



GeM Portal - GS III Mains

Q. Examine the advantages of Government e-Marketplace (GeM) portal in enhancing the economic environment in the country. (10 marks, 150 words)

News: *Govt procurement through GeM portal doubles to Rs 4 lakh crore*

What's in the news?

- The procurement of goods and services through the Centre's Government e-Market (GeM) portal has crossed Rs 4 trillion so far this fiscal year.

Key takeaways:

- This testifies to the portal's unique digital capabilities and functionalities that have facilitated greater efficiency, transparency, and seamlessness in public procurement.

GeM Portal:

- Government e-Marketplace, shortly known as GeM, is a **digital platform that enables buying and selling of goods and services.**
- It is the Public Procurement Portal for procurement of goods and services for all Central Government and State Government Ministries, Departments, Public Sector Units (PSUs) and affiliated.
- The portal was launched in August 2016, by the **Ministry of Commerce & Industry.**
- The purchases through GeM by Government users have been authorised and made mandatory by the Ministry of Finance by adding a new Rule No. 149 in the General Financial Rules, 2017.

Aim:

- To enhance efficiency, transparency and speed in public procurement.

Objectives of GeM Portal:

- To increase efficiency, transparency and speed in public procurement.
- To provide multiple modes of procurement like direct purchase; bidding with reverse e-auction, e-bidding and direct reverse auction.
- To make ministries/ government departments to mandatorily procure goods and services from the portal.
- To enable efficient price discovery; economies of scale and dissemination of best practices.

Ownership:

- Managed by **GeM SPV** (Special Purpose Vehicle), a completely government-owned (100%), not-for-profit entity established under the Ministry of Commerce and Industry.



Product and Service Range:

- The portal lists a vast array of products and services, including computer office stationery, vehicles, equipment, furniture, transportation, logistics, waste management and webcasting services.

Global Standing:

- GeM is the 3rd largest government e-procurement platform in the world, following South Korea's KONEPS and Singapore's GeBIZ.

Key Features

GeM
Government e Marketplace

- End-to-end System**
From vendor/buyer Registration to payment
- Registration authentication**
through Aadhar, PAN, MCA 21.
- Highly Secure**
Contract documents generated online and e-signed.
- Multiple procurement options**
 - Direct purchase
 - L1
 - Bidding
 - Reverse Auction
- Complete audit trail**
From supply order to bill generation & payment in one place
- Multiple payment Options** like Banking, PFMS etc.
- Quick payment** within 10 days
- Market Page** view, search, filters, compare & add to cart
- Price comparison** with major e-commerce sites.
- Notifications** through emails and SMS.
- Training and call centre support**



Features of Government-e-Marketplace (GeM):

1. Paperless and Cashless Transactions:

- GeM facilitates an entirely digital, cash- free procurement process, significantly reducing the need for physical documentation and cash transactions, there by streamlining procurement.

2. Accessibility and Transparency:

- As an inclusive platform, GeM imposes no entry restrictions on legitimate vendors interested in supplying goods and services to the government, fostering a transparent procurement ecosystem.

3. Efficiency and Vendor Confidence:

- The platform's streamlined procedures and commitment to timely online payments have bolstered vendor trust, simultaneously cutting down vendors' operational expenses.

Advantages of GeM Portal:

1. For Buyers:

- A higher range of product varieties is available on the portal which enhances the customer's choice.
- Transparency of price and listing of various products for individual categories of goods as well as services.
- Price comparison of multiple suppliers.
- User-friendly dashboard for buying; monitoring supplies as well as payment.

2. For Sellers:

- Sellers get easy access to the National Public Procurement market.
- Direct access to various government departments and government organizations.
- Easy access to participate in bids/ reverse auction.
- In case of rejection of goods, the seller will be able to view the reason for said rejection.

Challenges of GeM Portal:

1. Registration/Onboarding Process:

- The biggest challenge faced by informal sector women workers is the onboarding process.
- These workers rarely have the requisite documentation (especially GSTIN or PAN cards) to onboard on GeM.
- Further, the current registration process is lengthy and requires large amounts of documentation.
- **Recommendation:**
 - The registration process needs to be streamlined and rationalised.
 - For example, steps taken by the MSME Ministry to streamline common registration processes for GeM, TReDS and Udyog Aadhaar through their Udyam Portal is a move in the right direction.



- Likewise, reducing the documentation burden to a minimum and allowing the option of completing one's registration without a PAN card or GSTIN (which can be progressively added later) could benefit more informal sector enterprises to participate in GeM.

2. Government Pricing Mandate:

- Many product/service offerings are not feasible for our members due to low mandated prices set by various government departments.
- The current system on GeM also mandates a compulsory minimum discount of 10%, even on small order quantities.
- Coupled with GST and shipping charges, this makes the cost to suppliers prohibitive.
- Most enterprises struggle to cover their overheads, let alone make a tenable profit.
- **Recommendation:**
 - Procurement through GeM should be more dynamically priced taking into consideration market rates and estimates from previous orders.
 - Apart from lifting such pricing mandates, the restriction of compulsory discounts and match prices to bulk orders is another way of making the fulfilment of government orders feasible for many low-margin micro and small enterprises.

3. Location Matching:

- The available bids are often for distant locations, which not only eliminates the limited profit margin, but also starts cutting into the cost of production.
- **Recommendation:**
 - Matching government orders to local vendors is a first step towards rectifying this issue.
 - This will also reduce the time taken and distance covered by products and services due to shipping in keeping with the ideals of the Vocal For Local campaign.

By creating access to market, GeM has been exceptionally successful in breaking down the cartel of established and renowned service providers, paving way for small domestic entrepreneurs to participate in government tenders from anywhere at any time.