

**Stakeholder Consultation Meeting
National Public Procurement Policy of India**

Tuesday, 9th September 2014
FIEO office, Southern Region
Unit No.706, Spencer Plaza, 7th Floor
769, Anna Salai, Chennai

Report

1. Introduction

- 1.1. CUTS International, with support from the British High Commission (BHC), is implementing a project titled “**National Public Procurement Policy of India**”.
- 1.2. As part of this project, a series of Stakeholder Consultation Meetings (SCMs) in India is underway to generate awareness and sensitise relevant stakeholders on public procurement and its interfaces with other major macro- economic policies such as manufacturing policy, competition policy, trade policy, fiscal policy, sustainable procurement and state-government-level-procurement policy to create an environment for a National Public Policy Framework on Government Procurement.
- 1.3. Inputs of these SCMs will be shared with the Department of Expenditure, Ministry of Finance, Government of India to consider policy stimuli to Government Procurement in India. In the phase-I, these SCMs are being held in Indian cities of Bhubaneswar, Chandigarh, Chennai, Mumbai and Ranchi.

2. Key reflections of the stakeholders

- 2.1. Archana Jatkar, Coordinator and Deputy Head, Centre for International Trade, Economics & Environment, CUTS International, in her opening remarks, reflected that “There is neither a formal Public Procurement Policy nor a law in India. There is pressing need for both, as rules without law lack enforceability and law without policy support suffers from a lack of coherent justification or rationale for the provisions made
- 2.2. She further presented on the need of promulgating National Public Procurement Policy and the imperative of such policy. Jatkar said that the Public Procurement Bill that was tabled in the parliament in 2012 has lapsed with the 15th Parliament being dissolved in May 2014. The Bill was largely based on General Financial Rules (GFR) 2005 and the policy to fulfil social objectives through offsets was also more clearly spelt out in that bill but with its lapse it is now for the government to reinvent the will. It is time for policy to precede the law and encourage the participation of SMEs, moving to green and sustainable procurement, incorporate mechanisms to benefit disadvantaged class on the one hand and stabilise macro-economic indicators such as fiscal policy, manufacturing policy, competition policy and trade policy vis-à-vis public procurement .

- 2.3. R.R. Padmanabhan, Consultant, EXIM Bank said that making government procurement predictable, transparent and fair would act as an instrument for social change as government procurement contributes nearly 29-30 per cent of the GDP of India. Sharing his experience, he said that public procurement though is difficult due to unified policy framework and legislation however is doable with the advent of technology as there is inbuilt transparency fostered by technology based system. From a developing country perspective, Public Procurement Policy is an imperative to achieve the socio-economic objectives of India and highlighted that there is a need for professionalization and training of officials in the procurement arena.
- 2.4. T.S. Vishwanath, Principal Advisor, APJ SLJ Law Offices supported the need for public procurement policy in India however, he said, one size cannot fit all and therefore it needs to be a broad-based policy. He further commented on the elements of Public Procurement Policy and suggested that there lies a scope of embracing good practises from other countries and its customization as per the local condition in India. He provided example of SMEs and their contribution to the public procurement market in India and how it could be increased to the benefit of the country.
- 2.5. Somi Hazari, Managing Director, Shoshova Group of Companies asserted that the growth of Small and Medium Enterprises can be made robust if the Public Procurement Policy is better utilised. He reckoned that a National Procurement Policy will need to facilitate a coherent and cohesive plan of action for all procuring departments of the government including state governments in order to be effective, transparent and to provide level playing field.
- 2.6. About 25 participants attended the meeting from across various sectors such as auto industry, exporters from textile industry and pharmaceutical. Some of the participants brought the sectoral insight on food grain procurement by stating that the state procurement Act need to focus on standards such as e-procurement to mitigate rent-seeking and corruptive practices.
- 2.7. The meeting signified the importance of addressing the core issues of ensuring, transparency, probity, competition and eliminating corruption in public procurement owing to it eroding financial resources and faith in good-governance. Participants to a large extent were in favour of having a national public procurement policy in India. According to them, such a policy will aid not only in good implementation of legislation but will also provide help in fiscal consolidation, and in achieving other socio-economic objectives.