Cabinet okays Public Procurement Bill to bring transparency and efficiency in mechanism

The United Progressive Alliance government has given its go-ahead to a law that seeks to regulate all state purchases above 50 lakh to bring transparencyand efficiency in graft-laden procurement mechanism.

The union cabinet chaired by Prime Minister Manmohan Singh approved the Public Procurement Bill, 2012, that will be tabled in Parliament in current budget session and includes a provision to debar bidders found engaged in corrupt practices.

The bill, after becoming a law, will route through an e-portal purchases of over 11 lakh crore goods and services by all central government departments and ministries and public sector entities. Union human resource development minister Kapil Sibal said the law proposed by the government will help check graft.

The Bill would create a statutory framework for public procurement which will provide greater accountability, transparency and enforceability of the regulatory framework.

"The bill provides for codifying the fundamental principles governing procurement, essential for achieving economy, efficiency and quality as well as combating corruption and legally obligates procuring entities and their officials to comply with these principles," a statement issued by the government said a statement.

At present, the General Financial Rules, 2005 govern procurements by the Central government while some ministries and departments have specific procedures or manuals to supplement these rules.

There is no legislative framework governing procurement. The bill is based on the recommendations of a committee on public procurement headed by Vinod Dhall.

In a separate decision, the union cabinet also approved creation of a special purpose vehicle for IT infrastructure for the proposed new indirect tax regime, Goods and Services Tax (GST). "GSTN SPV will provide IT infrastructure and services to various stakeholders including the centre and the states," Sibal said.

The SPV would have an equity capital of Rs 10 crore, with the Centre and States having equal stakes of 24.5% each.

Non-government institutions would hold 51% equity in the SPV and no single instiution, barring one, would be able to hold more than 10%. The GSTN SPV would be set up as a Section 25 (not-for-profit), non-government, private limited company in which the government will retain strategic control.

The GST would subsume levies like excise, service tax and states tax like value-added tax, entry tax and purchase tax.

The cabinet also approved a proposal to extend support to the Swavalamban scheme for the unorganized sector workers under the New Pension System to five years from three years now. All subscribers enrolled during 2010-11, 2011-12 and 2012-13 will be able enjoy the benefit for the extended period.

The government has also relaxed the exit norms of the scheme to enable subscribers under scheme to exit at the age of 50 years instead of 60 years, or a minimum tenure of 20 years, which ever is later. An additional funding support of 2,065 crore has been provided upto 2016-17.

(Economic Times)