

F.No.16/1/2016-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

516, Lok Nayak Bhawan,
New Delhi.
Dated:- 24th August, 2016.

OFFICE MEMORANDUM

Subject: - Recommendation of Expenditure Management Commission (EMC) –
regarding

The Government of India had constituted EMC in September, 2014 to look into various aspects of Expenditure reforms to be undertaken by the Government. The Committee was headed by Dr. Bimal Jalan, eminent economist and public policy experts.

2. In this context, it is noted that EMC has recommended following related to Public Procurement.

Recommendation No.76 (December, 2015)

"Payments delays impact the bid value as this is factored into the bid by way of an increase in interest carry cost. It is learnt that Delhi Metro Rail Corporation has instituted a system whereby 75 percent of all running bills are released within 7 days of submission, without a detailed check on the the claim. The balance is released after the claims are scruinised as per procedure. This system is stated to have helped both in getting more competitive bids and in speedier execution, as cash flow is a critical requirement in a project. It is recommended that this practice of releasing a specified proportion of the running milestone payments, within a week of the bill being submitted, could be instituted in other large projects as well. If required an enabling provision may be incorporated in the Special Conditions of Contract."

3. All Ministries / Departments are advised to examine the recommendation of EMC and take appropriate action on the same.



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