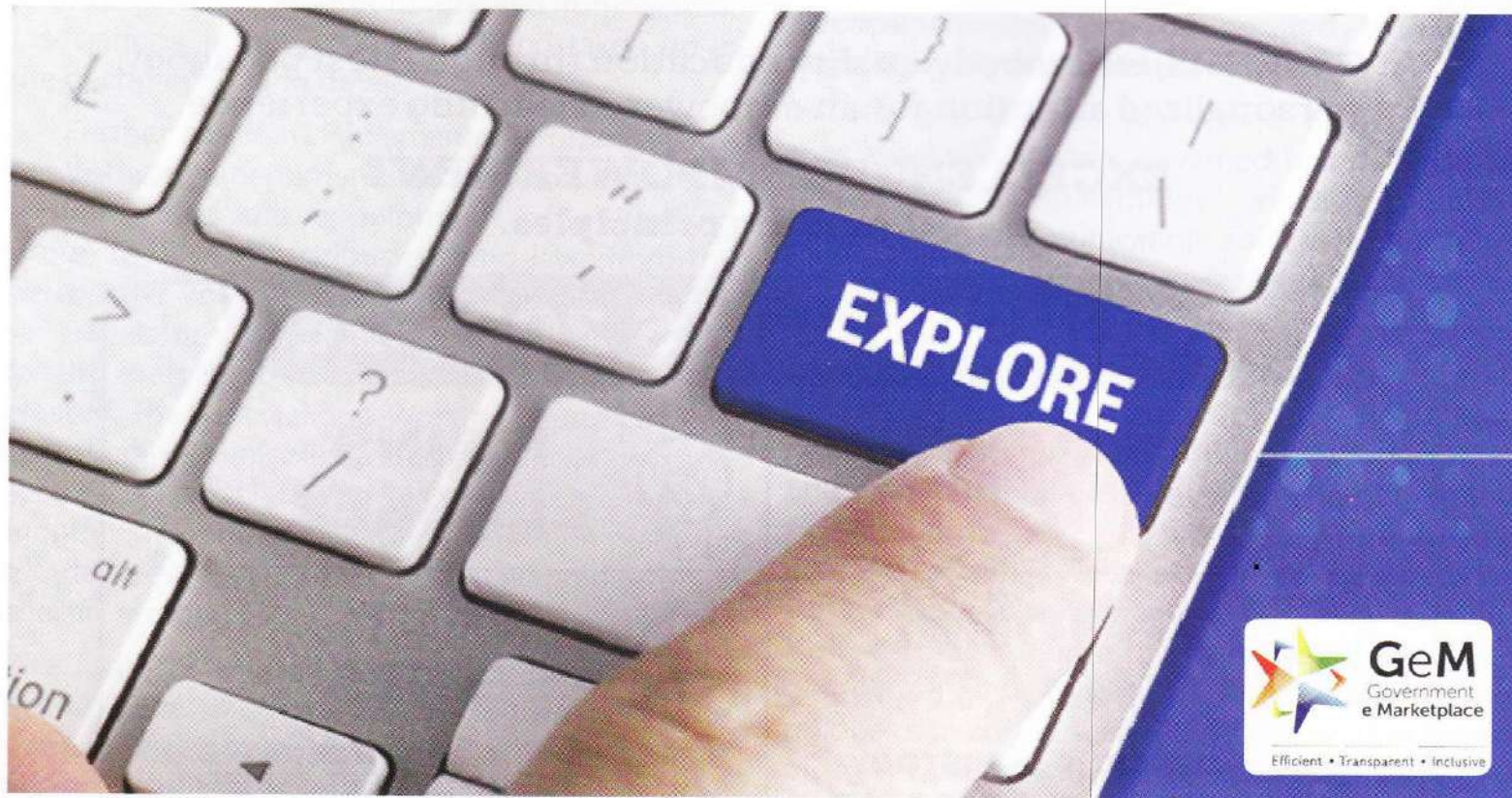


# GOVERNMENT E-MARKETPLACE LEADING THE DIGITAL WAVE



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**In India, public procurement amounts to nearly 20-25% of GDP. This means that a significant amount of taxpayers' money is directed towards making purchases of public goods and services that constitute the lifeblood of government programmes and services. Given this context, the importance of efficient public procurement cannot be overstated.**

**To inculcate the Hon'ble Prime Minister Narendra Modi's vision of inclusive development, corruption-free governance, and ease of doing business, Government e-Marketplace (GeM) was conceptualised as a Special Purpose Vehicle under Section 8 of the Companies Act, within the ambit of the Department of Commerce. Since its inception, GeM has enabled more than INR 60,000 crore of public savings. The portal's vast achievements have propelled it to ascend as one of the foremost public procurement platforms globally, surpassing even the most advanced counterparts such as South Korea's KONEPS and Singapore's GeBIZ across diverse metrics, all achieved in an astonishingly short period.**



Set up in August 2016, Government e-Marketplace is a world-class, robust digital portal that facilitates end-to-end procurement of goods and services by various Central and State Government departments, organisations, and allied public sector undertakings (PSUs). It provides a paperless, cashless, and contactless ecosystem for government buyers to directly purchase products and services from pan-India sellers and service providers through a unified online infrastructure. GeM covers the entire gamut of the procurement process, right from vendor registration and item selection by buyers to receipt of goods and facilitation of timely payments. By extending the right capabilities, capacities, and functionalities, the portal has brought about a paradigm shift in India's public procurement landscape.

### Need for a Digital Solution for Public Procurement

Government procurement used to be opaque, time-consuming, cumbersome, and prone to corruption and cartelisation. Buyers were forced to purchase substandard goods at high, non-negotiable rates from unscrupulous suppliers. Potential sellers had to run from pillar to post, completely at the mercy of the facilitating agency, to get empaneled and then to get timely payments.

There was a pressing need for a complete metamorphosis from the Directorate General of Supplies and Disposals to a digital e-commerce portal that could facilitate the Ease of Doing Business without any barriers to entry and establish a competitive marketplace to enable the procurement of quality goods and services at reasonable rates. The new system was envisioned to replace age-old manual processes that were riddled with inefficiencies and corruption.

### Genesis of GeM

Government e-Marketplace was set up with a vision to transform the public procurement ecosystem of the country with a technologically advanced, robust, and digital-only platform.

Through digitalisation of processes, GeM has led to higher process efficiencies, information sharing, improved transparency, reduced process cycle times, and a higher level of trust among bidders. This, in turn, has resulted in greater

competition and higher savings. These innovations in GeM have also brought down waiting times and prices for buyers significantly, and ensured timely payments to sellers. Its inclusive approach has created an open and diverse public procurement marketplace that provides a level playing field to startups, MSMEs, women entrepreneurs, artisans, and craftsmen, allowing them to participate in government tenders without any barriers, thus ensuring the Ease of Doing Business with the government.

### Growth Trajectory

Given the sheer scale and complexities involved in realigning the procurement processes of the entire spectrum of Central and State Government departments and PSUs, the switchover to GeM has likely been one of the largest digital transformation exercises undertaken by any government globally. Despite the challenges, the portal has witnessed significant year-on-year growth in terms of the numbers of sellers registered, total procurement made, and cumulative order value transacted through the platform.

In the first year, GeM recorded a total Gross Merchandise Value (GMV) of ~INR 420 crore. In the following years, transactions conducted through GeM (in terms of order value) grew from around INR 38,000 crore in FY 20-21 to INR 1 lakh crore in FY 21-22. In FY 22-23, GeM registered an 88% growth, surpassing a historic milestone of INR 2 lakh crore worth of GMV. In the current FY 23-24, GeM is aspiring to breach the 3 lakh crore GMV mark.

While the platform initially developed a wide range of product categories, GeM rapidly expanded its portfolio to include a vast array of service offerings as well. The order value in services has been the brightest chapter in GeM's growth story, with exponential growth over the last 3 years. From FY 21-22 (INR 24,607) to FY 22-23 (INR 66,128), services on GeM have witnessed unprecedented 168% growth, with the number of orders also showing a massive jump. Cumulatively, since inception, government buyers have placed over 4.8 lakh service orders valued at more than INR 2 lakh crore.

GeM is a category-driven e-marketplace that has a robust listing of more than 11,600 product categories and 300+ service categories. The portal

showcases all common goods and services required by government bodies and departments at all levels of administration.

## GeM – Promoting Ease of Doing Business

- **GeM as a Facilitator:** The GeM portal connects buyers, sellers, and service providers on a unified platform to facilitate procurement of public goods and services.
- **Transformation through Cost Reduction and Efficiency:** GeM has revolutionised public procurement in India by reducing costs, enhancing efficiency, and fostering transparency. The platform empowers buyers and sellers nationwide to engage in hassle-free digital transactions.
- **Inclusive empowerment of sellers:** GeM empowers sellers of diverse backgrounds, including Women Entrepreneurs, Artisans, Self-Help Groups, Cooperatives, MSEs, and Startups, offering a one-stop-shop in a contactless, cashless, and paperless ecosystem with timely online payments.
- **Seamless registration process** – GeM's registration process prioritises ease, convenience, and minimal data entry. It is validated through online integration with the Aadhaar database, serving as the primary user identification proof.
- **Dynamic Goods and Services Platform:** GeM continuously updates its platform by adding new categories of goods and services based on the feedback received from various stakeholders.
- **Diverse buying modes:** GeM facilitates procurement through various modes, including direct purchase, L1 procurement, bidding, reverse auction, forward auction, single packet bidding, and push-button procurement.
- **Contract Management:** Keeping in line with the principles of speed, efficiency, and minimal manual interference, GeM auto-generates a contract between buyers and sellers on the basis of specified technical parameters and the details chosen by the buyer, such as delivery period and delivery terms. GeM also provides the functionality of updating the contract, along with version control and an audit trail.
- **Cashless payments and timely transactions:** The platform supports 100% online payments, providing a truly cashless environment. It includes a payment gateway that supports Internet banking and allows integration with different payment systems, with enforced timelines for timely payments.
- **Information Visibility:** GeM ensures visibility for MSEs, local sellers, and startups, allowing sellers to indicate the percentage of domestic content of the goods uploaded on the portal, aligning with the 'Make in India' initiative.
- **Trust-based Rating System:** In a trust-based system like GeM, ratings become a key component of the overall system. GeM provides a rating system that continuously evaluates performance based on weighted and defined parameters. GeM has the provision of rating both the buyers and the sellers, enabling informed decision-making.
- **Demand Forecasting:** GeM displays historical procurement data on the platform based on the inputs provided by buyers as part of their annual procurement plan. This helps sellers plan better and ensure the availability of goods and services at lowered rates.
- **Establishing Price Reasonability:** GeM provides buyers with multiple tools to help them ascertain price reasonability. This includes the comparison of prices across other e-commerce sites (wherever available), discounts over MRP, the last purchase price on GeM and the prices at which transactions have been conducted on GeM for similar items in the recent past.
- **Training:** To ensure that GeM users do not have to face any challenges in using the platform effectively, GeM provides adequate training materials and support to help users navigate the platform. It has designed e-procurement certifications and training modules to certify professionals specialised in procuring via the portal.
- **Communication and Support:** GeM provides a standardised and single channel for communication with stakeholders. It sends out communication to keep all stakeholders updated with all relevant changes, notices, etc. related to GeM and informs users in case of an

update of product or service categories, end-of-life information, a change in the technical parameters of goods or services, a new bid creation or modification, etc. An escalation matrix with well-defined SLAs has been implemented to ensure users receive expert help.

- **Responsive Contact Centre:** GeM's well-equipped contact centre, accessible in multiple languages, addresses user queries across various communication channels. The integrated chatbot, Ask GeMmy, route user concerns to the appropriate team.
- **Dispute resolution features:** GeM introduced the Vivad se Vishwas-II (Contractual Dispute) functionality, a valuable feature for resolving disputes between buyers and sellers.
- **AI-ML-Based Decision Support:** GeM is in the process of implementing AI/ML-based advanced analytics on GeM, which will help GeM reduce anomalies and frauds. These AI-based models will provide real-time or near-real-time feedback on various transactions happening on GeM, and will help a buyer make informed decisions as well as prevent anomalous transactions.
- **GeM Sahay:** In a bid to address credit access challenges faced by MSMEs and startups, GeM has rolled out GeM Sahay, a mobile application that provides frictionless financing for MSEs and startups, allowing them to obtain a loan at the point of order acceptance on the GeM platform. The platform allows all lenders, duly regulated by the Reserve Bank of India, to participate and provide loans to GeM sellers.
- **Next-Gen GeM Platform:** GeM has successfully onboarded a new Managed Service Provider, viz. Tata Consultancy Services, for designing and developing the Next-Gen GeM platform with extensive use of cutting-edge technologies for ease of its users and for bringing in more efficiency and transparency.

## Roadmap for the Future

As the platform continues to evolve and bring in significant reforms, it ushers in the next wave of growth, transforming procurement across states. GeM's strategic focus is on expanding its reach by integrating government buyers across all tiers into its robust e-procurement infrastructure.

With more and more states showing growing interest in procuring through GeM, the platform is committed to maximising its regional footprint.

To combat the architectural challenges of scaling up and to meet the evolving demands of buyers and sellers, the platform has partnered with a leading IT firm to revamp, re-design, and build a new modern solution leveraging new technologies while maintaining the current platform. The adaptable design will ease the onboarding of new sellers, driving greater participation from a more diverse vendor base, greater inclusivity, and more democratised access to the public sector market.

The upgraded platform intends to use advanced Artificial Intelligence and Machine Learning technologies to identify potential frauds, provide improved data analytics to forecast more accurate projections, and improve supply chain management. To be more future-ready, GeM is also looking at utilising the augmented and virtual reality to enable its buyers to have a more immersive procurement experience. GeM is committed to guiding the buyer's decision by enabling data- and insights-driven procurement. GeM is also expanding its catalogue of 'Green' products and services to help the country achieve its net zero carbon emissions commitment. Services such as hiring of an agency for achieving climate action targets, help buyers understand, quantify, monitor, and realise carbon-neutral targets. The platform is focused on prioritising the listing and availability of environmentally sustainable products and services by targeting the largest-selling products and services on the portal.

In a short span, GeM's buyer-seller ecosystem and its operations are twice as large as Amazon India and Flipkart combined. GeM has successfully established an infrastructure that not only captures data and facilitates end-to-end activities of public procurement processes but also allows government buyers to source from multiple vendors at competitive rates. With improved functionalities, the platform is committed to adapting new-age technologies to transform public procurement with an aim to further enhance user experience, improve transparency, and induce greater inclusivity in public procurement process. □