

What are the Pros and Cons of India's possible Accession into the Agreement on Government Procurement?

Agreement on Government Procurement (GPA) could be attractive for several countries, considering that the primary aim of GPA is to open government procurement markets around the world through its members, as in the case of India. In fact, procurement of goods, services and technologies is an important part of government operations, which is indispensable for an economy.

Nevertheless, it is important to bear in mind that the accession into GPA implies duties that could not be on the same page with the Indian regulations, which shall represent costs and a possible extra investment.

Indian's government conditions play a critical role in determining whether the GPA accession covers India's necessity and whether India shall meet GPA's requirements, considering that such agreement requires open, fair and transparent conditions of competition to be insured in government procurement.

Local characteristics of India's government include the following: inadequate infrastructure, low level of industrialization leading to low employment, under-developed small and medium enterprises, and a large proportion of population grappling with poverty and corruption¹. In this regard, it is clear that there are economic and social issues to take into account.

Firstly, the potential benefits (advantages) to India in GPA accession shall be the international market access which would help India in promoting and reinforcing good governance practice as well as contributing to the effective management of the public resource and promoting convergence in international procurement systems. This is, India shall gain assured access to the procurement markets of other GPA members which is a benefit that is not common in non-GPA parties. Additionally, the market access gain should be seen in cross-border sales by foreign-based companies as well as in terms of sales of foreign affiliated firms located within the territories of GPA parties.²

Another benefit or incentive for India to join the GPA is the minimization of inefficiency in national procurement systems, which could be summarized as follows: a lack of effective competition in bidding markets; and concerns regarding corruption or lack of good governance. The GPA accession could be the tool looked up by India to minimize or eliminate its problems in national procurement systems, considering that GPA promotes

¹ Government Procurement in India. Domestic Regulations & Trade Prospects. CUTS International. 2012

² Anderson, R. ASSESSING THE VALUE OF FUTURE ACCESSIONS TO THE WTO AGREEMENT ON GOVERNMENT PROCUREMENT (GPA): SOME NEW DATA SOURCES, PROVISIONAL ESTIMATES, AND AN EVALUATIVE FRAMEWORK FOR INDIVIDUAL WTO MEMBERS CONSIDERING ACCESSION. World Trade Organization. 2011. Page 18.

competition through ensuring transparency and non-discriminatory conditions of competition between suppliers, international competition and the establishment of domestic review procedures, as well as accessing an efficient dispute settlement mechanism. Government procurement policy must obtain best 'value for money' by promoting effective competition among suppliers and provide incentives for integrity in the procurement process.

In addition, GPA includes transparency rules and provisions on domestic review to good governance and anti-corruption efforts in order to avoid conflicts of interest and prevents corruption practices. This is important considering that India has been marked by mega scams in a variety of sectors, laying bare the lacunae in the regulatory framework in the last few years.³

On the other hand, the potential disadvantages involved in the accession into the GPA should be observed by India's government. First of all the low development of India's procurement system could imply higher costs for bringing it into GPA-compliance, this is, considering the possible institutional reforms to be implemented in order to meet with the GPA requirements. For instance, the main costs to India could be those related to the implementation of the GPA's requirements regarding the transparency of procurement procedures, the implementation of an independent domestic review system, which means a big change in the internal government structure through the implementation of reforms to its national legislation and procurement policies.

To sum up, it is clear that the accession of India into GPA involves many advantages and incentives to India's economy. Nevertheless, it is important to take into consideration that based on the current government structure and internal government procurement policies, the costs could have a strong impact on India's economy if such issues are not properly analyzed before the GPA accession.

³ Government Procurement in India. Domestic Regulations & Trade Prospects. CUTS International. 2012.

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