

## Why a National Procurement Policy of India?

### Background & Rationale

In India, the size of the public procurement market is approximately 29 per cent of its gross domestic product, which is almost US\$ 536 billion annually. There is no central law or policy to govern this market. In 2012, a Public Procurement Bill was tabled in the Parliament, which is yet to become a law.

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policies such as trade policy, fiscal policy, competition policy, manufacturing policy, etc. It can also be used to incentivise the adoption of green technologies or provide a fillip to

manufacturing undertaken by micro, small and medium sized enterprises.

Therefore, it is essential to assess the interaction between these policies in a mutually cumulative manner as facilitation of the creation of such a mechanism will result in harmonising the impact of two seemingly distinct but related objectives: judicious use of public expenditure and the achievement of socio-economic developmental goals.

The Public Procurement Bill has been framed to regulate the process and outcomes of public expenditure as undertaken by government bodies at the central level. It is expected to act as a model law to be adopted by state governments. However and in order to understand the relationship between the objectives of public procurement and those of other major macroeconomic policies, a

National Public Procurement Policy should be in place.

Therefore, CUTS International has undertaken this project to explore necessary elements of a National Procurement Policy of India and their interfaces with other major macroeconomic policies so as to frame a draft Policy and advocate for its adoption and implementation.

### Goal & Objectives

The Goal is to do applied research and advocate for a comprehensive and balanced National Procurement Policy of India which will allow governmental bodies to determine their approach to public expenditure after assessing the macroeconomic climate under which such they are to be made and by taking into account their impact on major socio-economic development objectives.

The Objectives of the project are to:

- To evolve a National Procurement Policy of India so as to address implementation concerns of the Public Procurement Bill
- To increase the level of awareness among the relevant stakeholder groups about the benefits which can be obtained through judicious use of public expenditure and the use of public procurement as a socio-economic developmental tool
- To enable governmental bodies

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to react to changes in pertinent macroeconomic indicators and their implications for public procurement so as to evolve a dynamic strategy which further the attainment of socio-economic developmental goals through the use of public expenditure

## Stakeholders

- Public Procurement Division, Department of Expenditure, Ministry of Finance, Government of India
- Other relevant central government departments/ministries including public sector undertakings and relevant ministries/departments in selected states
- Industry/business associations such as Federation of Indian Chambers of Commerce & Industry, Confederation of Indian Industry, Federation of Indian Micro, Small & Medium Enterprises
  - Regulatory bodies like the Competition Commission of India
- Civil society organisations and relevant experts/opinion-makers

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## Activities & Outputs

- Literature review including collection of good practices from other countries will be undertaken to study the relationship between different macroeconomic policies and public procurement. An example of the questions which may be covered in the desk research includes the cases such as how collaborative purchasing between government bodies will result in significant savings for the government.
- Advocacy meetings with officials of the Public Procurement Division, Department of Expenditure and other relevant ministries/departments of the Government of India will be held to inform the process of evolving the National Procurement Policy.

- Six policy briefs, of which five will delineate the relationship between public procurement and other major macroeconomic policies and the sixth one to cover the procurement practices of selected state governments, will be prepared based on literature review, stakeholder consultations and recommendations of members of the Project Advisory Committee.
- They (policy briefs) will be presented in regional and national consultations with the relevant stakeholder groups so as to invite suggestions and comments on practical aspects of interaction between the elements of a public procurement policy and other major macroeconomic policies.
- A National Procurement Policy of India will be drafted and will be advocated for its adoption and implementation.

## Expected Outcomes

The main outcome will be the drafting of a National Procurement Policy of India outlining the areas of interaction between public expenditure and other major macroeconomic policies, which will, in turn, act as a tool for advocacy.

Other outcomes include:

- Enhanced awareness among the relevant stakeholder groups on the need for adopting and implementing a National Procurement Policy of India
- Creation of a framework through which impacts of major macroeconomic policies vis-à-vis their implications on public expenditure can be measured, monitored and analysed.
- Increased information base for trade negotiations pertaining to public procurement, particularly in respect to EU-India free trade agreement and the Asia Regional Comprehensive Economic Partnership Agreement

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