

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

STARRED QUESTION NO:378

ANSWERED ON:02.05.2012

PUBLIC PROCUREMENT

Reddy Shri K. Jayasurya Prakash;Vardhan Shri Harsh

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

- (a) the legal framework for Government procurement at present;
- (b) whether the loopholes in the present Government procurement process is promoting corruption;
- (c) if so, the reaction of the Government thereto;
- (d) whether the Government proposes to bring a suitable legislation to codify fundamental principles in Government procurement and maximise competition;
- (e) if so, the details thereof; and
- (f) the other steps taken/proposed to be taken by the Government to streamline public procurement in the country?

Answer

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

(a) to (f): A statement has been laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA STARRED QUESTION No. 378 FOR 02.05.2012.

(a): At present procurements made by the Central Government are regulated by the General Financial Rules (GFR), 2005 and manuals and procedures issued thereunder.

(b) & (c): GFR was extensively reviewed and comprehensively revised in 2005. 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. It terms of Rule 21 of the Delegation of Financial Powers Rules, 1978, Ministries/Departments have been delegated full powers to sanction expenditure for purchases. The procurement made by the Government are also subject to audit by the Comptroller & Auditor General of India and the procuring entities are required to follow the guidelines issued by the Central Vigilance Commission in this regard, from time to time.

An Expert Committee on Public Procurement constituted by the Government on the recommendation of the Group of Ministers on measures to tackle corruption, has observed that in the absence of a law on public procurement, each Ministry, Department and Central Public Sector Enterprise (CPSE), while following the basic rules of the open tender system, feels free to devise its own variations, with its own perceptions of public interest. This takes away the credibility and public confidence in the system. In this regard, the Committee observed that a Public Procurement Act complemented by a set of Procurement Rules, will improve the transparency of the process and accountability of public officials, as this law would discourage the corrupt elements from short circuiting procedures in the name of 'public interest' unless the action could be defended in a court of law.

(d) to (e): Pursuant to the decision taken by the Group of Ministers on measures to tackle corruption on the recommendations made by the Expert Committee on Public Procurement, Cabinet has approved the Public Procurement Bill 2012 for introduction in Parliament.

The Bill seeks to regulate Public Procurement by Ministries/Departments of the Central Government, Central Public Sector Enterprises (CPSEs), autonomous and statutory bodies controlled by the Central Government and other procuring entities with the objectives of ensuring transparency, fair and equitable treatment of bidders, promoting competition and enhancing efficiency and economy in the procurement process. The Bill would create a statutory framework for public procurement which will provide greater accountability, transparency and enforceability of the regulatory framework.

(f): A portal called the "Central Public Procurement Portal" has also been set up where all Ministries/Departments of the Central Government, their attached and subordinate offices and CPSEs are required to publish their tender enquires, corrigenda thereto and details of contracts awarded. Further, it has been decided to implement e-procurement in Ministries/Departments of the Central

Government in a phased manner."