



# Government e-Marketplace

## Why in News

The **Government e-Marketplace (GeM)** system has resulted in a **10% savings in public procurement costs in five years**, but has still tapped only 5% of India's total government purchases of about Rs 20 lakh crore a year.

- 56% of the order value processed through the GeM portal has been delivered by [Micro, Small and Medium Enterprises \(MSMEs\)](#), with seven lakh small firms on board.

## Key Points

### ▪ About:

- **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/Organizations/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 crore 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:

- [Bamboo Market Window](#) (The Green Gold Collection).
- [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.

### ▪ Significance:

- **Transparent and Cost-effective Procurement:** GeM is enabling 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.

▪ **Challenges:**

◦ **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 organisations 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

- GeM has ambitions to grow in size and become a one-stop shop for both buyers and sellers. It has gotten off to a great start, and is gradually building an efficient and reliable marketplace ecosystem.
- If it can effectively overcome the challenges that limit its growth, it could go on to be as precious as the shiny mineral crystals that are invoked by its mere name.

**Source: TH**

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