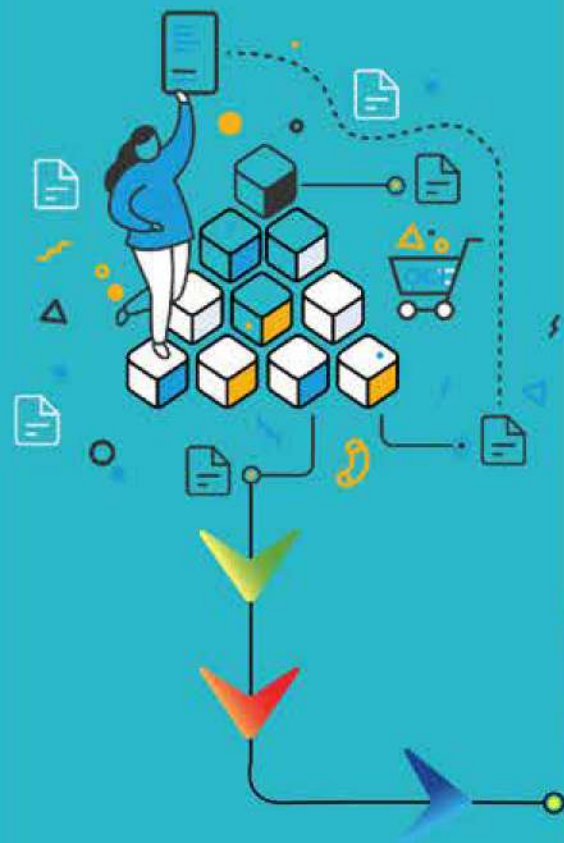


# GOVERNMENT E-MARKETPLACE (GEM)

TRANSPARENCY IN PROCUREMENT, BOOST  
TO AATMANIRBHAR BHARAT



**GeM**  
Government  
e Marketplace



Government of India  
**Ministry of Commerce and Industry**  
DEPARTMENT OF COMMERCE

JANUARY 2021

## GeM (GOVERNMENT E- MARKETPLACE)

Public procurement involves purchase of goods and services by governments with an aim to not only carry day-to-day tasks but to also create social and economic infrastructure. The sector bears the responsibility of utilizing taxpayers' money efficiently. If used well, public procurement could have a multiplier effect at national, local and hyper-local levels. **In India, public procurement accounts for roughly 20-22% of the GDP.** Therefore, efficient public procurement is an important aspect for achieving accelerated growth and development of the country.

**Gaps In earlier Procurement Process:** The earlier system consisted of a manual process for invitation of bids, bid evaluation and finalisation of the winning bid. This was prepared by Directorate General of Supplies and Disposals which was an over 100-year-old government procurement arm. There were various limitations and inefficiencies in the earlier tendering system such as absence of common procurement procedure, manual procedures susceptible to manipulation, cartelization among bidders and paper-based, cumbersome mechanism which became an albatross around the neck.

**GeM's Genesis:** In order to improve transparency of decision-making in the public procurement process and to reduce malpractices, the present government decided to set up an online marketplace for public procurement, a Government-to-Business platform (G2B) and **in August 2016, launched GeM-Government E-Marketplace** as an end-to-end e-marketplace to facilitate transparent, efficient, e-procurement of commonly used goods and services required by central and state government ministries, departments, public sector undertakings and autonomous institutions at competitive prices with assurance of quality and timely delivery. Before developing its own e-marketplace, some of the biggest e-procurement programs, such as the U.S. General Services Administration and South Korea's ON-line E-Procurement System were analysed to understand global best practices. The government also amended the GFR (General Financial Rules) and brought about a change in procurement rules, mandating all organizations and departments under the Central Government to procure from GeM.

**Functioning of GeM:** GeM helps **governments achieve the best value for the taxpayer's money by carrying out efficient public procurement using tools such as** e-bidding, reverse e-auction and demand aggregation. GeM has provided the government procurement agencies **an option to select MSME vendors for procurement** which has helped MSMEs to significantly increase their sales. Any procurement up to Rs 25,000 can be directly purchased from available vendors on the GeM if it meets the required quality, specification and delivery period. For procurement above Rs 25,000, purchases have to be made following procedures such as price comparison, bidding or reverse auction, where the criterion of the lowest price among available suppliers on the GeM has to be followed to ensure price efficiency. The Special Purpose Vehicle set up to manage the portal is responsible for ensuring adequate publicity of items and vendors available on GeM.



A **chat-bot called GeMmy has been launched** to assist the vendors and buyers. GeM has also launched a Learning Management System (LMS) which **serves as a training tool and facilitates processes like registration certification, feedback, FAQs** and other user specific processes even using webinar to do live training.

**GeM Professionalising Procurement** - The integration with the Central Public Procurement Portal is complete and the functionalities of other publishing portals such as the Indian Railway Electronic Procurement System, the Integrated Material Management System and the Defence Public Procurement Portal are also being brought onto GeM, along with integrations with public sector banks' and CPSE's ERP systems. Central Government buyers are now required to obtain a **"GeM Availability Report and Past Transaction Summary"** to make informed procurement decisions which enables buyers to quickly review the availability of their procurement needs on GeM and also makes available critical data for GeM to analyze and improve the marketplace's offerings.

The **custom bid** functionality allows buyers to float a bid on GeM even if the relevant category of product or service that they might be looking for is not available on GeM. **Business Analytics** tools enable buyers to view the Last Purchase Price, last six month price trends, last six month price trends and Department's own Last Purchase Price on GeM. GeM currently has a **system driven seller rating** based on data on coverage, timely delivery, quality of order fulfilment. **Incentive scheme for Buyers and Sellers has been designed** maintaining a balance between large and small buyers as well as including parameters related to both value and numbers. A **'leadership dashboard'** with top ranks in each category for both buyers and sellers has been published on the GeM portal where **anyone can see the top 20 leading buyers/sellers** in each category along with terms and conditions of awarding categorization and criteria.



GeM has transparency, GeM has empowerment, GeM has entrepreneurship. I believe that it is an excellent example of Minimum Government and Maximum Governance, and it's objective is Minimum Price and Maximum Ease, Efficiency and Transparency.

*-PM Narendra Modi*



## PUBLIC PROCUREMENT: BEFORE AND AFTER

S. No	Category	Before GeM	After GeM
1	<b>Process of Invitation of Bids</b>	Manual process for invitation of bids, bid evaluation and finalisation of the winning bid	Completely online, <b>no requirement for physical documentation</b>
2	<b>Public Procurement Policy</b>	Multiple agencies with multiple procurement guidelines and procedures	<b>Single, unified, fully online</b> Public Procurement Portal with clear guidelines
3	<b>Method of Procurement</b>	Paper-based procurement procedure with physical interaction	<b>Contactless, paperless and cashless with time-bound</b> payments and real time monitoring
4	<b>Method of Negotiation and Deliberation</b>	Manual negotiation and fixing rates with the bidder and arriving at one rate applicable to all bidders	Automation and digitization of processes leading to <b>higher process efficiencies</b> , better information sharing & improved transparency
5	<b>Process of Registration of Vendors</b>	Registration of vendors was a manual process involving visit by officials to the vendor premises and was a difficult time-consuming process	Authentication of users is done through API integration with respective domain databases i.e., Aadhar, PAN, GSTN, MCA21 etc. There is <b>no need for vendor to visit any office</b>
6	<b>Barrier of Entry</b>	Due to opaque rules formed by the procuring agencies there was high barriers of entry and cartelisation	<b>Any entrepreneur can place bids</b> directly to the government through a transparent process
7	<b>Eligible Participants to the Bid</b>	Limited bidding & only registered vendors could participate. Geographic coverage was limited to localized vendor base	Any vendor across the length and breadth of the platform can participate in the bid as long the product/service matches the bid
8	<b>Monitoring of Product Delivered/ Service Provided</b>	Huge delay in delivery of products/service from vendors side and delay in payment from buyers' side	Trust-based platform where there is <b>real time monitoring</b> to ensure on schedule delivery of products and service. Buyers are also <b>mandated to make payments within ten calendar days</b> after generation of receipt failing which fine will be levied



## AN INCLUSIVE MODEL OF PUBLIC PROCUREMENT

GeM has provided **significant opportunities to SMEs, Women SHGs and Start Ups** to transact successfully with Centre, States and various Government agencies & organizations. This has not only boosted the Make in India initiative, but also our policy of promoting local SMEs, providing them with market access.

Those **under-served sellers now have pan-India market access**, an open, fair and transparent system, and have been enabled to leverage the potential of public procurement for their growth. This has led to the generation of both direct and indirect employment.

Special initiatives such as **'Womaniya' to enable women entrepreneurs and women-led self help groups** to showcase and sell their products on GeM have been undertaken. It aligns with the Government's initiative of reserving **3 percent in public procurement from women MSME entrepreneurs**.

GeM has more than 7,600 Startups, 2,228 Self Help Groups, 4,500 TRIFED members, 1.39 lakh weavers, 39,000 artisans, 56,000 women entrepreneurs, 26,000 SC/ST entrepreneurs. The contribution by MSMEs to the cumulative transaction value is over 57%. It is also actively engaging and collaborating with various national and state women organizations for providing training to women entrepreneurs on seller registration, product catalogue management, bid participation, order fulfilment and invoice generation processes.

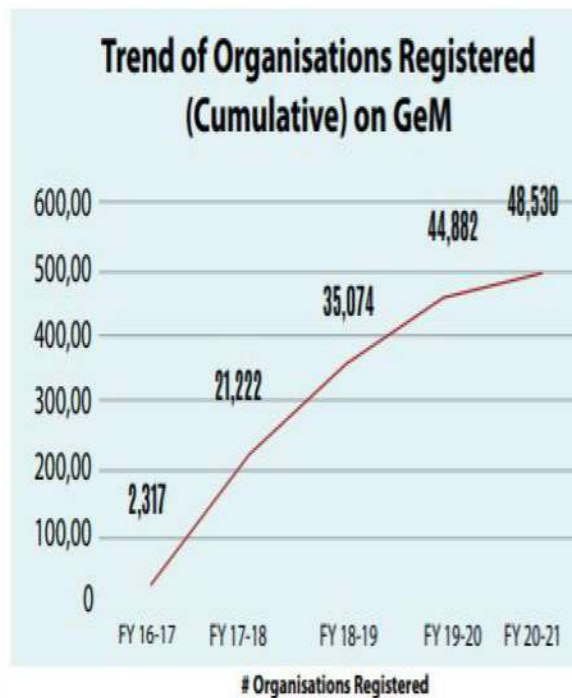
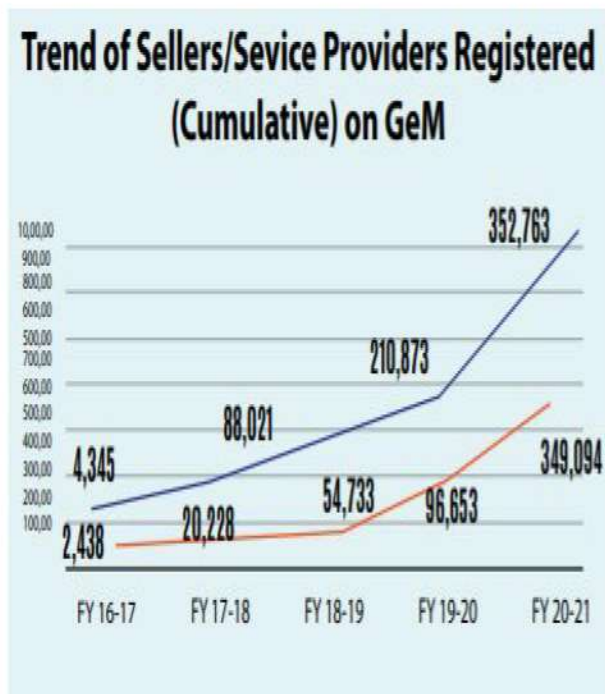
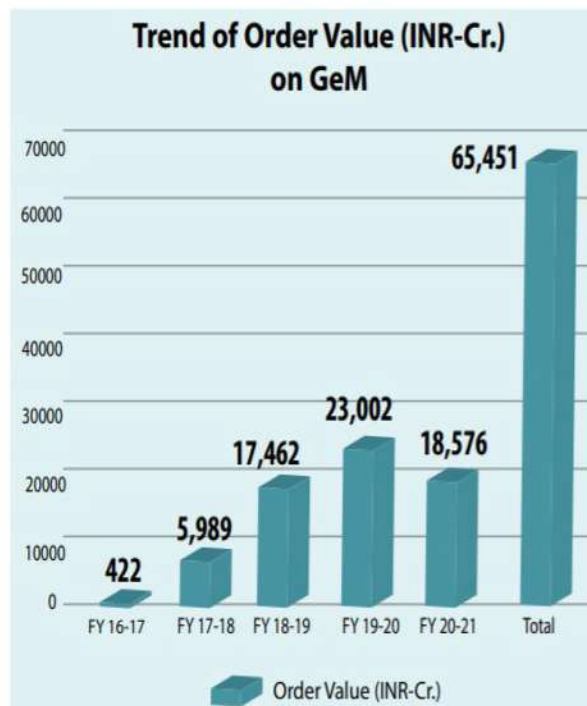
### Opening Up Opportunities for Indian Start-ups

A dedicated platform for Startups, **'Startup Runaway'** to list their innovative products under 10 globally recognized Startup subsectors was launched on 15th November 2019. This program is an **opportunity for Startups to offer products and services** that are unique in concept, design, process and functionality to the government buyers with minimal technical specifications.

The platform offers Startups all the marketplace functionalities that are available to regular sellers and the objective is to spur "Make in India" procurement from India Startups. Till date, 3,981 Startups have registered on GeM and have processed orders worth Rs. 689 crore in Gross Merchandise Value.

Till date, nearly 3.19 lakh sellers have registered on GeM and have processed orders worth Rs 38,905 crore in GMV, of which approximately 68,286 are MSME sellers who have facilitated orders worth Rs 20,263 crore, in GMV

## SUCCESS IN NUMBERS





## GeM's FAR-REACHING IMPACT

With 1.27 lakh products and 26,000 sellers in COVID-19 categories, GeM has played a critical role in the procurement of products and services required to fight the COVID-19 pandemic in the country. Since 1st March 2020 till date, nearly 3 lakh orders worth Rs 4,564.99 crore have been placed in COVID-19 categories by various government organisations.

**Increased Public Savings:** The **average prices on GeM are lowered by at least 15–20%, up to 56%.** The Government to Business (G2B) platform offers products and services by a number of sellers wherein all the Government organisations can procure products and services through a transparent bidding process.

An independent assessment of GeM conducted by the **World Bank reported that GeM enabled an average savings of 9.75%** on the median price for the period between February 2019 and January 2020, with maximum savings in the top five categories ranging from 23.48% to 60.52%. This can be attributed, in large part, to increased participation per bid and better price discovery.

**Fulfillment of 'Aatmanirbhar Bharat' Vision:** GeM has facilitated efficient transmission of policy intent by implementing the Make in India policy and the MSE policy on its portal and providing impetus to the vision of "Aatmanirbhar Bharat" as also promoting local products through the "Vocal for Local" initiative.

**Efficient and Innovative Procurement System:** A public procurement system which is completely transparent not only improves the government functioning but also encourages greater participation from private firms in the bidding process. This has ensured a competitive bidding process between various firms and helped boost innovation within the private sector too.

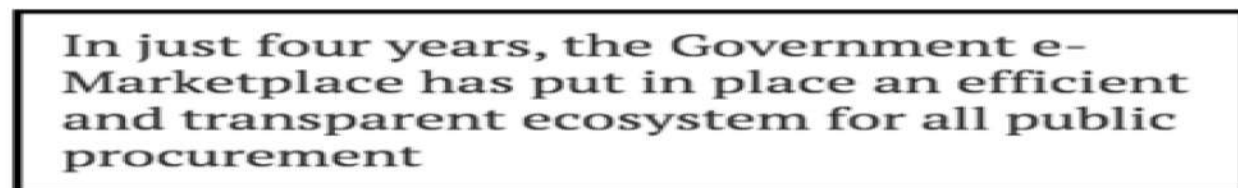
**Enabling MSMEs to Scale Up:** The portal provides an opportunity to MSMEs to scale up business and increase sales. The share of public procurement is close to 20% of GDP.

**Public Procurement Process and Delivery on Schedule:** As a Business to Government (B2G) platform, GeM has eliminated numerous layers of manual, sequential verification and decision-making, leading to significant reductions in government procurement process. Elimination of intermediaries and guaranteed prompt release of payment has benefitted vendors.

**Future Expansion:** The GeM platform is being considered as a game-changing platform to provide impetus to the growth of the MSME sector. As per the Budget 2020-21, the government is looking to increase the turnover of the public procurement portal to Rs 3 trillion.

## GeM - MAKING A DIFFERENCE

Here are some glimpses of GeM's success being acknowledged.



"Scope of this initiative of Government of India is massive as this is the largest e-commerce portal for procurement for buyers. GeM is a strong pillar in Prime Minister's dream of Digital India." **Romesh Sobti Former MD & CEO, IndusInd Bank**

"GeM portal is a very robust system for procurement by the Govt. Organizations/CPSUs promoting Contact less, Paperless and Face less buying. It provides a great platform for procurement entities to carry out procurement in a transparent and efficient manner. Major advantage from GeM procurement is great reduction in Procurement Lead Time which enable us to operationalize the projects at a very faster pace." **Archana Bharadwaj Executive Director (Material & Contracts) Indian Oil Corporation Ltd**

"We, Apposite Technical Services Pvt. Ltd. want to thank GeM portal which gave a chance to grow our business. GeM acts as a great enabler for start-up resellers to reach different markets with their quality products. GeM has excellent customer service members who help us at every step for the issues faced in day to day functioning" **Kaushal Kishore Sinha ATS Pvt. Ltd. New Delhi**