Chapter IV

Challenges in Implementation of E-Procurement in the Indian Government

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Abstract

In this chapter, the concept of e-government procurement (e-GP), as it is being implemented in India, is explained. Furthermore, a set of six challenges encountered during implementation of e-procurement is discussed in depth. The six challenges discussed in the chapter are: lack of skilled personnel; multi-departmental implementation; inadequate IT and networking infrastructure; challenges in implementation of state-wide system; the need to regulate e-procurement market; and replicating best practices in federal-state setup. A practitioner’s perspective is adopted to write this chapter. While this chapter deals specifically with e-GP in India, certain aspects of it can be generalized to e-GP implementations elsewhere in the world. Such generalization is possible since government procurement is driven by the same set of principles such as efficiency and transparency.
Introduction

The uptake of e-procurement in the government sector is on the rise. Developed nations such as Australia, Denmark, Singapore, the USA, Korea, and a few South American nations such as Chile and Brazil were the forerunners in implementing e-procurement. The forerunners got into e-procurement during the late 1990s. In India, the State of Andhra Pradesh pioneered with the implementation of e-procurement during early 2000. Elsewhere in Asia, Philippines and Indonesia have embarked on implementing e-procurement recently. Multi-lateral bodies such as the World Bank, Asian Development Bank, and Inter-American Development Bank have joined hands together to constitute a body for implementing e-procurement all across the developing and less-developed nations. This body, named Multilateral Development Bank e-Government Procurement (MDB-e-GP), is actively promoting implementation of e-procurement.

Government procurement is a voluminous activity, and in developing countries such as India, it is fast-growing. As per a country assessment report prepared by the World Bank, the Indian government is estimated to buy for US$100 billion each year. Similarly, across the globe, governments spend significant sums of money in public procurement. It is estimated that public procurement accounts for about 10-15% of a nation’s GDP. In a country, the government is typically the largest buying entity. Despite the significance, there have not been many analytical write-ups on implementation of e-government procurement (e-GP). The implementation of e-procurement in the government setup is quite a challenging activity; in order to effectively deal with the challenges, it is vital that the nature of challenges are well-understood, and that the means to address the challenges are analyzed and discussed.

In this chapter, challenges encountered in implementation of e-procurement in India are explained. The explanation is preceded by the following sections:

1. Functional Overview of E-Procurement
2. Benefits of E-Procurement
3. Public Procurement in India
4. State of E-Procurement Internationally
5. State of E-Procurement in India
6. Geographical Scope Discussed in the Chapter
Determinants of Public Spending Composition in OECD and MENA Countries: A Political Economy Approach


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