

## **Executive Summary**

The Public Works Department is responsible for the construction of infrastructure along with providing service to 24 ministries. It is one of eight executing organs in the Ministry of Housing and Public Works. It is also the Government's biggest construction agency.

This research paper focuses on the purchasing process of an original work in Public Works Department by open tendering method. Every year Public Works Department has to procure works which have significant administrative or process cost. The purchasing process is very inefficient, costly and time consuming in Public Works Department. The main objective of this paper is to identify the direct and indirect administrative cost of open tendering method in Public Works Department and to suggest ways how these costs can be reduced in order to improve the purchasing performance in Public Works Department.

The administrative cost or process cost of purchasing an original work in Public Works Department is approximately Five Lakh Taka which can be minimized if the organization can use e-tendering and can communicate internally through internet. In order to reduce the administrative cost and to improve the purchasing performance in Public Works Department, the following recommendations can be followed:

- i) The cost of collecting architectural drawing and structural drawing can be minimized by supplying the drawing through electronic media like internet, as a result not only the cost of conveyance can be reduced but also the time can be saved as well.

- ii) The department has to introduce the electronic media like email in order to improve the communication process and in this way significant time and cost can be minimized in the procurement process.
- iii) The cost of digital survey can be minimized by using central GPS (Global Positioning System).
- iv) If we can prepare a data base of the soil properties in different places in our country then we can save money as we do not need many bore holes while testing of soil.
- v) If the preparation of estimate can be done by technically sound person then the errors can be reduced and cost of repetitive printing can be minimized. In this way cost of stationery can be decreased.
- vi) In order to reduce the cost in preparation of estimate, estimating software can be used.
- vii) If a division can forecast the number of tender documents carefully then the division can prepare less number of tender documents and can save money.
- viii) Using e-tendering the organization can reduce paper work; as a result the bidder can get the tender document in the internet. In this way the organization can control their expenditure.
- ix) The amount of cost in invitation for tender can be eliminated by circulating the invitation for tender in the organization's own website and the website of CPTU.
- x) If the organization maintains the database of the bidders, then document verification cost of bidders can be minimized.