WELCOME FOR THE SESSION ON

“INTRODUCTION TO E-PROCUREMENT”

BY

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Fundamental Principle of Public buying

*Procurement of goods in Public Interest

i. Efficiency,
ii. Economy,
iii. Transparency

*Fair & Equitable treatment of suppliers

*Promotion of Competition
PUBLIC PROCUREMENT: YARDSTICKS

- Specifications in terms of quality
- Need based procurement (avoid excess)
- Fair, Reasonable & Transparent procedure
- Procurement Vs Requirement
- Reasonableness of Rate
- Each stage of procurement should be recorded
FINANCE CODE

- Purchase of goods without quotation
  - Value upto 10000/-
  - Each occasion
  - Certificate to be recorded by the competent Authority –

  “I,------ am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”
FINANCE CODE

Purchase of goods by Purchase Committee

- >10000/- and upto 20000/- on each occasion
- Three Quotations
- 3 members Committee as decided by the Ho

Committee’s responsibilities

a) Market Survey
b) Reasonableness of Rates
c) Quality & Specifications
d) Identify appropriate supplie

- Joint Certificate by the Committee
Purchase of goods by obtaining bids (Tendering)

• Ministry / Departments of Govt. of India/State Governments have been delegated full powers to make their own arrangements for procurement of goods

• Finance code and other Financial Rules have to be followed
Limitation of Manual System

• Delay in issue of tender schedules to Vendors
• Disadvantage for geographically spread bidders to participate
• Physical request / threats to bidders
• Risk of Tender Boxes at Multiple locations
• Delays in finalization of tenders
• Human interface at every stage leading to loss of objectivity
• Lack of Transparency
Issues in Public Procurement

• Lack of a common Public Procurement Policy
  • Public Procurement Law and regulations
  • Dedicated Agency
  • Transparency in Procurement Act

• Lack of model bidding documents and contract documents

• Complicated procedures for bidding, approvals and payments.

• Lack of skilled resources

• No centralized system of registration of suppliers

• Delays in making payments to suppliers
Range of Procurement Services

- Indent Generation & Approval
- Procurement Process
  - Tenders, Auctions, Reverse Auctions, Rate Contract, Catalogue Buying
- Demand Aggregation
- Bid Evaluation
- Award & Purchase Order
- Supply Management
- Quality Management
- Inventory Management
- Payments Management
- MIS & EIS
Categorization of Procurements

• By Category of Goods & Services
  • Goods
  • Services
  • Civil Contracts

• By Nature of Procurement
  • Tenders
  • Rate Contract & Catalogue Buying
  • Auctions, Reverse Auctions
  • LCB, NCB, ICB

• By Size / Volume of procurement
  • High Value, low volume
  • Low value, High Volume

• By Portfolio of services needed
  • Requisition, Bid Process
  • Evaluation, Award, PO
  • Supply, Quality check, Inventory Management
  • Payment, Accounting, Audit
  • MIS, EIS
Introduction

Procurement is a competitive differentiator

- Increase sales by 50%
- Reduce overheads by up to 20%
Procurement challenges and expectations

Procurement organizations are expected to lower the material cost coupled with high process efficiencies.
What is e-Government?

It is the Transformation of government to provide Efficient Convenient & Transparent Services to the Citizens & Businesses through Information & Communication Technologies.
Essence of e-Government

Enhanced Value for Customer
e-Procurement
- efficiency & transparency
What is e-Procurement?

It is a collaborative procurement of goods, works and services using electronic methods in every stage for bringing in efficiency and transparency.
e-Procurement Scenario

- Buyers
- Suppliers
- Consultants
- Contractors
- Logistics Systems
- Payment Systems

Diagram: e-Procurement System
Components of a typical e-Procurement System

- E-Auctions
- E-Tendering
- Contract Management
- Catalogue based Procurement
- Indent Management
Objectives of e-Procurement

• To act as the catalyst for procurement reform

• To enhance transparency, monitoring and control in procurement process

• To bring in economies of scale through aggregation of demand

• To reduce cost of doing business for both government and suppliers

• To establish level playing field and “fair” competitive platform for the suppliers
Productivity Enhancements in Government & Business

Government
- More effective Regulation improves the economy
- Higher Growth Rate due to Productivity increase in
  - Business, Manufacturing, Education
- Increase in FDI due to better investment climate

Business
- Improved business ecosystem
  - Increased Velocity of Business
  - Ease of doing business with Government
- Transparency leads to higher investments
- Time & Effort saved, goes to productive tasks
Overall Advantages

The main objectives of the e-Procurement initiative are to:

• Reduce the time and cost of doing business for both vendors and Organisations

• Realize better value for money spent through increased competition

• Standardize the procurement processes across departments/agencies

• Allow equal opportunity to all vendors

• Bring transparency
Advantages to Vendors

• Automatic Email alerts

• Re Bid submission

• Location independent

• Increased opportunities

• Transparency and eliminated buyer subjectivity

• Online confirmation of tender submission

• Consistency of process

• 24X7 Accessibility
Advantages to Vendors

• Elimination of dependency on officials for information

• Encrypted tenders at the time of submission

• Digital Signature – signing & verification

• Online Clarification

• Automatic viewing of all tenders online

• Past data for reference

• All tender related information available online
G2B Life Cycle
– multiple interactions

- Approvals
- Permissions

- Returns
- Taxes
- Permits
- Compliance

- Approvals
- Compliances

- Approvals
- Permissions
- Registrations

- Project Profiles
- Infrastructure
- State Support
# The Buy-side

<table>
<thead>
<tr>
<th>Issue</th>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity of Procurement Procedures</td>
<td>Procurement Reforms</td>
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<tr>
<td>Wide Range of items to be procured</td>
<td></td>
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<tr>
<td>- Goods</td>
<td>• Conduct an ABC Analysis</td>
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<tr>
<td>- Works</td>
<td>• Select ‘A’ items initially</td>
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<tr>
<td>- Services</td>
<td></td>
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<tr>
<td>Organizational Resistance</td>
<td>Change Management</td>
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<tr>
<td>Lack of IT Skills among employees</td>
<td>Training</td>
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<tr>
<td>Lack of resources with Government</td>
<td>Public-Private-Partnership</td>
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# The Sell-side

<table>
<thead>
<tr>
<th>Issue</th>
<th>Approach</th>
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<tbody>
<tr>
<td>Difficulties in changing over to new systems of tendering</td>
<td>Supplier adoption</td>
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<tr>
<td>Low levels of technological skills</td>
<td>• Training</td>
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<tr>
<td></td>
<td>• Help Desk</td>
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<tr>
<td>Difficulties in access to site</td>
<td>E-Procurement help centres</td>
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<tr>
<td>Resistance to change</td>
<td>Change Management</td>
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<td>Issue</td>
<td>Approach</td>
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<td>Difficulties in establishing &amp; maintaining the system</td>
<td>By sharing responsibility through PPP</td>
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<tr>
<td>Lack of Financial resources for maintenance &amp; transaction handling</td>
<td>• Designing appropriate business model</td>
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<td></td>
<td>• Levy of service charges</td>
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<tr>
<td>Concerns of</td>
<td>Digital Signature Certificates</td>
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<tr>
<td>• Confidentiality of bids</td>
<td></td>
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<tr>
<td>• Authenticity of bids</td>
<td></td>
</tr>
<tr>
<td>Varying requirements of Multiple Departments</td>
<td>• Process Reforms</td>
</tr>
<tr>
<td></td>
<td>• Standards-based system</td>
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Readiness Required to Use
Personnel Skills

• Awareness of the Procurement Process

• Knowledge of simple Internet applications

• Basic computer skills (e.g. basic MS office)

• Has valid email address

• Training in e-procurement application
Other Requirements

• Should have a Computer

• Should have access to internet

• Should have valid class III Digital Certificate

• Enrolled with e procurement application
Digital Signature Certificate (DSC)
Digital Certificate Agenda

• What is a Digital Certificate?
• Why Digital Certificate needed for e-Tendering?
• Who Issues Digital Certificates?
• How a Foreign Vendor can apply for a digital certificate?
• Types of Digital Certificates
• Validity of a Digital Certificate
• How to Apply for a Digital Certificate?
• Do’s & Don’t’s of Digital Certificate
What is a Digital Certificate?

- Digital Certificates serve as an identity of an individual for a certain purpose, e.g. a driving license identifies someone who can legally drive in a particular country.

- Digital Certificate can be presented electronically to prove your identity or your right to access information or services on the Internet.

- Use of Legally Valid Class III Digital Signature and USB Token to store the Signature is compulsory as per Indian ITAct 2000 - Amendment 2004
Why Digital Certificate needed for e-Tendering?

To enable Trust & Security

• **Authentication**: How do you verify whether the vendors are really sending the information or some others?

• **Confidentiality**: How do you make sure that the information sent is read only by intended users and nobody else?

• **Integrity**: How do you make sure that the information sent is not altered dishonestly or falsely?
Types of Digital Certificates

There are 3 different classes of certificates for different applications

• **Class 1** is for email.

• **Class 2** is for IT filing, etc.,

• **Class 3** are high assurance certificates, primarily intended for e-commerce applications and are issued to individuals only on their personal (physical) appearance before the Certifying Authorities.

* Only Class III 2048 Bid Signing & Encryption (Company / Enterprise User) Digital Certificate is valid for e-Tendering
Who Issues Digital Certificates?

• Certifying Authority (CA) issues the digital certificates

• There are 7 CA’s in India who in turn report to the Controller of Certifying Authorities (CCA)

• The licensed CA’s in India are:
  • Safescrypt
  • NIC
  • IDRBT
  • TCS
  • MTNL
  • (n)Code Solution CA (GNFC)
  • e-Mudhra
Validity of a Digital Certificate

Digital certificate can be issued by CA’s for a period of minimum of one year to two years.

IE -> Tools -> Internet Options ->
-> Content -> Certificate
-> View
How to Apply for a Digital Certificate?

A digital certificate can be bought from any of the CAs or from any of the Local Registration Authority (LRA) as approved by any of the CAs.

1. Application –
   a. Access the CA website to select customer type and class of certificate needed and to accept Subscriber Agreement.
   
   b. Fill the online registration form and choose a password for later authentication.
   
   c. After due verification of mandatory fields, confirm the given details again and print the displayed form to hand sign and send it across to the CA.
2. Authentication

a. The CA verifies and validates the information provided in the online application and identification form.

b. Upon approval, the CA sends an email on the email address provided in the application form with a link for email id verification.

c. Generally it takes around 3 weeks for an Indian national & 5 weeks for an foreign national to get an digital certificate from the date of his/her application for the same.
How a Foreign Vendor can apply for a DSC?

• Procure Digital Signature Certificate (Class-III) from any of the empanelled Certifying Authorities of India

• Scanned copy of Power of Attorney wherein the person having the Digital Signature Certificate is mentioned as the true and lawful attorney.

• Scanned copy of the firm registration certificate
Dont’s of Digital Certificates

❖ Don’t share your DSC.

❖ Your DSC should be protected by a password and should never be sent across any network.
Do’s of Digital Certificates

✓ The token containing certificate should be preserved in the safe custody of the owner of the certificate.

✓ If the token is lost, inform the concerned CA and request for revocation of the certificate.

✓ Protect your computer from unauthorized access by keeping it physically secure.

✓ Use access control products or operating system protection features (such as a system password).

✓ Take measures to protect your computer from viruses.

✓ Always choose to protect your private key with a good password
You can store your DSC in eToken also
Important Points to Remember
• Always check that your e-mail address in your registration is accurate. You will not receive addendum notifications if this address is wrong.

• Bidders are requested to make note of dynamic time being displayed on BHEL e-Procurement portal to ensure that the bids are submitted on time.

• Try to avoid responding at the last minute. Try to submit your Bids through e-Procurement well in time.
We all live under the same sky

... but have different horizons

Thank You
Suggestions Please
Thank you

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