



**STOP  
CORRUPTION**



**VIGILANCE**  
Awareness Week

# Government e-Marketplace

## *Introduction and objective*

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Public procurement forms a very important part of Government activity and reform in Public Procurement is one of the top priorities of the Government. Government e-Marketplace (GeM) 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/Departments, PSUs, autonomous bodies.

The “GeM” i.e. Government e-Marketplace is for the government users to cater to their demand of commonly required Goods & Services.

“Purchaser (s)/Buyer(s)” is the Contract placing authority, which includes Central Government Ministries/Departments including its attached/subordinate offices, Central Public Sector Units (CPSUs) and Autonomous Bodies located in Delhi/New Delhi acting through its authorized officer(s) for and on behalf of President of India/CPSU/Autonomous Bodies, as the case may be, for purchase of Goods/Services offered by “Vendor(s)/Seller(s)”.

“Vendor(s)/Seller(s)” is the firm(s) [a proprietorship/partnership firm/Limited Liability Partnership/Private Limited/Limited company/Society registered under Society’s Act] that offers its Good(s)/Service(s) on GeM and agree to accept the contract placed by “Purchaser (s)/Buyer(s)” for supply of the Good(s)/Service(s) as per the terms and conditions of GeM.

The “Vendor(s)/Seller(s)” on GeM will be the OEMs (Original Equipment Manufacturers) and/or their authorized channel partner(s)/ resellers and e- Marketplaces.

## *Benefits of GeM to the Government, Sellers, the Indian industry and economy*

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.

*“The accomplice to the crime of corruption is frequently our own indifference.”*

Bess Myerson



*“There is enough  
in this world for  
everyone’s need  
but there is not  
enough in this  
world for  
anyone’s greed.”*

Mahatma Gandhi



### **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 OM issued by Department of Expenditure, has given confidence to the vendors and reduced their ‘administrative’ cost involved in pursuing officers for timely payment.

### **Efficiency:**

Direct purchase on GeM can be done in a matter of minutes and the entire process in online, end to end integrated and with online tools for assessing price reasonability. For procurements of higher value, the bidding/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. Very soon, GeM will also start getting feeds from various other public procurement portals in order to ensure that the same item has not been procured at a lesser rate by any other Government agency, from the same or a different vendor. The reasonability of price would be further strengthened by way of integration with GSTN and ICEGATE that will enable the buyer to ascertain the price of an item when it exited the factory gate or when it got imported into the country. These would make GeM an extremely powerful tool in the hands of Government organizations to plan and procure.

### **Secure and 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

*“A ‘no’ uttered from deepest conviction is better and greater than a ‘yes’ merely uttered to please, or worse, to avoid trouble”.*

Mahatma Gandhi



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 (up to 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.

**Potential to support Make in India:**

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.

**Savings to the 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 at least 15-20%, and in some cases even up to 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.

*Purchase process*

- When the purchase amount is Less than Rs 50, 000:
  - ✚ There is no need of doing comparison.
  - ✚ Buyer can select any product as per their specifications.
- When the purchase amount is more than Rs 50, 000:
  - ✚ It is mandatory to do comparison of the products first.
  - ✚ Buyer need to select the L1 product.
- **Purchase Options**
  - ✚ *Direct Purchase*
  - ✚ *Bidding*
  - ✚ *Reverse Auction*

**Stand up against corrupt practices...**

