

● PUBLIC PROCUREMENT DRIVE

GeM purchases surge 80% in Apr-Aug, states to sign in

Provision of penal interest on delayed payments to become functional from Sept

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TRANSACTIONS ON THE Government e-Marketplace (GeM) platform is rising at a fast pace, and a clutch of state governments are soon expected to be onboarded. Government departments and state-run companies will have to pay 1% penalty for delayed payments for goods and services purchased via the portal effective the end of this month, a senior official said on Monday.

In April-August of this year, procurement through GeM stood at ₹1.1 trillion, up 80% on year. Since its launch in mid-2016, GeM has processed 16.7 million orders worth more than ₹5 trillion. Last year, transactions worth ₹2.01 trillion were carried out.

In 2020, the government decided to levy a 1% penalty on government departments and agencies for delayed payments to vendors selling goods on the GeM platform. "The functionalities (for the penalty) have been developed...

BROADENING THE SCOPE

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■ GeM-Sahay initiative that gives working capital loans to vendors would now be opened for all categories of sellers

■ GeM has awarded contract for replatforming and maintaining its operations to TCS

In about three weeks time, it will be fully functional," GeM chief executive officer PK Singh said.

He said for non-public financial management system (PFMS) payments, the portal is calculating the interest, but for PFMS things, work is in the final stages.

The PFMS, administered by the Department of Expenditure, is an end-to-end solution for processing payments, tracking, monitoring, accounting, reconciliation and

reporting.

The government is now looking at taking it to the state level. Some states have already set targets for procurement through the platform. Singh said the board has approved setting up offices in major states for increasing regional footprint and tapping state's procurement.

The central PSUs and banks are also planning to increase procurement through GeM, he said.

The GeM-Sahay initiative that gives working capital loans to vendors would now be opened for all categories of sellers. Earlier, it was only for proprietorship firms. "Looking at the response of banks, I am sure that with the renewed GEM SAHAY, we will have all the public sector banks (PSBs) on board," Singh said.

An average interest offered by NBFCs was close to 14.5-14.7%, but with the involvement of PSBs, it can easily come down to 10% level, he said.

The GeM has awarded the contract for replatforming and maintaining its operations to Tata Consultancy Services. Earlier the contract, which is to expire in December, was with Intellect Design Arena. The incumbent lost out to TCS on the financial bids stage, though it had scored higher on the technical round.

As per the bid, TCS will get ₹2,592 for every procurement of ₹5 lakh or above on GeM, while the bid of Intellect was ₹3,087. For every transaction of below ₹5 lakh, TCS will get 3% of ₹2,592.

Through this model of bidding, the government aims at increasing the number of transactions on GeM, Singh said.

The duration of the TCS contract is six years, which can be extended for a year twice.