

Challenges and Opportunities in MP Online Kiosk E Procurement:-A Case of Badnawar Mandi

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Abstract: Over past 40 years private and public organizations have been utilizing information technology systems to streamline and automate their purchasing and other processes, it is only in the past decade that e-procurement has emerged. E-procurement is a universally accepted system for making purchase online. This study is carried out to evaluate success or failure associated with the adoption of e-procurement in India, with special reference to Badnawar Mandi. Study has four objectives. Firstly to determine critical factors which will lead to success of system (e-procurement) and to analyze the challenges faced in adoption of e-procurement. Further to judge the level to which e-procurement has been adopted among users in Badnawar mandi, and hence analyzing challenges faced in adoption of e-procurement in Badnawar mandi. The study is descriptive in nature.

Introduction:

The rise of e-business in the late 1990's led to the development of new opportunities related to procurement: e-procurement, spend management, outsourcing and joint product design (Lancioni, Smith, and Oliva, 2000). The advent of the Internet as a business systems platform has been a catalyst for major changes in the operation and status of organizational procurement. Information Technologies have changed the way organizations and governments operate. In order to decrease the total costs spent on purchasing process, internet technologies are used and e-Procurement has become popular to implement in the latest era by both governments and enterprises. Although the opportunities for improvement seem abound, both private and public sector are still cautious as far as the adoption of electronic technologies is concerned (Zheng, Caldwell, Harland, Powell, Woerndl, and Xu, 2004). Ward and Peppard (2003) indicate that 60% of Information Technology application in procurement initiatives and projects do not deliver the expected benefits. A number of public sector agencies worldwide have identified Electronic Procurement (e-Procurement) as a priority e-Government agenda and have implemented or are in the process of implementing buy side e-Procurement systems.

E-Procurement is the Business to business purchasing and sale of supplies and services via supply chain, using the internet. A properly implemented e procurement system connects to a company's internal system such as accounts payable, as well as directly to their vendors and suppliers, allowing system to system integration and automation of much of the purchasing process. The e-procurement value chain consists of indent management, E-Tendering, E-Auctioning, Vendor Management, Catalogue Management, Purchase Order Integration, Order Status, Ship Notice, E-Invoicing, E-Payment, and contract management. It further provides electronic data interchange and enterprise resource planning. This process enables organizations to automate their purchasing process and reduce processing cost. Adopting an e-procurement solution could save on the money, time and labour. E-procurement in India

India also wanted to capture the opportunity booming in the market scenario. Looking into the benefits driven by e-procurement, increasing efficiency for sustaining the competition, to achieve transparent and lower transaction cost and reducing fraud and corruption government readily adopted the system. Although with various shortcomings, India was to an extent unable to ripe significant benefits because of few drawbacks in the economy of the country. In this particular study our concentration is confined to e-procurement implementation and adoption in the state of Madhya Pradesh. Whenever a new information technology system is being adopted, there are a number of processes that are affected and there is need to redesign them so that they can be in harmony with the new system. Although a number of public sector agencies are actively pursuing e-procurement, evidence from business press reveals that many of the efforts are not meeting original expectations. Companies in the country are conducting business-to-business e-commerce in order to lower their costs and improve inventory control. The opportunity to conduct online transactions with government has helped to reduce red tape and simplifies regulatory processes. This further helps businesses to become more competitive. The delivery of integrated, single-source public services creates opportunities for businesses and government to partner together for establishing a web presence faster and cheaper.

E-procurement in MP:

Central government had the vision of providing government services at the doorsteps of citizen and businesses, so that business may prosper further. State government is using E-procurement process for online registration of farmers and to give them early notification about date and place for purchase. The E-procurement system being launched by initiative taken by Chief Minister Shivraj Singh Chauhan, to ensure transparency in the entire process of wheat procurement in the state. This vision led to the conception of MP Online kiosk in the year July, 2006. MP Online is a 'One Stop Window' integrated with Government departments providing a plethora of academic, recruitment, online counseling, online assessment examinations and B2C Services. Currently, it is catering to more than fifty Government departments namely MP PSC, CG PSC MPBSE, MPSOS, PWD, TRIFAC, Commercial Tax, Agriculture, Regional Transport Office, Public welfare Department, DME, Health Department, Electricity Dept, and Police Department. In a very short span of time the benefits of the project have penetrated deep into the urban as well as rural areas, and deliver a very wide spectrum of services. MP Online is a 'One Stop Window' integrated with Government departments. Hosting more than 225+ Services for various departments.MP is only state in the country where CSC's are viable & the Portal is running

successfully. The success of the project is amply demonstrated by its reach within the state, the breadth of services offered, the confidence of government departments in the portal to increasingly offer services exclusively through MP Online and the ever increasing number of citizens accessing the portal to avail services.

Madhya Pradesh relies on a completely computerized “e-procurement” system from registration of farmers to depositing payments in their bank accounts and has been offering a bonus of Rs 100 over and above the minimum support. Sustainable procurement is the sourcing of products and services that have less impact on the environment than their traditional counter parts.

To determine critical factors that will lead to success of system (e-procurement?):

The system further depends upon successful implementation. The success can be grouped under three major heads. First related with the organization, which have been identified as pivotal factors are supplier performance and adoption, and reliability of information technology. Second factor related with the top level management are employer and management commitment and performance measurement. Last set of factors are related with the system of e-procurement is about system integration and user acceptance.

To analyze the challenges faced in adoption of e-procurement in India: It is very rightly said that success is incomplete without challenges. Like success factors challenges identified can be grouped under three heads. First challenge which has been identified is related with adoption. Factors underlying adoption challenge are lack of managerial support, existence of old equipment, lack of approval by company board, lack of implementation capacity by small suppliers, resistance to change attitude, lack of regular use by employees and incompatible equipments. Second set of factors related with establishment are absence of context tailored, analytical and dynamic strategy, lack of holistic vision, less focus on long term objectives, no implementation of reengineering process and high cost associated with the establishment process. And third set of challenges related to gap between governance and common man are absence of strong government leadership, inappropriate implementation framework as well as infrastructure, complaint mechanism and resolution.

To judge the level to which e-procurement has been adopted among users in Badnawar mandi and identify the challenges

In the similar lines adoption of e-procurement at Badnawar mandi has been studied as an attempt to identify the challenges faced. Challenges faced here are also related with governance and again highlights the gap between governance and common man. This includes factors such as implementation as well as infrastructure, strong government leadership. Absence of complaint mechanism and resolution was again one of the challenges involved as unawareness was there among farmers and they had absolutely no clarity about process of implementation.

Conclusion:

From the findings of the study, it can be concluded that to a larger extent, majority of the organizations have adopted e-procurement with the following e-procurement practices: online advertisement of tenders, receiving online submission of proposals for the tenders, and short listing suppliers online among others.

Main factors identified from the study that lead to e-procurement success are: employees and management, commitment to success of adoption; reliability of information technology and supplier performance; monitoring the performance of e-procurement systems; user acceptance of e-procurement systems and top management support. The challenges of adopting of e-procurement that were established from the study are: resistance to change from employees, lack of e-procurement approval by company board, existence of old it equipment among the firms that need overhaul and lack of managerial support. Study also revealed that measurable benefits of supply chain management have not been yet realized due to general limited understanding of how supply chain management concepts work within government environment. Mitchell (2000) states that introduction of e-procurement influences the role and skills required in the purchasing organization and will alter relationships with vendor and supplier.

Recommendations:

1. A comparative study will be critical in order to establish whether there are any similarities or differences in the factors leading to success of e-procurement across different industries.
2. Study to find out the reasons why some of the companies have not incorporated all the procurement activities in e-procurement.
3. Comparison between different types of industries like manufacturing, government and private.
4. The government must come up with a clear strategy to overcome the barriers to change. Part of the strategy should be to engage in a rigorous assessment of the current situation, the reality on the ground and the inventory of projects, articulate costs, impacts and benefits of programme as well as continuously monitor and evaluate the project upgrading.

Q and Answers

- Q1. Identify the problems associated with E-procurement.
- Q2. Suggest solutions to the problems identified.
- Q3. Analyze merits and demerits of E-procurement.

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