



GeM For Cooperatives

For Prelims: GeM Portal, Co-operatives

For Mains: Significance of GeM Portal and challenges posed by GeM Platform

Why in News?

The Union Cabinet has cleared up a proposal allowing cooperatives to sell products on the [Government-e-Marketplace \(GeM\) platform](#).

- The cooperatives may however be charged a transaction fee to cover the incremental costs.
- The validated list of cooperatives to be onboarded on the GeM - for pilot as well as subsequent scale up - will be decided by the [Ministry of Cooperation](#) in consultation with the GeM SPV (Special Purpose Vehicle).

What is the Gem Portal?

- **GeM** is a **one-stop National Public Procurement Portal** to facilitate online procurement of common use Goods & Services required by various Central and State Government Departments/Organisations/Public Sector Undertakings (PSUs).
- The procurement of goods and services by Ministries and the Central Public Sector Enterprises (CPSEs) is **mandatory for goods and services available on GeM**.
- It also **provides the tools of e-bidding and reverse e-auction** to facilitate the government users achieve the best value for their money.
- At present, GeM has more than 30 lakh products, over Rs. 10 lakh crores worth of transactions have happened so far at the portal.
- **Launch:**
 - It was launched in 2016 to bring transparency and efficiency in the government buying process.
- **Nodal Ministry:**
 - Ministry of Commerce and Industry.
- **Recent Updates:**
 - **Country of Origin Mandatory:** GeM has made it mandatory for sellers to enter the Country of Origin while registering all new products on GeM.
 - This has been enabled on the portal so that the buyers can choose to buy only those products that meet the minimum 50% local content criteria.

What is the Significance of GeM?

- **Transparent and Cost-effective Procurement:** GeM enables quick, efficient, transparent and cost-effective procurement, especially when government organizations require products and services urgently to fight against the Covid-19 pandemic.
- **Promotion of Atmanirbhar Bharat:** GeM has been promoting the Atmanirbhar Bharat policy, introduced in the wake of the [Covid-19 pandemic](#), meant to encourage self-reliance and boost

small Indian manufacturers.

- **Entry of Small Local Sellers:** The Marketplace has facilitated entry of small local sellers in Public Procurement, while **implementing 'Make in India'** and **MSME** Purchase Preference Policies of the Government in the true sense.
- **Multiple Entities at One Place:** The online marketplace can aggregate demand from multiple entities for similar products, and build on the preferences provided by State governments to small enterprises.

What are the Challenges associated with GeM?

- **Multiple Portals:**
 - There are multiple portals in Central government departments, such as the defence procurement portal, and the Indian Railways e-Procurement System, which could limit GeM's effort to achieve its mandate as the National Public Procurement Portal and provide the benefit of economies of scale and efficiency.
- **Lack of Compliance:**
 - It also faces a bit of a challenge in getting all Central organizations to comply with Rule 149 of the **General Financial Rules (GFR) 2017**, which mandates that all common-use goods and services that are available on the GeM portal should necessarily be procured on the platform.

Way Forward

- **Single Portal:** The multiple portals are leading to confusion among farmers and also cause synchronization challenges. A single portal for all the public purchases may help to solve this problem and will help in tackling the problem of misgovernance.
- **Imposition of penalty:** There should be penalties for misgovernance in matters related to agricultural marketing and an increase in penalties wherein they already exist. It will help in tackling the problem of lack of compliance.
- **Use of vernacular Language:** The user interface for public purchase portals should be in local language to tackle the issue of a particular language dominance.
- **Interoperability:** The public portals should ensure portability from one platform to another to ensure their smooth functioning.
- **Cost Competitiveness:** GeM Portal will help farmers and cooperatives find buyers for their products easily and will save them from losses which they incur due to rotting of the perishable products due to lack of sales and will also increase the cost competitiveness of their products as earlier fees by **Agricultural Produce Market Committees (APMCs)** of states had led huge increase in cost due to administrative inefficiency.
 - It will help in realizing the vision of **Doubling Farmers Income by 2022** as recommended by **Ashok Dalwai committee**.

What are Co-operatives?

- According to the **International Labour Organisation (ILO)**, a cooperative is an **autonomous association of persons united voluntarily to meet their common economic, social and cultural needs** and aspirations through a jointly owned and democratically controlled enterprise.
- There are many **types of cooperatives** such as **Consumer** Cooperative Society, **Producer** Cooperative Society, **Credit** Cooperative Society, **Housing** Cooperative Society and **Marketing** Cooperative Society.
- The **United Nations General Assembly** had declared the year **2012 as the International Year of Cooperatives**.
- India is an agricultural country and laid the foundation of **World's biggest cooperative movement in the world**.
- In India, a **Co-operative based economic development model is very relevant** where each member works with a spirit of responsibility.

[Source: TH](#)

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