



KARNATAKA LEGISLATIVE ASSEMBLY  
FIFTEENTH LEGISLATIVE ASSEMBLY  
SECOND SESSION

**THE KARNATAKA TRANSPARENCY IN PUBLIC PROCUREMENTS  
(AMENDMENT) BILL, 2018**

**(LA Bill No. 10 of 2018)**

A Bill further to amend the Karnataka Transparency in Public Procurements Act, 1999.

Whereas it is expedient further to amend the Karnataka Transparency in Public Procurements Act, 1999 (Karnataka Act 29 of 2000) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty ninth year of the Republic of India as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Transparency in Public Procurements (Amendment) Act, 2018.

(2) It shall come into force at once.

**2. Amendment of long title and preamble.-** In the Karnataka Transparency in Public Procurements Act, 1999 (Karnataka Act 29 of 2000) (hereinafter referred to as the principal Act), in the long title and preamble, after the words "processing and acceptance of tenders", the words "and includes Contract execution Management" shall be inserted.

**3. Amendment of section 2.-** In section 2 of the principal Act,-

(i) for clause (aa), the following shall be substituted, namely:-

"(aa) 'Contract execution management' means activities that are undertaken by the Procurement Entity for construction works, Goods and Services after issue of final letter of acceptance to the selected bidder, which include but are not restricted to creation of milestones and activities, creation of delivery schedules, measurement, inspection, processing of bills, creation of variation orders and payment."

(ii) for clause (aaa), the following shall be substituted, namely:-

"(ab) 'Electronic reverse auction' means an online real-time procurement technique utilized by the procuring entity to select the successful bid, which involves submission by technically qualified bidders of successively lowered bids during a prescribed period of time and the automatic evaluation of bids."

(iii) after clause (c), the following shall be inserted, namely:-

"(ca) 'Karnataka Public Procurement Portal' means a procurement platform of electronic media comprising of procurement process set up and managed by the State Government through integrated enabled procurement tools incorporated by customization."

(iv) for clause (h), the following shall be substituted, namely:-

"(h) 'tender' means the formal offer made for supply of goods or services or construction works and includes tenders done through Electronic Reverse Auctions' in response to an invitation for tender published in the Karnataka Public Procurement Portal."

(v) clauses (j) and (k) shall be omitted.

(vi) for clause (l), the following shall be substituted, namely:-

"(l) 'tender Document' means the set of document including in electronic form detailing the schedule of works, calendar of events, requirement of goods and services, technical specifications, procurement criteria and such other particulars, as may be prescribed for evaluation and comparison of tenders;"

**4. Amendment of section 4.-** In section 4 of the principal Act,-

(i) clause (d), shall be omitted.

(ii) in clause (e),-

(a) in sub-clause (i), after the words "construction works", the words "and consultancy services" shall be inserted.

(b) in sub-clause (ii), after the words "services other than", the words "the consultancy services and" shall be inserted.

**5. Insertion of new sections 6A, 6B and 6C.-** After section 6 of the principal Act, the following shall be inserted, namely:-

**"6A. Procurement through electronic reverse auction.-** The procedure to be followed and the category of procurements which shall be subject to Electronic Reverse Auctions shall be as may be prescribed.

**6B. Procurement through Government e-Market place (Gem).-** Where the goods or services are procured through on line at Government e-Market place (Gem) created by Government of India which is an end to end procurement system for commonly used goods and services for Government buyers subject to such norms as may be prescribed and from the date as may be notified by the Government.

**6C. Preferences to Micro and Small Enterprises.-** To encourage Micro and Small Enterprises, preferences may be given them in such manner subject to such conditions as may be prescribed by the Government.

**Explanation.-** For the purpose of this section, Micro and Small enterprises shall have the same meaning as defined in the Micro, Small and Medium enterprises Development Act, 2006(Central Act 27 of 2006)"

**6. Amendment of section 7.-** For section 7 of the principal Act, the following shall be substituted, namely:-

**"7. The Karnataka Public Procurement Portal.-** (1) The State Government shall set up and maintain a State Public Procurement Portal accessible to the public for posting and exhibiting matters relating to public procurement.

(2) Every procurement under this Act shall be carried out through the Karnataka Public Procurement Portal.

(3) Each procuring entity shall cause the procurement related information to be exhibited as required under this Act or the rules made there under on the portal referred to in sub-section (1).

(4) Each procuring entity shall carry out Contract execution Management in the Karnataka Public Procurement Portal with effect from such date and in such departments as may be notified by the Government."

**7. Omission of section 8.-** Section 8 of the principal Act, shall be omitted.

**8. Amendment of section 12.-** In section 12 of the principal Act, in sub-section(1),-

(i) clause (b) shall be omitted;

(ii) for clause (c), the following shall be substituted, namely:-

"(c) to cause publication of notice inviting tenders in the prescribed manner on the Karnataka Public Procurement Portal;"

(iii) for clause (d), the following shall be substituted, namely:-

"(d) to make available Tender Documents to every intending tenderer on the Karnataka Public Procurement Portal;

(e) The details of tenders received in response to the notice inviting tender shall be compiled and made available to the Authority or officer authorized to open the tenders on the Karnataka Public Procurement Portal."

**9. Amendment of section 13.-** In section 13 of the principal Act, for the words "the tender bulletin officer", the words "on the Karnataka Public Procurement Portal" shall be substituted.

**10. Amendment of section 14.-** In section 14 of the principal Act, in subsection (2), for the words "Tender Bulletin", the words "the Karnataka Public Procurement Portal" shall be substituted.

**11. Insertion of section 14A.-** After section 14 of the principal Act, the following shall be inserted, namely:-

**"14A. Debarment of tenderers.-** (1) The procurement entity may debar tenderers, for a period not exceeding three years, from participation in its tenders, following such procedure as may be prescribed on the ground that tenderer is engaged in corrupt or fraudulent practices in competing or executing the contract including misleading the procuring entity at any stage of procurement activity with a fraudulent intention:

Provided that, no tenderer shall be debarred without giving opportunity of being heard.

(2) The State Government may debar tenderers for a period not exceeding three years, from participating in any procurement activity within the State, following such procedure as may be prescribed, on grounds of, but not restricted to, criminal offence, corruption, integrity, honesty and work ethics:

Provided that, no tenderer shall be debarred without giving opportunity of being heard.

(3) The State Government shall publish the list of so debarred tenderers under sub-section (2) from participating in any procurement activity on the Karnataka Public Procurement portal.

(4) The tenderer so debarred under sub-section (2) shall not be entitled to apply to participate in tenders called by any procurement entity under this Act during the period so debarred.

**12. Amendment of section 16.-** In section 16 of the principal Act, in sub-section (1), for the word "thirty" in two places where they occur, the word "fifteen" shall be substituted.

**13. Omission of section 18A.-** Section 18A of the principal Act, shall be omitted.

**STATEMENT OF OBJECTS AND REASONS**

It is considered necessary to amend the Karnataka Transparency in Public Procurements Act, 1999 (Karnataka Act 29 of 2000) to,-

- (i) omit provisions relating to E-Procurement, Tender Bulletin and Tender Bulletin Officer; and to set up and maintain a Karnataka Public Procurement e-Portal accessible to the public;
- (ii) re-define the words 'Tender' and 'Tender Document';
- (iii) omit certain exceptions applicable to goods or services which are procured from certain Departments of Government, Public Sector Undertakings, Statutory Boards under section 4(d);
- (iv) procurement through Government e-market place (GeM);
- (v) provide procurement through Electronic Reverse Auction;
- (vi) inclusion of contract execution management;
- (vii) preferences to micro and small enterprises as per micro, small and medium enterprises development Act, 2006;
- (viii) debarment of tenderers; and

certain consequential and incidental amendments are also made.

Hence the Bill.

**FINANCIAL MEMORANDUM**

There is no extra expenditure involved in the proposed legislative measure.

**MEMORANDUM REGARDING DELEGATED LEGISLATION**

- Clause 3:** clause (l) of section 2 proposed to be substituted by clause 3 of the Bill empowers the State Government to prescribe by rules such other particulars to be included in the tender document.
- Clause 5:** (i) section 6A proposed to be inserted by clause 5 of the Bill empowers the State Government to prescribe by rules, the procedure to be followed and the category of procurements which shall be subject to Electronic Reverse Auctions.
- (ii) section 6B proposed to be inserted by clause 5 of the Bill empowers the State Government to prescribe by rules the norms, subject to which the goods or services are to be procured through on line at Government e-market place.
- (iii) section 6C proposed to be inserted by clause 5 of the Bill empowers the State Government to prescribe by rules the manner and conditions subject to which the preferences be given to encourage Micro and Small Enterprises.
- Clause 11:** (i) sub-section (1) of section 14A proposed to be inserted by clause 11 of the Bill empowers the State Government to prescribe by rules the procedure to be followed by procurements entity to debar tenderers from participation in its tenders;
- (ii) sub-section (2) of section 14A proposed to be inserted by clause 11 of the Bill empowers the State Government to make rules regarding the procedure to be followed to debar tenderers from participating in any procurement activity.

The proposed delegation of Legislative power is normal in character.

**H. D. KUMARASWAMY**  
Chief Minister

**S. MURTHY**  
Secretary  
Karnataka Legislative Assembly



**ANNEXURE**  
**THE KARNATAKA TRANSPARENCY IN PUBLIC PROCUREMENTS ACT, 1999**  
**(KARNATAKA ACT 29 OF 2000)**

An Act to provide for ensuring transparency in public procurement of goods and services by streamlining the procedure in inviting, processing and acceptance of tenders by Procurement Entities, and for matters related thereto.

WHEREAS it is expedient in public interest to render the process of procurement of goods and services by Procurement Entities transparent by streamlining the procedure in inviting, processing and acceptance of tenders.

BE it enacted by the Karnataka State Legislature in the fiftieth year of the Republic of India as follows:-

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**2. Definitions.-** - In this Act, unless the context otherwise requires,-

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(aa) 'e-Procurement' means purchase of goods, obtaining of services or undertaking of construction work by the procurement entity through e-Procurement platform;

(aaa) 'e-Procurement Platform' means a procurements platform of electronic media comprising of procurement process set up and managed by the State Government through integrated internet enabled procurement tools incorporated by customisation.

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(h) 'Tender' means the formal offer made for supply of goods or services in response to an invitation for tender published in a Tender Bulletin;

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(j) 'Tender Bulletin' means a bulletin published for the State as a whole or for any district or districts within the State containing the details of invitation, processing and acceptance of Tenders;

(k) 'Tender Bulletin Officer' means a State Tender Bulletin Officer or a Tender Bulletin Officer referred to in section;

(l) 'Tender Document' means the set of papers detailing the schedule of works, calendar of events, requirement of goods and services, technical specifications, procurement criteria and such other particulars, as may be prescribed for evaluation and comparison of tenders.

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**4. Exceptions to applicability.-** The provisions of Chapter II shall not apply to Procurement of goods and services,-

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(d) Where the goods or services are procured from certain Departments of Government, public sector undertakings, statutory boards and such other institutions specified by the Government and such goods are manufactured or services are provided by them, for a period not exceeding [three years] from the date of commencement of this Act;

(e) Where the procurement is by the Government Departments, State Government Undertakings, or any Board, Body or Corporation established by or under any law and owned or controlled by the Government or Zilla Panchayats

constituted under the Karnataka Panchayat Raj Act, 1993 or 9 City Municipal Corporations established under the Municipal Corporations Act, 1976 or City Municipal Councils established under the Karnataka Municipalities Act, 1964 or the Hyderabad Karnataka Areas Development Board constituted under the Hyderabad Karnataka Area Development Board Act, 1993 or Malnad Area Development Board constituted under the Malnad Area Development Board Act, 1991 or the Bayaluseeme Development Board constituted under the Bayaluseeme Development Board Act, 1994,-

(i) in case of construction works of all types the value of which does not exceed rupees five lakhs;

(ii) in case of goods or services other than construction works the value of which does not exceed rupees one lakh;

(f) Where the goods or services are procured under rate contracts from the Director General of Supplies and Disposals or from the Stores Purchase Department of the State; and

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**7. Tender Bulletin Officers.-** (1) The Government may by notification appoint an officer not below the rank of a Deputy Secretary to Government of the concerned department to be the State Tender Bulletin Officer for the State in respect of that Department where the procurement of that department covers more than one district.

(2) Deputy Commissioner of the District shall be the District Bulletin Officer.

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**8. Publication of Tender Bulletin. -** (1) The State Tender Bulletin Officer, or as the case may be, the District Tender Bulletin Officer shall on receipt of intimation relating to notice of invitation of tender from tender inviting authority or information relating to details of acceptance of tender under section 13 or rejection of tender under section 14 from the tender Accepting Authority, publish within the prescribed time, the State Tender Bulletin or as the case may be District Tender Bulletin.

(2) The Tender Bulletin shall be made available for sale in the office of the Tender Bulletin Officer and in such other places as the Tender Bulletin Officer deems fit to make available.

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**12. Duties of Tender Inviting Authority.-**(1) It shall be the duty of every Tender Inviting Authority,-

- (a) to take out notice inviting tenders at the behest of the Procurement Entity in the prescribed manner;
- (b) to communicate the notice inviting tenders by marking a copy thereof to the Tender bulletin Officer concerned immediately after issue of the notice;
- (c) to cause publication of notice inviting tenders in the prescribed manner; and
- (d) to supply the Schedule of Rates and Tender Documents to every intending tenderer who has applied to get such documents.

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**13. Acceptance of Tender.-** The Tender Accepting Authority shall, after following such procedure as may be prescribed pass order accepting the tender and shall communicate the information relating to acceptance of tender together with a

comparative analysis and reasons for accepting of tender to the procurement entity and the Tender Bulletin Officer:

Provided that where the Tender Accepting Authority consists of single officer who is due to retire within the next six months, from the date fixed for the acceptance for tender, he shall not act to accept the tender without obtaining prior approval of the Procurement Entity:

Provided further that subject to such general or special order as may be issued by the Government from time to time, the Tender Accepting Authority may before passing order accepting a tender negotiate with lowest tenderer.

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**14. General rejection of tenders.-**

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(2) The Procurement Entity shall thereafter communicate the fact of the rejection under this section to all the Tenderers and also cause the same to be published in the Tender Bulletin.

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**16. Appeal.-** (1) Any tenderer aggrieved by an order passed by the Tender Accepting Authority other than the Government under section 13 may appeal to the prescribed authority within thirty days from the date of receipt of the order:

Provided that the prescribed authority may, in its discretion allow further time not exceeding thirty days for preferring any such appeal, if it is satisfied that the appellant had sufficient cause for not preferring the appeal in time.

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**18A.E-Procurement.-** (1) There shall be a single unified e-procurement platform for all procurement entity which may be notified under sub-section (2).

(2) With effect from such date, as may be specified by the Government, by notification, a procurement entity in respect of a class of procurement if any, as may be notified shall procure its procurements through the e-procurement platform.

(3) Notwithstanding anything contained in this Act, the Government may make rules, for specifying a separate procedure to be followed by procurement entities notified under sub-section (2) for e-procurement through e-procurement platform; and for non-application of other procedure of procurement to e-procurement.

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