

**GOVERNMENT OF INDIA  
PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS  
LOK SABHA**

UNSTARRED QUESTION NO:3291

ANSWERED ON:14.12.2011

DEPARTMENTAL PURCHASE POLICY

Danve Shri Raosaheb Patil; Pratap Narayanrao Shri Sonawane

**Will the Minister of PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS be pleased to state:**

- (a) whether a Committee has been formed to recommend changes in the Government departmental purchases in view of the recent spate of scams;
- (b) if so, the details thereof;
- (c) whether the said Committee has found GFRs-2005 inadequate and recommended its overhauling;
- (d) if so, the details thereof;
- (e) whether several MPs have also written letters to the Government pointing out making purchases above the MRP and deficiencies in GFRs-2005, leading to scams in the purchases;
- (f) if so, whether L1 principle is the seed for most corrupt practice and if so, the action taken in this regard;
- (g) whether the Government through an order had made it mandatory for Government departments to purchase stationery and other general items from Kendriya Bhandar and if so, the reasons for withdrawing the said orders; and
- (h) the steps taken by the Government to check scams in purchases in Government departments?

**Answer**

Minister of State in the Ministry of Personnel, Public Grievances and Pensions and Minister of State in the Prime Minister's Office.  
(SHRIV. NARAYANASAMY)

(a) & (b): Vide O.M.No.483/1/1/2011-Cab dated 31st January, 2011, a High Level Empowered Committee was constituted on the subject of Public Procurement under the Chairmanship of Shri Vinod Dhall, former Secretary, Ministry of Corporate Affairs, Government of India. Representatives of Ministries of Commerce, Expenditure, Railways, Defence, Central Public Works Department and Planning Commission were members of the Committee. The Terms of Reference of the Committee included : (a) to suggest measures necessary to ensure full transparency in Public Procurement and Contracts (b) to suggest legal, institutional and systemic measures necessary to strengthen Public Procurement Practices and, (c) to suggest best domestic and international practices which can be adopted to promote transparency and enhance efficiency and economy in public procurement.

(c) & (d): In the context of Procurement of Goods, the Committee on Public Procurement (CoPP) inter-alia recommended that the General Financial Rules (GFR), 2005 should be reviewed and that a Committee may be constituted involving experts and representatives from concerned Ministries to review the GFR, 2005.

(e): Two MP References were received in the Deptt. of Expenditure (Ministry of Finance) and seven MP References were received in the Deptt. of Personnel & Training regarding the stated purchase of stationery and other general items by inviting tenders and quotations at higher rates and even higher than MRP causing avoidable loss to the Government.

(f): In terms of Rule 21 of Delegation of Financial Power Rule, 1978, Ministries/Departments have been delegated full powers to sanction expenditure for purchases. In terms of Rule 137 of GFRs, 2005, every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. In terms of Rule 160 (xiv) of GFRs, 2005, contract should ordinarily be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document.

(g): As per the Office Memorandum issued in 1981, it was incumbent on the Central Government Ministries/Departments etc. in Delhi to make all local purchases of Stationery and other items from the Central Government Employees Consumer Cooperative Society Ltd. ( Kendriya Bhandar). On issuance of GFR, 2005 by the Ministry of Finance, the dispensations provided in O.M. issued in 1981 stood withdrawn from 1.7.2005.

(h): The Central Government has decided to introduce a Public Procurement Bill in Parliament. A draft of the proposed Public

Procurement Bill has been placed on the website of Deptt of Expenditure for eliciting comments from the public.