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GOVERNMENT OF KERALA

Abstract

**Information Technology Department – Implementation of e-Government
Procurement (e-GP) in the State - Guidelines/procedures to be initiated
- Orders issued.**

INFORMATION TECHNOLOGY (B) DEPARTMENT

G.O.(MS)No:31/2009/ITD.

Dated, Thiruvananthapuram, 23.10.2009.

- Read:-
1. D.O.No. 13(4) 2005-Pol (Vol.II) dated 11.01.2008 from
Commerce Secretary, Government of India.
 2. G.O.(Rt). No: 131/08/ITD dated 26.06.2008.
 3. Minutes of the meeting held by Additional Chief Secretary
(Finance) on 20.08.2009.

ORDER

Government of Kerala has taken up e-Government Procurement as a major e- Governance initiative to maintain transparency and efficiency in procurement of works, goods and services on line with IT Policy, 2007. As also IT Act 2000 provides legal recognition only for the documents and transaction carried through the recognized State eGP platform, online vendor registration is a mandatory pre requisite for participating in government procurement through eGP system. As per Government order read as second paper above orders have been issued for the implementation of the e-Government Procurement project in the following Departments/Organisations in the I phase.

- (i) PWD
- (ii) Stationery Department
- (iii) KSRTC
- (iv) KELTRON

The Ministry of Commerce, Government of India has appointed NISG, as the consultant for the project and they have prepared RFP for implementation of the project in the Kerala context. Several discussion were held to sort out the issues relating to RFP of the e-Government Procurement project. In the meeting held on 20.08.2009 by the Additional Chief Secretary (Finance) with Secretaries and Heads of Departments, the RFP was discussed in detail and suggestions were made with regard to finalisation of the RFP and procedures to be adopted for the implementation of the project.

Government have examined the suggestions and are pleased to order as follows:-

- (I) The RFP prepared by NISG for the e-Government Procurement project for Kerala shall be modified incorporating the following points as suggested in the above meeting.

(i) Phasing of implementation

Pilot Phase 1

- (i) PWD
- (ii) Stationery Department
- (iii) KSRTC
- (iv) KELTRON

Pilot Phase 2

- i. Irrigation
- ii. Police
- iii. Kerala Medical Services Corporation
- iv. Kerala Tourism Development Corporation

In the pilot phase, the vendor management module shall be deployed across the State for all pilot Departments/organizations and all procurements above the threshold value shall be done through the eGP process and the threshold limit shall be as follows:

	Works	Goods	Services
Phase 1	45 lakhs	15 lakhs	15 lakhs
Phase 2	15 lakhs	5 lakhs	5 lakhs

In the roll out stage the e-GP will be applicable to all procuring agencies of Government with the following thresholds.

	Works	Goods	Services
Threshold	5 lakhs	5 lakhs	5 lakhs

The threshold limits shall be applied to Indenting and Tendering modules. The implementation of the contract management module shall be decided later by Government of Kerala.

(ii). Ownership model:

Government of Kerala through a bidding process shall select a Private Implementation Partner (PIP) for implementation of the programme on Build Own Operate (BOO) basis and the contract shall be awarded for a period of 5 years.

The scope of work for the implementation partner shall be:

- Development / customization and deployment of e-GP solution
- Providing IT infrastructure for the e-GP solution and its maintenance

- Operation and Maintenance of the e-GP solution
- System training for government users and Suppliers
- Helpdesk services

The Service Levels shall be well-charted out to ensure that the Implementation Partner delivers high level of service. The Private Vendor has to ensure the migration of departments which have already gone ahead with e- Tendering initiatives, into the Statewide e-GP system along with their procurement and other related data. Prior to Go-Live of the modules, the e-GP PMU shall conduct 3rd party IT security audit for those respective modules. The Private Partner shall bring in all required hardware necessary for the implementation of the e-GP System, including the servers required. The servers shall be housed in the State Data Centre and shall share resources wherever possible.

(iii) Safety and security

To ensure the safety and security of the process and the data among other things, the following safeguards should be ensured for the eGP system

- (i) The data would reside in the State Data Centre under the Ownership of the State.
- (ii) The movement of data shall be controlled by the State Government
- (iii) The Implementation Partner shall provide a System Administrator who will be directly monitored by the State e-GP PMU.
- (iv) The high Data Security which should ensure that the System Administrator shall have no direct access to data
- (v) The System Administrator shall not have any read/write/modify access to Bid Data.

(iv) Strategic Control of Government of Kerala over the Project:

Strategic control of Government of Kerala over the project shall be ensured through the following:

- a. Retention of ownership and control over the Application, w.r.t development of the module, freezing the module and making changes over the module, appointing application Administrators etc. Moreover, through Application Audit by third party at regular intervals the functional integrity of the application would be ensured. Other steps would include version control and role segregation between developers and accepting persons.*
- b. With regard to retention of ownership and control of database, all confidential data in the database shall be encrypted by the application. The entire database, including the table structures, schemes and master data are deposited with Government of Kerala after the initial certification by 3rd Party and before "Go Live". Any*

changes to be made after due approval of Government of Kerala. Government of Kerala would entrust designated Database Administrators who can exercise the power to accept or reject the request jointly. Any direct access to database will not be allowed and suitable verification ensured for any changes made. Further, specified process controls on activities of Implementation Partner and Database Administrators will be subject to audit.

(v). Eligibility Criteria for the bidder: (to be implementation Partner)

The eligibility criteria for the bidder shall be as follows:

- a. The Bidder (if it is Single Bidder) must be a company registered under Indian Companies Act 1956 or the Partnership Act 1932. In case of a consortium, all consortium members must be registered under Indian Companies Act 1956 or the Partnership Act, 1932.
- b. The Bidder (single bidders / consortium members) will have been in operation for at least five years as of 31st March 2009 as evidenced by the Certificate of Incorporation and Certificate of Commencement of Business issued by the Registrar of Companies, India. The bidder (single bidder / consortium members) must be providing IT / ICT / ITeS and should have offices in multiple locations in India.
- c. The Bidder (single) / Prime Bidder in case of consortium should have had an average annual turnover of Rs. 100 Crores during the last 3 financial years ending 31st March 2009 from IT/ ICT / ITeS related operations, as evidenced by the audited accounts of the company (or companies).
- d. Bidder (single) / each member of the Consortium must be a profit making company in each of the last three financial years ending 31st March 2009 as evidenced by the audited accounts of the company.
- e. Bidder (single) / Prime Bidder in case of consortium must have a net worth of Rs. 25 Crores as evidenced by the audited accounts of the company.
- f. The e-Procurement solution proposed by the Bidder (single) / Prime Bidder must have a proven record of atleast one centralized implementation extended to 10 departments OR implementation in atleast 5 large organizations in any of the previous three financial years and must satisfy the following:
 - (i) *Must be necessarily web based and client-end PKI enabled with inbuilt work flows.*
 - (ii) *Cumulatively processed atleast 750 tenders in centralized implementation or 750 tenders in the 5 large organizations with atleast 100 tenders in each organization*

- (iii) E- Tendering module of the proposed solution must have been mandatorily implemented/ used in the cited experience above in the last three financial years.
- (iv) Atleast 2 out of the 4 modules of the proposed solution (Vendor Management, Indenting, Contract Management and e-Auctions) must have been implemented /used in the last three financial years in the cited experience.
- g. The Bidder (single) / Prime Bidder in case of Consortium must be a SEI - CMM Level 5 / CMMi Level 5 company.

(vi). Bid parameters:

The bid evaluation shall be based on the following:

- a. Technical evaluation cut off 70/ 100. Only technically qualified would have their commercial bids opened.
- b. Financial evaluation : Lowest pay out L1

(vii). Revenue model:-

The Revenue model for the PIP shall be as follows and the amounts shall be collected by KSITM and paid to the PIP on a monthly basis based on the SLAs:

Module Name	PIP Quote Mechanism	Minimum Cap/ Lower Range	Maximum Cap/ Upper Range
Vendor Registration Fee	Flat fee (between a range)	250	750
Tender Submission Fee for ECV based tenders	% of ECV	250	7500
Tender Submission Fee for Non-ECV tenders	Flat fee (between a range)	300	800
Contract Management Fee for ECV based tenders	% of ECV	250	2500
Contract Management Fee for non-ECV based tenders	Flat fee (between a range)	100	250
NIT Publishing Fee	Flat fee (between a range)	10	100

(viii) Provision of subsidy

Eligible investment subsidy shall be provided to the implementation partners as per the provisions under IT Policy for investment promotion.

(ix) Funding of the scheme:

In the event of funds not coming from Government of India, the same shall be funded through the State's own funds, as the benefits outweigh the initial costs and necessary funds would be provided in the budget of Kerala State IT Mission for this purpose.

(x) Financing of the scheme:

Kerala State IT Mission shall charge service fee from the vendors for using the e-GP portal as follows:

Module Name	Financing Mechanism
Vendor Registration Fee	Rs. 100/-
Tender Submission Fee for ECV based tenders	Equivalent to the amount charged by the PIP
Tender submission Fee for Non-ECV tenders	Rs. 100/- subject to a maximum payout of Rs. 800/- by the supplier for a tender.
Contract Management Fee for ECV based tenders	Equivalent to the amount charged by PIP
Contract Management Fee for non-ECV based tenders	Rs. 100/-
NIT Publishing Fee	Nil.

The amount so charged shall be retained by KSITM and used for operational expenses of the e-GP portal and the PMU set up for the purpose. If the charges so collected by KSITM exceed their requirement dictated by this scheme, KSITM will remit such of the revenue to the Consolidated Fund of the State. If the revenue of the PIP exceeds Rs. 20 crores, any additional Revenue shall be shared equally between the State Government and the implementation partners. The State Government share of such revenue shall be remitted to the Consolidated Fund of the State by Kerala State IT Mission.

II. Amendment to Stores Purchase Manual and PWD Manual:

There are several provisions in the Stores Purchase Manual and PWD Manual which are irrelevant with respect to the implementation of the

project or some of them do not attract the e-GP project. Hence, **Government further order that the Director, Kerala State IT Mission shall put up necessary proposals in consultation with the concerned Departments for suitable amendments to the Stores Purchase Manual and PWD Manual as required for implementation for the e-GP project and orders in this regard shall be issued by concerned Departments.**

III. Government are also pleased to set up a Program Management Unit (PMU) for the eGP project with required personnel by utilising the project funding as follows:-

Sl. No.	Name of Post	No.	Pay
(i)	Programme Implementation Officer.	- 1	Consolidated Pay of Rs. 60,000/- per month or equivalent scale of pay.
(ii)	Procurement Domain Expert	- 2	Rs. 80,000/- p.m. or equivalent scale of pay.
(iii)	Technology Expert (Hardware Infrastructure)	- 1	Rs. 50,000/- or equivalent scale of pay.
(iv)	Technology Expert (Software & IT Security)	- 1	Rs. 5,0000/- p.m. or equivalent scale of pay.
(v)	Technology Expert (SLA Monitoring)	- 1	Rs. 50,000/- p.m. or equivalent scale of pay.
(vi)	Change Management Expert	- 1	Rs. 50,000/- p.m. or equivalent scale of pay.
(vii)	Procurement Law Expert (only for two years) (Year 2 and 3)	- 1	Rs. 50,000/- p.m. or equivalent scale of pay.
(viii)	Accountant	- 1	Rs. 15,000/- p.m. or equivalent scale of pay.

(ix) Administrative Officer	-	1	Rs. 20,000/- p.m. or equivalent scale of pay.
(x) Administrative Support	-	1	Rs. 7,500/- p.m. or equivalent scale of pay.

Total - **11**
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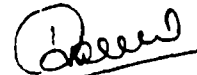
(By order of the Governor)
DR. AJAY KUMAR
Secretary to Government

To

All Additional Chief Secretaries.
All Principal Secretaries.
All Secretaries.
All Heads of the Departments.
The Accountant General (A & E), (Audit), Kerala, Thiruvananthapuram.
The Director, Kerala State IT Mission - to put the G. O on the website.
The Secretary to Government of India, Ministry of Commerce (with C/L)
The Secretary to Government of India, DIT.
The CEO, NISG, Hyderabad.
The Director, I & PRD - for publicity through media.
All Participating Departments/ Organizations.
The Stores Purchase Department.
The Finance Department.
General Administration (SC) Department.
Stock File/ Office Copy.

Copy to:- PS to Chief Minister
C A to Secretary.

Forwarded/ By order



Section Officer