

## **Event Report**

### **Workshop on**

### **‘Public Procurement in Rajasthan: Current Scenario and Future Prospects’**

**Date: Tuesday: July 07, 2015, Jaipur**

### **Based on the Project**

### **‘Setting up a Public Procurement Observatory in Rajasthan (ProOb)**

### **Stakeholders’**

## **Background**

India is emerging as the third largest economy in the world. Government procurement in the country represents a significant portion of its spending (estimated to be about 25 to 30 percent of Gross Domestic Product) and is a key determinant of budget execution outcomes. Therefore, Public Procurement as an area of intervention has a great deal of importance attached to it. Since the Public Procurement Bill 2012, which was tabled in Parliament in May 2014, has lapsed with the dissolution of the 14th Parliament, the lack of an overarching law governing Public Procurement in India has led to the issue being administered through a morass of rules set by different authorities, having no force of law. It has been governed by General Financial Rules (GFR), 2005, Delegation of Financial Power Rules (DFPR), 1978 and relevant guidelines of Chief Vigilance Commissioner (CVC) of India, High Court rulings and such diverse authorities have brought out the directives on Public Procurement.

Rajasthan is quite ahead in India in terms of legal framework of Public Procurement and has ‘Rajasthan Transparency in Public Procurement Act (RTPP), 2012, RTPP Rules, 2013, PPP guidelines, 2008 and recently adopted Swiss Challenge System. But implementation of all these Acts, rules, guidelines and systems is a matter of concern. Just to check the implantation of the above legal framework and to research on the practices used in the procurement processes. CUTS International has set up a Public Procurement Observatory in Jaipur, Rajasthan in partnership with ‘CUTS Institute of Regulation and Competition (CIRC)’ and supported by The World Bank (WB).

This Observatory will impart public access to information and happenings in regard of current procurement and the procurement process, in order to ensure transparency and thus, trigger a mechanism of public watch. For doing so the ‘Public Procurement Observatory’ will develop the key Procurement Performance Indicators, collect and analyse procurement data, policies, rules etc. and the implementation of the same in the State. It will also share the findings and the best practices with the other State

Government and other stakeholders. In this regard, CUTS organised the first workshop on July 07, 2015 in Jaipur on the given subject as mentioned below:

## Workshop Agenda

Public Procurement in Rajasthan has special importance, since it has all required legal framework. In such a scenario, implementation of the existing legal system becomes crucial. Under the project, current status of the Rajasthan Transparency in Public Procurement Act (RTPP) Act, 2012 and its rules RTPP, 2013 were primarily checked and analysed and same was shared with the concerned stakeholders from Finance Department Officials, representing the officials from various government departments, contractors or bidders, media and civil society representatives of the Jaipur for their information and advocacy purposes. In the workshop, lessons from various other States like Assam and Uttar Pradesh were also shared. Countries like Philippines and Nigeria also shared their views and discussed with the participants.

The theme of the workshop was "Public Procurement in Rajasthan: Current Scenario and Future Prospects". In the workshop discussions were held on the current status of the RTPP Act, 2012 and its level of implementation in various government departments on one hand and problems and concerns of the procuring officials and the remedies, on the other. The workshop started at 11:00 AM and ended up at 2:00 PM.

## Participation

In the Workshop, Sidharth Mahajan, Special Secretary, the Department of Finance, Government of Rajasthan, Bulbul Sen, Former Chief Income Tax Commissioner and Procurement Expert from Delhi, Shanker Lal, Senior Procurement Specialist, the World Bank, New Delhi, Mreeeshi Agrawala, Assistant Professor, Assam Institute of Management (AIM), representatives from SPFC, Finance Department, NIC and E-Procurement Division, Public Works Department (PWD), Rajasthan Medical Services Corporation (RMSC), Animal Husbandry, Public Health Engineering Department (PHED), Agriculture, State Cooperative Department and Medical and Health participated.



In the Workshop, representatives from Civic Society Organisations (CSOs) viz: Non-government Organisations (NGOs), High Schools, College and media also actively taken part along with some retired civil servants/officials from various government departments and project team members. About 58 stakeholders' actively participated in the workshop.

## Key Proceedings

George Cheriyan, Director, CUTS International welcomed the eminent guests in his



opening session of the workshop. He introduced CUTS and its areas of functioning in India and overseas. He also mentioned about CUTS' work in governance issues viz; social accountability access to information and the latest developments in Public Procurement. He added that CUTS is working in almost all the districts of Rajasthan along with various states of India. Besides, it is also working in 35 countries with its partners, and has its own five overseas centres.

Cheriyan further underlined the importance of Public Procurement, which is a key determinant, in the public expenditure management cycle. Procurement is to support fiscal discipline on large-scale government acquisitions including tendering, e-procurement, and contract and spend management. However, Public Procurement has been identified as the government activity, which is most vulnerable to corruption. As a major interface between public and private sectors, Public Procurement provides ample opportunities for diversion of public funds for private gains. He said that the purpose of the 'ProOb' project is to observe the procurement process in Rajasthan and advocate for better practices for process improvement. He requested all the participants to take part in the workshop actively and share their valuable experiences.

Madhu Sudan Sharma, Senior Project Coordinator of CUTS presented the research findings of the 'Public Procurement Observatory' and mentioned that Rajasthan is at the forefront in terms of acquiring a legal framework for the procurement in place but implementation of such acts and rules in two and half years has been is a major concern though the State Government is trying hard to improve it continuously. He stated that under the project two departments (Rajasthan Medical Services Corporation and Public Works Department) were selected for detailed research and it



was noticed that Rajasthan Medical Services Corporation (RMSC) seems to be the only procuring agency, which puts up good amount of procurement information on its official website right from its annual procurement plan to bids, information related to bidders participation and final award of contract information but it is not yet registered with the State Public Procurement Portal (SPPP), which is mandatory as per the RTPP Act, therefore, not putting up any information related to its procurement on violation of the Act.

Furthermore, Public Works Department is putting up only limited amount of procurement related information related to bids or NITs and its corrigendum if any on its official portal and SPPP but not putting anything else other than said information, which has to happen as per the Act. As it was noticed and found that most of the departments like Finance Department, Public Health Engineering Department (PHED), Housing Board, Urban Development, Rural Development and many others are also like PWD regarding putting up the information on their portal as well SPPP. He also shared trend of information published in the SPPP portal and its comparison with the E-Procurement cell as well. He shared some of the general recommendations to the nodal department (Finance Department) to take up further to enhance the effective implementation of RTPP Act in the State.

Sidharth Mahajan, Special Secretary, Department of Finance, Government of Rajasthan, who was the Chief Guest shared his two and half year's working



experiences on procurement issues in the State Procurement Facilitation Cell, Finance Department. He said that sometimes Acts make the process of procurement difficult because of its complicated nature. He further said that 'Rajasthan Procurement Facilitation Cell (RPFC), under the Finance Department (FD) is providing support to the procuring entities and officials in redressing their problems and issues problems regularly.

He further mentioned that the Department gets three types of references regarding interpretation of the Act, issues or problems being faced by them during its execution.

Type one in which references are very much based on some genuine issue or problem, in the case of type second of references, the procuring entity does not want to even refer the act fully and without even reading it properly they send the matter for reference. In the case of type third, procuring entities are clear about the issue or problem or interpretation of the Act but for just to get the seal of the Finance Department they send the matter for reference. In reality, genuine cases are coming very less and most of them are type two and third. The Department is trying hard to keep track of the procurement processes in all the departments and probably in coming two to three months department is coming up with its own procurement observatory with



a new version of the current SPPP, so that the overall scenario could be changed. While commenting on the Observatory finding he accepted all the findings and suggestions and said that this is really a good effort by the World Bank (WB), CIRC and CUTS, which will really help in the process of improving the current scenario of the procurement in the State. He assured his full support to such initiatives in future as well.

Shanker Lal, Senior Procurement Specialist, WB said that Procurement is an issue, which is directly linked with the image of the government so all the governments nationally and internationally are taking up the issue of procurement very seriously. He shared some of the good practices adopted in the some countries like Philippines and Nigeria. He added that in Philippines, Law of monitors' (two law monitors on Public Procurement) practices and in Nigeria, web portal approach (on which procurement stakeholders put their experiences in the form of analysis, experiences sharing or cases both are working well in both the countries which is good learning examples for rest of the world. He also shared experiences on behalf of Uttar Pradesh Procurement Observatory and mentioned that these are good initiatives but there are certain challenges before these observatories like getting data for research there having only limited number of key performance indicators and making these observatories economically sustainable. He shared experiences from UP as well. Lastly, he mentioned that these state observatories shall be complementary to the state portals to that more and more access to the information related to the procurement could be ensured for the common and concerned people.



Bulbul Sen, Former Chief Income Tax Commissioner and Member, Expert Group on Procurement in the 'UN Office of Drugs and Crime' also shared her national experiences related to procurement and talked about the background of the National Procurement Bill, 2012 related activities. He further said that there is a great need of emphasising on the 'Sustainable Procurement, which is also called as Green Procurement, so that the procurement also could be made environment-friendly. He added that some efforts have to be made for indigenisation of the Public Procurement, preferential market access and off set policy for foreign suppliers for reviving the Indian Economy. He also that there is no strict punishment for taking gratifications (but she opposed draconian provisions in the Act as



well) and there is a need of setting up a complaint redressal tribunal in the State of Rajasthan to ensure effective and speedy procurement complaints redressal.

### **Technical Session**

There was a technical session as well after an inaugural session of the workshop in which there was interaction of the procurement officials and SPFC officials who are managing SPFC and dealing with SPPP and other aspects on the subject given below.

*‘Public Procurement in Rajasthan: Current Scenario and Future Prospects: Ground Realities and Lessons from across states’*

### **Chair of the session**

Bulbul Sen (Chair)

### **Speakers**

Mreeshi Agrawala, Assam Institute of Management (AIM), Guwahati, Assam

Arvind Deewan, Chief Accounts Officer, SPFC, Department. of Finance, Government of Rajasthan

Harish Ladda, Chief Accounts Officer, SPFC, DoF, GoR

Yogendra Bagda, Assistant Accounts Officer and Incharge, State Public Procurement Portal (SPPP), State Procurement Facilitation Cell (SPFC), Department of Finance, Govt. of Rajasthan.

Mreeshi Agrawala, Assistant Professor, Assam Institute of Management shared her experiences related to running a procurement observatory in Assam in the workshop. She talked about the legal framework of public procurement in Assam and said that there is no public Procurement Act in the state but recently Government of Assam has given this responsibility to AIM for organising some consultations with state departments and get their feedback for bringing new procurement guidelines in the State. Later she shared the Assam Procurement Observatory activities and findings and said that Observatory has already organised some consultation workshops with the concerned stakeholders, conducted Vendor's Survey and Government staff of eight selected departments (PWD, Health, Education, Irrigation PHED and so on.) who are handling procurement related activities to capture their first hand experiences. Besides, the endeavors of the observatory were also shared..



Arvind Deewan shared his experiences of working in the SPFC, Rajasthan and said that State Procurement Facilitation Cell (SPFC) is working hard to achieve its all the set



goals to enhance effective implementation of the RTPP Act, 2012 and RTPP Rules, 2013 in the state. He mentioned that RTPP Act came in force on January, 2013 and in its two and half years number of initiatives has been taken by the SPFC. In addition, SPFC tried to enroll all the procuring entities of the State with the SPPP but still some of them were left out. SPFC tried to ensure the designation of procurement official and a nodal officer from each and every Department but still

many departments have been left out, SPFC is trying to train all the designated procuring officials on the procurement and other related technical issues but due to various problems the target is still unachieved. Moreover, SPFC is trying to monitor each and every bid uploaded by all the departments but still they are in the process of refining this tracking system and planning to bring new upgraded version of the SPPP with more new interactive built in features.

SPFC is also endeavouring to come up with its observatory mechanism of all the procurement process in the State in a planned manner for systematic monitoring and evaluation of the process to make it more effective and workable. So, likewise number of initiatives has been taken up by the SPFC, so that the procurement process is easily understood and followed by all the procuring entities and officials in the State. Harish Ladda, Director General of Police responded to some of the queries related to the procurement processes of the State and innovations introduced through the means of Swish Challenge System along with Arvind Deewan and Yogendra Bagda, Assistant Accounts Officer who together responded the queries and comments raised/made by the participants. He also mentioned that the Swish Challenge System was introduced after consistent pressure from the top-level to bring the same before resurgent Rajasthan Summit to be organised in the coming months in the State. He also said that references or suggestions or complaints received by the SPFC are dealt with due diligence and the Department is keen to make amendments in the guidelines accordingly.





The Participants were very curious to know more about the newly started Swish Challenge system in the State, which given opportunity to the people who have some



innovative idea for the development of the state in all the sectors. Rajendra Bhanawat, IAS (Rtd) asked about the chances of some collusion at the level of first right to refusal level and other levels and also asked about the success of same system in the Madhya Pradesh (MP) from where this system has been adopted. While responding these queries, Arvind Deewan said that this system has been doing good in MP while chances of any collusion in the system are minimum

or very less. H L Chauhan, Chief Engineer, PHED (Rtd.) also associated with Transparency International Rajasthan queried of the chances of leakage of the tender information from the E-procurement system. Answering to the query by one of the participant, Rajesh Bhatnagar from E-Procurement Cell said that such an incident of leakage of data or procurement related information is never occurred within a time period of five years, ever since this system is functional, which means that the chances of leakage of procurement related information while procurement is ongoing, are quite less. Lot of other queries also came during the technical sessions and satisfactorily addressed or replied by the SPFC officials, Shanker Lal and Mreeshi Agrawala.

Varidhi Singh, Project Officer, CUTS summarised the whole of the proceedings of the workshop comprising inaugural and technical session and stated that the discussions of the workshop were really fruitful and will prove to be very crucial in the planning activities of the observatory and future course of action to move forward. She also conveyed a vote of thanks to all the eminent guests, Panellists and all the participants in the technical session and all the participants from various departments, CSOs and media representatives. Besides, she gave special thanks to Sidharth Mahajan for his guidance and permission to collaboration in the event given support, Bulbul Sen for her guidance and technical inputs through the project period so far, Shanker Lal for his guidance and support and Mreeshi Agrawala for coming down to Jaipur and sharing her experiences.





## Outcome of the Event

- It was for the first time that most concerned stakeholders of the Public Procurement came on such a public platform and shared each other's experiences across the states.
- Being first of its kind event on Public Procurement with the Nodal Department (SPFC), which provided considerable feedback and recommendations to enhance the effectiveness of SPPP, SPFC and RTPP Act, 2012 and RTPP rules 2013.
- The Department of Finance has announced its own observatory after finding the concept of setting up a public procurement observatory by CUTS and World Bank useful and assured to work in collaboration with the existing observatory and
- Finance Department, accepted almost all the findings and recommendations of the observatory to make the implementation process of the RTPP Act more speedy and effective

## Events in Media



## कट्स सोसायटी की कार्यशाला आयोजित

जयपुर | राजस्थान पब्लिक प्रिक्वोरमेंट पारदर्शिता अधिनियम कई बार समस्याएं पैदा करता है। इसका निवारण वास्तविक अनुभव के आधार पर किया जा सकता है। यह विचार वित्त विभाग के विशिष्ट सचिव सिद्धार्थ महाजन ने दिए। वे कट्स सोसायटी की ओर से पब्लिक प्रिक्वोरमेंट की वर्तमान स्थिति व भविष्य की चुनौतियों पर आयोजित कार्यशाला में बोल रहे थे।

उन्होंने कहा, कानून के तहत वित्त विभाग के अधीन राजस्थान प्रिक्वोरमेंट फेसिलिटेशन सेल गठित किया गया है, जिसका कार्य सरकारी प्रिक्वोरमेंट में आ रही बाधाओं, चुनौतियों व समस्याओं के निराकरण करना है। कार्यशाला में विश्व बैंक के वरिष्ठ अधिकारी शंकर लाल ने भी विचार रखे। उन्होंने विदेशों के साथ देश के कई राज्यों के अनुभवों को साझा किया।

## Snapshots

