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Unlocking Innovation with India's Procurement Reforms

Context

- **Procurement is often seen as a dry administrative function**, designed primarily to enforce transparency and contain costs.
- Yet, **for research and development (R&D), procurement is far more than a compliance mechanism** ; it is a decisive factor in determining whether scientific ideas can be translated into breakthroughs.
- **Policies that prioritise rigid control over flexibility frequently stifle innovation**, while those that balance accountability with creativity can act as powerful accelerators of technological progress.
- **India's recent reforms to its General Financial Rules (GFR), which ease restrictions on R&D procurement**, offer an opportunity to reposition procurement as a driver of scientific ambition rather than an obstacle to it.

The Dual Nature of Procurement

- The tension between **cost efficiency and innovation** in procurement is not new.
- While anti-fraud frameworks safeguard public funds, they can unintentionally suffocate research by valuing procedural compliance over scientific need.
- This was **evident in India's pre-reform system**, where researchers were compelled to purchase equipment through the Government e-Marketplace (GeM), even when the platform lacked the specialised instruments necessary for cutting-edge work.
- **Scientists often had to endure long exemption processes**, and the portal frequently delivered substandard materials that compromised research outcomes.
- Yet procurement, if reimagined, **can serve as an innovation catalyst**.
- Studies show that public procurement, when targeted, stimulates private R&D investment and drives patent activity, creating a self-reinforcing cycle of technological advancement.
- **Brazil's experience, however, illustrates the danger of generic procurement rules:** unless explicitly designed with innovation in mind, such frameworks rarely yield transformative results.

India's Reforms: Incremental but Significant

- In June 2025, the **Government of India introduced reforms** that directly addressed many of these bottlenecks.

- By **allowing institutional heads to bypass GeM for specialised equipment** and raising direct purchase thresholds from ₹1 lakh to ₹2 lakh, the changes acknowledge that one-size-fits-all procurement is incompatible with the bespoke needs of research.
- **Delegating authority for global tenders up to ₹200 crore** to vice-chancellors and directors further reduces bureaucratic delays, **a chronic grievance flagged by policymakers and scientists alike.**
- These **reforms embody the principles of catalytic procurement**, where flexibility enables public institutions to act as early adopters of advanced technologies.

Global Lessons in Market-Shaping Procurement

- India's reforms can be better understood in the context of global procurement evolution.
- **Germany's High-Tech Strategy, for example**, institutionalises innovation-oriented procurement through KOINNO, a dedicated agency that curates supplier databases and fosters cross-sector collaboration.
- **The United States' Small Business Innovation Research (SBIR)** program similarly leverages procurement contracts to derisk early-stage technologies while sustaining competition among vendors.
- **South Korea's pre-commercial procurement model** even pays premium prices for prototypes that meet ambitious technological goals.
- **These approaches demonstrate what economist Mariana Mazzucato terms mission-oriented procurement:** the deliberate use of state purchasing power to shape technological markets.

The Debate on Privatisation and the Way Forward

- **The Debate on Privatisation**
    - The discussion around procurement often leads to calls for privatising national laboratories, arguing that corporate-style agility could bypass bureaucratic hurdles.
    - However, **this debate risks becoming a false binary.**
    - The **S. experience with Sandia National Laboratories demonstrates that hybrid models are possible:** while management shifted to a private company, government oversight remained intact, resulting in a surge of patents and industry partnerships.
    - **India's Council of Scientific and Industrial Research (CSIR) could benefit from such a hybrid approach**, particularly in high-cost and strategic domains like quantum computing.
    - But this requires **robust accountability frameworks** and a clear alignment with national innovation roadmaps.
    - **Privatisation alone,** without performance-linked funding or competitive incentives, **risks creating inefficiencies** rather than solving them.
- **The Way Forward: Toward a New Procurement Paradigm**
    - India's current reforms are necessary but insufficient. Four systemic interventions could drive deeper change.

- First, **tenders must be outcome-weighted**, evaluating bids not just on cost but also on innovation potential and scalability, as seen in Finland.
- Second, **elite institutions should be granted sandbox exemptions**, freeing them from rigid procurement rules if they meet externally audited innovation targets.
- Third, **India should harness AI-augmented sourcing, using tools from the INDIAai ecosystem** to predict delays and scan global markets in real time.
- Finally, **co-procurement alliances**, similar to the European Union's Joint Procurement Agreement, could pool demand across Indian laboratories for expensive equipment, achieving economies of scale.

Conclusion

- **Procurement is not a peripheral bureaucratic function**; it is a central research variable.
- **India's GeM reforms mark an important shift** toward recognising this reality, but they remain a cautious first step rather than a paradigm shift.
- **By adopting global best practices** in mission-oriented procurement, leveraging AI-driven tools, and experimenting with hybrid governance models, **India can transform procurement into a catalyst for discovery.**

Unlocking Innovation with India's Procurement Reforms FAQs

Q1. Why do traditional procurement policies often hinder research and development?

Ans. Traditional procurement policies hinder research and development because they prioritise cost control and compliance over the specialised needs of scientific work.

Q2. What key reforms did India introduce in June 2025?

Ans. India's reforms allowed institutional heads to bypass the GeM portal for specialised equipment, raised direct purchase limits to ₹2 lakh, and delegated authority for global tenders up to ₹200 crore.

Q3. How have countries like Germany and the United States used procurement to promote innovation?

Ans. Germany uses its High-Tech Strategy to promote innovation through mission-oriented procurement, while the U.S. supports startups via its Small Business Innovation Research program.

Q4. What is meant by "cognitive procurement"?

Ans. Cognitive procurement refers to the use of advanced technologies like artificial intelligence to analyse supplier ecosystems, predict delays, and speed up sourcing decisions.

Q5. What additional measures could strengthen India's procurement system for R&D?

Ans. India could adopt outcome-weighted tenders, sandbox exemptions for elite institutions, AI-augmented sourcing, and co-procurement alliances to make procurement more innovation-friendly.

Source: The Hindu

India's Economic Ambitions Need Better Gender Data

Context:

- India’s economic future depends on women’s inclusion. Today, women **contribute only 18% to GDP**, and nearly 196 million employable women remain outside the workforce.
- Despite labour force participation rising to 41.7%, only 18% of women are in formal jobs.
- Without making women’s opportunities visible, measurable, and actionable in every governance department, India risks losing trillions and falling short of its $30 trillion goal by 2047.
- This article highlights how India’s $30 trillion economic ambition depends on women’s inclusion, the role of the Women’s Economic Empowerment (WEE) Index, and the urgent need for gender-disaggregated data and budgeting to drive systemic reforms and inclusive growth.

Women’s Economic Empowerment Index: A Gender Lens for Policy

- Uttar Pradesh has introduced **India’s first Women’s Economic Empowerment** (WEE) Index.
    - It is a district-level tool that tracks women’s participation across five areas — jobs, education and skills, entrepreneurship, livelihood and mobility, and safety and infrastructure.
- Its real value lies in **embedding a gender lens into governance**, making gaps visible that usually remain hidden in broad health, economic, or infrastructure data.
- For example, insights from the transport sector revealed the low presence of women bus staff, prompting reforms in recruitment and infrastructure like women’s restrooms.
- The index also **uncovers structural barriers** — while women form over half of skilling programme enrolments, very few transition to entrepreneurship or secure credit.
- By highlighting these bottlenecks, the WEE Index moves the debate beyond participation numbers to systemic reforms, offering a model for inclusive policymaking.

Making Gender Data and Budgeting Universal

- To close India’s gender gap, gender-disaggregated data must be integrated into every department — from MSMEs to housing — and local governments must be trained to use it for action plans.
- Beyond basic counts, data should track **women’s retention, leadership, re-entry, and job quality**, especially after school and higher education where dropout rates are high.
- Equally vital is reimagining gender budgeting. Instead of limiting it to welfare schemes, every rupee spent across sectors like education, energy, and infrastructure should be viewed through a gender lens.
- Simply put, effective budgeting is impossible without measuring women’s inclusion.

Scaling the WEE Index for Inclusive Growth

- Uttar Pradesh’s WEE Index offers a replicable model for other States like Andhra Pradesh, Maharashtra, Odisha, and Telangana, which aim for trillion-dollar economies.
- By turning gender data into district-level action plans, States can align budgets, infrastructure, and programmes to close gender gaps.
- India’s response must shift from intent to systemic change — embedding a gender lens in governance at every level.

- The WEE Index is only the beginning, making the invisible visible and charting a path to bring women from the margins to the centre of India's growth story.

Conclusion

- Closing gender gaps through better data, gender budgeting, and scalable frameworks like the WEE Index is essential to unlock India's true economic potential by 2047.

India's Economic Ambitions Need Better Gender Data FAQs

Q1. Why is women's inclusion critical for India's $30 trillion economic goal?

Ans. Women currently contribute only 18% to GDP, and without inclusive opportunities, India risks losing trillions and falling short of its 2047 economic target.

Q2. What is the Women's Economic Empowerment (WEE) Index?

Ans. Launched in Uttar Pradesh, it is India's first district-level tool tracking women's participation across employment, education, entrepreneurship, mobility, and safety to guide policymaking.

Q3. How did the WEE Index influence the transport sector in Uttar Pradesh?

Ans. Data revealed very few women as bus staff, leading to new recruitment strategies and improved infrastructure like women's restrooms in bus terminals.

Q4. Why is gender-disaggregated data essential across departments?

Ans. It exposes hidden gaps in retention, leadership, and employment quality, enabling local governments to create targeted gender action plans beyond surface-level statistics.

Q5. How can the WEE Index be scaled across India?

Ans. States with trillion-dollar economic goals can replicate the Index, turning data into district-level action plans for budgets, infrastructure, and systemic gender reforms.

Source: TH
