

WHAT IS GeM?

GeM is a short form of one stop **Government e-Market Place** hosted by [DGS&D](#) where common user goods and services can be procured. GeM is dynamic, self sustaining and user friendly portal for making procurement by Government officers.

Public procurement forms a very important part of Government activity and reform in Public Procurement is one of the top priorities of the present Government. Government e-Marketplace (GeM -[gem.gov.in](#)) is a very bold step of the Government with the aim to transform the way in which procurement of goods and services is done by the Government Ministries and Departments, Public Sector Undertakings and other apex autonomous bodies of the Central Government.

Background

Government e-Marketplace owes its genesis to the recommendations of two Groups of Secretaries made to the Prime Minister in January 2016. They recommended setting up of a dedicated e-market for different goods & services procured or sold by Government/PSUs besides reforming [DGS&D](#). Subsequently, the Finance Minister in his Budget speech for FY 2016-17, announced setting up of a technology driven platform to facilitate procurement of goods and services by various Ministries and agencies of the Government.

[DGS&D](#) with technical support of National eGovernance Division (Ministry of Electronics and Information Technology) has developed [GeM portal](#) for procurement of both Products & Services. The [portal](#) was launched on 9th August 2016 by the Commerce & Industry Minister. Procurement on GeM has been authorized by General Financial Rules by making necessary changes in government rules. Presently more than 7400 products in about 150 product categories and hiring of transport service are available on [GeM POC portal](#). Transactions for more than Rs 140 Crore have already been processed through GeM.

GeM is a completely paperless, cashless and system driven e-market place that enables procurement of common use goods and services with minimal human interface.

GEM ADVANTAGES

For Buyers

- Rich listing of products for individual categories of Goods/Services
- Search, Compare, Select and Buy facility
- Buying Goods and Services online, as and when required.
- Transparent and ease of buying
- Continuous vendor rating system
- User-friendly dash board for Buying and monitoring supplies and payments
- Easy Return policy

For Sellers

- Direct access to all Government departments.
- One stop shop for marketing with minimal efforts.
- One stop shop for bids / reverse auction on products / services
- New Product Suggestion facility available to Sellers
- Dynamic pricing: Price can be changed based on market conditions
- Seller friendly dashboard for selling and monitoring of supplies and payments
- Consistent and uniform purchase procedures

GeM FACILITIES

- Listing of products for individual, prescribed categories of Goods/ Services of common use
- Look, estimate, compare and buying facility on dynamic pricing basis.
- Market place buying of majority of common User Items.
- Buying Goods and Services online, as and when required.
- Single window system for aggregating demands and ordering
- Transparency and ease of buying
- Useful for low value buying and also for bulk buying at competitive price using Reverse Auction/ e-bidding.
- Continuous vendor rating system.
- User friendly dash board for buying and monitoring supplies and payments
- Return policy

GEM FEATURES

1 GEM BRINGS IN HIGHER LEVEL OF TRANSPARENCY

GeM eliminates human interface in vendor registration, order placement and payment processing, to a great extent. Being an open platform, GeM offers no entry barriers to bonafide suppliers who wish to do business with the Government. At every step, SMS and e-Mail notifications are sent to both buyer, his/her head of organization, paying authorities as well as sellers. Online, cashless and time bound payment on GeM is facilitated through integration with PFMS and State Bank Multi Option System (SBMOPS); web-services integration is being extended to payment systems of Railways, Defence, major PSUs and State Governments. Seamless processes and online time-bound payment, which is also mandated by the Department of Expenditure, has given confidence to the vendors and reduced their 'administrative' cost involved in pursuing officers for timely payment.

2 GeM ENHANCES EFFICIENCY

Direct purchase on GeM can be done in a matter of minutes and the entire process is online, end to end integrated and with online tools for assessing price reasonability. For procurements of higher value, the bidding/Reverse Auction (RA) facility on GeM is among the most transparent and efficient, in comparison to e-procurement systems in vogue within the Government sector. For creating a bid/RA, the buyer does not need to create his/her own technical specifications as they have been standardized on GeM. The bid/RA can be created in a matter of minutes and finalized within a minimum of 7 days. The bid/RA is notified via e-mail and SMS to all the eligible suppliers; new suppliers are also notified once they get themselves registered online on GeM and are determined as 'eligible' by the system. GeM bidding/RA therefore ensures competition, fair play, speed & efficiency and leads to proper price discovery. The reasonableness of the rates can also be confirmed through online comparison with market price on leading e-Commerce portals.

3 GeM: SeECURE & SAFE

GeM is a completely secure platform and all the documents on GeM are e-Signed at various stages by the buyers and sellers. The antecedents of the suppliers are verified online and automatically through MCA21, Aadhar and PAN databases. In addition, SEBI empaneled credit rating agencies are also being used for conducting third-party assessment of suppliers. This would further strengthen due diligence about the veracity of suppliers wanting to do business on GeM. For high value bids/RA on GeM, an e-Bank Guarantee is also being introduced.

GeM is a far better system than the existing one which relies more on financial instruments (EMD in case of tenders for large procurements only) to guarantee good conduct by the suppliers. In the existing system, there is zero check on the antecedents of the suppliers for small value procurements (upto Rs 1 lakh) whose cumulative value is huge across the Government organizations. GeM does a 100% online verification of all vendors irrespective of the value of procurement.

4 GeM POTENTIAL SUPPORT TO MAKR IN INDIA & MSMEs

On GeM, the filters for selecting goods which are Preferential Market Access (PMA) compliant and those manufactured by Small Scale Industries (SSI), enables the Government buyers to procure Make in India and SSI goods very easily. Easily accessible MIS also enables the administrators and policy makers to easily and effectively enforce the Government regulations on PMA and SSI sourcing. After the launch of GeM it has been noticed that several leading computer manufacturers have placed PMA compliant products on GeM.

5 GeM POTENTIAL SAVINGS TO GOVERNMENT

The transparency, efficiency and ease of use of the GeM portal has resulted in a substantial reduction in prices on GeM, in comparison to the tender, Rate Contract and direct purchase rates. The average prices on GeM are lower by atleast 15-20%, and in some cases even upto 56%. GeM is also doing Demand Aggregation for items that are to be procured by various Central/State Government Departments. Demand Aggregation is expected to further drive the prices south, by way of standardization of specifications and economy of scale. Demand aggregation for most of the common use goods and services is estimated to result in annual savings to the tune of Rs 40,000 Crore per annum.

If pursued to its logical conclusion, GeM would eventually emerge as the National Public Procurement Portal, keeping in tune with the Global best practices; most of the OECD countries, like USA, South Korea, UK, Singapore etc, have a single NPPP and as a result annual savings of billions of dollars are made in public procurement, besides giving a fillip to the domestic industry.

Model questions

1. What is GeM?
2. List any three advantages each of GeM for the buyers and sellers.
3. How does GeM enhance efficiency in public procurement?
4. Briefly explain how GeM is a secure platform.
5. Does GeM support 'Make in India' and MSMEs? How?