

Just how uphill the government's task will be when it comes to a public procurement policy—one of the things it promised to do when hit by a plethora of scams—is best brought out by the report of the Committee on Public Procurement set up under former Competition Commission of India chief Vinod Dhall. Of the 11 members, 7 submitted dissent notes! The Committee criticised procurement by the Railways, there's a dissent note on that; it criticised procurement by the defence ministry, there's a dissent note on that; it did the same for the DGS&D process, there's a dissent note on that ...

In the case of the Railways, where annual procurement is around R20,000 crore, the report is instructive. It talks of how the Railways procures around 95% of annual needs from only pre-registered vendors—it takes 286 to 530 days to register as one—and that this raises procurement costs. Thanks to the resultant cartelisation, the Railways is even forced to place orders with vendors who have failed to deliver in the past. Not surprising then that, one report of the CVC had described the Railways as its biggest 'client' in the sense the maximum complaints pertained to it; in the past, the CAG has also detailed the impact of cartelisation, and the sharp increase in it. The bigger worry, this report shows, is the impact of all this. The Diesel Locomotive Works in Varanasi produced 110 4,000-HP locomotives in 2009-10 for R1,264 crore, but R1,140 crore of this was spent on purchasing locomotive components. So, despite the fact that a transfer of technology agreement was signed with EMD of the US in 1997, no significant production is taking place—makes you wonder why DLW still has 6,000 employees if it is just an assembly outfit (DLW's production is to rise to 290 in 2013-14). Even more worrying is what followed. In 2009, a decision was taken to invite bids to produce locomotives in India, a bid was got for less than what the Railways spent at DLW, but the bid was rejected on the grounds it was a single-bid—the proposal to float a bid was revived last year and cleared by the Cabinet, but keeps getting postponed (the latest bid date is next week). The Committee, naturally enough, draws the conclusion that this is an example of the power suppliers have over Railways decision-making. Whether the government is still able to come up with a public procurement policy, something that is a pre-requisite to any serious attempt to curb corruption, in the face of such trenchant opposition, remains to be seen.