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Karnataka Evaluation Authority



**Independent evaluation of electronic  
procurement project by Govt. of  
Karnataka**

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## 1 Executive Summary

### *Need for independent evaluation of e-Procurement*

The e-Procurement system for unified procurement was initiated in 2008 in Karnataka with the goals of enhancing transparency, accountability, efficiency and cost savings in public procurement. As such, it was a pioneer and was conceptualized even before the same had been done at the Government of India level. The system has been rolled out for more than 165 government departments and with more than 18,000 suppliers. With a view to ascertain if the objectives with which the system had been conceptualized have been achieved, the Planning Department under Government of Karnataka envisaged independent evaluation of the e-Procurement system. Ernst & Young has been engaged by the nodal agency for e-Procurement, the Center for e-Governance to conduct the independent evaluation.

### *Approach for our study*

The approach for the study involved considering the feedback from the key stakeholders apart from independent evaluation by the evaluation team. The key stakeholders identified were the principal beneficiaries of the e-Procurement system i.e. suppliers / contractors, user departments and other stakeholders involving CeG, service providers, HP, citizens.

### *Key findings from the study*

The advantages such as time savings due to automation of key steps from indent management to evaluation of tender, fearless participation, flexibility to change bid documents and centralized registration were strongly supported by suppliers and user departments. Several aspects of better governance such as ease of report generation and relevant MIS, reduced errors, increased confidence in the process, ease of exchange of information between purchaser and supplier increased accountability by government officials etc have also seen significant impact due to e-Procurement. However, the main concern with respect to employees of user departments were increase in workload post introduction of e-Procurement as many departments retained the practice of evaluation and decision making on the basis of hard copy tender documents in addition to e-Procurement. Over dependence on key staff for approval and forwarding of tasks was also a key area of concern that challenged the overall efficiency of e-Procurement with respect to timelines. With respect to suppliers, the most significant area of concern seemed to be the overall timeline within which Earnest Money Deposit ('EMD') is refunded as there are key dependencies on the department to initiate the same. This results in funds of suppliers being held up and hence the objectives of reduced financial costs may not have been completely met. Finally, the volume of paper works may not have been significantly reduced as departments in many instances had to rely on hard copies or seek the same from the suppliers.

### *Areas of improvement of e-Procurement*

In order to overcome the current challenges that prevent the platform to realize its full benefits, we have proposed certain areas of improvement. Significant ones being proactive involvement of supplier community in training initiatives, encouraging delegation and forwarding by key departmental staff in order to reduce the bottleneck of approvals, customization of the portal to cater to collaborative nature of working of departmental staff, provision of automatic alerts to suppliers on status change of key events during the bid process etc.

It is our hope that the study shall benefit the e-Procurement system and its users and that it continues to be the trend setter in the country with respect to electronic procurement.