

e-Procurement

Contents

- ▶ Objective
- ▶ Key stakeholders
- ▶ Technical architecture
- ▶ New processes
- ▶ Governance issue
- ▶ Current status
- ▶ Issues and Challenges
- ▶ Global best practices
- ▶ Suggestions and Improvements

Objectives of e-Procurement

Objectives of automating procurement processes are to:-

- **Reduce cycle times** of procurement
- **Increase supplier access to ensure wider participation**
- **Reduce costs of procurement through competitive bidding and Reverse Auctioning**
- **Remove cartelisation** by supplier groups (Reverse Auctioning)
- **Increase visibility of procurement spend, for effective decision making**
- **Increase transparency** in the procurement process
- **Almost complete elimination of paperwork, for speedy and efficient functioning**

Aim of G.O.I.

- I. To tackle corruption.**
- II. To provide fair and equitable treatment to suppliers/bidders.**
- III. To improve transparency.**
- IV. To promote competition.**
- V. To enhance public confidence in procurement policy.**

e -procurement

e-Procurement means procurement of goods and services online using the internet. Ideally, it covers the full 'life cycle of procurement'.

- The intention is to automate, possibly, the entire procurement process, along with tender bid submission and payments by suppliers, in an **online web-based** real-time environment.
- **e-Procurement** could resolve many of the constraints/ delays of traditional procurement.

G.O.I. & M.O.F IMPORTANT **INSTRUCTIONS.**

- ❖ **MoF, GOI , in November 2011, ordered to set up a C.P.P. Portal , issued instructions that e-publishing made mandatory for all Ministries, Central Govt. Departments in a phased manner w.e.f.1st January,2012**
- ❖ **MoF, GOI decided that all Ministries and Central Govt. Department may commence e-Procurement in respect of all procurements with estimated value of Rs.10 lakhs or above in a phased manner.**
- ❖ **MHA letter has decided that all tenders for procurement with estimated value of Rs.10 lakhs and above will be invited through e-tendering only w.e.f.15th October 2012.**

What is c.p.p.portal ?

□ CPP Portal stands for Central Public Procurement Portal of Government of India which is basically designed by NIC(National Informatics Centre) and facilitates all the Central Government Organizations to publish their Tender Enquiries ,its Corrigendum and Award of contract details .

- The primary objective of this portal is to provide a single point access to the information on procurements made across various Ministries / Departments and all the Central Government organizations under them. All user departments and agencies would be required to link up their individual portals with this centralized procurement portal.**

What is e-Publishing module ?

□ The process of uploading the details of tender enquiry, its corrigendum and award of contract details on to the C.P.P. portal after logging in to the portal with login ID and password. Digital Signature Certificate is not mandatory for e-Publishing at this stage.

Steps of e-Publishing module

Creation of Tender

Uploading the Tender

Publishing the Tender

Corrigendum

Award of Contract

- **e- Tendering is a process of carrying out entire Tendering Cycle Online**

- 1) e-Tender Notice Creation(N.I.e-T.)**
- 2) e-Tender Promotion**
- 3) e-Tender Document**
- 4) Pre Bid Meeting**
- 5) Bid Submission**
- 6)e- Tender Storage & Opening**
- 8)e- Tender Evaluation**
- 9) Negotiation**
- 10) Award of contract**
- 11) Post award execution starts**

Manual Vs e-Tendering System

Manual Tendering System

- **Longer Procurement Cycle**
- **Expensive**
- **Paper Based Procurement**
- **Restricted Mobility**
- **No work on Holidays**
- **Prone to Human errors**
- **Physical Security**
- **Wastage of space to store bids**
- **Not retrievable**

Electronic tendering

Shorter Procurement Cycle

Economical – Fixed Cost

economical friendly

anytime , anywhere

any time

very less chance of error

Foolproof Security

Lifelong storage on CD

Retrievable, one click access

Above all it is the demand of time to adopt on line process.

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Benefits of Tendering Authority

- **Completely Automated Process**
- **Shortens Procurement Cycle**
- **Economical and Environment Friendly**
- **Greater Transparency**
- **Improvement in work culture in the departments**
- **System aided Evaluation process**
- **Minimize Human errors**
- **Minimal Storage Spaces**
- **Lesser hassle of communication and administration**

Benefits to Suppliers/Contractors

- **Anytime & Anywhere Bidding**
- **Fair, Free and Fearless participation for vendors.**
- **No dependence on Newspaper, Courier**
- **Zero Administrative hassles**
- **Can carry out all activities from any computer**
- **Economical – saving on Traveling cost**
- **Reduces efforts & cost of bidding**
- **No tenders can be missed because of distance**
- **Can submit bid on last minute**

What is e-Procurement Module ?



- ▶ **e-Procurement is the complete e-tendering process starting from online publishing of Tender Enquiries, Online bid submission by the bidders, online bid opening, Online bid evaluation and publication of award of contract on the CPP Portal. Digital Signature Certificate is mandatory for e-Procurement module.**
- ▶ **More details about e-Procurement and e-Publishing initiative are available at <http://eprocure.gov.in/cppp/>. Active tenders of ITBP are also available at <http://eprocure.gov.in/cppp/>.**
- ▶ **For demo & trg purpose, NIC has also designed the demo website , <http://eprocdemo.nic.in/cppp/>.**

Complete Cycle Of e-Procurement Module

CREATING
THE TENDER

PUBLISHING
THE TENDER

BID
SUBMISSION

TECHNICAL
BID
OPENING

TECHNICAL
BID
EVALUATION

AWARD
OF
CONTRACT

FINANCIAL
BID
EVALUATION

FINANCIAL
BID
OPENING

Modes of e-Procurement

Electronic procurement activities being done using modes given below, combination of these could also be used as per need: -

- **e-publishing of tender (publication of tender)**
- **e-procurement (proc Process online)**

Challenges in e-Procurement

- > **Knowledge** : important for beneficiary to know the procedure prepare their **DSC**
- > **Authentication** : How do you verify the identity of the users ?
- > **Confidentiality** : How do you ensure that the information sent is read only by intended users and nobody else?
- > **Integrity** : How do you prevent tampering information ?
- > **Non Repudiation**: How do you prove the origin of the information ?

How can we secure e-Procurement

The security features incorporated in an e-Procurement Application ensures that all activities are logged, no unauthorized person has access to data, all sensitive data is encrypted and system can be restored in a minimal possible time in case of a disaster or system crash, with the help of:

- > Audit Trail**
- > Data Encryption**
- > Secure User and Administrator access**
- > Process Validation**

e-Procurement Application – Prime Features

Functional Features

- ✓ **Workflows based & Access Control (financial & procurement category)**
- ✓ **Indigenous & Global Procurement (Multi Currency)**
- ✓ **Multi Part Bidding**
- ✓ **Notifications & Alerts**
- ✓ **Clarifications**
- ✓ **Good authentication – Role based access**
- ✓ **Security, Secrecy (of bids) - Signing, Encryption**
- ✓ **Ease of Use**
- ✓ **Good Archival & Retrieval features/ policy - Safe and secure**

e-Procurement solution Functionalities

- ✓ **Online Supplier Registration (Portal Registration)**
- ✓ **Creation of Tender**
- ✓ **Approval of Tender**
- ✓ **Publishing of Tender**
- ✓ **Corrigendum**
- ✓ **Online Bid submission by suppliers/contractors**
- ✓ **Online payment of Tender Fees & EMD**
- ✓ **Online Bid opening**
- ✓ **Evaluation of bids (Technical and Financial)**
- ✓ **Generation of Comparative Statement (Technical & Financial)**

✓ **Different Types of Tenders**

- ✓ **Open / Limited**

- ✓ **Global**

- ✓ **Single Bid / Two-Bid**

✓ **Approval Workflow**

- ✓ **RFQ (Rqst. For Quotation) Creation**

1) RFQs play an important role in the procurement process.

2) The first step taken by buyers, the responses offer a wealth of data that can help them later on when need to begin taking formal bids. **For example, if Buyer A sends out an RFQ to three companies and only two respond to his inquiry, Buyer A automatically knows that the third person is either not interested in doing business with him or is not a reliable vendor. Either way, he has narrowed down his pool of potential suppliers, thus making less work for himself later on.**

✓ **Bid Opening**

✓ **Bid Evaluation**

✓ **Note sheet Movement**

✓ **Security**

✓ **Two-factor Authentication**

✓ **Digital Signing of documents**

✓ **Encryption of Bids**

Implementation - Success Factors

Major factors which could be crucial to transformation from simple traditional procurement to e-Procurement are: -

- ✓ **Strong will** and focused thrust from the top management
- ✓ Building in-house champions/ enthusiasts for adoption of e-Procurement
- ✓ **Buyer's dedicated project team** to drive the Mission
- ✓ Aiming for realistic implementable goals/ objectives and time lines
- ✓ Well defined/ standardized procurement processes and forms
- ✓ Extreme care to aspects like Tender-security, Supplier-enablement/ Training & Ease of use
- ✓ Well integrated back end systems, standards, policies & practices to link and leverage upon
- ✓ Strong will & above all determination

- 1. E-Procurement can provide significant ,benefits, but requires important conditions for success.**
- 2. Situate e-procurement reforms within a broader framework of governance: focus on supply and demand for reform**
- 3. Important to understand and manage ,political economy of reform**
- 4. E-procurement ,can deliver substantial, benefits but requires important conditions for success**
- 5. Increased efficiency due to competition, transparency and lower transaction costs**
- 6. Reduced opportunity for fraud & corruption due to automated procedures**
- 7. Public procurement monitoring**

Internationaliy Impact of e-Procurement

The background of the slide features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side and bottom of the slide, creating a modern, dynamic feel. The text is positioned on the left side of the slide, set against a plain white background.

- Savings (Examples)
- . KOREA :-Total volume of US\$ 44 bn in 2006 with
- transaction cost savings of US\$ 4.5 bn (<http://www.pps.gokr/english/>)
- BRAZIL:-From 2000 to 2006, 51% savings in transaction costs and 25.5% in price, reductions
- (http://www.relogiodaeconomia.sp.gov.br/br/home_results.asp)
- INDIA:-US\$ 3.6 bn of transactions in 2005 with savings of US\$ 238.2 mn
- due to tender discounts in the same year
- (<http://ccaharyana.gov.in/e-procurement.htm>)

Conditions for Successful Implementation

- Strong government leadership (e.g. Korea, Mexico at presidential level)
- Appropriate implementation framework (e.g. procurement policy, legislation, capacity building, standards)
- Infrastructure development (connectivity)
- Complaints mechanism & resolution
- Oversight over collusion & bid rigging
- Managing political economy of reform
- (http://ec.europa.eu/internal_market/publicprocurement/docs/eprocurement/conferences/speeches/robert-hunja_en.pdf)

A painting of a sunset over a body of water. The sky is filled with soft, blended colors of blue, purple, orange, and yellow. The water below reflects these colors, creating a shimmering effect. The overall style is impressionistic with visible brushstrokes. The text "Thanks!!!" is overlaid in the center in a red, serif font.

Thanks!!!

