# GeM
## Government
## e Marketplace

Procurement Reimagined

Efficient • Transparent • Inclusive

# GOVERNMENT E MARKETPLACE

## GeM Handbook

July 2018

अरूण जेटली
केन्द्रीय मंत्री

**Arun Jaitley**
Union Minister

31st July, 2018

## FOREWORD

As part of the Budget 2016–2017, we had announced the establishment of a technology driven platform to facilitate the procurement of goods and services by various Ministries and agencies of the Government. Government e-Marketplace (GeM), which was launched under the Ministry of Commerce on 9 August 2016 is meant to be a centralized, unified procurement platform that would increase coverage, access and efficiency of public procurement in our country. GeM has come a long way since its initiation, and with continued momentum, it shall create an unprecedented change in public procurement.

GeM allows for optimization of public expenditure besides providing a ease of transactions by bringing the buyers and sellers on a common e-platform. In order to support GeM in reaching its objective, the Ministry of Finance added Rule 149 in the General Financial Rules, 2017 mandating purchases through GeM by Government users. The GFR rule also stipulates the fundamental guidelines by which GeM shall operate. There is now a need for all buying entities to understand that by virtue of GeM being a technology driven platform, there shall be a fundamental shift required in the current procurement processes and policies.

This document has been developed to provide a comprehensive understanding of GeM and summarizes the overall design and plan for the GeM initiative. It is meant to define the scope of operations for GeM and clearly define the expectations that GeM holds from its users and stakeholders and vice versa.

The fundamental objective of GeM is to create savings for the Government. GeM is expected to significantly reduce both the transaction and administrative costs in public procurement. Given the size and scale of public procurement in our country, GeM would lead to significant savings of precious public resources.

I am certain this handbook would be immense use to all the stakeholders and contribute to promoting this new cashless, contactless and paperless mode of procurement.
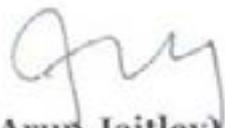
(Arun Jaitley)

सुरेश प्रभु
**SURESH PRABHU**

मंत्री
वाणिज्य एवं उद्योग;
एवं
नागर विमानन मंत्रालय
भारत सरकार, नई दिल्ली

**MINISTER**
**COMMERCE & INDUSTRY;**
**AND**
**CIVIL AVIATION**
**GOVERNMENT OF INDIA, NEW DELHI**

# *FOREWORD*

E-Governance has been one of the biggest agenda items in our country. Over the years, various Central Ministries and State Governments have undertaken a large number of initiatives towards this end. The Government e-Marketplace (GeM) is one such key mega-scale initiative that, in the long run, shall make a significant impact on efficient spending and the productivity of our country.

The GeM aspires to revolutionize the public procurement landscape in the country by building a truly open and transparent platform, which will be available and accessible by a much larger base of buyers, sellers and service providers. Built on modern e-commerce technologies, and coupled with verifiable means of authenticity of suppliers and purchasers, GeM allows for an end-to-end reliable procurement transaction to be done completely online i.e. cashless, contactless and paperless.

An initiative of this scale for a burgeoning digital economy, such as India, has the potential to create far-reaching impact beyond online procurement.

o GeM's easy to use platform shall make it possible for all sellers to do business with the Government. The platform will be inclusive and will encourage and support MSMEs and Startups in becoming competitive.

o GeM's robust audit trail shall bring about increased accountability amongst buyers. Increased accountability will allow us to do away with the current long and cumbersome procedures.

GeM shall soon possess a wealth of procurement data that so far resided in silos. This data shall have multiple implications allowing the Government to make data-driven decisions and use analytics to drive policy-making.

The GeM will soon become a cornerstone of nation building and has already shown significant impact in the short time since its initiation. A concerted effort is required from all Government buyers, sellers and the various partners in the GeM ecosystem to make it a success and to allow it to unlock its full potential.

The GeM Handbook is meant to act as the principle guiding force base for designing its processes and policies.

(Suresh Prabhu)

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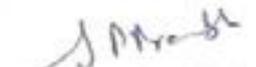
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# PREFACE

India currently spends more than Rs. 25 lakh crore on public procurement. The Government e-Marketplace (GeM) is an initiative of the Government of India to effect an evolution in public procurement. The GeM platform aspires to leverage the quantum growth in digital capability in India to reduce manual process inefficiencies and human interventions in public procurement and drive three key objectives: openness, efficiency and transparency in Indian public procurement.

A complete online solution implies reduced human intervention and full visibility of the process and procurement data. This would result in a system that is transparent and open, and makes the procurement process significantly faster.

The Government e-Marketplace (GeM) was launched on 9th August 2016 and is managed by GeM Special Purpose Vehicle, a Government owned, Section 8 Company under the Department of Commerce. In its endeavor to continuously evolve towards becoming a world-class, robust and a state-of-the-art portal, GeM launched a scaled up version: GeM 3.0 on 26th January 2018 addressing multiple technical issues and rolling out new, advanced features.

While it is important to note that GeM is still in the nascent phases of its journey and that there is immense potential going forward, GeM has achieved significant success so far. GeM has 20,000 + government organizations registered as buyers and has already built a seller base of more than 1,20,000 sellers who come from across all states of India. In addition, GeM has collaborated with the Ministry of Micro, Small and Medium Enterprises to accelerate and advance the presence of MSMEs on the platform. GeM has collaborated with multiple key entities such as UIDAI and MCA 21 for seamless flow of data for authentication to simplify the processes of registration, procurement transaction, contracting and payments. GeM has received significant national and international acclaim and was awarded the South Asia Procurement Innovation Award of the World Bank in 2016.

The purpose of this document is to establish a robust structure and basic set of rules that will guide the different aspects of the GeM initiative across strategy and operations. It will act as the principal guiding force for the design of processes and policies for GeM.

[ Rita Teaotia ]

New Delhi
11 July 2018

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# 1. Introduction

The Government e Marketplace (GeM) platform was launched on 9 th August, 2016 as an online, end to end solution for procurement of commonly used goods and services for all Central Government and State Government Ministries, Departments, Public Sector Units (PSUs) and affiliated bodies. **The purpose of this document is to establish a robust structure and basic set of rules that will guide the different facets of the GeM initiative across strategy and operations.** This document is in furtherance to the following Government directives issued in relation to GeM.

1. Rule 141-A of GFR 2005, superseded by Rule 149 of GFR 2017.

2. Office Memorandum on GeM payment and timelines dated 20th September, 2016.

3. Office Memorandum on the entry in the Government of India (Allocation of Business) Rules, 1961 dated 9th December, 2016.

4. Cabinet Note dated 7th April, 2017.

5. Cabinet Secretariat Notification dated 8th December, 2017.

This document shall therefore act as the principle guiding force basis which GeM shall design its processes and policies. While this document shall be revised as the platform and organization matures, there are certain key elements of GeM that are immutable and form its foundation. **The GeM Charter captures these elements as a set of commitments that GeM shall undertake and uphold going forward.**

## 1.1 GeM Charter

1. GeM shall provide a complete end-to end contactless, cashless and paperless procurement system:
GeM shall cover the entire procurement process right from vendor registration to order fulfillment and payment.

2. GeM shall constantly endeavor to enhance transparency and efficiency in the procurement process:
GeM shall bring about standardization in the procurement process and ensure adherence to timely delivery and payment.

3. GeM shall be a trust based system with minimal manual intervention:
GeM shall leverage technology and the existing database with domain Ministries to ensure ease and convenience in the processes of registration, procurement transaction and contracting.

4. GeM shall provide decision support to help users achieve optimal value-for-money:
GeM platform shall provide additional features such as buyer and seller rating, tools to establish price reasonability and demand forecasting to help its users make more informed decisions.

5. GeM shall provide a robust audit trail along with an internal system of check and controls:
GeM platform shall employ a system of inbuilt checks and controls and maintain an audit trail (for a period specified on the GeM platform) that shall make it possible to trace back the activity of any user if the need arises.

6. GeM shall be an inclusive platform and support the objectives of the various preferential market access policies:
GeM shall, to the extent possible, encourage and enable local businesses, Micro and Small Enterprises (MSEs) and startups to conduct business with the Government.

## 1.2 GeM Special Purpose Vehicle

7. GeM shall in line with its principles of transparency and openness publish a monthly scoreboard on the platform:
GeM shall keep all its stakeholders informed regarding the development and growth of the GeM platform by way of a monthly scoreboard[1] that shall cover the following key elements -

- GMV (Monthly)
- Number of buyers and sellers
- Number of product and service categories
- % orders with delivery and payment within time and ageing
- % savings achieved
- Number of unfulfilled or cancelled orders
- Number of disputes/incidents registered and resolved with ageing

GeM shall send this overall report along with the progress shown at the level of each Ministry and State to the Cabinet Secretary and the Commerce Secretary. GeM shall also send quarterly progress reports of these parameters at a Ministry/State/UT level to each of the respective Secretaries and Chief Secretaries/Administrators.

8. GeM shall actively drive collaboration with key stakeholders including Ministries and States:
GeM shall interface with the Standing Committees (for each Ministry and State) on various issues including annual procurement plan, defining technical specifications and reviewing the procurement process.

[1] Indicative template is provided in the appendix A
[2] World Bank Country Procurement Assessment Report

Public procurement amounts to 15-20% of a nation's GDP[2] and therefore an efficiently run public procurement process is critical to our nation's economy. A well-functioning and efficient public procurement system helps the development process by improving the strategic and efficient allocation and utilization of government expenditure i.e. public procurement.

For a geographically large and politically diverse nation such as India, standardizing public procurement is a challenging task. The prevailing public procurement regime in India is characterized by fragmented processes and policies that operate in silos and require high levels of manual intervention.

The genesis of the **Government e Marketplace (GeM)** initiative is thus driven by the need to deliver a step change in the public procurement process in the country and usher in an era of e-governance by leveraging the power of digital.

The following entry has been made in the Government of India (Allocation of Business) Rules, 1961, vide notification dated 8 th December 2017 - "32. Development, operation and maintenance of National Public Procurement Portal—Government e Marketplace".

The **Government e Marketplace Special Purpose Vehicle (GeM SPV)**, a Section 8 (Non-Profit) Private Limited Company under the Ministry of Commerce has been incorporated under the Companies Act, 2013 to develop, manage and maintain the GeM platform.

## 1.3 Founding Principles of the GeM Initiative

> ❯ 1.3.1 Summary of the Cabinet Note

The foundation for the GeM initiative has been laid down through the Cabinet Note on "Setting up of a Special Purpose Vehicle to be called Government e Marketplace (GeM SPV)" dated 7th April, 2017. This note defines the purpose with which GeM has been envisioned. This stated purpose shall play a key role in defining the strategy and operating model for GeM

*Key elements from the note are as follows:*

*Reason behind the GeM initiative*

- Need for reform to bring consistency in public procurement
- Existing malpractices in the system due to buyer-supplier interaction

*Founding principles of GeM SPV (Special Purpose Vehicle to develop, manage and maintain the GeM platform)*

- Incorporated as a Section 8 Company. Decision on public listing of GeM SPV to be taken subsequently.
- Autonomous organization which is agile and has flexibility to take market driven decisions
- The organization shall break-even and self-sustain its operations from 3rd year onwards.
- The sources of monetization (charges to buyers and sellers) shall be kept to minimum, enough to sustain running of SPV and pay Managed Service Provider (MSP)
- Fully accountable to tax payers and the Government
- Promote inclusiveness and ease of doing business with the Government and its agencies

*Impact that GeM is expected to deliver*

- Increase access for procurement - broader outreach, wider variety of goods and services
- Increase transparency and efficiency (time & cost) of procurement
- Encourage small business units/individuals to do business with the Government
- Make procurement data easily available for auditors, administrators, vigilance etc.

It is important to note that as the GeM platform and organization evolve, the founding principles will also have to evolve. Thus, the principles of GeM and the organization shall be periodically reviewed and appropriate modifications shall be undertaken in consultation with key stakeholders and with the consent of the Government.

> ❯ 1.3.2 Role and Nature of the GeM Initiative

In the constantly evolving procurement process in the country, it is useful to reiterate the role of GeM. GeM shall use modern technology and enablers to bring together all government buyers on a unified online platform for the procurement of commonly used goods and services. It shall reduce manual process inefficiencies in procurement and provide a paperless and cashless e-marketplace with a streamlined, consistent process for all users. All buying and selling stakeholders on GeM shall have to adapt to this standardized process and necessary re-engineering to this effect will be needed at their end.

GeM is characterized by three core elements:

| *Openness* | *Fairness* | *Inclusiveness* |
| --- | --- | --- |
| GeM shall be an open marketplace wherein it promotes access to information and transparency. Relevant information on sellers, goods, and services shall be easy to find and readily available for users. GeM shall provide data-based insights to help users in decision-making and ascertaining price reasonability. | One of the platform's key objectives is to allow sellers, big and small, to gain direct access to Government buyers. In doing so, all sellers shall be treated fairly and GeM shall not offer promotional treatment to one seller over the other. GeM shall support the intentions behind the preferential market access policies and ensure that all sellers are provided with a level playing field. This will ensure the health and competitiveness of the marketplace. | GeM shall promote inclusiveness, which means that all Government buyers and sellers shall be accepted on the platform. GeM shall aspire to create a robust seller base and all sellers interested in conducting business with the Government shall be welcomed on the platform. For buyers and sellers that do not have the know-how of using GeM, additional assistance in the form of focused training, onboarding sessions and continued feedback and support shall be provided. |

## 1.4 Objective of this Document

This document serves to provide a comprehensive understanding of the guiding principles by which GeM shall operate and has been structured along three key chapters:

**1. GeM Platform**
This section shall define the scope of operations and potential for the GeM platform. It also lays down the underlying principles by which the different features of the platform shall be designed and the key obligations that the GeM platform holds towards its users.

**2. GeM Organization (GeM SPV)**
This section details out the strategic and operational roadmap of the GeM Organization (GeM SPV) that is required to deliver the GeM platform. It also provides a brief on the governance structure that will be instituted for the GeM SPV.

**3. GeM Stakeholder Ecosystem**
This section introduces the different stakeholders within the GeM ecosystem and calls out their role and responsibility. It also lays down the guiding principles of collaboration for GeM.

# 2. GeM Platform

## 2.1 Scope of Operations for the GeM Platform

There are three facets to defining the scope of operations for the GeM platform:

**Who** are the customers (both buyers and sellers) that GeM platform will cater to

**What** will be the goods and services offered on the GeM platform

**How** shall the GeM platform operate to execute the aforementioned 'Who' and 'What'

## Who

GeM has been conceptualized with the aim of reforming public procurement in the country. The GFR 2017 mandates all Ministries or Departments to procure Goods and Services available on GeM from GeM. GeM aims to replicate the offline market on its online platform to create an open market that bring together sellers across the board ranging from established brands to MSEs, individual suppliers, suppliers of innovative products and services and artisans. GeM shall permit any seller, registered in India in accordance with prevalent laws and regulations, manufacturing or marketing genuine goods/ services to sell on GeM.

## What

GeM has been conceived as a platform for the sale and purchase of commonly used goods and services. The spectrum of goods and services procured by the Government is very wide. The goods procured by the Government range from highly standardized goods like A4 printing paper, printing cartridges and electronic goods like printers and laptops to highly specialized goods like drilling equipment and medical equipment. Similarly, for services, the spectrum ranges from standard services such as security services, chauffeur services and gardening services to a more complex set of specialized services such as consulting services and engineering services.

While GeM shall seek to cater to all the buyer needs for goods and services that are commonly used, it shall build its goods and services offering in a staged manner. GeM shall prioritize those goods and services to be supported in the short term that have a low level of customization, are more standardized and have larger transaction volumes in the public procurement domain. As the GeM platform matures, it shall support goods and services requiring higher degree of complexity.

At the same time, the GeM platform shall clearly define the set of goods and services that the platform shall never cater to constituting the exclusion list. This shall include goods that are highly specialized and limited to very niche buyer segment, such as defence equipment, and services like mining services.

## How

The GeM platform shall be an open marketplace and shall focus solely on being a platform for Government buyers to meet sellers and conduct business. It shall neither own the goods and services sold through the platform nor own the supply and logistics of goods and services transacted on it. The GeM platform shall be a trust-based portal where the buyer shall hold the responsibility to ensure value for money and timely payment in any purchase made and the seller shall hold the responsibility to ensure the accuracy and integrity of all information shared, the quality of products and services sold and the timeliness of the delivery.

## 2.2 Potential for the GeM Platform[3]

The value of **annual spend on public procurement** in India is estimated at anywhere between 18 – 20% of India's GDP. This spend constitutes the entire universe of goods and services procured. Approximately 20% of total goods (~2 L Cr) and 7.5% of total services (~1.5 L Cr) can be classified as goods and services addressable in the short term for the GeM platform. The ability to capture the largest possible part of this addressable spend and drive it through the platform shall depend on three key factors:

- The proportion of buyers out of the total universe of buyers comprising public procurement in India that are successfully on-boarded onto the GeM platform
- The availability of requisite goods and services, as needed by these buyers, on the platform
- The portion of the buyers' spend that the platform is able to capture

Given the GeM platform's starting point, it is envisaged that over **a 2 -3 year period, close to 1 L Cr of annual transaction value can be targeted on the platform**. Since the procurement landscape in India is considerably diverse in terms of geographic and policy-related considerations, higher penetration shall be targeted for buyers covered under Central Government (such as Central Ministries, Departments, Central Public Sector Enterprises, and Public Sector Undertakings) which account for ~65% of total addressable spend.

Over a 5 – 6 year period, the GeM platform shall be able to target 2 -3 L Cr. of annual transaction value and in **the long-run (10-12 years) it could potentially capture as much as 5% of India's nominal GDP** in terms of transaction value. The aspiration is in line with benchmarks of global best-in-class e-procurement portals (such as ChileCompra, GeBIZ and KONEPS) which capture anywhere between 4.5% - 6% of their respective countries' GDP through online transactions supported by their respective platforms.

## 2.3 Key Features Supported by the GeM Platform

### 2.3.1 Registration

The GeM registration process shall be driven by principles of ease, convenience and minimal data entry. The following key considerations shall be considered in designing the GeM registration process:

- Registration shall be trust based (self-certified) and validated exclusively through online integration with domain databases
- Aadhaar shall be used as the primary user identification proof
- Transfers/personnel movement shall be supported seamlessly by clear distinction of user and post

Monitoring and re-verification for detection of inactive user accounts
User accounts shall be regularly monitored to detect inactive accounts. For accounts that the GeM platform deems inactive basis criteria that GeM may layout and revise from time to time, users shall be required to re-verify their details in order to ensure that the accounts are active and updated. The GeM platform shall reserve the right to deactivate accounts that are deemed unfit or inactive to maintain the sanctity of the platform.

[3] All figures are as per FY 17 GDP

### 2.3.2 Catalogue Management (CMS)

As a marketplace, one of the founding pillars of the GeM platform shall be its goods and services catalogue. Given the multitude of buyer organizations that will transact on the platform and their large procurement needs, the scale and the spread of the type of transactions on the GeM platform shall be enormous. A robust Category Management System shall be fundamental to be able to support a standardized buying process, create a competitive market and provide the buyer with search and compare capability. The GeM platform shall thus provide a rich catalogue with complete information of the features and specifications of the offerings.

#### 2.3.2.1 Product and Service Taxonomy: The United Nations Standard Products and Services Code

The GeM CMS shall be based on The United Nations Standard Products and Services Code® (UNSPSC®)[4] , managed by GS1 US for the UN Development Program (UNDP). However, efforts to develop harmonized and customized codification system in association with other partners such as GSTN, Railways etc shall be made.

#### 2.3.2.2 Standardization of Technical Specifications/Parameters

The technical specifications constitute a critical aspect of public procurement. One of the key facets of the GeM platform shall be the standardization of these specifications/parameters. GeM shall provide standardized templates of technical parameters (TP), for both goods and services, designed to maximize objectivity.

This standardization of parameters shall be the principal virtue of the GeM platform that differentiates it from the prevalent offline processes and systems. This shall lend itself to GeM being a fair, open and

brand agnostic platform. In addition, while procuring on the GeM platform, buyers shall not need to invest the time or effort required in identifying the right list of parameters that comprehensively constitute the product or service.

The TPs on the GeM platform shall be demand driven, market-aligned, consultative and dynamic. In a scenario where the buyer finds the Technical Parameters defined on the GeM platform for any good or service as not sufficiently comprehensive and requires parameters to be either added or modified, the buyer shall be able to inform GeM of its requirements. This process shall be inbuilt into the platform to the extent possible. Standard Operating Procedures (SOPs) for such upgrades and updates of TP of GeM catalog will be dynamic and evolving, without compromising on the need to keep the GeM catalog generic at all times.

#### 2.3.2.3 Goods and Services Supported on the Platform

The GeM platform shall be a dynamic marketplace where new categories of goods and services are continuously added. The platform shall provide buyers and sellers with the functionality to suggest the goods/services they need supported. The list of goods and services excluded from the platform shall also be clearly published on the platform and may be subject to change as the platform matures.

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[4] GeM reserves the right to add to this classification system and customize it as and when needed

### 2.3.3 Order Placement and Fulfillment

#### 2.3.3.1 Buying Modes Supported

The GeM platform shall provide three primary buying modes and the appropriate use of the buying mode shall be indicated by the platform as per the total value of the procurement. The three buying modes are Direct Purchase, Direct Purchase with L1 and e-bid/RA. The GeM platform shall reserve the right to set the thresholds of transaction value for the applicability of each of the buying modes based on the GFR and related guidance issued by Ministry of Finance, Government of India from time to time. All decisions related to use of the modes available on GeM shall be made solely and exclusively by the buyer with required approvals from the competent authorities.

<u>Direct Purchase and Direct Purchase with L1</u>

Direct Purchase mode shall be allowed for low value transactions and shall allow the buyer to directly procure from any available seller on GeM that meets the requisite quality, specification and delivery period as specified by the buyer.

The Direct Purchase with L1 mode shall be allowed for mid value transactions and shall allow the buyer to directly procure from the L1 seller after comparing all available sellers on the platform that meet the requisite quality, specification and delivery period as specified by the buyer. The comparison must be made between goods/services of at least three different manufacturers/OEMs and three different sellers.

The GeM platform shall provide buyers with a robust search and filter functionality to enable them to specify their exact requirements. It shall also provide the buyer with the functionality to exercise purchase preference in these modes by providing filters such as Make in India, MSE etc. as per extant Government of India policies and guidelines. The platform shall also recommend buyers to purchase from sellers meeting local content/MSE when the prices are comparable with the market L1 price.

These modes shall allow buyers to make time efficient purchases and have strict delivery and payment timelines.

<u>E-bid/Reverse Auction</u>

The **E-bid/Reverse Auction mode** shall allow buyers to conduct an electronic bid for the goods and services on the platform.

The creation of bid documents as well as system driven evaluation will be driven through well-defined and standardized technical parameters and the bid terms and conditions.

The General Terms and Conditions, Special Terms and Conditions and Additional Terms and Conditions provided by the platform shall address the general requirements for floating e-bids/RA on GeM.

The GeM platform shall provide buyers with the option to customize the bid as per their requirement by way of objective selections. The buyers can raise requirement for further customization of the bid terms and conditions in line with the standardized GeM catalogue This is inline with GeM's objective of maintaining standardization and objectivity throughout

the procurement process. All e-bids and RAs on GeM shall be exclusively completed through the GeM platform with no reference to any outside source or links.

The GeM platform shall provide a system driven evaluation of the bids and identify the shortlisted i.e. responsive bids. While the buyers are suggested to heed the system recommendation, the buyers shall reserve the right to download the evaluation as well as override the system evaluation. In case of offline bid evaluation, buyers shall be required to provide a summary of the outcome on the platform. In certain situations where Quality and Cost Based Selection (QCBS) is absolutely necessary and requires direct interface like presentations and in person consultation, such as hiring of consultant/project buying, the buyers shall appropriately capture the offline steps on the platform as part of bid evaluation.

## Proprietary Article Certificate (PAC) Buying

The GeM platform shall allow buyers to procure on a proprietary basis by using the PAC filter provided on the GeM platform, which allows the selection of a specific model/make from a particular seller that is available on the platform.

For PAC procurement, Direct Purchase buying mode and bidding/RA buying mode (above threshold value) shall be allowed.

## 2.3.3.2 Additional Features provided while buying on GeM

### 2.3.3.2.1 Demand Aggregation

Demand Aggregation shall allow buyers (primary user) to aggregate demand across buying teams. For instance, the central Ministry can aggregate common or aggregate demand across states under a common bid. Demand aggregation results in better, more competitive prices as the volume of the order placed with the single seller is large thereby allowing economies of scale. While the bid is centralized, orders invoices and payments thereon can be assigned to individual and multiple agencies on GeM. The GeM platform shall enable demand aggregation services for identified categories with assured reasonability of price.

### 2.3.3.2.2 Bunching / Bundling

Bunching is a process of buying multiple goods in a single order i.e. through a single seller whereas bundling is a similar process of buying goods along with related services. A significant portion of buying constitutes purchasing multiple goods / services together. The GeM platform shall allow bunching / bundling of multiple goods / services as per pre-defined categories where sellers selling these multiple goods / services are available.

This shall help users reduce the need for multiple orders and shall result in prices that are more competitive.

### 2.3.3.2.3 Multi-cart

The GeM platform shall provide its buyers with the multi-cart feature that shall allow the buyers to have many carts simultaneously. This shall enable the buyer to save the items in the cart for a specified duration. The rates for the specific quantity of items held in the cart shall be frozen for the carting period against any upward revision. However, in case of a downward revision in the offer price of an item in the cart, the revised price shall be made available to the buyer. Validity of the items and offers carted shall be limited for a period of time after which cart shall be emptied automatically.

### 2.3.3.2.4 Proof of Non-availability of Sufficient Competition or Unsupported Good/Service

The GeM platform shall be a dynamic online marketplace with new categories of goods/services continuously being added. In situations where the product/service is not supported on the platform or there is insufficient competition basis specifications input by the buyer including

service shall be deemed not available for procurement on the GeM platform and the buyer shall be allowed to procure via the offline mode. In such situations, the buyer shall be allowed to download a report for the purpose of audit and shall allow the buyer to show verifiable proof for procuring outside the GeM platform.

### 2.3.3.3 Order Fulfillment

The GeM platform shall lay down a standardized process with definite timelines for order fulfillment and provide both buyers and sellers with the functionality to track the order fulfillment process. The platform shall enforce buyers and sellers to adhere to the online process, update the required information and issue invoices or certificates as applicable and in a timely manner.

All key documents for order fulfillment and payment such as the purchase/sanction order, invoice and bill shall be generated by the platform based on user input and selections. GeM shall stipulate the timelines for the different stages of the process such as delivery of the goods/services, generation of Provisional Receipt Certificate (PRC) and generation of Consignee Receipt and Acceptance Certificate (CRAC). Users shall be subject to appropriate rating and action in case of non-adherence as per GeM policy notified from time to time on the portal.

### 2.3.3.4 Contract Management

In keeping with the principles of speed, efficiency and minimal manual interference, the GeM platform shall auto-generate the contract basis the specified technical parameters and the details chosen by the buyer such as delivery period and delivery terms.

The General Terms and Conditions (GTC), Product / Service specific Special Terms and Conditions (STC) and Bid / RA specific Additional Terms and Conditions (ATC) shall be published on the GeM platform. These shall constitute the contract generated on the platform. The Terms and Conditions stipulated in STC will supersede those in GTC, and the Terms and Conditions stipulated in ATC will supersede those in GTC and STC in case of any conflicting provisions. The platform shall provide buyers with the functionality to edit the auto populated terms and conditions within the overall GeM legal framework. GeM shall also provide the functionality of updating the contract along with version control and audit trail.

### 2.3.3.5 Payments

The GeM platform shall support 100% online payments to ensure a truly cashless procurement process. This will not only make the process efficient but also improve timely payment assurance. The platform shall, therefore, support multiple online payment modes in order to maximize convenience and utility for its users. The platform shall also support e-EMD and e-PBG to stay true to its aspiration of 100% online payments.

The GeM platform shall provide users with a payment gateway to support internet banking as well as allow integratration with the different payments systems used by buyers such as Public Financial Management System, State GeM Pool Account, Controller General of Defense Accounts, Centre for Railway Information Systems, Central Reserve Police Force Payment System etc.

Additionally, the GeM platform shall support the integratation of the different ERP systems (SAP/ Oracle etc.) that are used by the buyers to maximize efficiency and seamlessness. GeM shall lay down definite timelines for payment and enforce buyers to adhere to stipulated timelines. In order to promote timely payment, GeM shall constantly endeavor towards and encourage pool account based payments as the preferred payment mode on GeM.

### *2.3.3.6 GeM Service levels*

As an online system for procurement, GeM service levels shall aim at maximum efficiency in its operations from placing a demand to closing with payments on time for contracts fulfilled. Each of the steps across transactions shall have specified time for performance by both sellers and buyers. All appropriate measures shall be taken to ensure that both buyers and sellers adhere to these terms and conditions. These measures shall include ratings (parameters), issuing notices, watch list and defaulters being disabled. All actions under this segment shall be notified to all users and reflected appropriately for further transactions.

## 2.3.4 Decision Support

Beyond the cost and time benefits intrinsic to GeM, GeM shall provide its users with additional value add by providing decision support that helps them achieve better value-for-money and efficiency.

### 2.3.4.1 Business Intelligence and Analytics

Analytics helps organizations in harnessing their data, and in using it to make more informed, evidence-based decisions, which in turn leads to increased operational efficiency and savings. The GeM platform shall provide its users with personalized dashboards to track overall transactions and the performance of the buying/selling organization and reports for transaction summary, payment due, non-adherence of payment/delivery SLAs etc. The platform shall enable buyers to monitor the trend of their procurement and adherence to the different directives like Make in India and MSME Policy.

Additionally, the GeM platform shall provide the larger ecosystem of users with intelligence and analytics on spend trends, registration trends, yearly procurement trends, key goods/ services etc. which shall help in understanding the procurement landscape in India better and making data led decisions. The analysis of the transactional data on the platform shall enable the policymakers from MSME and DIPP to recognize key challenges and review and revise procurement policies accordingly.

### 2.3.4.2 Information Visibility

The GeM platform shall provide the buyer with the credentials of the seller such as the financial credentials, past experience and preferential seller credentials such as registered MSE or startup. The platform shall also ensure visibility for MSE/local sellers and startups. Further, the platform will enable sellers to indicate the percentage of domestic content in their goods and services, promoting the Make in India order. The platform shall support real-time sharing of information relating to all procurement notices through the integration of CPPP.

## 2.3.4.3 Establishing Price Reasonability

While the responsibility to ascertain the reasonability of price for any buying on GeM shall rest solely with the buyer, GeM shall provide the buyer with multiple tools to help the buyer ascertain price reasonability. This includes the comparison of prices across other e-commerce sites (wherever available), discount over MRP, Last Purchase Price on GeM and the prices at which transactions have been conducted on GeM for similar items in the recent past. GeM shall also incentivize buyers to contribute to the price rigor on the platform by sharing relevant information.

## 2.3.4.4 Buyer and Seller Rating

In a trust-based system like GeM, ratings become a key component in the overall system. GeM shall provide a rating system that evaluates performance on a continuous basis based on weightages to various parameters. This will reward well-behaving buyers and sellers, incentivize good buying behavior and cultivate competition in performance amongst sellers.

## 2.3.4.5 Vendor Assessment

GeM shall provide the facility for availing services (third party) for Vendor Assessment relating to technical / financial capacity and experience including manufacturing/testing facilities/quality control arrangement(s) of manufacturing premises. Vendor Assessment to ascertain the quality of a product or service will also be provided. Sellers shall be incentivized to opt for the assessment as it will be factored into GeM ratings and the product/service will be marked verified which shall be a filterable parameter that the buyer can use in their selection process. This will aid buyers in the decision-making process.

## 2.3.4.6 Demand Forecasting

GeM shall forecast demand basis the analysis of historical data on the platform and the data provided by buyers as part of their annual procurement plan. This will help sellers plan better and in turn ensure availability of required goods/services and lower prices for the buyer.

## 2.3.5 Quality Assurance

The GeM platform shall do away with some of the traditional quality assurance processes like centralized seller registration and verification, advance sampling and inspection. It shall instead have a set of internal checks and controls to drive quality on the GeM platform. These shall include intrinsic elements across the different modules on the platform such as automated validation for registration, standardized templates of technical parameters in the category management system, ratings and vendor assessment as part of decision support and watch listing and suspension as part the Incident Management policy. Together these shall effect a robust quality assurance mechanism.

In addition to the above controls, a Quality Assurance Team will maintain the sanctity of the market on the GeM platform. Random checks hall be conducted periodically for verification of user accounts and related data, price reasonability, integrity of product and service listings, and adherence to the terms and conditions of the platform s.

In order to effectively monitor the health of quality of GeM platform, a Quality Framework will be instituted with a set of quality related KPIs. GeM shall regularly publish a quality report based on this framework to highlight the progress made on improving quality of the platform.

## 2.3.6 Audit Trail

GeM has been envisioned as a trust based system, and this shall be the basis for many decisions on the platform. In order to effectively implement this system, GeM shall institute a set of internal checks and controls. A key aspect amongst these shall be GeM maintaining an audit trail i.e. a securitized chronological record that provides documentary evidence of the sequence of activities carried out on the platform during any transaction that takes place on the platform.

The purpose of keeping audit trail in the system is to allow Auditors to evaluate the process transparently, and review the choice of filters, data, evaluation criteria and confidentiality techniques that are used on the platform. Aufit trail also aims to ensure that fair practices are adopted in technical and financial evaluation of bids.

An automated process shall be put into place by GeM to extract logged information generated during different stages of procurement transactions on the platform. Using few key fields such as contract number, organization name etc. a bid summary sheet that captures different artifacts, input/output data and events, can be generated for auditing purposes.

## 2.3.7 Communication and Support

GeM shall provide a standardized and single channel for communication with stakeholders through its contact center and domain mail.

## 2.3.7.1 Communication to Buyers and Sellers

GeM shall send out communication to keep all stakeholders updated with all relevant changes/ notices etc. related to GeM. GeM shall use multiple modes to communicate with its users depending on the information to be conveyed and its criticality.

GeM shall inform users in the case of new product/service categories being added, end of life information, change in technical parameters of goods/services, new bids creation or modification etc. GeM shall also from time to time have promotional and marketing events for which related communication shall be sent to buyers and sellers. All such information shall also be made available on the various social media sites of GeM.

## 2.3.7.2 Contact Center

GeM shall be supported by a contact center well equipped to handle the different queries users may have. The GeM contact center shall support inbound and outbound customer communication across different communication channels i.e. telephone, web, chat, email and social media. Since the contact center shall service stakeholders across different geographical regions in India, it shall support English, Hindi and certain several regional languages. An escalation matrix with well-defined SLAs shall be provided to ensure users receive expert help as needed. GeM may use all communication (ingoing/outgoing) from the center in case of any query/grievance/any other request.

## 2.3.7.3 Training and Material

Adequate training support and assistance shall be critical for the success of the GeM platform. The users of GeM shall not have to face any challenges in using the platform effectively. Thus, central and regional training as well as the availability of adequate training material on the platform shall be ensured. GeM may design e-procurement certifications and offer trainings to certify professionals specialized to procure via the GeM platform.

## 2.3.8 Dispute Resolution and Incident Management

GeM shall be a trust-based system and hence it shall be extremely critical to support a structured and automated Incident Management process to penalize any deviant behavior. On a platform as large as GeM, disputes between buyers and sellers is bound to occur. While GeM provides the platform facilitating these transactions, GeM shall not have any authority, legal or otherwise to resolve disputes or redress grievances. It shall thus be extremely important to ensure that users are cognizant of the fact that GeM is, at the crux of it all, only a platform and cannot and does not take over the onus of ensuring that every transaction through it is error free and assured. Thus, while GeM shall take administrative action as per the process published, in cases where grievance redressal beyond the platform is required, arbitration process shall be applicable and GeM shall not be a party to this process.

- The role of GeM in Incident Management shall be three fold and limited to:
- Making available all the information that may help in the resolution of the dispute.
- Providing notice and reasonable opportunity to the party to provide justification
- Taking appropriate administrative action, limited to the platform, against the buyer or/and seller as the case may be

GeM shall support a holistic framework for incident management, where deviations on GeM shall be categorized into three levels, namely: mild, serious and severe. An appropriate administrative action shall be administered on a case-to-case basis. The penalty may range from having the deviations recorded against the seller/buyer to blocking or suspending of the defaulting buyer/ seller account and a blacklisting recommendation to the Board/Ministry of Commerce.

## 2.3.9 Data Security

GeM shall be responsible to ensure the privacy and security of the data on the platform. Adequate measures shall be taken to ensure that the GeM platform adheres to the highest standards of information security and user privacy.

## 2.4 GeM Procurement Guidelines

Public procurement in India is currently guided by multiple well-founded procurement guidelines and policies. Since these policies were drafted in a time before GeM, they were primarily designed in accordance with the offline procurement process and not with an online marketplace in mind. Thus, certain operational design elements of these policies may not be entirely relevant on a standardized technology-driven platform like GeM. With the advent of GeM, it is critical for the essence of these policies to be maintained and brought together in a comprehensive marketplace procurement process that shall apply to all procurement on GeM. The GeM procurement process is built on fundamental principles of public procurement i.e. transparency, value for money and openness of competition. However, by virtue of it being a technology-driven platform, the mechanism and processes by which it achieves these objectives may change from the past.

Thus, a set of GeM procurement guidelines for operating on GeM shall be drafted and shall apply to all buyers and sellers on the platform independent of the respective procurement policies applicable to them outside of the platform. For procurement made on GeM, buyers shall abide by the GeM procurement guidelines and shall not be subject to compliance issues arising from different policies that may be applicable to them when they procure offline/outside GeM.

Some of the indicative directives/processes that currently exist and shall be re–aligned for the GeM context include:

- Minimum three weeks time to be allowed for submission of bids (Rule 161)
- Procurement by Limited Tender Enquiry in cases of urgent need (Rule 162)
  Evaluation of technical bids to be conducted
- by Competent Authority or Technical Committee (Rule 163,164)
  Bid Security (EMD) should range between
- two percent to five percent of the estimated value of goods to be procured (Rule 170)
  Performance Security should be for an amount of five to ten percent of the value
- of the contract as specified in the bid documents (Rule 171)
  Procurement of services by Limited Tender Enquiry when the value of the services is less than 10 Lakhs (Rule 201)

Therefore, GeM shall institute a set of procurement guidelines for operating on GeM that shall apply to all buyers and sellers on the platform independent of the respective procurement policies applicable to them outside of the platform.

Procurement on GeM for all buying entities shall be exclusively subject to the GeM guidelines, terms and conditions as published by GeM on the GeM website, which shall override all concurrent processes differing from or in conflict to the process outlined by GeM. GeM, being a technology-driven platform, shall embed certain facets of the procurement process in the design of the GeM platform. GeM shall provide requisite mechanisms needed to comply with the intent of the various related central procurement policies and guidelines defined by the different domain ministries. For procurement made on GeM, buyers shall not be subject to compliance issues arising from different policies that may be applicable to them when they procure offline/outside GeM and are not applicable on the GeM platform. For all circumstances not covered by the GeM guidelines, terms and conditions, the buyer shall adhere to the General Financial Rules and/or the procurement guidelines of the respective entity.

GeM has been established as the national procurement portal. Thereby, GeM shall seek to design its procurement process and guidelines in adherence to the national level directives from the Government. GeM will continuously look to new ways of supporting these policies while adhering to the design principles intrinsic to GeM. All policies relating to various aspects of GeM transactions shall be available online and user feedback shall be inbuilt on the platform.

## Applicability of the guidelines to services

It is important to recognize that the assessment of quality for services is a continuum. On one end, there are a set of standard services where complexity is low and quality may be assessed by way of a set of technical specifications. This gives way to slightly complex services, including the bundling of goods and services. In such cases, it may be important for the buyer to establish relevant work experience as a measure of quality. And on the other end, we have project-based buying where quality may be ascertained by multiple aspects such as financial net worth, approach and methodology, and current set of completed and ongoing works. Thus, GeM shall enable the buyer to make an informed decision basis these different criteria and basis where the services lie on the continuum, thereby capturing the essence of Quality and Cost Based Selection.

Thus, the procurement process for services on GeM, similar to goods, shall be standardized and inbuilt into the system and buyers shall not need to follow any concurrent processes that may be applicable in the offline procurement process.

## Entities covered by the guidelines

The GeM procurement guidelines shall be issued pursuant to Rule 149 of the General Financial Rules 2017. It has been mandated as per GFR Rule 149 that if a product/service category is

available on GeM, all Ministries and Departments shall procure through GeM. Thereby, the guideline shall apply to all Central Ministries and Departments and the respective Central Public Sector Enterprises (CPSEs) under them. The guideline shall also be extended to States and UTs and the respective State Public Sector Enterprises (SPSEs) and any other Public Sector organizations by way of a Memorandum of Understanding (MoU) between GeM and the respective entity. The list of entities with which GeM has entered into a MoU shall be published on the website and will be continually updated. Thus, the mandate to procure from GeM and the applicability of this guideline shall also fall onto all buyers falling under the purview of these entities.

All other buyers like autonomous bodies, apex institutes, charities and other entities where significant government funding is received shall be recommended to use GeM for the procurement of goods and services to the extent possible and follow the guidelines stipulated herein. A detailed description of GeM procurement guidelines has been covered as part of Appendix B.

## 2.5 Monetization on the GeM Platform

### 2.5.1 Introduction

GeM has been setup as a Section 8, not for profit organization. Beyond the initial grant of Rs 200 Cr, GeM is expected to self-sustain its operations. GeM will thus need a means of sustenance for the organization and its marketplace platform. A monetization model to generate revenue, to create and cover the following cost elements to sustain operations, shall be required:

1. Technology and Platform cost - Payout to the Managed Service Provider (MSP)
2. Personnel Cost – Cost of personnel including Performance Linked Incentives
3. Marketing Expenses – Expenses incurred in spreading awareness and increasing engagement on GeM
4. General and Admin Expenses – Day-to-day operations expense including contractual services
5. Innovation & Grievance Redressal Fund – Funds for growth and innovation or unexpected exigencies

Objectives of the revenue model – The key objectives of the revenue model shall be to:

1. Recover costs and self-sustain GeM
2. Generate funds to fuel innovation and growth
3. Maintain a corpus/buffer for windfall changes

Multiple potential monetization streams exist for GeM and may be applied such as one time fees like registration fee or listing fee and recurring fees like annual fee, transaction fee, paid advertisements, value- added services fee etc. GeM shall have the remit to alter the revenue generation mechanism in terms of the sources that it chooses to monetize and the quantum of the charge or fee it fixes. In addition, the revenue model shall be leveraged to drive desired market behavior among buyers and sellers by means of incentives and penalties and help achieve GeM marketplace objectives.

A two-fold revenue model may be instituted for GeM

**1.** Transaction fee model - **Primary model for revenue generation and cost recovery.**

**2.** Behavior-based incentives model – **Incentives/disincentives based on specific user behavior to help achieve GeM marketplace objectives.**

### 2.5.2 Mechanism of Revenue Generation

*2.5.2.1 Primary Revenue Generation Model*

Key elements of the transaction charge model are as follows:

Since GeM provides a platform for both buyers and sellers to conduct transactions, both buyers and sellers may be charged a small % of their transaction value as transaction fee. Sellers may be charged more than buyers in line with the value they derive out of GeM in terms of ease of doing business with the Government .

GeM may also exercise its option to charge transactions only above a certain minimum threshold transaction value or it may lay a differential charge on different thresholds of transaction values. This shall be designed in accordance with the premise that the user willingness to pay will be higher in big-ticket transactions. This shall also ensure higher feasibility of implementation and revenue realization for GeM.

GeM may also explore categorizing product and service categories basis their margin potential into buckets such as High, Medium, and Low margin potential. Higher margin categories may be charged a relatively higher % of the total transaction as there shall be higher willingness to pay for sellers.

Thus, a transaction fee matrix, clearly laying out the charges applicable on buyers and sellers across types of goods and services and across ranges of transaction value, shall be developed and deployed on a periodic basis. This matrix shall be designed as per cost recovery principles and shall be revised periodically depending on how revenue tracks against the costs.

*2.5.2.1 Behavior-Based Incentives*

Registration Fees and Listing Fees shall serve as secondary revenue generation streams wherein the primary aim of levying these charges shall be to drive right market behavior and incentivize/disincentive the participants in line with the marketplace objectives.

A one-time registration fee for sellers shall help maintain the sanctity of the seller base and drive a sense of discipline in the registration process, prevent sellers from creating multiple, unnecessary accounts and reduce the number of inactive sellers in the system since only serious sellers register. Similarly, sellers shall be charged a small listing fee i.e. a fee for every time the seller wishes to list a new product or service. The fee shall be minimal with the primary objective being to maintain the sanctity of the marketplace and ensure discipline in the listing process.

A few illustrative incentive schemes are as follows:

Product Upload - To incentivize correct listing process, sellers who make 10 error free listings consecutively can be allowed to make the next 5 listings for free i.e. no listing fees will be levied.

Pricing - To incentivize competitive discounting, top sellers that offer the maximum discount on a monthly basis can be given one month of charge free transactions. The rules and incentives shall be changed from time to time depending on desired behaviors to be driven through the marketplace.

# 3. GeM Organisation (GeM SPV)

As stated earlier, the Government e Marketplace Special Purpose Vehicle (GeM SPV) has been set up to develop, manage and maintain the GeM platform. To be able to successfully deliver the GeM platform as described above, it is critical for the GeM organization to have a clearly defined strategic and operating model in place.

## 3.1 Vision, Mission and Values for GeM SPV

In line with the founding principles of GeM, as laid down by the Cabinet Note dated 7th April 2017, the vision for GeM articulates the aspiration that GeM shall seek to achieve. The vision for GeM is thus stated as:

**"To effect an evolution in public procurement promoting a transparent, efficient and inclusive marketplace"**

The mission statements lay down the operational facets of what the GeM SPV shall do in order to realize GeM's stated vision. The five mission statements for the GeM SPV are laid down as:

i. Institute a unified procurement policy to encourage behavioral change and drive reform.

ii. Establish a lean, dynamic organization capable of continuous innovation and market driven decision making.

iii. Build an easy to use, fully automated, trust based platform to ensure transparency and efficiency in procurement.

iv. Demonstrate commitment to delivering value by ensuring right quality at right price.

v. Create a sustainable ecosystem covering all stakeholders and driving inclusive development in India.

The values for GeM SPV are intrinsic to the identity it aspires to build. These values are in line with the beliefs that are core to the GeM organization and its key stakeholders. The values system that GeM shall thus subscribe to can be explained by a set of seven fundamental values. These are: **Innovate to Simplify, Ownership and Accountability, Be Bold and Think Big, Responsiveness, Commitment, Transparency and Integrity and Social Inclusion.**

## 3.2 Organization Structure

Any typical e-commerce marketplace needs to support 6 key processes:

- Buyer related processes (e.g. training and onboarding, key account management)
- Seller related processes (e.g. category management, pricing)
- Platform related processes (e.g. analytics and reporting, customer care)
- Strategy related processes (e.g. business planning, partnerships and alliances)
- Technology related processes (e.g. product development, data warehousing)
- Internal support processes (e.g. HR, finance, legal support)

In order to execute these processes efficiently, it is important for GeM SPV to have a well-defined organization structure which is lean, dynamic and market linked. This organization should have capabilities to build and maintain the platform and fulfil the GeM vision. Therefore, GeM SPV organization structure has been designed in accordance with best practices from global benchmarking e-procurement, e-commerce players (such as Amazon, ChileCompra, GeBIZ and KONEPS). GeM SPV CEO's organization will have 5 key functions: Marketplace, Technology, Strategy and Planning, HR and Admin and Finance. In addition, the organization will also house Centers of Excellence[5] to play advisory role on select topics of strategic importance/academic research.

Given government procurement involves multi-crore rupee transactions on a daily basis, it is also important for GeM to be able to execute its operations with utmost transparency. Therefore, GeM SPV will also house an Ombudsman. A detailed organization structure has been developed and has been adopted by the Board as of 5th April 2018.

### 3.2.1 Model for Talent Acquisition

The Cabinet Note lays down provisions for multiple sources for GeM to build the required capability and talent:

1. Government employees:
    Government employees hired as full-time employees of GeM SPV.

2. Market employees:
    SPV Market: Market employees hired for critical roles as full-time employees of the GeM SPV
    PMU: Market employees hired on a contractual basis as part of the Project Management Unit of the GeM SPV

3. Managed Service Provider:
    GeM shall engage a Managed Service Provider (MSP) to deliver the technical and certain operational capabilities of the online marketplace platform.

In order to scientifically identify the right sourcing mechanism for various roles, a two-pronged approach shall be followed:

1. Strategic Importance or Criticality: Only the most critical roles shall be hired permanently into the SPV whereas other roles shall be hired on a contract basis in the PMU

2. Specific Skillset Requirement: Given that GeM SPV aspires to build a world-class e-procurement marketplace, many specific technical and operational skillsets are required. Such specific skillsets shall be sourced from the market.

[5] A detailed document has been prepared that details the process to be followed in setting up the CoEs

Since the GeM SPV aspires to be a dynamic, market-linked organization capable of continuous innovation and market-driven decision-making, the GeM SPV shall maintain a healthy balance of Government and market sourced employees as per talent the strengths and capabilities required.

### 3.2.2 Organization Strength

Role of a Managed Service Provider (MSP) has been envisaged at GeM to deliver the technical & operational capabilities of the online marketplace platform. However, in order to cater to the other elements of the complete ecosystem (such as Buyers, Sellers, Institutional Partners etc.) and address all other organizational aspects (such as Strategy, HR, Admin etc.), a significant workforce will need to be recruited by the GeM SPV. In addition, workforce will also be required to monitor the deliverables of the MSP.

The GeM SPV has received the approval to build a 200 – 250 member organization (full-time employees + contracted PMU employees) by FY 21. Beyond that, the scale and structure of the organization shall depend on the growth of GeM and the evolution of the scope of GeM.

## 3.3 Functioning of the GeM SPV

### 3.3.1 Key Activities to be conducted[6]

For effective functioning of the GeM SPV, the following 8 key activities shall be conducted as per detailed process maps that have been developed.

*1. Annual Business Plan*
*2. Quarterly Business Plan*
*3. Buyer Health*
*4. Seller Health*
*5. Order Fulfillment*
*6. Marketplace Health*
*7. New Product Innovation*
*8. New Business Initiatives*

### 3.3.2 Key Capabilities Required[7]

To drive meaningful business results at GeM, and basis benchmarking of similar organizations as well as priorities of GeM SPV organization, 12 key capabilities have been identified that GeM SPV shall actively work towards building/acquiring to deliver on its goals.

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[6] A detailed document has been prepared that details the 8 key activities along with the high level process to be followed along with the RACI matrix

[7] A detailed document has been prepared that details the steps that GeM SPV should take in order to develop these capabilities

| S.No | Key Capability | Description |
|------|----------------|-------------|
| 1. | Market/Pricing Intelligence | Market intelligence to ensure value for stakeholders i.e. right quality at the right price through extensive pricing benchmarks and knowledge. |
| 2. | Policy Creation & Maintenance | Development and maintenance of unified marketplace procurement policy applicable to all buying on GeM to enable standardized e-procurement. |
| 3. | Contract Management | Framing, execution and monitoring of contracting through the platform |
| 4. | Product Development | Agile and robust product development process |
| 5. | Payments Integration | Seamless online payment integration |
| 6. | Advanced Analytics | Strong analytics engine, techniques (e.g. AI) to ensure data-led automation (demand forecasting, product recommendations, demand aggregation etc.) |
| 7. | Process Definition & Monitoring | Internal systems and monitoring mechanisms to ensure tightly run business process with well-defined roles and responsibilities |
| 8. | Customer Centricity | World-class customer care, registration, training and onboarding procedures to ensure a seamless experience for buyers and sellers while using the platform. |
| 9. | Collaboration | Collaboration with buyers and sellers to identify improvement opportunities |
| 10. | Execution Focus | Strong focus on execution through quick decision making and prioritization |
| 11. | Adaptability | Flexible organization to readily adjust to scale and market requirements |
| 12. | Policy Implementation | Implement, rollout and monitor compliance to marketplace procurement policy |

### 3.3.3 Centers of Excellence

In order to build sustainable capabilities and achieve its long-term aspirations, GeM shall create Centers of Excellence (CoE) within the organization. These centers will serve as think tanks on matters of strategic relevance to GeM in line with its Vision, Mission and Goals. The focus areas of these CoEs may be revised from time-to-time based on changing strategic imperatives for the organization. For a topic / subject area to be deemed fit for the creation a CoE, it must fulfil the following pre-requisites:

a. It should be a matter of strategic relevance to GeM in the long term, in line with GeM's vision, mission & goals
b. It should help foster innovation in areas outside day-to-day mandate of GeM teams
c. It should have sufficient scope to leverage partnerships or collaborations to source relevant expertise

A PoC driven approach may be taken to formulate CoE topics. To continuously innovate and enhance the efficiency of the marketplace, GeM may carry out several PoCs within its teams

from time to time. Some of these PoCs may prove to have the potential for significant impact on the GeM ecosystem in the long term, and may require dedicated research and development effort. Such PoCs may be considered as potential CoE topics / subject areas.

A pipeline of such topics / subjects that may be suitable for creation of a CoE shall be reviewed periodically for consideration of creation of a new CoE. The periodic review mechanism shall also provide the opportunity to augment existing CoEs basis the progress made by them.

A CoE shall have an independent budget and well defined KPIs for performance monitoring. A detailed set of guidelines shall be established by GeM to lay out the following key contours for setting up and running CoEs:

- Determining the budget and KPIs for the CoE
- Mechanism to identify partners for collaboration
- Rules of engagement with CoE partners
- Criteria to determine minimum and maximum lifespan for a CoE

### 3.3.4 Third Party Services and Support Processes

GeM shall additionally leverage third party services in certain areas of catalogue creation, market sanitization, support services and process audit and in continued services like information security related services, penetration testing and vulnerability testing.

For the critical supporting functions of HR and Finance, detailed HR Manual and Financial Manual have been developed and approved by the Board of GeM. The GeM SPV shall adhere to the basic set of rules and policies that have been laid out as part of these manuals.

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## 3.4 Governance Structure

### 3.4.1 Equity Structure

As per the Cabinet Note dated 7th April 2017, GeM equity structure has been outlaid as 100% Government owned with a capital infusion of INR 200 crores over FY'18 and FY'19.

The equity structure affects multiple aspects of the organization such as the strategic plan, speed of decision-making and capital and talent sourcing. Therefore, going ahead the competent authority may decide on the appropriate equity structure basis its impact on larger organization goals that are to be achieved.

### 3.4.2 Board of Directors

GeM SPV Board of Directors shall play a critical role in guiding and shaping the journey of GeM. Since GeM requires expertise from different domains such as policy-making, technology and e-commerce, the Board of Directors for GeM SPV shall be designed basis the required expertise.

Four Board sub-committees shall be instituted: Audit incl. Cybersecurity, HR, Nomination & Remuneration Policy, Procurement Policy & Fraud Avoidance and Technology and Innovation

*3.4.2 Advisory Council*

The advisory council for GeM SPV shall be sourced from relevant fields like public policy experts, procurement experts, global e-procurement or e-commerce entities and shall enable it to:

- Draw on the skills and knowledge of experts who have practical experience in a specific area
- Receive unbiased guidance due to lack of involvement in the business operation
- Fill in any gaps in the organization and ensure critical business functions are being addressed
- Create a potential source of members for the 'main' board as the company grows
- Enhance reputation and credibility in the marketplace
- Increase consumer and stakeholder confidence

# 4. GeM Stakeholders Ecosystem

## 4.1 Key Role and Responsibilities: Buyers

**Platform Terms and Conditions**
Buyers shall be responsible to remain updated with and adhere to the General Terms and Conditions and all other terms, conditions, policies and guidelines published on the GeM platform.

**Information Disclosure**
Buyers shall be responsible for ensuring that all information submitted on the platform by them is true and complete in all aspects.

**Procurement Process**
Buyers shall be responsible to ensure that procurement is done in compliance with the guidelines of the marketplace (including adherence to the timelines on order fulfillment and payment) and the General Financial Rules and other procurement policies/guidelines notified by the government from time to time as applicable when procuring on the GeM. Buyers shall also be responsible for ensuring appropriate use of the search and shortlisting functionality i.e. the buyer should use the filters provided for direct purchase appropriately and make selection basis the requirement.

**Price Reasonability**
The responsibility to ascertain the reasonability of price for all buying on GeM shall rest solely with the buyer. While GeM shall support multiple tools to help the buyer ascertain price reasonability, buyers must also use the Last Purchase Price as recorded by the buying entity in ascertaining price reasonability. In case of anomalies, buyers are expected to inform the GeM SPV and provide all details related to the more economical alternate source of procurement so that appropriate action can be taken to ensure that price reasonability is restored for all future transactions.

**Procurement outside GeM**
Buyers shall be responsible to ensure that GeM prices are not used for procurement outside

of GeM i.e. to avoid entering into any offline contract with the seller directly based on the outcome of e-bid/RA conducted on GeM.

**Annual Procurement Plan**
Buyers shall be responsible to provide a projection of their annual demands in the format prescribed by GeM indicating required goods/services along with the specification, quality, quantity, consignee location and time of requirement etc. at the beginning of the financial year. This is as per Rule 149 (vi) of the GFR 2017.

**Demand Splitting**
Buyers shall be entirely responsible to prevent any misuse of the platform by means of splitting the demand and shall ensure that the right buying mode is used. Demand splitting for the purpose of using Direct Purchase instead of e-bid/RA or for avoiding the necessity of obtaining the sanction of higher authority shall not be permitted. This is as per Rule 149 (viii) of GFR 2017.

## 4.2 Key Role and Responsibilities: Sellers

• Platform Terms and Conditions
Sellers shall be responsible to remain updated regarding and adhere to the General Terms and Conditions and all additional terms, conditions, policies and guidelines published on the platform.

• Information Disclosure
Sellers shall be responsible for ensuring that all information submitted on the platform is true and complete in all aspects and shall ensure that they possess key requisites for conducting business.

• Product/service Listings
Sellers shall be responsible for ensuring that all statements and claims in their listings are true and complete and are complaint with GeM Terms and Conditions and the applicable provisions of law.

• Maintaining Integrity
Sellers shall be responsible for ensuring that the price(s) offered are reasonable and to take all measures.

## 4.3 Interfacing with Other Key Stakeholders: Guiding Principles of Collaboration

E-Governance has been one of the biggest agenda items in our country. Over the years, a large number of initiatives have been undertaken by various State Governments and Central Ministries. GeM is one such key mega-scale initiative that in the long run shall make significant impact on efficient spending and thus productivity of our country.

GeM shall interact with and have inter-dependencies on multiple stakeholders ranging from the likes of UIDAI, MCA 21, Banks and other financial institutions to the different monitoring and vigilance entities such as CVC, CGA. In today's landscape of rapidly evolving digital disruptions and the challenges posed by related complexities, collaboration between GeM

and these different entities shall thus be critical to ensure the success of GeM. The guiding principles for collaboration between GeM SPV and its partners shall be threefold:

i. Shared objectives: Partnerships shall be guided by a shared vision and purpose that builds trust and recognizes the value and contribution of each member. GeM SPV and its partners shall strive to set up clear objectives and goals that define the success of the partnership.

ii. Effective information sharing: The exchange of information and best practices is an extremely important aspect of collaboration. GeM SPV and its partners shall endeavor to institute seamless data sharing and actively explore how the shared information may be used effectively.

iii. Continuous communication: Effective partnerships are built on trust, openness, and communication. For effective collaboration, both parties shall take measures to remain updated with the others' plans, objectives, and risks that may have consequential effects on the other party.

### 4.3.1 Collaboration with the Central Ministries

The Procurement Policy Division's Office Memorandum dated 19.9.2017 notifies the constitution of Standing Committee of GeM (SCoGeM) for guiding, coordinating and reviewing the use of GeM. Thus, each Ministry shall constitute a Standing Committee that GeM SPV shall interface with on different elements such as identification of products and services that GeM should support, monitoring of timely payments, organizing trainings and monitoring the use of GeM by the different bodies under the Ministry.

### 4.3.2 Collaboration with State Governments and Union Territories

The State Governments and Union Territories account for a significant portion of the public procurement in India. It shall be important for GeM to onboard all the state governments, UTs and their affiliated bodies. In this respect, GeM SPV shall sign Memorandums of Understanding (MoUs) to enable the State Governments and UTs to make use of GeM for procurement of goods and services. Additionally, as stated in 4.3.1, each State shall constitute a Standing Committee that GeM SPV shall interface with on the different elements of GeM.

### 4.3.3 Collaboration with Public Sector Units (PSUs)

Public Sector Units (PSUs) account for a significant portion of the public procurement in India and hence it is of paramount importance for GeM to onboard all PSUs in the country. In this respect, GeM SPV shall actively seek to collaborate and work together with major PSUs to understand their requirements and make their transition to GeM seamless.

### 4.3.4 Roles and Responsibilities of Other Stakeholders

The other stakeholders that shall interact with GeM can be categorized into three types: Monitoring and Vigilance, Operations, Payments.

### 4.3.4.1 Monitoring and Vigilance

The two key entities for monitoring and vigilance are Central Vigilance Commission (CVC) and Comptroller and Auditor General (CAG). The primary objectives behind GeM's inception are highly aligned with the objectives of these entities. Transparency and openness are at the heart of GeM and thereby there exists great potential for collaboration between GeM SPV and these parties.

- GeM SPV shall ensure that the platform has adequate internal checks and a robust system of audit trail thereby facilitating auditors to assess and evaluate the processes, evaluation criteria and confidentiality techniques followed by different buyers.

- GeM SPV will be privy to a large amount of buyer data, which will have multiple applications in monitoring and vigilance, helping the stated parties in identifying irregularities effectively

- GeM SPV shall also commit to extend complete support to the extent possible in case of any conflict or inquiry related to any transaction on the platform

At the same time, the stated parties shall be required to work with GeM SPV to realign the rules for procurement on GeM. Additionally, the stated entities shall ensure that GeM SPV is notified and consulted before the creation of any new rules or process guidelines, which may impact the GeM platform or any related processes of buying / selling on the GeM platform.

### 4.3.4.2 Operations

An integral part of GeM's value proposition lies in its automated trust based processes. To enable this, GeM SPV has been partnering with various entities, both Government and private, to allow effective data sharing and validation. The resulting environment shall be a complex mix of applications and architectures that shall result in the necessity for the various entities to collaborate with each other to ensure seamless operations. Such key entities include Unique Identification Authority of India (Aadhaar), Goods and Service Tax Network (GSTN), Income Tax Department (PAN), Department of Industrial Policy & Promotion (DIPP), Ministry of Micro Small and Medium Enterprises (MSME), MCA21, Controller of Certifying Authorities (CCA) - e-Sign, DigiLocker etc.

Since GeM SPV shall integrate procedures on its system with these entities, it is necessary for these entities to remain cognizant of the fact that any changes or risks that they encounter may affect GeM. Thus, GeM SPV shall establish effective means for secure data sharing and continuous communication with these entities.

### 4.3.4.3 Payments

As stated previously, GeM aspires to move to 100% online payments to ensure a truly cashless procurement process. GeM SPV shall require the support of different banks to be able to achieve this aspiration. In this regard, GeM SPV shall actively seek to sign Memorandums of Understanding (MoUs) with banks to collaborate and work together. GeM shall work together with the banks to make available integrated e-payment systems for collection and transfer of payments/e-Earnest Money Deposit (EMD)/e-Performance Bank Guarantee (PBG), fees and charges and any other transactions that may be needed.

# 5. Appendix

## 5.1 Appendix A - Templates for GeM scoreboards

Template for scoreboard to be published on the platform

|  | Previous Month | Current Month | % Change |
|---|---|---|---|
| GMV (Monthly) |  |  |  |
| Number of buyers and sellers |  |  |  |
| Number of product and service categories |  |  |  |
| % orders with delivery and payment within time & ageing |  |  |  |
| % savings achieved |  |  |  |
| Number of unfulfilled or cancelled orders |  |  |  |
| Number of disputes/incidents registered and resolved with ageing |  |  |  |

Template for scoreboard to be sent to Secretaries and Chief Secretaries

|  | Previous Month | Current Month | % Change |
|---|---|---|---|
| Overall GMV (monthly) |  |  |  |
| Number of buyers and sellers |  |  |  |
| Number of product and service categories |  |  |  |
| Ministry/State wise statistics |  |  |  |
| GMV (monthly) |  |  |  |
| Number of buyers |  |  |  |
| Number of sellers |  |  |  |
| Number of product and service categories procured |  |  |  |
| % orders with delivery and payment within time & ageing |  |  |  |
| % savings achieved |  |  |  |
| Number of unfulfilled or cancelled orders |  |  |  |
| Number of disputes/incidents registered and resolved with ageing |  |  |  |

## 5.2 Appendix B - GeM Procurement Guidelines

### 5.2.1 Preface: Role of Government e Marketplace (GeM) in Public Procurement

GeM aspires to effect an evolution in public procurement promoting a transparent, efficient and inclusive marketplace. GeM uses modern technology and enablers and brings together all government buyers on a unified online platform for the procurement of commonly used goods and services. GeM reduces manual process inefficiencies in procurement and provides a paperless and cashless e-marketplace with a streamlined, consistent process for all users.

The nature of the platform is characterized by three core elements

- Openness: GeM shall be an open marketplace wherein it promotes access to information and transparency. Relevant information on sellers, products, and services shall be easy to find and readily available for both buyers and sellers. GeM shall provide data-based insights to help users in decision-making and ascertaining price reasonability.

- Fairness: One of GeM's key objectives is to allow sellers, big and small, to gain direct access to Government buyers. In doing so, GeM will ensure that all sellers are treated fairly. GeM will not offer preferential or promotional treatment to one seller over the other and shall ensure that all sellers are provided with a level playing field. This will ensure the health and competitiveness of the marketplace.

- Inclusive: GeM promotes inclusion, which means that all Government buyers and sellers are accepted on the platform. GeM aspires to create a robust seller base and all sellers interested in conducting business with the Government shall be welcomed on the platform. For buyers and sellers that do not have the know-how of using GeM, GeM shall provide additional assistance in the form of focused training, onboarding sessions and continued feedback and support.

In the evolving procurement process in the country, it is useful to reiterate GeM's role. GeM shall not be a managed marketplace but shall focus solely on being a platform for Government buyers to meet sellers and conduct business. It shall neither own the goods and services sold through the platform nor own the supply and logistics of goods and services transacted on it. GeM shall be a trust-based portal where the buyer holds the responsibility to ensure value for money in any purchase made and the seller holds the responsibility to ensure the accuracy and integrity of all information shared.

### 5.2.2 Applicability

These guidelines are issued in pursuant to Rule 149 of the General Financial Rules 2017. It has been mandated as per GFR Rule 149 that if a product/service category is available on GeM, all Ministries and Departments shall procure through GeM. Thereby, these guidelines shall apply to all Central Ministries and Departments and the respective Central Public Sector Enterprises (CPSEs) under them. These guidelines shall also be extended to States and the respective State Public Sector Enterprises (SPSEs) by way of a Memorandum of Understanding (MoU) between GeM and the respective entity. The list of entities with which GeM has entered into a MoU shall be published on the website and will be continually updated. Thus, the mandate to procure from GeM and the applicability of these guidelines shall also fall onto all buyers falling under the purview of these entities.

All other buyers like autonomous bodies, apex institutes, charities and other entities where

significant government funding is received are recommended to use GeM for the procurement of goods and services to the extent possible and follow the guidelines stipulated herein.

## 5.2.3 Need for Marketplace Guidelines

Public procurement in India is currently guided by multiple well-founded procurement guidelines and policies. Since these policies were drafted in a time before GeM, they were primarily designed in accordance with the offline procurement process and not with an online marketplace in mind. Thus, certain operational design elements of these policies may not be entirely relevant on a standardized technology-driven platform like GeM. With the advent of GeM, it is critical for the essence of these policies to be maintained and brought together in a comprehensive marketplace procurement process and guidelines that shall apply to all procurement on GeM. The GeM procurement process is built on the fundamental principles of public procurement: that of transparency, value for money and openness of competition. However, by virtue of it being a technology-driven platform, the mechanism and processes by which it achieves these objectives may change from the past.

Thus, a set of GeM procurement guidelines for operating on GeM shall apply to all buyers and sellers on the platform independent of the respective procurement policies applicable to them outside of the platform. For procurement made on GeM, buyers shall abide by the GeM procurement guidelines and shall not be subject to compliance issues arising from different policies that may be applicable to them when they procure offline/outside GeM.

Some of the indicative directives/processes that currently exist but are not relevant or appropriate while transacting on the marketplace (GeM) include:
- Mandate for all Ministries and Departments to publish all tender enquiries and details of bid awards on CPPP (Rule 159, Rule 201).
- Minimum three weeks time to be allowed for submission of bids (Rule 161).
- Procurement by Limited Tender Enquiry in cases of urgent need (Rule 162).
- Evaluation of technical bids to be conducted by Competent Authority or Technical Committee (Rule 163,164).
- Performance Security should be for an amount of five to ten percent of the value of the contract as specified in the bid documents (Rule 171).
- Procurement of services by Limited Tender Enquiry when the value of the services is less than 10 Lakhs (Rule 201).

## 5.2.4 GeM Procurement Guidelines

GeM has been established as the national procurement portal. Thereby, GeM shall seek to design it's procurement process and guidelines in adherence to the national level directives from the Government. GeM will continuously look to new ways of supporting these policies while adhering to the design principles intrinsic to GeM. All policies relating to various aspects of GeM transactions are available on line and user feedback is inbuilt on the platform.

Some of the new processes and mechanisms by which GeM shall support the objectives of the central directives have been detailed below:

i. Information visibility: Providing buyers with adequate information ensuring visibility for MSE/local sellers and startups. Further, GeM will enable sellers to indicate the percentage of domestic content in their goods and services, promoting the Make in India order.
ii. CPPP Integration: Ensuring real time sharing of information relating to all procurement notices and results.
iii. Decision Support: Ratings on GeM provide complete information about buyers, sellers, and

products (including price history) online based on GeM transaction history.
iv. Monitoring and reporting: GeM shall provide buyers with dashboards and reports to monitor the trend of their procurement that may help them with adherence to the different directives.
v. Data based insights: The analysis of the transactional data on GeM may enable the policymakers from MSME and DIPP to recognize key challenges and review and revise procurement policies accordingly.

Procurement on GeM for all buying entities will be exclusively subject to the GeM guidelines, terms and conditions as published by GeM on the GeM website, which shall override all concurrent processes differing from or in conflict to the process outlined by GeM. GeM, being a technology-driven platform, has embedded certain facets of the procurement process in the design of the GeM platform. GeM shall provide requisite mechanisms needed to comply with the intent of the various related procurement policies and guidelines defined by the different domain ministries. However, it will be incumbent as buyers to ensure compliance with GeM's guidelines, terms and conditions. For all circumstances not covered by the GeM guidelines, terms and conditions, the buyer should adhere to the General Financial Rules and/or the procurement guidelines of the respective entity.

These key facets have been detailed below. Detailed SOPs for the processes (as amended from time to time) shall be published on the GeM website.

## 5.2.4.1 Qualifications and credentials of Sellers/Service Providers

By integrating with different Government databases and third-party entities, GeM shall provide the buyer with the credentials of the seller such as the financial credentials, preferential seller credentials such as registered MSE or startup and product or service assessment (Vendor Assessment). GeM shall also provide a seller rating system that evaluates a seller's performance on a continuous basis based on weightages to various parameters that capture quality, reliability and actual performance. Thus, GeM provides a decision support system for qualifying seller credentials by way of the different filters on the platform. GeM shall enable the buyers to customize the credentials needs as per their specific requirement.

## 5.2.4.2 Standardization of Technical Specifications/Parameters

The technical specifications constitute a critical aspect of public procurement. One of the key facets of GeM is the standardization of these specifications/parameters. GeM shall provide standardized templates of technical parameters (TP), for both products and services, designed to maximize objectivity.

GeM shall ensure that these parameters are demand driven, market-aligned, consultative and dynamic. Demand-driven means that these parameters will be designed keeping in mind the buyers' requirements. Market aligned means that the parameters will be guided by market knowledge and market trends.

Consultative means that GeM shall consult its buyers, sellers and the respective domain experts as needed to ensure that the TP is designed comprehensively. Dynamic means that GeM shall update and revise the TP as per the changing needs of the buyer and the market.

This standardization of parameters is the principal virtue of GeM that differentiates it from the prevalent offline processes and systems. This lends itself to GeM being a fair, open and brand agnostic platform. In addition, while procuring on GeM, buyers shall not need to invest the time

or effort required in identifying the right list of parameters that comprehensively constitute the product or service.

The standardized parameters also result in standardization of the evaluation mechanism. Thus, obviates the need to set up a Technical Evaluation Committee or Consultancy Evaluation Committee while procuring on GeM.

In a scenario where the buyer finds the Technical Parameters defined on GeM for any product or service as not sufficiently comprehensive and requires parameters to be either added or modified, the buyer should inform GeM SPV of its requirements. SoP for such upgrades and updates of TP of GeM catalog will be dynamic and evolving, without compromising on the need to keep GeM catalog generic at all times.

## 5.2.4.3 Price Reasonability

GeM shall provide the buyer with multiple tools to help the buyer ascertain price reasonability such as comparison of prices across other e-commerce sites (wherever available), discount over MRP, Last Purchase Price on GeM and the prices at which transactions have been conducted on GeM for similar items in the recent past. Buyers should also use the Last Purchase Price as recorded by the buying entity in ascertaining price reasonability. The responsibility to ascertain the reasonability of price for any buying on GeM rests solely with the buyer. Buyer will be incentivized to contribute to the price rigor on the platform by sharing relevant information.

## 5.2.4.4 Modes of Procurement on GeM

As mentioned earlier, for all products and services available on GeM, buyers must procure through GeM. Since GeM aims to be a one-stop shop for buyers, buyers shall not be required to publish or advertise the opportunity on any platform outside of GeM when procuring from GeM.

GeM supports three primary buying modes and the appropriate use of the buying mode shall be indicated by the platform as per the total value of the procurement. The three buying modes supported are Direct Purchase, Direct Purchase with L1 and e-bid/RA. Thus, all other procurement modes such as Purchase without Quotations or Purchase by Purchase Committee or Purchase through Limited Tender Enquiry shall not be applicable for the products and services available on GeM. Since inclusivity is one of the core elements of GeM, GeM shall not support purchase within a limited seller group. Maximizing the number of competing sellers will only result in better prices for the buyer.

As a marketplace, since all sellers receive real-time notifications when relevant bids are published, minimum period time of 10 days has been deemed sufficient. Similarly, for performance guarantee on GeM, the recommended value is 2% of the contract value. The lower amount of performance guarantee needed on GeM stems from the fact that GeM is a trust-based system with multiple inbuilt systems enabling seller qualification as described previously. Also, lowering the performance guarantee allows GeM to maximize inclusivity and the number of sellers participating and reduce the overall cost of the transaction.

## 5.2.4.5 Procurement of Services

As mentioned earlier, the standardization of parameters is a crucial facet of GeM and is a key mechanism by which GeM enables the buyer to ascertain the quality for both products and services.

However, it is important to recognize that the assessment of quality for services is a continuum. On one end, there are a set of standard services where complexity is low and quality may be assessed by way of a set of technical specifications. This gives way to slightly complex services, including the bundling of products and services. In such cases, it may be important for the buyer to establish relevant work experience as a measure of quality. And on the other end, we have project-based buying where quality may be ascertained by multiple aspects such as financial net worth, approach and methodology, and current set of ongoing works. Thus, GeM enables the buyer to make an informed decision basis these different criteria and basis where the services lie on the continuum, thereby capturing the essence of Quality and Cost Based Selection.

Thus, the procurement process for services, similar to products, will be inbuilt into the system and buyers shall not need to follow any concurrent processes that may be applicable in the offline procurement process.

## 5.2.4.6 Order Fulfillment and Payment

GeM lays down a standardized process with definite timelines for both order fulfillment and payment. Buyers must ensure that they follow the online process and update the required information/issue certificates as applicable and in a timely manner. The process laid out by GeM shall replace any parallel processes followed currently.

All key documents for order fulfillment and payment such as purchase/sanction order, invoice and bill shall be generated by the platform based on user input and selections. GeM shall stipulate the timelines for the different stages of the process such as delivery of the goods/services, generation of Provisional Receipt Certificate (PRC), generation of Consignee Receipt and Acceptance Certificate (CRAC), and transfer of payment. GeM reserves the right to take appropriate action in case of non-adherence.

## 5.2.4.7 Contract Management

The contract shall be auto-generated on the GeM platform basis the specified technical parameters, the details chosen by the buyer such as delivery period and delivery terms and the General Terms and Conditions (GTC) of the platform, the product/service specific Special Terms and Conditions (STC) and the bid/RA specific Additional Terms and Conditions (ATC) if applicable. There is no need for the buyer to include any additional terms and conditions in the contract.

## 5.2.4.8 GeM Service levels

As an online system for procurement, GeM service levels aim at maximum efficiency in its operations from placing a demand to closing with payments on time for contracts fulfilled. Each of the steps across transactions have specified time for performance by both sellers and buyers. GeM SPV shall take all appropriate measures to ensure that both buyers and sellers adhere to these terms and conditions. These measures shall include Ratings (parameters), issuing notices, watch list and defaulters being disabled.

## *5.2.5 Other Actionables for Buyers*

## 5.2.5.1 Uploading of Annual Procurement Plan

Rule 149 (vi) of the GFR 2017 states "The Ministries/Departments shall work out their procurement requirements of Goods and Services on either OPEX model or CAPEX model as per their requirement/suitability at the time of preparation of Budget Estimates (BE) and shall project

their Annual Procurement Plan of goods and services on GeM portal within 30 days of Budget approval."

i. Thus, in line with the GFR mandate, all buyers must provide a projection of their annual demands in the format prescribed by GeM indicating required goods/services along with the specification, quality, quantity, consignee location and time of requirement etc. at the beginning of the financial year. The buyer will have the flexibility to continuously update the plan.

ii. The information will be used by GeM for predictive assessment and to allow effective demand forecasting and planning. This will help sellers plan better and in turn ensure availability of required products/services and lower prices for the buyer. Removal of Difficulty Any difficulties experienced during the course of implementation of this notification shall be clarified by the GeM SPV under the Ministry of Commerce through suitable press releases, which shall be kept on public domain.

## 5.2.5.1 Removal of Difficulty

Any difficulties experienced during the course of implementation of this notification shall be clarified by the GeM SPV under the Ministry of Commerce through suitable press releases, which shall be kept on public domain.