Finance Department

2014

Implementation of e-Procurement in the State of West Bengal

Govt of West Bengal

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Implementation of e-Procurement System in the State of West Bengal

# Coverage-Geographical

There are at present around 120 public procuring authorities in the state of West Bengal. Their methods and procedures are governed by the time to time amended West Bengal Financial Rules, 1979. Till recently, the tendering process in the state was largely manual which in turn used to leave immense scope for various inefficiencies and malpractices.

International experience suggest that, successful implementation of electronic government procurement (e-GP)system serves as a vehicle for procurement reforms and yields sustainable short to long term benefits to the Governments. Recognising the need to enhance procurement performance, the Government of West Bengal (GoWB) took the initiative of infusion of information and communication technologies (ICT) into the procurement process.

In the state of West Bengal, the manual system had been in operation largely for all work and material procurement till the year 2012. e-GP was introduced on a wider scale under the overarching National e-Governance Plan (NeGP) of India as a Mission Mode Projects (MMP) in the State w.e.f 1st July 2012.Under its assistance, six (6) manpower support was provided yearly in addition to 5-6 computers, scanners and Uninterrupted Power Supply (UPS) for setting up of the helpdesk and for training facilities. The e-Procurement application thereafter was shifted to National Data Centre which was equipped with high-end servers and Storage Area Network (SAN). e-GP system is aimed at making government procurement simplified, transparent, and result-oriented with key objectives as listed below:

* To enhance transparency in government procurement by promoting fair competition and providing a level playing field to all potential bidders
* To provide a single point access to all information regarding procurements made across various state government departments, directorates, statutory organisations, local bodies, undertakings and boards in their respective states
* To reduce cycle time and cost of procurement
* To simplify and ease the process by providing a single-point access to all procurement related information across various departments/ agencies
* To enhance administrative efficiency in the said process through greater reliance on MIS reports

The government mandated e-tender for all procurements above Rs 50 lakhs by state government departments, their subordinate offices and all Autonomous Bodies/Local Bodies/ Corporations /PSUs under their control from 1st July 2012, and from 1st October 2013 it made compulsory for all tenders worth more than Rs 5 lakhs.

# Situation before the initiative

The manual tendering system, which existed before the initiative of e-procurement system was taken up was plagued with constraints and challenges in terms of subjectivity and biasness in the selection procedure, involvement of middlemen and extraneous interest groups in the bidding process, lack of transparency and accountability, high tender cycle time coupled with high cost of procurement for both Government and bidders, etc.

Under the manual tendering system, bid publication and evaluation used to be a long-drawn skill based job on the part of officials of the procuring agency. The average tender cycle time was long and used to run for 38 days on an average. While 21 days is to be necessarily given to the prospective bidders for bid preparation as mandated by the Central Vigilance Commission (CVC) guidelines, however, it was the evaluation time which used to take 18 days on an average. From the bidders end also, bid submission was possible during official hours only at select offices. There were often delays earlier due to which project execution used to get delayed, thereby incurring implicit social costs. In addition to that, since the Finance Rules permit the delegation of tendering authority up to the officer in charge of a subdivision of most of the work departments, there used to be non-standardised documents for each tender making the system appear complicated to the bidders. This was one of the key drivers for the government and all the stakeholders to conceptualize e-GP. The new system provides immense benefits to all stakeholders and addresses most of the challenges and shortcomings associated with manual tendering system.

# Extent of Process re-engineered

There has been a radical shift in the process of procurement from manual tendering towards e-tendering. To deal with all those issues of transparency, inefficiency, high cost and delay in project execution, the new e-GP system was introduced. This new system completely revamped the bidding and procurement process with the use of ICT (Internet and communication Technology) enabled services. From bidding to approval of procurement process became transparent under the new system.

The IT enabled service allowed the bidder to access the complete bid related information at single point thus enhancing transparency. Earlier bids used to be submitted only during office hours but in the new e-GP system, bids can be submitted online at any time of the day thus increasing flexibility of the bid submission process. Scope of replication of general bidder-specific profile-related documents has obviated need for multiple uploads of the same for different tender operations. Further, the e-procurement system also provides the facility to resubmit the bids any number of times till the end date of bid submission. Under the new system, these documents need to be uploaded only once at the time of registration/ first tender submission and can thereafter be used in subsequent tender operations. The computerization played a major role in the process of re-engineering.

The e-GP portal of Government of West Bengal is available at [*https://wbtenders.gov.in*](https://wbtenders.gov.in) and all e-tender related activities are processed through the same following the Finance Department’s mandate[[1]](#footnote-2). Ahigh level process flow of activities currently being executed across the four stages of the e-GP system in the State is presented below.

Figure : Process flow of activities

**Stage 1 : Tender Publishing Process**

* Tender Inviting Authority (TIA) responsible for publishing a tender downloads a set of documents from the tender portal; the downloaded excel-based Bill of Quantity( BOQ) form is unprotected using the password “testing”
* Notice Inviting Tender (NIT) bearing a list of statutory & non-statutory documents, required to be submitted from bidder's end is converted to PDF & saved with the Tender Reference Number in a standardized format
* Minimum of 2 nominated, authorized officers of the procuring agency & possessing their own Digital Signature Certificate (DSCs) log on to the system & create a tender with technical & financial covers in PDF form
* Details of EMD, critical dates & documents are uploaded
* Provisions for uploading mandatory documents or/& making amendments to published tenders

**Stage 2 : Tender Preparation & Submission Process**

**Stage 3 : Tender Opening & Evaluation Process**

**Stage 4 : Award of Contract**

* Interested bidder registers himself on the tender portal with all relevant company, contact & business details in PDF format & a valid DSC
* The enrolled bidder then fills tender-specific documents along with NIT, BOQ, EMD details along with attaching statutory & non-statutory documents in encrypted form
* The bidder can re-submit the bid any number of times before the closing date of bid
* The selected bidder mentioned on the Financial Evaluation tab along with other relevant details is mentioned by the Bid Opening Officers under the ‘Award of Contract’ tab with tender ID & the tender is thus awarded. Tender status & department summary can be checked by the bidder subsequently.
* Decryption of tender is done by at least 2 authorized Bid Opening Officers to download submitted bid documents
* Technical bid opening & evaluation based on pre-defined parameters is first executed
* Financial bid opening is done for technically qualified bidders & then evaluation is done by generating a comparative statement. Bid ranking & selection of final bidder along with reasons for rejection & summary are then mentioned in Financial Evaluation tab

# Strategy Adopted

The e-GP system has been introduced in a phased manner with the Finance Department serving as the nodal agency for rolling out the e-GP MMP in the State. A State Level Core Committee[[2]](#footnote-3)on e-GP for providing full State support to the initiative in an organised manner was also constituted in 2012. The Committee, headed by the Finance Secretary and comprising of 3 officers from the Finance Department, 3 officers from NIC- WB, 1 technical officer each from PWD and I&WD and 1 Law Officer, is responsible for smooth implementation of e-tender process by different departments and their subordinate offices and for monitoring the project across the state. Based on the guidelines of the Project Advisory Committee (PAC) of the Department of Commerce, GoI, the Committee was entrusted with the arrangement for handholding training of government officers, establishment of helpdesks, development of standard bid documents and customization of the state’s e-tender portal.

Initially, all procurements above Rs 50 lakhs were mandated to be compulsorily done through e-GP system. This threshold limit was revised downwards to Rs 5 lakhs and above in August 2013.However it was apparent that mere issuance of administrative instructions without the necessary capacity building support to departmental officials will not ensure successful implementation. Hence a two pronged strategy was adopted based on the following parameters

* **Targeted issuance of government communication**

Periodic communications in the form of circulars/ office orders were issued urging all stakeholders to switch over from manual to e-Procurement. The communications specified a cut- off date within which all stakeholders were expected to switch over from manual to e-GP. Stakeholder aims were measured and assumptions, risks, dependencies and benefits were assessed. Counter-resistance from officials was aligned towards achievement of broader goals through a consultative engagement process. Project implementation was monitored on periodic basis and status update taken at regular intervals. Feedback on project implementation was actively encouraged and necessary realignment for mid-course corrections done to improve efficiencies.

A series of official communications were issued to convey a clear message about the seriousness on the part of government administration to implement e –procurement all across the state. This was necessary since it was often found that pressure from cartel groups constituted one of the biggest challenges often leading to overpricing of value of the tender work to the government. Some of these communications are as follows:

* Mandatory publication of all Tender Inviting Notices on centralised e-tender portal in the State effected via Notification No. 3739 F(Y) of the Finance Department, GoWB dt 03.05.2012
* The existing system of enlistment of contractors was abolished in the various Works Departments of the State (namely, PWD, Irrigation &Water Department, Housing, Water Resources Investigation Directorate Department, Public Health Engineering Department, Sunderban Affairs Department including the Sunderban Development Board, Panchayat &Rural Development Department including Panchayati Raj Institutions) Municipal Affairs Department, Urban Department including organisation/ autonomous bodies under the Dept) Any other form of reservation for procurement of goods and services valued at Rs 5 lakhs was withdrawn vide Memorandum issued by the Finance Department, GoWBdt 28.2.2014. In addition, for the works valued below Rs 5 lakh, the Works Department was directed to encourage new contractors by scaling down the qualifying experience and other technical criteria for selection.[[3]](#footnote-4) It was observed that this contractor enlistment system on the basis of threshold value of works was creating a barrier to entry of new contractors, thus reducing transparency that the new digitised system promised to bring.
* A memorandum was issued by the Finance Department to Financial Advisors of all government departments to stop release of funds to companies, corporations, local bodies and parastatals in case of failure of compliance to e-tender norms for procurements valued at and above Rs 5 lakh with effect from 1st September, 2014. In order to ensure compliance of e-tender norms, the procuring companies, corporations, local bodies and parastatals will have to support their respective requisitions for fund release with a compliance certificate as per the memorandum issued by the Finance Department, dt 11.6.2014 and 13.6.2014.[[4]](#footnote-5)

The above mandatory orders weakened the nexus formations amongst/ between bidders and government officials, thereby providing a level-playing field to all.

* **Addressing of change management issues and other enablers for facilitating the adoption of e-GP**

Another major challenge which hindered the adoption of digitisation of the tendering process was inadequate computer literacy on the part of bidders in the procuring departments/ agencies as well as bidders participating in the process. To redress the resistance faced, following measures targeted towards training of government officials and instituting facilities to help the bidders in bid preparation and submission were taken.

#### Training Centres for GoWB officials

Two Training Centres[[5]](#footnote-6) were set up in the year 2012, one at the Training Hall of the PWD at Pranjali, Kolkata and the other at that of the I&WD at Jalsampad Bhavan, Salt Lake for training GoWB officials on using the e-procurement software. Recipients include senior and mid-level departmental officials involved in the procurement process like engineers, administrative officers at various levels of the government, accountants and IT besides support officers from various state government undertakings and autonomous bodies. All the trainings for orientation of e-tender are thus organised centrally and imparted in these two Centres. Details of both recurrent and induction trainings imparted to the existent staff and new entrants respectively are given below.

* *Content of training and manpower:* Initiation training programs include presentations on description of workflow and demos on Digital Signature Certificate (DSCs), preparation of Bill of Quantities (BOQ) and IT and preparation of ancillary documents. These are imparted by two training officers from NIC, Kolkata. The recurrent hands-on training programmes are generally provided on site, on a departmental requirement basis, at the offices of procurement authorities.
* *Network and infrastructure:* There are around 5-6 computers, Unlimited Power Supply (UPSs) and scanners at the training centres. Internet connectivity is provided through WB-SWAN. Selected offices have facility of World Broadband Information Service also.
* *Frequency of training:* About 2-3 trainings are provided on a weekly basis at the helpdesks.

Table : Training details

| Year | No. of GoWB officers trained | No. of bidders trained |
| --- | --- | --- |
| 2014 (till June) | 507 | 94 |
| 2013 | 1496 | 481 |
| 2012 | 965 | 376 |

#### Help Desk facilities for Bidders

Seven helpdesks have been set up across the State, with the ones at Pranjali and Jalsampad Bhavan, Salt Lake being used as Central Helpdesks to record and address issues raised by bidders. These helpdesks play a crucial role in performing functions like registration of engineers and bidders, imparting of trainings etc. as well as trouble-shooting tender-specific queries, under the overall control of the nodal officer in liaison with the Engineer-in-charge of the e-tendering cell. There are 6 people per helpdesk of whom around 2 are designated for providing training to departmental officials.

#### Other support mechanisms

* In addition to above, a 24 x 7 Toll Free Telephonic Help Desk number facility is also available at 1800-3070-2232to handle queries from both bidders. Queries can also be e-mailed to [etender@wb.nic.in](mailto:etender@wb.nic.in) for clarifications.
* To encourage greater ease of participation, Government has come out with instructions under which only the L1 bidder is required to submit the hard copy of the EMD
* To enable e –tender and e payment process through the e-tendering route, PWD codes and rules have been modified.

These initiatives have been instrumental in the transition process from the manual tendering system by helping officials as well as bidders become more user-friendly with the digitised system as is apparent from the figure below. The count of departments, organizations, agencies and local bodies procuring through the e-GP system in the State has also more than doubled in 2013-14

Figure : e-procurement statistics

# Technology Platform

The change of procurement system from manual tendering to e-GP system required a significant investment in technology and up gradation of existing skills of the staff. One of the major challenges which hindered the adoption of digitization of the tendering process was inadequate computer literacy on the part of government officials in the procuring departments/ agencies as well as bidders participating in the process. This challenge was addressed by setting up of training centres for GoWB officials. Initiation training programs include presentations on description of workflow and demos on Digital Signature Certificate (DSCs), preparation of Bill of Quantities (BOQ) and preparation of ancillary documents. There are around 5-6 computers, Unlimited Power Supply (UPSs) and scanners at the training centres. Internet connectivity is provided through nicnet/WB-SWAN/leased lines or broadband facilities. Seven helpdesks have been set up across the State as of 2014, with the ones at Pranjali and Jalsampad Bhavan, Salt Lake being used as Central Helpdesks to record and address issues raised by bidders. These helpdesks play a crucial role in performing functions like registration of government officialsand bidders, imparting of trainings etc. as well as trouble-shooting tender-specific queries, under the overall control of the nodal officer in liaison with the Engineer-in-charge of the e-tendering cell. There are 6 people per helpdesk of whom around 2 are designated for providing training to departmental officials. These training centres and help desk facilities have eased the transition process from the manual tendering system by helping officials as well as bidders become more user-friendly with the digitised system.

Subsequent to the initial introduction of e-GP system in the State, following measures were taken to make the state –wide roll out more effective and efficient:

* **Local issuance of Digital Signature Certificate (DSC):** Initially, DSCs had to be obtained from the National Informatics Centre (NIC) office at New Delhi after submission of an application form requesting the same. This entire process used to take around 30 days. Recognising the delays that used to be caused because of this, a Centre for Digital Signature Certifying Authority of NIC has been established at the ground floor of Jalsampad Bhavan, Salt Lake since 1st March, 2014 (which was initially set up at Vidyut Bhavan). This has effectively reduced the time of issuance of DSC to only 7 days.
* **Enhancement of e-tender software:** The NIC customised the e-tender software to pre-set parameters/guidelines to allow extension of bid submission dates upto a maximum number of three times, under the condition of tender responses for a specific bid falling below the mandatory three numbers. For the purpose, it was made necessary that the DSC of the officials authorised to open tenders did not expire by the end of the third extension date.
* **Database on Award of Contract:** A database is being maintained in the system which bears a list of successful bidders who have been awarded contracts in the past. Through this list, the tender inviting authority can assess the tender capacity of various bidders, generate useful Management Information System (MIS) reports and obtain the ranking of past bid winners on the basis of costs. By making the stage of Award of Contract mandatory in the e-GP system, no tendering process thus shows up as incomplete.
* **Information strengthening of the system:** In the e-GP system, minutes of meetings and information regarding successive evaluation and results are being continually updated and the same is informed to participating bidders to avoid any human contact.

The efforts made by GoWB as outlined above resulted in increased user-friendliness and acceptance of new system amongst stakeholders in the effective roll out process of e-GP system in the State.

# Citizen centricity

The new e-GP system had a great impact on in the optimization of efforts, time and cost incurred. The new digital system has reduced the turnaround time in the entire procurement process by reducing the lead time on account of following:

* Reduction in bid publication time
* Reduction in bid evaluation time
* Reduction in bid preparation time
* Reduction in bid submission time

The factors that have helped bidders benefit from increased fairness in the e-GP system are as follows:

* *Transparency:* Opportunities of corrupt practices have reduced due to reduced human involvement.
* *Security:* Security implications have improved for bidders due to encryption of submitted bids and accessibility of bids to two nominated and authorised officers only.
* *24X accessibility:* Bidders can submit bids online anytime, anywhere.
* *Single-stop shop for all procurements:* Under the digital system, a standardized procedure is followed across tendering operations. Further, bidders can now upload their individual profile related documents only once and replicate them across different tender operations.
* *Costless downloading of bid documents:* Bid documents can be downloaded free of cost by all potential bidders which has allowed more bidders to participate in the bidding process.
* *Re-submission of bids:* This has allowed bidders to make amendments on submitted bids while also reducing chance of elimination.

In addition to above, to improve the interface with the bidders, seven helpdesks have been set up across the State as of 2014, with the ones at Pranjali and Jalsampad Bhavan, Salt Lake being used as Central Helpdesks to record and address issues raised by bidders. These helpdesks play a crucial role in performing functions like registration of government officials and bidders, imparting of trainings etc. as well as trouble-shooting tender-specific queries, under the overall control of the nodal officer in liaison with the Officer-in-charge of the e-tendering cell. There are 6 people per helpdesk of whom around 2 are designated for providing training to departmental officials. This has helped a lot in addressing bidders’ grievances. The online feedback mechanism takes into account the view of all stakeholders which makes it more user friendly in nature.

On account of the above factors, bidders have become *more confident and their reliance on the selection procedure* has increased. The digital system has extended an equal opportunity to potential bidders, which has increased the scope for competition.

1. **User Convenience**

The new e-GP system has greatly reduced the tender cycle time and has resulted in a simplified tendering procedure.

* Under the manual system, bid publishing was a long-drawn skill-based job in absence of archival facilities for previous bid documents. In absence of standardized formats across tender operations, general profile-related documents had to be submitted multiple times by bidders. Under the new system bidding process has been standardized by the preparation of necessary templates/ formats
* Bid submission process was painstaking and involved physical submission during office hours at select offices of the procurement authorities. Evaluation used to take around 18 days in absence of pre-fixed parameters on an average. This increased delays in project execution, which in turn led to high social costs. Under the new e-GP system, the traditional paper based channel has been replaced by *web based service delivery channel* which provided a great experience and convenience to the bidders and the government in the bidding and Procurement process.
* The e-GP system facilitated the bidder by allowing them to make *online submission of their bid anytime anywhere (24/7 accessibility)*. Apart from that several helpdesks have been set to address the issues raised by the bidders. Further, manual tendering process used to be a relatively costly *procedure, both on the parts of public procuring authority and bidd*ers. For example, to facilitate maximal participation for the tendering work, procuring agencies used to keep tender boxes at multiple locations across the state wherein bidders could submit their response documents. After closure of bid submission dates, these boxes had to be transported to the central point of authority for evaluation. Bidders also had to make frequent trips to offices for obtaining and submitting bid documents and resolving queries during subsequent stages.
* In addition to transportation costs, the procuring authority had to advertise the Tender Inviting Notices of considerable length through the print media bearing details of the tender. On the other hand, bidders too had to submit the multiple hard copies of the bulky tender response documents which used to entail stationary and warehousing costs. The new e-GP system had the digital features which eliminated the problem of multiple times uploading of their profile and bid documents. . This online system has also allowed bidders to make amendments on submitted bids while also reducing chance of elimination.
* One other major convenience which the bidder got under the new e-GP system was that they need not have to go for multiple trips for clarification or bid related queries under the new digital system. In addition to that, the status of the bid process can be tracked online. The bidder need not have to visit the enquiry office each time. The new digital system had reduced the human intervention part substantially thus ensuring reduced chances of information error and completeness of information delivery to users. The e-GP system has also reduced the cycle time window substantially with the help of ICT (Internet and communication Technologies) enabled services. The average window time in the manual tendering system used to be around 38 days from bid preparation & submission to final award of contract. The new e-tendering system has reduced this time from 38 days to 21 days (in case of low value tender of less than one crore) and to 32 days (in case of high value tender above one crore). Thus, the time window has also shortened significantly.

# Efficiency Enhancement

The e-GP system in the state of West Bengal is on full swing since October 2012. As per the GePNIC Tenders Statistics for the month of July 2014, NIC Kolkata, the volume of cumulative tender transaction through e-GP system upto FY 2014-15 is 38,899 by count and Rs 39,855 Crores in value.

The volume of transaction under the e-GP system is growing rapidly and in order to accommodate such growth, efforts are required to increase the capacity of the Centre for Digital Signature Certifying Authority of NIC at Jalsampad Bhavan, Salt Lake. Apart from that, the number of help desk needs to be increased to provide swift and better grievance redressal mechanism. These helpdesks play a crucial role in performing functions like registration of government officials and bidders, imparting of trainings etc. as well as trouble-shooting tender-specific queries, under the overall control of the nodal officer in liaison with the Officer-in-charge of the e-tendering cell. There are 6 people per helpdesk of whom around 2 are designated for providing training to departmental officials.

The e-GP system consists of advanced e-tendering software and database which has predetermined parameters for technical evaluation of bids and information regarding tender capacity of past bidders respectively. This reduces financial evaluation time from 7 days under the manual system to 1 day under the present system, while also infusing objectivity into the system.

Figure : Efficiency enhancements

**Manual Tendering Cycle: 38 days**

**e-Tendering Cycle: Low Value (High Value) Tender: 21 (32) days**

21

10

7

Low Value Tender

(<1 crore)

10

10

1

Bid Preparation & Submission

Technical Bid Opening & Evaluation

Financial Bid Opening & Evaluation

**Award of Contract**

Tender

High Value Tender

(>=1 crore)

21

10

1

# Cost effectiveness

Implementation of e-GP system has resulted in significant savings in costs incurred by the government in the following ways:

* *Reduction in stationary and warehousing costs:* The need for maintenance of bulky hard copies of tender documents has been obviated due to facilities of archival of the same. The direct cost saved on account of stationary has been Rs 400 per tender, or alternately speaking, annual savings of Rs 63.84 lakhs in the year 2013-14.
* *Reduction in transportation costs:* Submitted bids no longer need to be collected from multiple locations and transported to central point of authority for evaluation by the procurement authority. The direct cost saved on account of transportation has been Rs 1500 per tender, or alternately speaking, annual savings of Rs 239 lakhs in the year 2013-14.
* *Reduction in advertisement costs:* Mandatory publication of NIT on e-tender portal has led to reduction in column size for advertisements in print media and has thus helped save cost in this regard. The direct costs saved per tender on account of advertisement have been Rs 6353 or alternately speaking, annual savings of Rs 1,014 lakhs in the year 2013-14.

Thus, the total savings in direct costs on account of above three factors to the GoWB comes to around Rs 8,253 per tender or Rs 1,317 lakhs.

From Bidders perspective, Bidders have realised savings in costs on account of the following reasons:

* *Reduction in stationary and warehousing costs:* Under the digital system, bidders need not purchase bid documents prior to participation in the bid process. Further, they do not have to submit any hard copies of bid documents.
* *Reduction in transportation costs:* Multiple trips for clarification of bid-related queries have become unnecessary for bidders under the digital system.

# Capacity Building and Organizational Sustainability:

The major challenge which hindered the adoption of digitization of the tendering process was inadequate computer literacy on the part of bidders in the procuring departments/ agencies as well as bidders participating in the process.

For capacity building and organizational sustainability, two Training Centres[[6]](#footnote-7) were set up in the year 2012, one at the Training Hall of the PWD at Pranjali, Kolkata and the other at that of the I&WD at Jalsampad Bhavan, Salt Lake for training GoWB (Govt of West Bengal) officials on using the e-procurement software. Two of the training officer from NIC, Kolkata imparted training programs which included presentations on description of workflow and demos on Digital Signature Certificate (DSCs), preparation of Bill of Quantities (BOQ) and IT and preparation of ancillary documents.

Details of capacity building exercises carried out have already been reported in the section on

# Accountability:

The new e-procurement system has great potential to deal with the transparency issue which used to be a key challenge in manual tendering process. The manual tendering system left opportunities for nexus formation between departmental officials and participating bidders, involvement of middlemen and extraneous interest groups and formation of contractors cartels. This exposed bidders to chances of physical threat, thus increasing biasness of selection procedure. The introduction of e-GP system enabled certain factors which obviated the need for above sources of inefficiencies and contributed to an environment conducive to fair competition. The enhanced transparency has ensured availability of relevant information to bidders like list of other participating suppliers, documents furnished by his competitors, price quotations as well as the evaluation result in subsequent stages of tendering. In addition to that, the accountability has increased in the system due to digital authentication by procuring officers, thereby boosting confidence and competitive morale of participating bidders.

# Innovation

Though e-GP system has been successfully rolled-out in several other states, GoWB has taken up a few pioneering initiatives which distinguishes it from the e-procurement solutions adopted by other states. These include:

* **Provision of dedicated storage space under “My Documents” for prospective bidders:** A dedicated storage space of 25 MB has been allocated to each registered bidder to upload documents/data which would normally be required while responding to any advertised bid. These could be in the related to documentary proofs supporting turnover data, eligibility proof etc. The facility has greatly reduced data redundancy, whereby the bidders are not required to submit the common data/proofs along with each bid. The bidder has the option of tagging the required document while responding to the bid from the dedicated storage space thus provided.
* **Auto Technical evaluation of bids:** The application has a built in facility to provide for technical evaluation of the objective binary criteria in the bidders submission. For example, if the bid provides for an eligibility criterion of having a turnover of 100 cr and above, the system once configured can automatically disqualify the bidders who do not meet the turnover threshold. This greatly reduces the scope of clerical errors owing to human intervention as well as reduces efforts.
* **Greatly improved tender cycle times:** As mentioned in the foregoing sections tender cycle times have been greatly reduced owing to the introduction of ICT in the e-procurement process. The improvements have been particularly noteworthy for high value tender procurement where the cycle time has been reduced from 38 days to 2 days under the e-GP system.

# Appropriate Delegation

The Finance Department serves as the nodal agency for rolling out the e-GP MMP in the State. A State Level Core Committee on e-GP for providing full State support to the initiative in an organised manner was also constituted in June 2012. The Committee, headed by the Finance Secretary and comprising of 3 officers from the Finance Department, 3 officers from NIC- WB, 1 technical officer each from PWD and I&WD and 1 Law Officer, is responsible for smooth implementation of e-tender process by different departments and their subordinate offices and for monitoring the project across the state. Based on the guidelines of the Project Advisory Committee (PAC) of the Ministry of Commerce and Industry, GoI, the Committee was entrusted with the arrangement for handholding training of government officers, establishment of helpdesks, development of standard bid documents and customization of the state’s e-tender portal. Under the new e-GP system, the accountability of the procuring officer has been increased due to digital authentication system.

# Result Achieved/ Value Delivered to the beneficiary of the project

As a result of implementation of the e-GP system several benefits have accrued to the stakeholders namely, the GoWB as well as the prospective bidders. The benefits have primarily on account of reduction in tender processing, improved transparency, reduction in transaction costs, and improved competition amongst others. The benefits are represented in the exhibits below:

Figure : Benefits to the GoWB due to implementation of e-GP system

Figure : Benefits to the Bidder due to implementation of e-GP system

# Extent to which the Objective of the Project is fulfilled

The key objectives of the new e-GP system were:

* To enhance transparency in government procurement by promoting fair competition and providing a level playing field to all potential bidders
* To provide a single point access to all information regarding procurements made across various state government departments, directorates, statutory organisations, local bodies, undertakings and boards in their respective states
* To reduce cycle time and cost of procurement
* To simplify and ease the process by providing a single-point access to all procurement related information across various departments/ agencies
* To enhance administrative efficiency in the said process.

Since the implementation of the e-GP system, both the government officials as well as bidders/contractors have benefitted in the following ways:

* **Enhanced transparency contributing to healthier competitive practices**

The manual tendering system left opportunities for nexus formation between departmental officials and participating bidders, involvement of middlemen and extraneous interest groups and formation of contractors’ cartels. This exposed bidders to chances of physical threat, thus increasing biasness of selection procedure. In absence of standardized procedure of participation, there was scope of subjectivity. Further, there was no possibility of re-submission of bids.

The introduction of e-GP system enabled certain factors which obviated the need for above sources of inefficiencies and contributed to an environment conducive to fair competition. The resultant benefits have been quantified based on the actual performance and feedback garnered from select bidders. These are discussed below.

The key benefits realised by the State government are as follows:

* *Discovery of ‘fair’ price*: Increased fairness in the system has led to realisation of true value of contracting work, which is observed through significant reduction in prices quoted by bidders. This has led to generation of implicit savings on the part of the government to the tune of at least 5-15%[[7]](#footnote-8).
* *Greater response to bid:* There has been a doubling of the number of bidders registered to the tender portal from 2012 level till date, whereas the count of live users stands at 13,456.

Table : Data on bidders’ registration under the e-GP system

| Year | Users Registered | User Registered still active |
| --- | --- | --- |
| Till 2014 (as on 18th June, 2014) | 3938 | 3877 |
| Total | **16278** | **13456** |

* **Reduction in tender cycle time and simplified tendering procedure**

Under the manual system, bid publishing was a long-drawn skill-based job in absence of archival facilities for previous bid documents. In absence of standardized formats across tender operations, general profile-related documents had to be uploaded multiple times by bidders. Bid submission process was painstaking and involved physical submission during office hours at select offices of the procurement authorities. Evaluation used to take around 18 days in absence of pre-fixed parameters on an average. This increased delays in project execution, which in turn led to high social costs.

The benefits to the government and bidders on account of time reduction consequent to implementation of e-GP system are presented below.

*To the State Government:*

The tender cycle time has got reduced on the part of the state government on account of the following factors:

* *Archival facility of previous bid documents:* Bid documents as well as tender response documents can be archived for 13 years, which can be used for future referencing and subsequent customising in new bid document preparation. As a result, a skill-based job has been converted to a knowledge-based one, thus cutting down on the time required for tender publication.
* *Swifter and increased objectivity of technical evaluation:* Technical evaluation of bids can now be done using pre-defined parameters whereas financials bids can be evaluated instantaneously through generation of a comparative BOQ chart. The above have reduced financial evaluation time from 7 days under the manual system to 1 day under the present system, while also infusing objectivity into the system.

*To the Bidders:*

Bid preparation and submission time has reduced to 2 days under the digital system from 38 days and 6 days for high value and low value tenders respectively under the manual system. The following factors have facilitated in reducing this time requirement for bidders:

* *Standardized formats:* Processing time has reduced for bidders due to availability of standardized formats bearing pre-defined parameters available, like excel based BQQ, Form2911\_ii for using across different tender operations.
* *Replication of documents:* Scope of replication of general bidder-specific profile-related documents has obviated need for multiple uploads of the same for different tender operations. Under the new system, these documents need to be uploaded only once at the time of registration/ first tender submission and can thereafter be used in subsequent tender operations.
* *24\*7 submission permissible from anywhere:* Bids can now be submitted online at any time of the day, thus increasing flexibility of the bid submission process.

Table : Comparison of average time taken by bidders for bid preparation/ submission under the two systems

**Average time required/ bid for High Value Tender**

**Average time required/ bid for Low Value Tender**

**Manual System**

38 days

6 days

**Digital System**

2 days

2 days

*Source: Bidders survey*

On account of the above factors, the real impact in terms of realised benefits is summarised below:

* *Expedition of tendering process:* The average time savings of at least 15% per tender has been observed under the digital system.
* *Early commencement and execution of projects*: Reduction in tender cycle time has enabled quicker commencement of projects. (ref to memorandum issued by the Finance Department prescribing stage-wise time schedule for engagement of Transaction Advisors)
* *Reduction in social costs:* Early commencement of projects has led to reduction in social costs and better realisation of value of taxpayers’ money.
* **Savings in costs:**

Under the manual system, bulky hardcopies had to be submitted by bidders and retained by the government. Multiple trips had to be undertaken by bidders and departmental officials for clarification of queries and collection of bid documents from multiple locations respectively. Further, significant advertisement costs had to be incurred by the government for publishing of the Notice Inviting Tender through print media. The benefits of cost savings have already been discussed in the previous sections.

# Adaptability Analysis

In order to ensure adaptability, the new e-GP system brought with it the required infrastructure revamp. The manual tendering system lacked transparency, had inefficiencies and entailed significant costs incurred both by the government and bidders. Hence to enhance procurement performance information and communication technologies (ICT) was infused into the process.

In view of the positive results achieved and savings realised in terms of both time and cost through its implementation, the GoWB is committed to take the process further to enhance its functioning. Some of the plans already underway are listed below:

* e-Payment module to handle refunds, collections and settlement of EMD/ Bid security amounts has been developed and is expected to go live soon.
* e-Auction module and portal, both are ready-for-use and the GoWB is in the process of implementing this facility. The State Government officials are being provided demos of the process and being trained to use the module.
* Efforts are underway to include post-tendering activities in the e-GP system to help monitor the progress of project implementation by the selected vendor till its completion.
* The State Government has plans to shortly include the Quality Cost Based Selection (QCBS) process, whereby bid ranking and selection of final bidder can be done taking both the quality and cost parameters in consideration, in addition to the cost based selection that is presently used.
* Efforts are underway to increase the capacity of the Centre for Digital Signature Certifying Authority of NIC at Jalsampad Bhavan, Salt Lake for issuance of DSCs to cater to the growing base of applicants.
* NIC is making provisions to provide e-mail IDs to departmental officials under the government domain for using the tender portal.

Once the transition process is complete in the State with above facilities included, and many more agencies under the ambit of the e-procurement system, the State is expected to see a further consolidation of the benefits as highlighted above.

# Comparative Analysis of earlier vs new system:

The adoption and extensive usage of a more efficient e-GP system in the State is evident from the benefits accrued from the new system. In fact West Bengal ranks fifth in terms of count of tenders published through e-GP system till date, amongst the 26 states and UTs in the country which are using the GePNIC application for e-tendering. This is a notable achievement given that e-GP MMP was introduced in the State late, in 2012 only.

Table : Comparative analysis of cumulative tenders transacted through the e-GP system from FY 2007-08 to FY 2014-15 (upto July 2014)

*Source: GePNIC Tenders Statistics for the month of July 2014, NIC Kolkata*

This superlative, swift implementation of e-tendering leading to procurement efficiencies and positive impacts in terms of savings of both time and costs has been made possible on account of some good practices and specific measures undertaken by the GoWB.

1. Memorandum No. 5424 F(Y) of the Finance Department, GoWB dt 26.06.2012 [↑](#footnote-ref-2)
2. Memorandum No. 6424-F(Y) of the Finance Department, GoWB dt 25.07.2012 [↑](#footnote-ref-3)
3. Memorandum No. 1177 F(Y) of the Audit Branch of the Finance Department, GoWBdt 28.02.2014 [↑](#footnote-ref-4)
4. Memorandum No. 3060 F(Y), 3112 F(Y) and 4143 F(Y) of the Finance Department, GoWBdt 11.06.2014, 13.06.2014 and 11.08.2014 respectively [↑](#footnote-ref-5)
5. Memorandum No. 9701 F(Y) of the Finance Department, GoWBdt 30.11.2012 [↑](#footnote-ref-6)
6. Memorandum No. 9701 F(Y) of the Finance Department, GoWB dt 30.11.2012 [↑](#footnote-ref-7)
7. [↑](#footnote-ref-8)