Concept Note

Socially Sustainable Public Procurement – Leveraging Public Procurement to address issues in supply chain

Globally, public procurement represents on average 13% to 20% of GDP\(^1\). With general government spending in India estimated to be upwards of 20-30% of GDP, it is widely accepted that the government is a large-scale consumer. Given the magnitude (volume) of goods procured, Public Procurement can serve as a powerful tool to encourage sustainable production and consumption. The public sector has the power to incentivize market players to focus more on sustainability and to support sustainable products. However, despite the prevalence of this understanding, India lags in leveraging this potential.

Currently, in India, there is no public procurement law at the national level, nor a law on sustainable public procurement. However, Tamil Nadu and Karnataka have framed legislations, which demonstrate the scope for state level action on this issue. In the last two years, there has been progress on the introduction of social responsibility criteria into public procurement, with preferential provisions for 20% public procurement to come from micro and small enterprises, including 4% from SC/ST entrepreneurs and attention also brought to employment of disabled people, and investment in backward regions of the country.

The Government of India has time and again committed to ensuring responsibility and accountability to bring efficiency and transparency in matters relating to public procurement of goods and services. India has seen initiatives with regard to green public procurement, a strand of sustainable procurement, with the Indian Railways having made notable efforts in this direction. Businesses under Global Compact Network India have also identified eight core areas related to procurement where they have made recommendations arrived at through research and consultation, and shared with relevant stakeholders in the Government. However, much still lefts to desired, especially when it comes to addressing the social issues.

Identical to that of model employer concept, the state could become model procurer, setting standards even higher than the international buyers. For example, in the garment industry, there are clearly two supply-chains - one for international trade and another for domestic market. It is often stated that the international buyers organise regular due diligence in the supply chain- owing to which there is lesser human rights violations such as child labour and bonded labour and such other practices. The international buyer dictates compliance not through any regulatory power, but because of the volume the buyer procures. Similarly, the Governments in India procure a huge volume of garment products from uniform for police, defence forces, hospital staff, PSU factory workers to school uniform for children under Right to Education law. The Government can very well influence the garment industry if it specifies procurement guidelines that seek disclosure and compliance of not only existing laws, but also such globally recognised conventions.

Similarly given the volume of procurement, the buyer, in this case the government, could demand from businesses their compliance with UNGP as well as all human rights and ILO conventions, even though the State as government has not ratified the convention or made laws to make the provisions justifiable. The Government as a public procurer should aim to be one step ahead of the

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Government as law-maker.

Objectives

1. To discuss the challenges faced by workers and their families in garment supply chain
2. To discuss the potential that public procurement processes have in terms of ensuring human rights compliance
3. Identify key advocacy points for influencing the NAP development processes with key focus on public procurement
   - *Highlight how the government’s role can evolve and be leveraged to achieve goals of sustainability within public procurement*
   - *Identify how other stakeholders (civil society and businesses) can evolve their policy frameworks to contribute to a sustainable procurement approach*