

## GeM portal developments incentivise MSMEs

The government had announced in June 2021 that presently the Government e-Marketplace (GeM) has over 6,90,000 MSE sellers and service providers onboard contributing over 56% of the total order value on GeM, which is a testament to GeM's success in not only onboarding but also engaging with the MSEs to help them participate in public procurement. The number of MSEs registered on the GeM platform has increased by over 62% since the last FY (2019-20). And this is a tremendous achievement - considering that there were only around 3000 MSMEs in FY 2016-17.

In order to provide an impetus to the Make in India initiative as part of the vision of "Aatmanirbhar Bharat", and to promote local products through the "Vocal for Local" initiative, the Government has made it mandatory for all sellers on GeM to list the Country of Origin while registering new products. Going a step further, GeM has also started highlighting the Local Content % on the product description page prominently. Sellers who do not declare Local Content % while uploading product and creating catalogue on GeM will lose out on business and will not be able to participate in bids in which buyer has chosen to procure only 'Make in India' compliant products.

It is being feared that the inclusion of retail and wholesale traders in the MSME sector may dilute the benefits of public procurement of goods by government departments and PSUs from MSME manufactures and service providers, as traders may divert imported products towards government purchases. However, the government mandate of giving preference to locally manufactured goods and services for sourcing on the GeM portal makes it an attractive selling platform for Indian MSMEs.

One of the major challenges faced by SMEs is access to timely cash-flow based financing, since borrower assessment is typically being done on collaterals. Even though there are schemes like TReDS which facilitate loans, SMEs continue to find it difficult to avail of uncollateralized cash-based loans. The 'SAHAY' initiative - a mobile application for lending - comparable to BHIM for the Unified Payments Interface (UPI), was launched to address these issues.

Through the 'GeM SAHAY' app, loan disbursement will be instantaneous, instead of the conventional in-principle approval of loan that may very often not culminate in an actual disbursement. This facility will provide GeM sellers who are sole proprietors, with the best loan offers from top lenders in the country including public sector banks, private banks and NBFCs.

The GeM SAHAY Initiative can thus be a game-changer by easing the working capital requirements of MSMEs, thereby enhancing their participation in the government procurement programme and augmenting their revenues.

Ref: PIB

**Notifications**

**PIB**

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