objective of the meeting. He stated that public expenditure management reflects all functions related to government spending and public procurement is one of the key functions. Public procurement in Government is very

important, since its share is 25 to 30 percent in the Gross Domestic Product (GDP) of India so transparency and accountability in this sector can create direct impact in economic development. However, public procurement, being the starting point in Expenditure Management, is identified

as the government activity vulnerable to corruption, since it is the major interface between the public and private sectors. He also indicated that ProOb is an attempt towards observing the procurement process and advocating for better practices for process improvement. He thanked all the participants from Government side for the participation. He also added that adequate cooperation from all the departments is essential for the success of the project.

Shanker Lal shared his views and experiences through Skype and mentioned that actually the project was conceptualised in the year 2013 and there are some observatories, which are outside South-Asia region viz. Nigeria and Philippines. It was felt that lots of activities are happening at the supply-level and WB is also doing lot of advocacy work but not much is happening at the demand side, which is basically Civil Service Organisations (CSO), institutions and media. So the thought of creating a virtual organisation came up, which will work for the betterment of procurement policies and practices in larger states of India having large economic parameters.

He further shared that first Public Procurement Observatory was set up in the State of Uttar Pradesh in the year 2013 and it was followed by opening of two more observatories in Chhattisgarh and Assam and Rajasthan is in fact fourth in the series. The purpose of setting up a Public Procurement Observatory is to impart public access to information and happenings in regard of current procurement and procurement process, to ensure transparency. Hence, triggering a mechanism of public watch, enable learnings from the past experiences and good practices and to learn from the shortcomings and provide guidance for future reforms and innovations. In addition, making procurement process cost-effective by advocating better practices for process improvement and analyse the procurement policies and practices in the stream and share the experiences with the government and WB.

Public Procurement Observatory: Project Overview

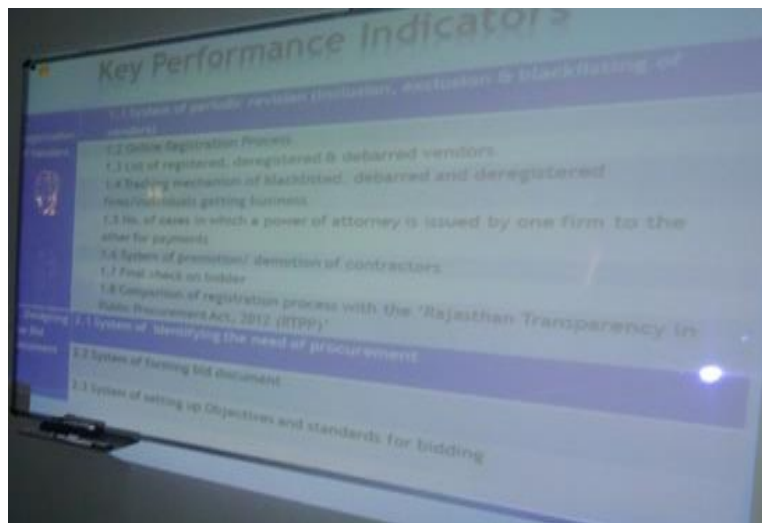
Madhu Sudan Sharma, Senior Project Coordinator, CUTS CART provided a brief overview of the project. He briefly mentioned about CUTS and said that CUTS works very closely with governments at all levels and especially with Department of Health and PWD. He also specified the project objectives. Further, he explained that the government procurement in the country represents a significant portion of its expenditure, estimated to be about 25-30 percent GDP and is a key determinant of budget execution overrun and, therefore, public procurement as an area of intervention has a great deal of importance attached to it.



He stated about the three stages of the project activities and also discussed about the same. Speaking about the first stage he said that it has activities like analysis of RTPP Act, Rules, policies and literature related to public procurement about Rajasthan and compared it with 'United Nations Commission on International Trade Law (UNCITRAL) Model Law on Procurement' and National Draft Procurement Bill, 2012. He also mentioned several other activities like selecting the targeted departments, developing a dedicated web portal, developing key performance indicators and generating knowledge products. About phase-II, he mentioned that this phase involves collection of secondary data on procurement practices from the selected departments as per the finalised key performance indicators and analysis of obtained data and making it accessible to the public through advocacy and using web portals and other means. In the third stage, again two new departments will be selected and set of activities of phase-II would be repeated. The findings will be published through a web portal and other print mediums like policy briefs, articles and media briefs and recommendations would be provided to the concerned departments for ensuring cross learning among the departments.

Key Performance Indicators

He then presented the key performance indicators (KPI's) like registration of vendors, designing the bid document, bid validity period, government preferential policy, grievance redressal mechanism, registration of the offences, under the Act, Maintenance of the procurement register, performance of the Nodal Department for public procurement and transparency standards. He stated that this observatory would serve as a platform where departments would learn from the best practices being followed by the selected departments. He also mentioned that getting all the required information from the respective departments would be very crucial and the success of the project mainly depends on it and requested all the government representatives to cooperate in this process during the implementation process.



In the meeting, the participants contributed their feedback on the project activities, their roles and responsibilities the KPIs and also shared their experiences, which were fruitful for further refining the KPIs and defining up next course of action.

CUTS' Contribution in Public Procurement

Archana Jatkar, Coordinator and Deputy Head, CUTS Centre of International Trade



Environment and Economics (CITEE) shared that CUTS worked on this issue like analyzing the India's status after joining GPA as a member and other are from trade perspective. CUTS started working on this issue of public procurement in 2004 with major focus on transparency issue but in recent times, in 2010 when India got an

observers' status at World Trade Organisation (WTO) in the Government Procurement Agreement (GPA). CUTS concentrated its work on public procurement on analysing the cost benefit analysis of India acceding the GPA in the coming years and conducting advocacy on the challenges and issues would be emerging out of the same.

She further stated that CUTS has collected inputs from various states including Rajasthan for the Draft Public Procurement Bill 2012, which was tabled in Parliament in May 2014 and has lapsed with the dissolution of the 14th Parliament. Consequently, lack of an overarching law governing public procurement in India has led to the subject being administered through a morass of rules set by different authorities, having no force of law. The matter is so chaotic that different organisations remain free to follow their own interpretation of various rules, policies and guidelines, leading to distortion of competition and lack of transparency.

The aim of setting up this virtual observatory is to praise the effort of the state government in bringing the transparency in public procurement process and making this public procurement system more accountable, transparent and fair.

O M Rajotiya, Executive Director (Procurement) from RMSC, shared that procurement is done as per the RTPP rules 2013 in RMSCL. E-procurement process is being adopted by the corporation for procurement and all the queries and grievances are resolved as per RTPP rules and guidelines. All procurement processes and award of contract is being updated on the portal.

R K Jindal, Assistant Engineer, PWD sharing his views said that the Department of IT should also be incorporated in the study, so that access to information would be easy and analysis would be done in a better way. He further suggested that meeting some prominent bidders/key bidders for getting more information and knowledge about the procurement process and their experience so far in terms of transparency and fair competition. He given suggestions about a picture in the ProOb website having loose drugs and suggested to replace the same with pictures of packaged medicines, which would be better.

Arvind Deewan, from SPFC shared that departments are following RTPP rules 2013 and public



procurement is operational in accordance of these rules. He further shared that one sub indicator i.e. role of first appellate and second appellate authority could be incorporated in the indicator in the system of grievance redressal as the role of these appellate authorities are still not clear in many departments. He

added that the appointment of nodal officers in all departments is still pending but once they are recruited, they will be provided adequate training, so that in turn they would strengthen the whole process.

He raised the issue, that there is a dire need of separate procurement plan in each department and a centralised Procurement Management Information System. He also suggested that one should also conduct advocacy for preparing the rules regarding the transparency in the process after awarding the contract as the RTPP rules 2013 provided the guidelines till the award is contracted to the bidder i.e. Post tendering module should be placed for maintaining the transparency till the end of the process and e-portal should provide the details on post tendering processes as well, so that in the entire process, transparency and accountability is ensured.

I C Srivastava, IAS (Retd.) He share his experiences regarding the Integrity Pact (IP) in many

PSUs in India by Transparency International Indian and said that same was advocated in Rajasthan as well when the RTPP Act was under drafting but suggestions were not entertained he added that without independent external monitored it is difficult to ensure transparency and accountability in the procurement process merely by passing act and setting up a



facilitation cell at state level. He also emphasised the need of developing E-procurement Matrix (EPIM) and MIS that could be a safety device through which safety of procurement system would be managed and ensured. He also shared his views about the corruption in procurement and disciplinary actions taken as per Central Civil Services (Classification, Control and Appeal) rules, 1965 and as per Indian Contract Act, 1872.

Vote of thanks

Jai Shree Rathore, Project Officer, CUTS CART summarised the proceedings and said that the comments and suggestions from all the participants have been noted and would be taken into account. She also mentioned that this is just a beginning of the journey and more interactions and face to face meetings will follow from all the key stakeholders of the selected departments and cooperation of each and every department becomes crucial. She also rendered a vote of thanks to all for finding some time and attending the meeting in an active and open manner, which contributed in to bring the issues and ground realities of the public procurement in the state at fore.

Highlights

Participants from all the three targeted departments were present and openly shared their views

- Valuable suggestions and comments were gathered during the discussions
- Participation in the meeting through Skype.

Lowlights

- Participation from bidders or contractors could have been more fruitful.