

**Project Dissertation Report on**  
**Study of issues identified & possible solutions in Public**  
**Procurement System (including e-procurement portals &**  
**Govt. e-Marketplace) in India using Focused Group**  
**Methodology.**

Major Project Report submitted to the  
Delhi Technological University, New Delhi

In

Partial fulfillment of the requirement for the Third Semester of  
**Masters of Business Administration (Executive).**

By

**Madhuresh Kumar Jha**

Roll No. 2K20/EMBA/23

Under the Mentorship of

Dr. Archana Singh



Department of Delhi School of Management  
Delhi Technological University  
Bawana Road Delhi 110042

## **CERTIFICATE**

This is to certify that the minor project report titled **“Study of issues identified & possible solutions in Public Procurement System (including e-procurement portals & Govt. e-Marketplace) in India using Focused Group Methodology.”** is a bonafide work carried out by **Madhuresh Kumar Jha, Roll No. 2K20/EMBA/23 of 2020-22 batch** and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfilment of the requirement for the completion of term project in the first semester of Masters of Business Administration (executive).

**Signature of Mentor**

**Signature of Head (DSM)**

**Seal of Head**

**Place:**

**Date:**

## DECLARATION

I, **Madhuresh Kumar Jha, Roll No. 2K20/EMBA/23 student of 2020-22 batch** of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi – 42, hereby declare that the dissertation report “**Study of issues identified & possible solutions in Public Procurement System (including e-procurement portals & Govt. e-Marketplace) in India using Focused Group Methodology.**” submitted in partial fulfilment of requirement for the completion of Term project in the first semester of Masters of Business Administration (executive).

The information and data given in the report is authentic to the best of my knowledge.

This report is not being submitted to any other University, for award of any other Degree, Diploma or Fellowship.

**Place:**

**Madhuresh Kumar Jha**

**Date:**

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My sincere gratitude goes out to my colleagues & batch mates whose participation in the project gave many valuable inputs for its completion.

Madhuresh Kumar Jha  
(2K20/EMBA/23)

## ABSTRACT

The aim of this study is to analyse the issues & possible solutions in Public Procurement System (e-procurement portals & Govt. e-Marketplace) in India using Focused Group Methodology.

It is well established all over the world that expenditure on account of public procurement is of significant level. India is also no exception to this phenomenon. Also, given that the high level of poverty in the country, the public expenditure is high in India and fiscal deficit remained high in the accounting history of India. In order to streamline the public procurement process, Government of India has launched Central Public Procurement Portals (CPPP) and Government e-Marketplace (GeM) with the aim of bringing transparency, efficiency and price competitiveness in the public procurement system in India. It is a web portal similar to the e-commerce websites where sellers can list their products and buyer can select and buy the product as per their norms and requirement. It can be used by the government agencies and departments of central and state governments only.

In earlier studies conducted on the above subject viz. “Study on impact of Government e-Marketplace (GeM) on Public Procurement System in India” and “Study on impact of e-procurement portals (i.e. Central & State Public Procurement Portals) on Public Procurement System in India” have identified the various issues in public procurement system. In this study, these issues has been discussed in groups with the experts from the field and tried to bring possible solutions to these issues.

The study was conducted to by organising two Focus group i.e. Focus Group 1 (FG1) & Focus Group 2 (FG2). FG1 was consist of participants from various central, state & autonomous government organisation having 10 years or more experience in handling public procurements whereas FG2 was consists of participants from various central, state & autonomous government organisation having less than 5 years of experience in handling public procurements cases.

The outcome during the discussions of focus groups were further discussed with the other groups. Findings of the study were consolidated and put forward in meaningful way for providing base for further study.

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# **INTRODUCTION**

## **OBJECTIVE OF THE STUDY**

### **Primary objective: -**

Primary objective of this study is to provide the possible solutions of the issues identified in Public Procurement System (e-procurement portals & Govt. e-Marketplace) in India using Focused Group Methodology. The focused group is a panel of experts from the field who provided their view on the various aspects of the issues related to the public procurement system in India thereby giving meaningful objective to the study

### **Secondary objective: -**

Secondary objective of this study is the followings:

1. To evaluate the current public procurement regime in India
2. To give suggestions for the area of improvements in Government e-Marketplace and e-procurement portals
3. To give a clear view to the various stakeholders in e-procurement system like suppliers, procuring agencies, overseeing agencies.

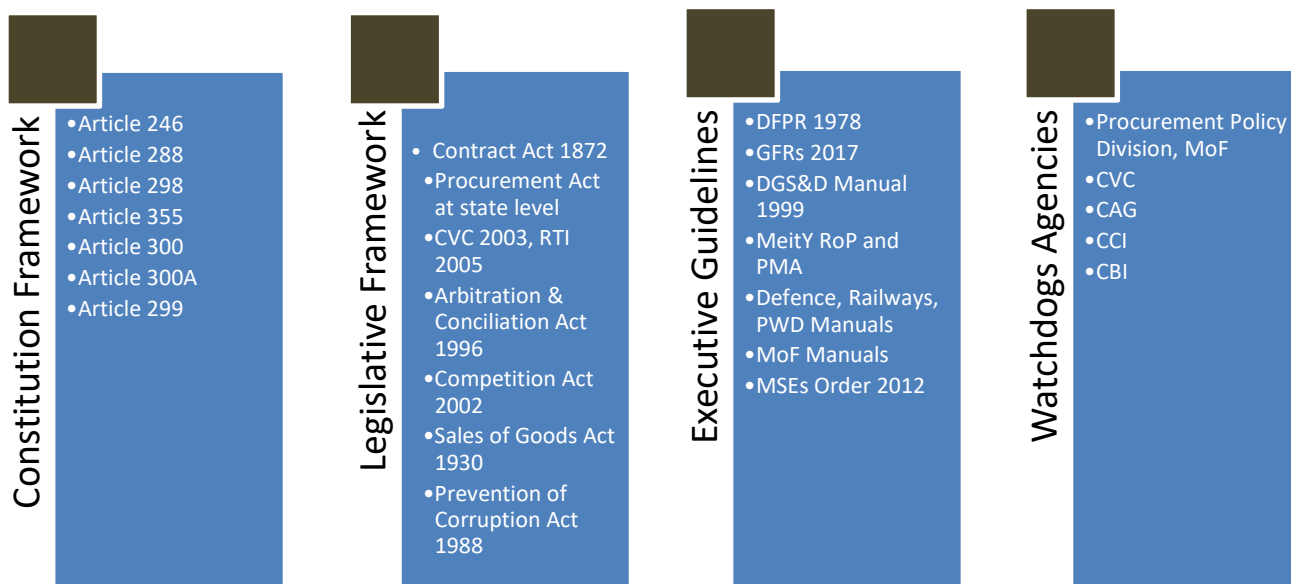
## **BACKGROUND**

### **PUBLIC PROCUREMENT IN INDIA**

Public procurement in India is highly diverse and complex due to its mandate of delivering the public service both on the Union as well as state governments. Constitutional mandate of Union government, State governments, the local governments (municipalities and panchayats), statutory bodies, the autonomous agencies, Public Sector Undertakings (PSUs) etc. requires wide verity of provisions for giving public services to the citizens. Absence of a comprehensive public procurement legislation, for guidance of the procurement activities, has made the system of public procurement in India is more complex and inconsistent. Further, the structural framework of General Financial Rules (GFRs), which is framed and enforced by the central government, permits the various government entity to act independently in procurement activities. Although the GFR prescribes the fundamental principles of government buying but large variations in the procurement procedure in the country can be seen due to the existing system. Many departments including Directorate General of Supplies and Disposal (DGS&D), Public Works Department (PWD), Defence, Telecom, Railway etc have procurement manuals separately to guide their public procurement procedure. In addition, developmental objectives such as advancement of MSEs through price and purchase preferences and reservation of products causes diverse interpretations of rules and procedures at the preference of the officials.

The framework for the public procurement in India can be categorised in following ways as depicted the below chart:

#### **REGULATORY FRAMEWORK IN THE PUBLIC PROCUREMENT SYETM IN INDIA**



As indicated above in the chart, principles and procedure of public procurement system in India is guided by various legislatures at the union level. Also, at the state level, many states have framed their own acts to carry out the procurements at the respective state level such as Assam, Tamil Nadu, Andhra Pradesh, Rajasthan and Karnataka etc. The responsibility of changing rules and regulations of the procurement procedure is entrusted in Ministry of Finance at the central level.

In absence of comprehensive legislation, executive guidelines issued by government in the form of General Financial Rules (GFR) outlines the procedure of public procurement. These rules provide a broad guideline for the procurement in the all the ministries at Union level. Many states also follow the GFR for their procurement process. It may also be noted that Ministry of Finance (MoF) publishes separate and comprehensive procurement manual having procedures and policies for procurement of goods, work contract and Procurement of Service. Another rule which was enacted to meet the constitutional provision of Article 288 was Delegation of Financial Power Rules (DFPR) 1978. DFPR entrusts autonomy and authority of expenditure to the different level of official for decentralised procurement.

The Director General of Supply and Goods (DGS&D) finalises Rate Contracts on behalf of various government entities following the DGS&D manual framed by itself. Along with this, it also performs the very important function of enlistment of Indian agents (as per rule prescribed in the GFRs) of foreign suppliers on government's behalf. On request of other departments, it also performs other procurement activities such as registration of vendors, formulating the specification of the required stores, inspection of stores etc.

In India, the procurements in defence sector specifically is of highly complex nature, high value, unique and lengthy. The prime motives of these procurement are competitive price, best value for money and requisite quality. Also, Procurement in this sector is characterised by supplier constraints, high cost, technological complexities, foreign suppliers, foreign exchange implications and geopolitical implications. Revenue and Capital are the two major heads. The procurement activities in the revenue category are Defence Procurement Manual 2009. In the capital head, Government of India issued Defence Procurement Procedure in 2002 to streamline and simplify the procedure of procurement of capital equipment. The document has been amended few times since and amendment in 2016 being the latest.

Indian Railway Financial Code (1998) governs the public procurements in the Indian Railways. Other code of Indian Railway department such as Indian Railway Code for the Accounts Department 1997, Indian Railways Rolling Stock Code 2008, the Indian Railway Code for the Stores Department 1990 etc also governs the procedure. In Indian railways, public procurement is carried out at various level which includes Railway Board, Zonal Railways, Indian Railways Stores Service (IRSS) and Research and Design Standards Organisation (RDSO). RDSO mandate includes development of standards, technical investigations, inspecting and testing of the items to be procured. It also drafts the tender specifications. Whereas IRSS manages the procurement, logistics and transportation of materials. The Indian railway has developed its own Indian Railways E-Procurement System (IREPS) for carrying out the procurement. It has its own arbitration mechanism for settlement of any dispute.

In India, five major government agencies are available to check procurement correctness issues. These are Procurement Policy Division in Ministry of Finance, Central Vigilance Commission (CVC), Comptroller and Auditor General (CAG), Competition Commission of India (CCI) and Central Bureau of Investigation (CBI). The CVC and CAG address the issue of probity in public procurement. CCI mandates to takes on the anti-competitive elements during the process. CVC or the CAG do not have the power of

prosecution for any procurement irregularities. Instead, they can only advise/recommend the disciplinary actions in any matter. Apart from issue of probity in public procurement, CVC and CAG also release certain guidelines on public procurement from time to time, which are mostly but not binding on the procuring agencies.

The CCI's role is to monitor and promote competitiveness in public procurement by detecting and correcting anti-competitive elements during the complete process. It has the power of imposing penalties on individuals if finds evidence for involvement in any anti-competitive activities. These activities can be bid rigging, cartelization, collusive bidding and abuse of dominance. CCI promotes the competition in the country. CBI has been formed for investigation and prosecution of the criminal cases in India. It also investigates the cases of procurement activities bases on the recommendation of other procurement overseers.

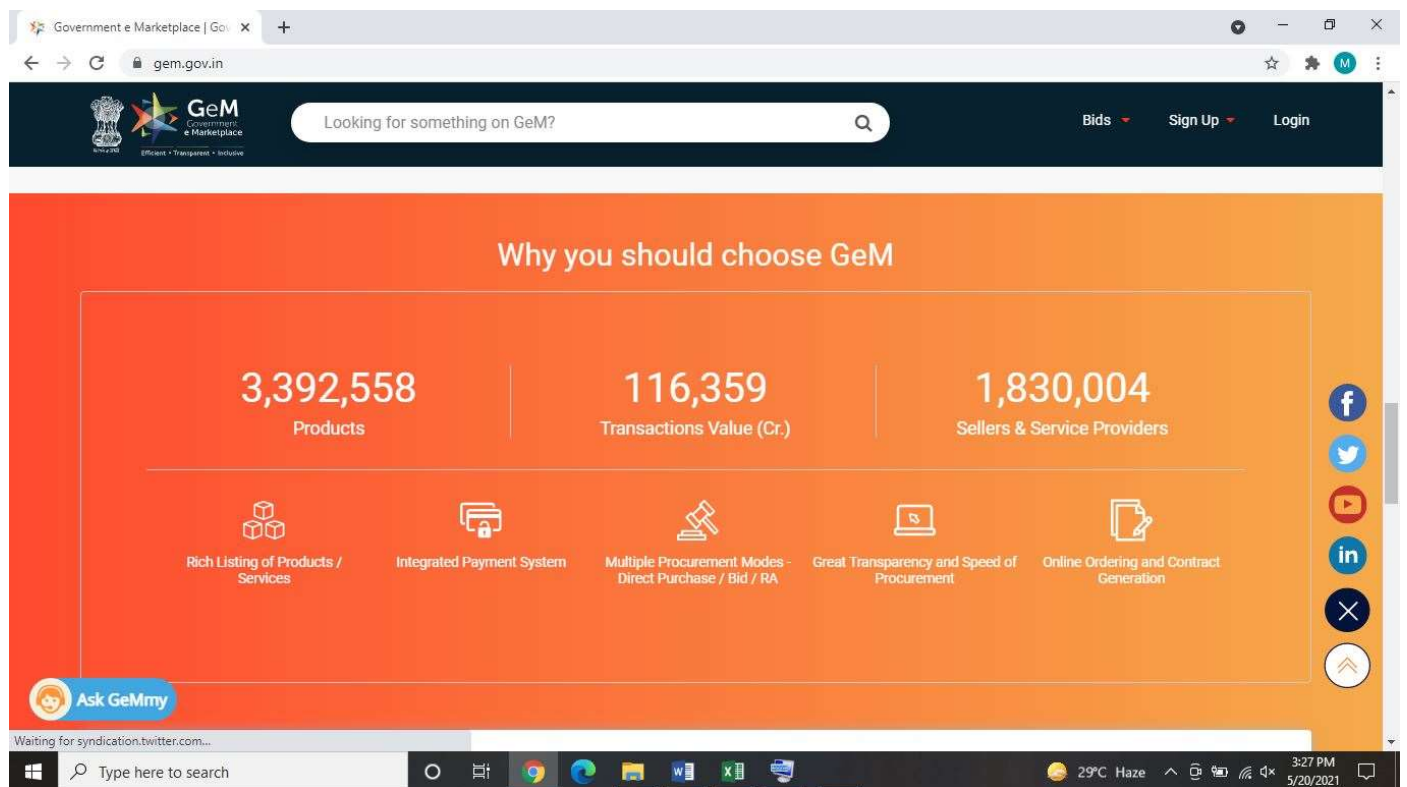
Ministry of Finance (MoF) through The Procurement Policy Division (PPD) under the Department of Expenditure mandated to undertake the reforms in the public procurement process in the country. In this attempt, PPD disseminates the best practices, capacity building, and provides guidance to the other departments. It also issues the procurement manuals for Goods and Services separately for the providing detail guidelines for public procurement. In order to make the document relevant with the changing need of time, GFRs, manuals for procurement of goods and services have been revised by PPD several times, with latest being in 2017. The Division has the following role:

- i. Framing and issuing public procurement rules, notifications, regulation, and orders;
- ii. Coordination of procurement processes including e-procurement;
- iii. Providing the guidance and training to the procuring agencies and enhancing the capacity building of the procurement officials; and
- iv. Preparation and issuance of manuals for different types of procurements.

## About Government e-Marketplace (GeM)

Government e-Marketplace (GeM) is an initiative of Government of India to provide e-governance in to the public procurement system of the nation. Numerous inefficiencies owing to long lead times, manual inconsistent processes and a complex policy landscape are present in existing system. Addressing these issues may unlock significant fund and help allocate resources for various development schemes and projects.

GeM is an online and end-to-end marketplace platform that provides an efficient, open & transparent solution. The platform was launched and operationalised on 9th August, 2016. It is managed by GeM Special Purpose Vehicle (SPV), a 100% Government Owned Company under the Department of Commerce. A private consortium including an e-commerce player, an IT infrastructure provider and a systems integrator, operating under the guidance of the GeM SPV, is responsible for maintaining and developing the technological platform.



(image courtesy: <https://gem.gov.in/> )

In order to increase transparency of management in the public procurement process and to reduce mismanagements, Government of India through Ministry of Commerce and Industries contemplated to set up an online buying platform for public procurement, a Government-to-Business (G2B) platform.

Online marketplace or e-commerce marketplace is a kind of e-commerce website where goods or services are offered by sellers and buyers (i.e. the government departments) can buy the goods and services offered by any of the sellers, based on their own norms. This facilitates a competitive pricing arrangement and implies the government buys more cost-efficiently.

Also, the Government of India amended the GFR (General Financial Rules) and mandated all establishments and departments under the control of Central Government to essentially procure from GeM.

Main objective of GeM is to enhance efficiency, transparency and speed in public procurement. It offers the tools of demand aggregation, e-bidding and reverse e-auction to help governments realize the best value of money and therefore, use taxpayers' money in more efficient way. GeM also offers the buyers with an option to handpick only MSMEs and select a seller amongst them. It has helped government departments in significantly increasing the share of purchases from MSME in their total procurement of goods and services.

GeM is a self-sustaining, dynamic and user-friendly portal which is open to sellers of all magnitudes. It inspires MSME suppliers through special filters on the portal. GeM purposes to help all the government officials in buying goods and services that are of common use like writing instruments, air conditioning and heating equipment, desk and computer supplies etc. and services like housekeeping, security, outsourcing of manpower, among others.

Purchases up to Rs 25,000 can be made from any available sellers on the GeM directly by the ministry and departments who meet the requisite specification, quality and delivery period. The goods or services which costs between Rs 25,000, to 2,50,000 can be purchased by price comparison of at least three sellers. Anything beyond costs Rs. 2,50,222 has to be purchased through bidding or reverse auction, where the criterion of the lowest price meeting the requisite specification, quality and delivery period among qualified suppliers on the GeM has to be adhered to ensure price competitiveness.

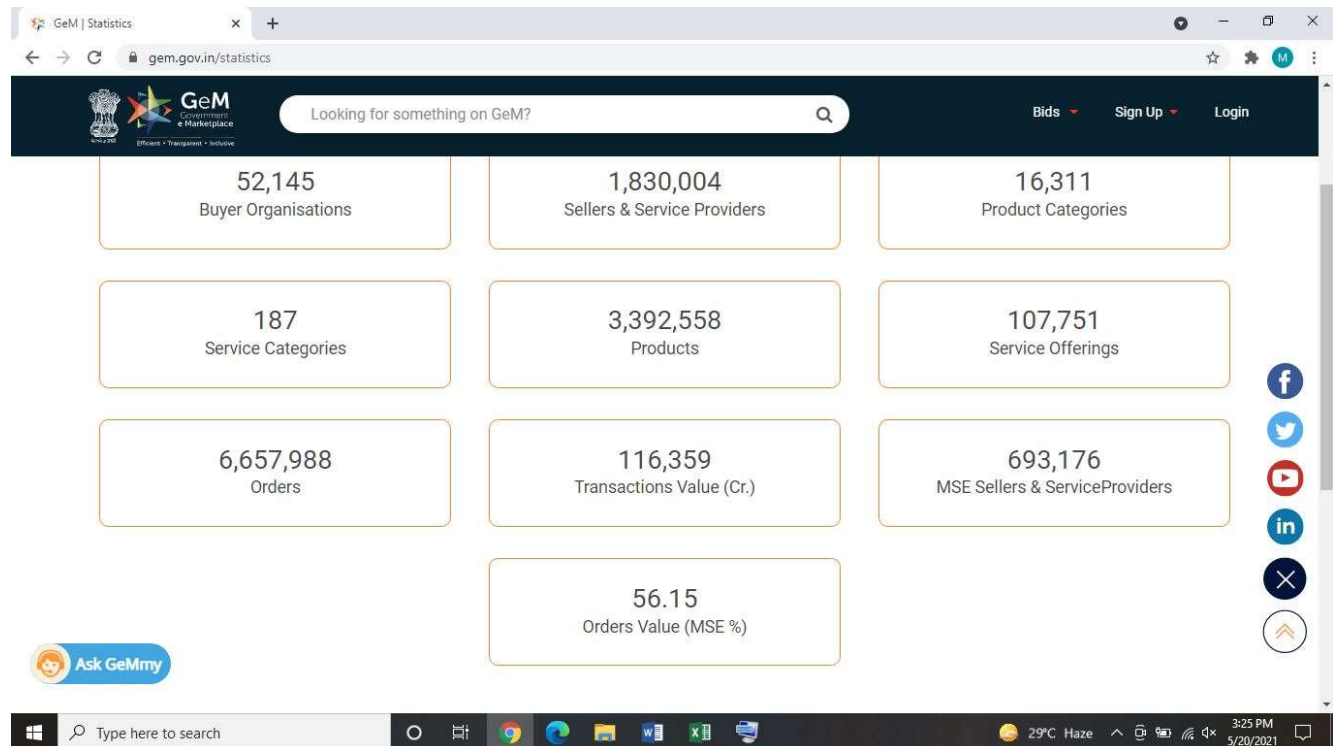
A transparent public procurement system not only boosts the government functioning but also helps improving innovation in the private sector. A transparent and public impartial procurement system in India has stimulated greater participation from sellers in the bidding process as well as safeguarding a competitive bidding process between various sellers.

At the state level, the government's e-marketplace has improved transparency of government procurements since almost all common use items like paper and stationary, computers, printers and photocopiers, as well as other office items like bottled water and furniture are being bought through GeM. Since its opening, this Business to Government (B2G) platform, has endeavoured to eliminate multiple levels of manual, sequential verification and decision-making process. Which has led to dramatic reductions in lead-time of procurement cycle. For sellers, too, this has opened attractive new opportunities by removing intermediaries and guaranteeing prompt release of payment.

The Union Government of India on January 14, 2019 started the 'Womaniya on Government e Marketplace (GeM)', an initiative for women entrepreneurs and Self-Help Groups (WSHG) to sell handloom, handicrafts, accessories, and other goods directly to Government institutions and departments. It is estimated that nearly 80% women-owned formations in India are self-financed with more than 60%

of 8 million units are led and owned by women entrepreneurs from socially challenged sections. Womaniya on GeM will incentivise economic opportunities for women entrepreneurs and realize gender-inclusive economic growth.

As per the statistics given on GeM portal, as on date, more than 50,000 buyers and 18 lakhs sellers are registered on GeM portal for nearly 44 lakhs product and services.

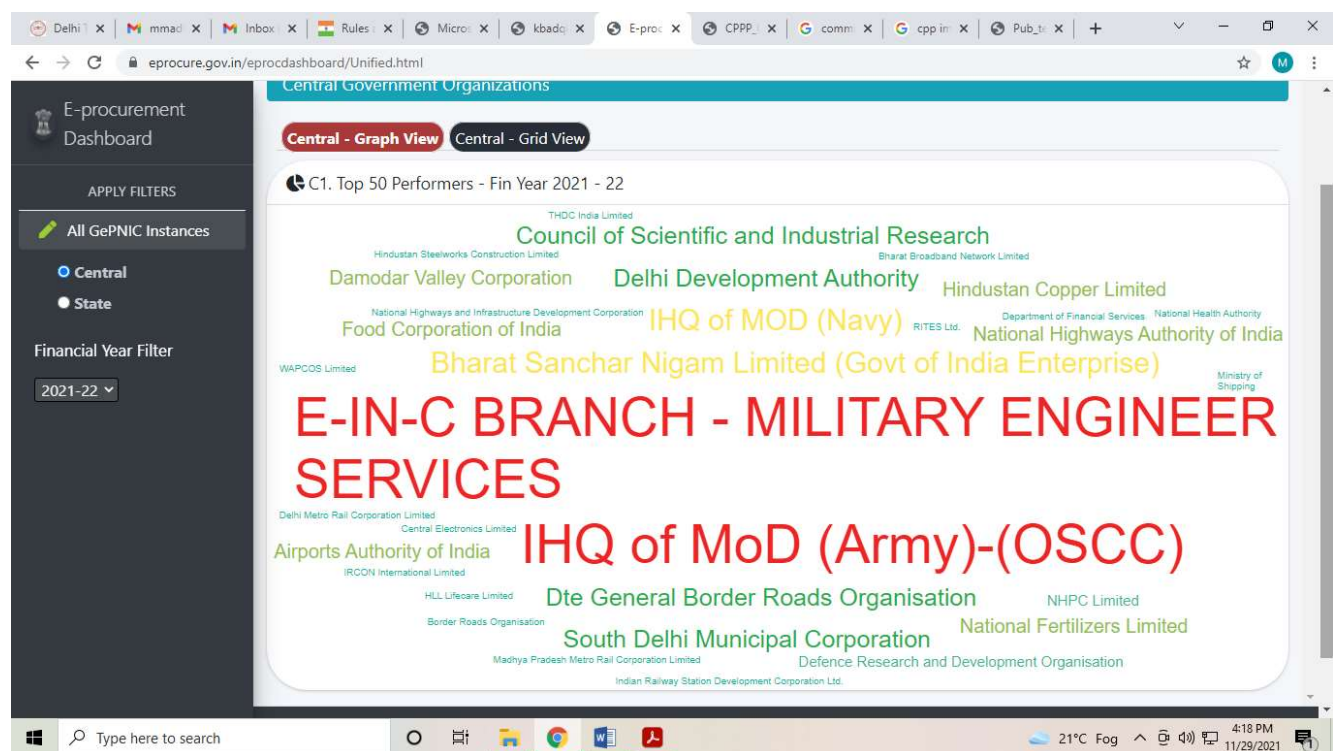


(image courtesy: <https://gem.gov.in/> )

## About e-procurement portals of Central & State governments

It is an initiative of Indian government to extend the e-governance in to the public procurement system of the nation. Long lead times, manual inconsistent processes and a complex policy landscape are the numerous inefficiencies present in existing system. Significant fund can be unlocked by addressing these issues which may help allocate resources for various development schemes and projects.

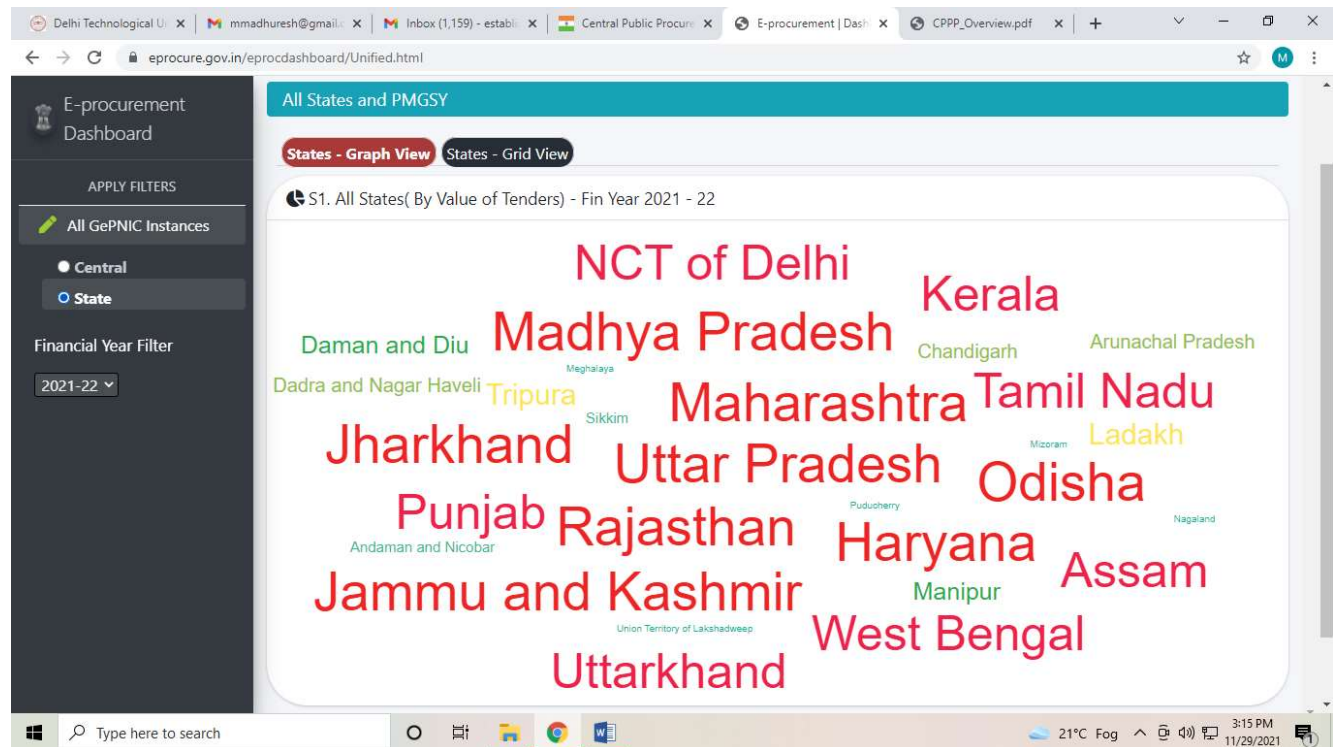
Government of India constituted a committee of public procurement in January 2011 to look into various issues having an impact on public policy, standards & procedure. Based on the recommendations of the committee, the decision was taken by Group of Ministers (GoM) constituted to consider measures to tackle corruption & improve transparency. The decision included Nation Informatics Centre (NIC) will set up a portal called Central Public Procurement Portal (CPPP) with an e-procurement module. Further, it was decided that the implementation of the portal will be in phased manner wherein e-publishing will be mandatory w.e.f. 1<sup>st</sup> January, 2012 and e-procurement module w.e.f. 1<sup>st</sup> April, 2012. It was mandatory for the Ministries/Departments of central government and their attached & subordinate offices, CPSEs & Autonomous/Statutory bodies. As per the latest data, 822 organisations are registered on CPP portal.



(Image courtesy: <https://eprocure.gov.in/eprocdashboard/Unified.html> )

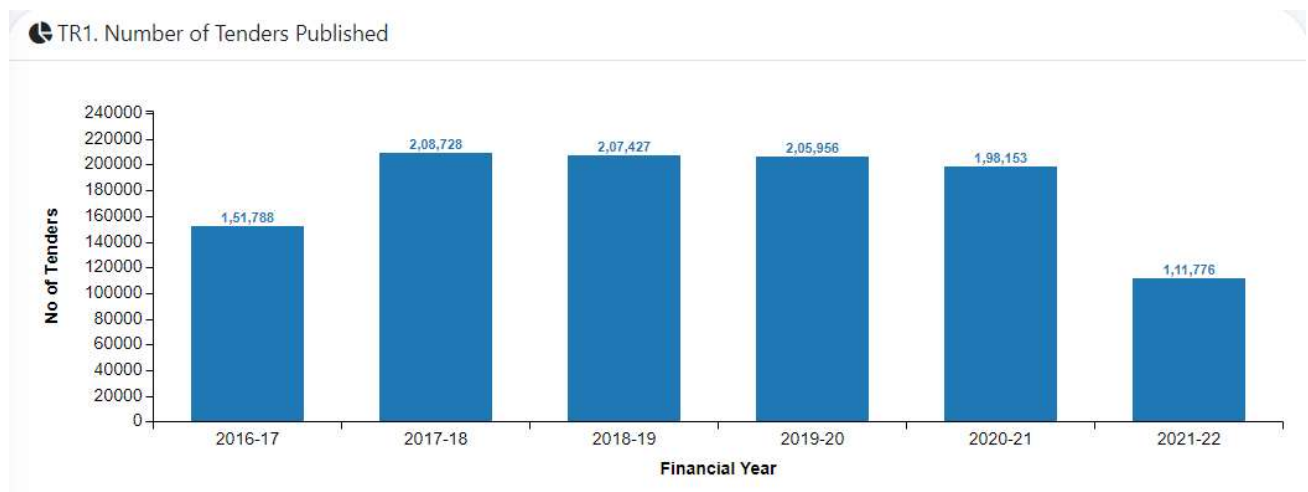
Subsequently to the implementation of Central Public Procurement Portal (CPPP) for Ministries/Departments of central government and their attached & subordinate offices, CPSEs & Autonomous/Statutory bodies, states also implemented the similar procurement portals for public

procurements of the respective states. As on date, 30 states & union territories have their own public procurement portals for e-procurement.



(Image courtesy: <https://eprocure.gov.in/eprocdashboard/Unified.html> )

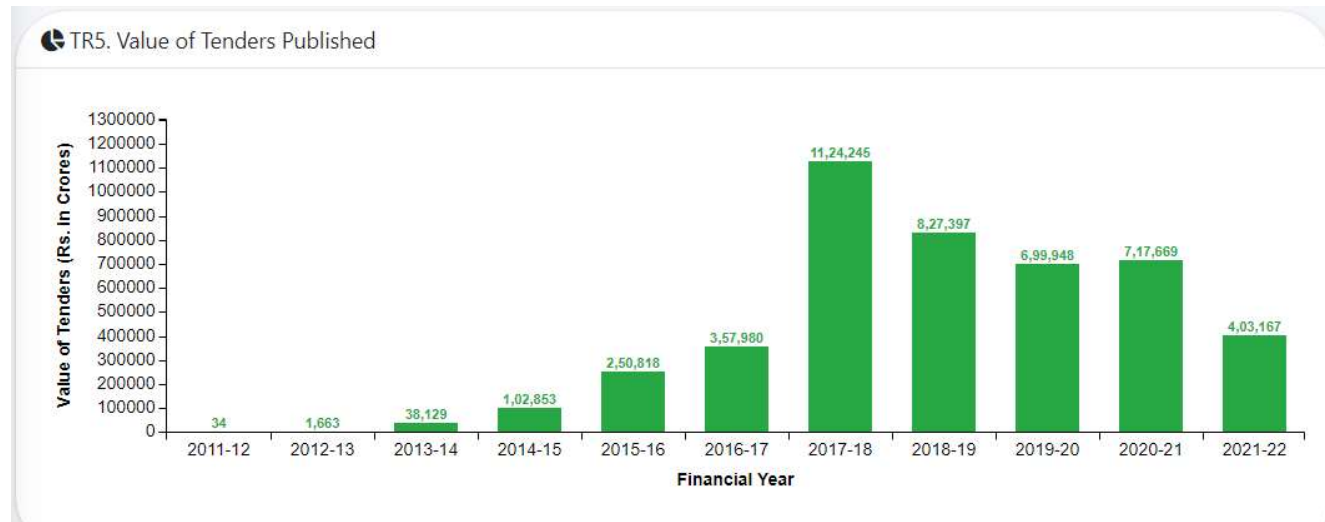
Numbers of tenders published on CPPP in last five years has been shown in the below graph.



(Image courtesy: <https://eprocure.gov.in/eprocdashboard/Unified.html> )

It is evident from the above graph that the central government's departments have been using the Central Public Procurement Portal (CPPP) intensively.

Also, GFR (General Financial Rules) was amended by the Government of India thereby mandated all establishments and departments under the control of Central Government to essentially procure their requirement of goods and services from Central Public Procurement Portal. Below graph shows growth of tenders in last ten years procured through central public procurement portal this indicates that procurement in India has been moving towards e-procurement.



(Image courtesy: <https://eprocure.gov.in/eprocdashboard/Unified.html> )

The main objective of government of India behind the e-procurement portals in public procurement is to boost efficiency, transparency and speed in public procurement. It offers the tools of reverse e-auction to help governments realize the best value of money and therefore, use taxpayers' money in more efficient way. It has helped government departments in significantly increasing the share of purchases from MSME in their total procurement of goods and services.

A transparent and efficient public procurement system not only boosts the functioning of government but also helps improving innovation in the private sector. A transparent and impartial procurement system has stimulated greater participation from sellers in the bidding as well as safeguarding a competitive bidding process between various sellers.

At the state level, e-procurement has improved transparency of government procurements. Since its opening, it has endeavoured to eliminate multiple levels of manual, sequential verification and decision-making process. Which has led to dramatic reductions in lead-time of procurement cycle. For sellers, too, this has opened attractive new opportunities by removing intermediaries and guaranteeing prompt release of payment.

# **RESEARCH METHODOLOGY**

## **FOCUSED GROUP METHODOLOGY**

Focus group research methodology is used as a qualitative tool in research related to social science to explore the understanding, experience, view of a group of people on a complex phenomenon. It involves observing and taking interviews of a focused group on the given topic. A moderator guides the focused group methodology. This method is very useful in exploring the given topic or research problem at depth. Sometimes, it also gives new ideas and new dimension to the research or study.

The aim of this study is to analyse the issues & possible solutions in Public Procurement System (e-procurement portals & Govt. e-Marketplace) in India using Focused Group Methodology.

In earlier studies conducted on the above subject viz. “Study on impact of Government e-Marketplace (GeM) on Public Procurement System in India” and “Study on impact of e-procurement portals (i.e. Central & State Public Procurement Portals) on Public Procurement System in India” have identified the various issues in public procurement system. In this study, these issues has been discussed in groups with the experts from the field and tried to bring possible solutions to these issues. Followings are the list of issues identified in the earlier studies:

- 1) Issues related to Government e-Marketplace (GeM)
  - a) Major Issues:
    - i) Goods and services procured through GeM portal are not of good quality/authentic as procured through other modes of buying (tendering, local purchase, market surveys etc.).
    - ii) Searching and finding the required product
    - iii) Help and complaint mechanism on portal (helpdesk response, use of GeMmy etc.)
  - b) Minor Issues:
    - i) Sellers, who sales product on GeM portal, are not responsive enough during bidding process and in post award activities (delivery, return, installation & commissioning etc).
    - ii) Website performance (loading time, down time etc)
    - iii) Overall ease of use of portal for buyers
    - iv) Comparison to buying from Amazon, Flipkart etc
- 2) Issues related to e-procurement portals (Central and State)
  - a) Major Issues:
    - i) Creating, filling & uploading of Bill of Quantity (BOQ) on portal.
    - ii) Help and complaint mechanism on portal (helpdesk response, use of FAQs etc.)
  - b) Minor Issues:
    - i) Website performance (loading time, down time etc)
    - ii) Portals are not user-friendly.
- 3) General Issues related with Public Procurement System in India
  - a) Absence of comprehensive procurement act.

- b) Low participation of domestic MSEs.
- c) Unfair practices and corruption by the government officials.
- d) Market sharing and cartel formation by the bidders
- e) Delays in activities in procurement cycle.

## **PROCEDURE**

The study was conducted to by organizing two Focus group i.e. Focus Group 1 (FG1) & Focus Group 2 (FG2). FG1 was consist of participants from various central, state & autonomous government organization having 10 years or more experience in handling public procurements whereas FG2 was consists of participants from various central, state & autonomous government organisation having less than 5 years of experience in handling public procurements cases.

The procedure followed during the discussion were as under:

**Introduction:** The members of the group were introduced with each other by the moderator. They were made aware of the objective of the study and explained the issues identified. Thereafter, overview of the earlier studies were given to the group members and provided with the list of issues identified.

**Individual Interview:** After introduction, all the participants were interviewed individually on the list of issues. There were given enough time to express their views, thoughts and recommendation on every issue.

**Group Discussion:** After completion of individual interview, group discussion among the participants of focused group was organized. This is most crucial part of the whole procedure. The participants were deliberated on every issue so that a common ground on every issue can be reached. Role of moderator was very critical here. The discussions were restricted to only the subject matter and it was ensured that the discussion does not divert from the topic.

In order to avoid the boredom during the whole process, separate sessions were organized for different issues such on day for issues related to GeM only and issues related to e-procurement portal were taken on separate day. The brief notes of the discussions were recorded. The outcome during the discussions of focus groups were further discussed with the other groups. Findings of the study were consolidated and put forward in meaningful way for providing base for further study

## **RESULT OF THE STUDY**

The focused group discussion was held issues wise i.e. one issue was taken up at a time. Accordingly, the result of the discussion and outcome of the focused groups is given below:

### **Issues related to Government e-Marketplace (GeM):**

*Issue no. 1(a)(i): Goods and services procured through GeM portal are not of good quality/authentic as procured through other modes of buying (tendering, local purchase, market surveys etc.).*

Response of FG1: It was agreed by the focused group participants that it is the most crucial issue related to GeM which even questions the overall launch and use of this portal. A common ground was reached among the participants to solve the issue wherein it was suggested that Government should allow only assessed vendors to participate. Further, authorisation of Original Equipment Manufacturer (OEM) should be mandatory for bidder wherever they are offering their products. Credibility score of the bidder should also be displayed on the portal.

Response of FG2: Participants of FG2 suggested that buyers can resort to sample testing/inspection to deal this problem. Further, GeM allow additional term and conditions that can be incorporated in the bid to tackle such issues.

*Issue no. 1(a)(ii): Searching and finding the required product*

Response of FG1: Group participants suggested that for few products it is very big issue. Many a time, buyer is not able to search and select the required product. It was suggested that the GeM should introduce more filters for finding the product. The algorithm of the portal should also be improved for searching.

Response of FG2: Participants of FG2 also suggested that GeM should incorporate more filters to resolve this issue.

*Issue no. 1(a)(iii): Help and complaint mechanism on portal (helpdesk response, use of GeMmy etc.)*

Response of FG1: It was informed during the discussion that with the introduction of GeM 4.0, help and complaint mechanism of GeM has improved. However, it was further suggested that incident management of the portal should be improved. There should be fixed period for resolving the issues with escalation mechanism so that timely action may be expected and ensured.

Response of FG2: Participants of FG2 suggested that GeM should strengthen the customer support for the portal. Also, competencies of the customer care executive should be increased. Proper training of the various aspects of the procurement process may be provided them to resolve the customer queries efficiently.

*Issue no. 1(b)(i): Sellers, who sales product on GeM portal, are not responsive enough during bidding process and in post award activities (delivery, return, installation & commissioning etc).*

Response of FG1: following measures could be adopted for solving the issue

- i) Purchase from OEM verified sellers.
- ii) Proportionate payment option.
- iii) Option for withholding the payment in case of non-response.

Response of FG: Participants of the FG2 suggested that Earnest Money Deposit (EMD)/Performance Bank Guarantee (PBG) clause should be mandatory for the purchase below 5 lakh which is currently not applicable. Option of proportionate payment can be incorporate also to resolve the issue.

*Issue no. 1(b)(ii): Website performance (loading time, down time etc)*

Response of FG1: While it was agreed by the participants of the focused group that website performance has improved with the launch of GeM 4.0, it was also informed that numbers of sellers and buyers on the portal has increased significantly. This may cause occasional lag in the website performance. Therefore, it was suggested that infrastructure of the GeM portal should be improved to cater higher numbers of hits at a time.

Response of FG2: Participants of FG2 suggested that IT infrastructure of the portal should be boosted to resolve the issue.

*Issue no. 1(b)(iii): Overall ease of use of portal for buyers*

Response of FG1: During the discussion in the focused group, it was suggested by the participants that there should be more training videos available on the portal for the ease of use of portal. GeM should place a regular feedback system from sellers as well as from buyers. Website performance to be improved.

Response of FG2: Participants of FG2 suggested that there should be more provision of training on the portal. Also, GeM should made available more Frequently Asked Questions (FAQ) on the portal for various aspects of procedure and especially for any additions in the portal

*Issue no. 1(b)(iv): Comparison to buying from Amazon, Flipkart etc*

Response of FG1: It was agreed by the participants that this portal is for the procurement of government departments using public money, restriction has to place in the system to check any misuse. At the same time, participants suggested that the portal should be more interactive, there should be product rate/price restriction, higher numbers filters, product rating option etc to have better buying experience for the users.

Response of FG2: Participants of FG2 suggested that portal should be made dynamic to offer services efficiently. It can be also interactive for better buying experience.

### **Issues related to e-procurement portals (Central and State)**

*Issue no. 2(a)(i): Creating, filling & uploading of Bill of Quantity (BOQ) on portal.*

Response of FG1: The participants suggested that this issue can be solved by implementing Graphical User Interface (GUI) based Bill of Quantity in place of excel based BoQ currently being used. The GUI based system can be further strengthen with the use of Artificial Intelligence (AI).

Response of FG2: The participants of FG2 suggested that the issue can be avoided by the buyers by using self-made template of BoQ. However, in order to resolve the issue, a system based template can be made available in the portal itself.

*Issue no. 2(a)(ii): Help and complaint mechanism on portal (helpdesk response, use of FAQs etc.)*

Response of FG1: The participants suggested that NIC (implementing agency) should strengthen the backend support. There should be fixed period for resolving the issues with escalation mechanism so that timely action may be expected and ensured

Response of FG2: Participants of FG2 suggested that NIC should increase the customer support staff or it may outsource the service to some BPO for timely response.

*Issue no. 2(b)(i): Website performance (loading time, down time etc)*

Response of FG1: It was suggested that infrastructure of the e-procurement portal should be improved to cater higher numbers of hits at a time.

Response of FG2: It was suggested that IT infrastructure of the portal should be boosted by NIC. Also, IT architect of the portal should also be improved.

*Issue no. 2(b)(ii): Portals are not user-friendly.*

Response of FG1: During the discussion in the focused group, it was suggested by the participants that there should be more training videos available on the portal for the ease of use of portal. NIC should place a regular feedback system from sellers as well as from buyers. Website performance to be improved. The portal should be more Interactive. Use of Digital Signing Certificate (DSC) should be more regulated.

Response of FG2: Participants of the FG2 suggested that in order to make the portal use friendly, it can be made module wise wherein process can be clubbed in modules. It can also be made more interactive.

## **General Issues related with Public Procurement System in India**

*Issue no. 3(a): Absence of comprehensive procurement act.*

Response of FG1: The participants agreed to the existence of the issue and suggested that enactment of a comprehensive procurement legislation is imperative to provide a well-defined competitive process, ensuring the best value for public money and creating public confidence in the system.

Response of FG2: The participants of FG2 also agreed for a comprehensive legislation should be enacted covering all aspect of procurement.

*Issue no. 3(b): Low participation of domestic MSEs.*

Response of FG1: One of the members of the group informed that since revision of the criterion in July 2021, there is more participation of MSEs in the government tenders. Further, government policy such as reservation of certain product and services for MSEs, Vocal for Local, Make in India have increased MSEs participation.

Response of FG2: The participants of FG2 suggested that government should consider the inclusion of provision in the rules for advance to the MSEs. Also, government can consider accepting insurance bond in place of PBG.

*Issue no. 3(c): Unfair practices and corruption by the government officials.*

Response of FG1: The participants suggested that in order to arrest the corruption and unfair practices, the vigilance of government should be strong. There should be more use of technology. Faceless buying should be encouraged and negotiations should be discouraged to the extent possible.

Response of FG2: The participants of FG2 suggested that in order to check the unfair practices and corruption by the government officials, government should strive for digitalization and use of technology in the procurement process.

*Issue no. 3(d): Market sharing and cartel formation by the bidders*

Response of FG1: The participants suggested that penalising and blacklisting rules for corrupt firms should be re-framed and strictly enforced. The supplying firms should be made to adhere to the “code of conduct” of the public procurement. Action against any infringement should be taken strictly.

Response of FG2: The participants of FG2 suggested that in order to resolve the issue of market sharing and cartel formation by the bidders, government should device a system where historical analysis of data can be done to check bidders’ cartel. Also, departments should focus on developing the vendor base.

*Issue no. 3(e): Delays in activities in procurement cycle.*

Response of FG1: During the discussion, the participants of the focused group weighted on the need of proper training and refresher courses for the officials dealing with the procurement activities. More use

of technology can also be useful in reducing the delay. Use of GeM is also recommended by the participants for reducing the delay.

Response of FG2: Participants of FG2 suggested that in order to reduce the delay in the procurement process, government should minimize the red-tapism of the bureaucratic system. Lot of approvals takes lot of time. Bidders as well as buyers should also be sensitized about the process. Effective use of technology.

Based on the discussion with the focused groups, a summary of recommendations, suggestions and possible solutions for the issues identified is tabulated below:

| Sr. No.                                                 | Issues                                                                                                                                                                        | Possible Solutions/Suggestions                                                                                                                                                                                                                                  |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issues related to Government e-Marketplace (GeM)</b> |                                                                                                                                                                               |                                                                                                                                                                                                                                                                 |
| 1                                                       | Goods and services procured through GeM portal are not of good quality/authentic as procured through other modes of buying (tendering, local purchase, market surveys etc.).  | <ul style="list-style-type: none"> <li>• Government should allow only assessed vendors to participate.</li> <li>• Original Equipment Manufacturer (OEM) should be mandatory</li> <li>• Sample testing/inspection clause in bids</li> </ul>                      |
| 2                                                       | Searching and finding the required product                                                                                                                                    | <ul style="list-style-type: none"> <li>• GeM should introduce more filters for finding the product.</li> <li>• Algorithm of the portal should also be improved for searching.</li> </ul>                                                                        |
| 3                                                       | Help and complaint mechanism on portal (helpdesk response, use of GeMmy etc.)                                                                                                 | <ul style="list-style-type: none"> <li>• Incident management of the portal should be improved</li> <li>• Fixed period for resolving the issues with escalation mechanism</li> <li>• Customer care executive should be increased with proper training</li> </ul> |
| 4                                                       | Sellers, who sales product on GeM portal, are not responsive enough during bidding process and in post award activities (delivery, return, installation & commissioning etc). | <ul style="list-style-type: none"> <li>• Purchase from OEM verified sellers.</li> <li>• Proportionate payment option.</li> <li>• Earnest Money Deposit (EMD)/Performance Bank Guarantee (PBG) clause for the purchase below 5 lakh.</li> </ul>                  |
| 5                                                       | Website performance (loading time, down time etc).                                                                                                                            | <ul style="list-style-type: none"> <li>• Website performance has improved with the launch of GeM 4.0</li> </ul>                                                                                                                                                 |

|                                                                    |                                                                              |                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                    |                                                                              | <ul style="list-style-type: none"> <li>• Infrastructure of the GeM portal should be improved</li> </ul>                                                                                                                                                                                                                    |
| 6                                                                  | Overall ease of use of portal for buyers.                                    | <ul style="list-style-type: none"> <li>• Training videos available on the portal for the ease of use of portal.</li> <li>• GeM should place a regular feedback system</li> <li>• Frequently Asked Questions (FAQ) on the portal for various aspects of procedure and especially for any additions in the portal</li> </ul> |
| 7                                                                  | Comparison to buying from Amazon, Flipkart etc.                              | <ul style="list-style-type: none"> <li>• Portal should be more interactive</li> <li>• There should be product rate/price restriction and product rating option</li> <li>• Portal should be made dynamic to offer services efficiently</li> </ul>                                                                           |
| <b>Issues related to e-procurement portals (Central and State)</b> |                                                                              |                                                                                                                                                                                                                                                                                                                            |
| 8                                                                  | Creating, filling & uploading of Bill of Quantity (BOQ) on portal.           | <ul style="list-style-type: none"> <li>• Implementing Graphical User Interface (GUI) based Bill of Quantity in place of excel based BoQ</li> <li>• Further strengthen with the use of Artificial Intelligence (AI)</li> <li>• Issue can be avoided by the buyers by using self-made template of BoQ.</li> </ul>            |
| 9                                                                  | Help and complaint mechanism on portal (helpdesk response, use of FAQs etc.) | <ul style="list-style-type: none"> <li>• NIC (implementing agency) should strengthen the backend support</li> <li>• Fixed period for resolving the issues with escalation mechanism</li> <li>• It may outsource the service to some BPO for timely response</li> </ul>                                                     |
| 10                                                                 | Website performance (loading time, down time etc)                            | <ul style="list-style-type: none"> <li>• IT infrastructure of the portal should be boosted by NIC</li> <li>• IT architect of the portal should also be improved</li> </ul>                                                                                                                                                 |
| 11                                                                 | Portals are not user-friendly.                                               | <ul style="list-style-type: none"> <li>• Training videos available on the portal for the ease of use of portal.</li> <li>• NIC should place a regular feedback</li> </ul>                                                                                                                                                  |

|                                                                       |                                                              |                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                       |                                                              | <ul style="list-style-type: none"> <li>• Use of Digital Signing Certificate (DSC) should be more regulated.</li> <li>• Module wise structure where process can be clubbed in modules.</li> </ul>                                                                                                                                                                   |
| <b>General Issues related with Public Procurement System in India</b> |                                                              |                                                                                                                                                                                                                                                                                                                                                                    |
| 12                                                                    | Absence of comprehensive procurement act.                    | <ul style="list-style-type: none"> <li>• A comprehensive legislation should be enacted covering all aspect of procurement.</li> <li>• Necessary for creating public confidence in the system.</li> </ul>                                                                                                                                                           |
| 13                                                                    | Low participation of domestic MSEs.                          | <ul style="list-style-type: none"> <li>• Government policy such as reservation of certain product and services for MSEs, Vocal for Local, Make in India have increased MSEs participation.</li> <li>• Government should consider the inclusion of provision in the rules for advance to the MSEs and consider accepting insurance bond in place of PBG.</li> </ul> |
| 14                                                                    | Unfair practices and corruption by the government officials. | <ul style="list-style-type: none"> <li>• Vigilance of government should be strong</li> <li>• More use of technology</li> <li>• Faceless buying should be encouraged</li> <li>• Government should strive for digitalization</li> </ul>                                                                                                                              |
| 15                                                                    | Market sharing and cartel formation by the bidders           | <ul style="list-style-type: none"> <li>• Penalising and blacklisting rules for corrupt firms should be re-framed and strictly enforced</li> <li>• System where historical analysis of data can be done to check bidders' cartel</li> <li>• Departments should focus on developing the vendor base</li> </ul>                                                       |
| 16                                                                    | Delays in activities in procurement cycle.                   | <ul style="list-style-type: none"> <li>• More use of technology</li> <li>• Government should minimize the red-tapism of the bureaucratic system</li> <li>• Bidders as well as buyers should also be sensitized about the process</li> </ul>                                                                                                                        |

## **DISCUSSION AND CONCLUSION**

Efficient and effective public procurement system is need of the hour for the developmental aspirations of India. The public expenditure is going to increase in many fold in coming decades in India and bulk of these expenditure will be through the public procurement route. There are many challenges in achieving the effective and efficient system for public procurement as enumerated in the foregoing analysis. It is also worth take away of the study that government has taken good numbers of steps in right direction for ensuring the efficiency and effectiveness of the procurement process. However, there is much to be done and the obstacles are needed to be removed from the system. Government should expedite the reforms in the public procurement system India.

Current era is dominated by the technology. Technology advancement has touched on every part of daily life. Therefore, it is imperative that the public procurement system should also adopt the same. Various initiatives have already taken by the government during the recent years such introduction of e-procurement system though the launch of Central Public Procurement Portal (CPPP) in early part of current decade and implementation of Government e-Marketplace (GeM) in 2016. These initiatives have shown good hope for moving towards efficient and effective public procurement system in India. Further, the newly launched schemes of government such as Digital India, Start-up India, Stand-up India and Smart cities have emphasized upon the digital payment methods for making the payment. Government now discourages the cash payment. This has also enhanced the transparency in the public procurement system in India.

The study was presented on the possible solutions to the various issues which are related to the e-procurement system and Government e-Procurement (GeM) along with the general issues in the public procurement in India. As noted in the research methodology, focus group research methodology is very useful in research related to social science to explore the understanding, experience, view of a group of people on a complex phenomenon. This methodology is very useful for these kind of studies where experience of uses are utilized. The grouping of the focused group was logical to have similarly experienced participants in each group. This enabled the coherent thought process of the participants. Though it is understood that the outcome of the research is not sacrosanct and there may be various other issues with the system with alternate solution. However, current research attempted to find the some solutions for the existing problems in the system. Based on the discussion in focused group, the possible solutions to various issues has been summarized in the result section above. Some of the suggestions emerged in the focused group discussions are obvious such as use of technology, strengthening the IT infrastructure, boosting the customer support etc. at the same time, some of the solutions indicates such as use of GUI based system for BoQ issue in public procurement system are technical in nature which indicate the depth of the understanding of the participants with the subject.

The outcome of the study is important for understanding the issues related with the public procurement system in India. Also, the two most important initiative of government of India in this area are e-procurement portal and GeM. In this study, issues related to these two initiatives have been studied and tried to give some solution for the issues. The results of the study can be used for further studies on the

subject matter. The study can also be used by the policy makers responsible for regulating the public procurement system in India in their policy framing. Also, officials responsible for development and maintenance of the e-procurement portal and Government e-Procurement may use the findings of study for the further improvement of the system. Improvement of the e-procurement portal and Government e-Procurement systems has the potential of revolutionalising the procurement system in the government sector. It can achieve the complex task of bringing transparency, efficiency and price competitiveness in the government buying.

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