



THE WORLD ECONOMICS TIMES



SOCIETAL GROWTH
EDUCATION

*"Join hands with us as
we catalyze positive
change for individuals,
businesses, and
communities."*

ACTIONABLE **IMPACT**

FROM WORKSHOPS TO SOCIETAL
INITIATIVES, WITNESS REAL
CHANGE IN ACTION.

**EMPOWERING CHANGE
BUILDING FUTURES**

LEAD WITH IMPACT



Empowering Global Economic Insight: Introducing The Worldonomics Times

In an era where the tapestry of global finance and economics interweaves with the complex dynamics of markets worldwide, there emerges a beacon of insight, The Worldonomics Times. Announced by the International Navodaya Chamber of Commerce (INCOC) on 26-03-2024, this forthcoming monthly magazine is poised to be an indispensable resource for anyone keen on understanding the pulsating heartbeat of the global economy.

Scheduled to release its premiere issue on May 5th, 2024, The Worldonomics Times aims to fill a crucial gap in the landscape of financial journalism. With a commitment to providing in-depth coverage of global finance and economics trends, news, and analysis, this publication is tailored for business leaders, policymakers, and the intellectually curious who strive for a deeper understanding of the world's economic currents.

Global Perspective with Local Relevance

At its core, The Worldonomics Times will offer a global perspective that bridges diverse markets and economies. This isn't just about tracing the flow of capital across continents; it's about understanding how these financial streams affect businesses and policies on a local level. Sandeep Kumar, the founder of the International Navodaya Chamber of Commerce and Editor-in-Chief of the magazine, emphasizes the platform's role in exploring emerging trends and the forces sculpting world markets.

In-Depth, Data-Driven Journalism

What sets The Worldonomics Times apart is its commitment to investigative journalism that digs beneath the surface. This magazine will go beyond the headlines to uncover the underlying stories that drive financial shifts, offering clarity in an ever-complex world. Coupled with expert opinions, interviews, and thought leadership from noted economists and financial specialists, readers are promised a comprehensive outlook on the global economic scene. Moreover, with a focus on data-driven insights, the magazine will utilize visualizations and infographics to demystify complex economic trends and statistics, making the information accessible and digestible to its readership.

Accessibility and Empowerment

Understanding the importance of adaptability in today's fast-paced world, The Worldonomics Times will be accessible in both print and digital formats. This dual availability ensures that readers can engage with the content in a manner that best suits their lifestyles, whether at home, in the office, or on the move.

"We are committed to delivering accurate, unbiased, and high-quality journalism focused on the world of finance and economics," Kumar states. "Our goal is to empower readers with the knowledge they need to make informed decisions in an increasingly dynamic global landscape."

As we anticipate the release of The Worldonomics Times' premiere issue, it's clear that this magazine is on a mission to enlighten and inform. Through its rigorous analysis, expert commentary, and commitment to excellence in journalism, The Worldonomics Times is set to become a guiding light for anyone looking to navigate the intricate world of global finance and economics.



Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times



MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) VIS-A-VIS GOVERNMENT E MARKET PLACE (GEM)- THE GROWTH STORY

MSMEs Sector in India

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. The Indian government recognizes the importance of MSMEs and has introduced various policies and initiatives to support their growth and development. These include easier access to credit, reduced compliance burdens, technology upgradation schemes, and more. The growth of MSMEs is seen as a key driver of economic development and job creation in India. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Micro, Small and Medium Enterprises (MSMEs) play a crucial role in the Indian economy, contributing significantly to economic growth, employment generation, and industrial development. MSMEs have consistently been significant contributors to India's GDP. According to various estimates, this sector contributes around 29% to 30% of the country's GDP and employ a substantial portion of the workforce.

The sector also shows strong momentum in exports, as per the Directorate General of Commercial Intelligence and Statistics (DGCIIS), the share of export of MSME specified products in all India exports during the year 2022-23 was 43.6%.

As per Udyam Registration Portal, more than 1.88 Crore MSMEs are registered with portal. Additionally, the total number of persons employed in MSMEs which were registered from 01.07.2020 to 01.08.2023 in India was 12.36 Crores



Government e-Marketplace (GeM)

Background & Objective

India currently spends more than Rs.25 Lakh Crore on Public Procurement. Hon'ble Prime Minister, based on recommendations of the Group of Secretaries in January 2016, decided to set up a dedicated e-market for different goods & services procured by Government Organizations / Departments / PSUs.

Subsequently, the Finance Minister in his Budget speech for FY 2016-17, announced setting up of a technology driven platform to facilitate procurement of goods and services by various Ministries and agencies of the Government. Accordingly, the initial version of GeM portal was developed and hosted by the erstwhile Directorate General of Supplies and Disposals (DGS&D) under the Ministry of Commerce and Industry on 9th August, 2016. It is a contactless, paperless and cashless on-line platform which provides 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. GeM aims to bring transparency, efficiency, and inclusivity to the government procurement process. Interestingly, the GeM portal was created in a record time of five months. Notably, the initial version of the GeM portal was hosted and developed by the Directorate General of Supplies and Disposals under the Ministry of Commerce and Industry. However, the present GeM portal is developed and managed by the Managed Service Provider (i.e., MSP).

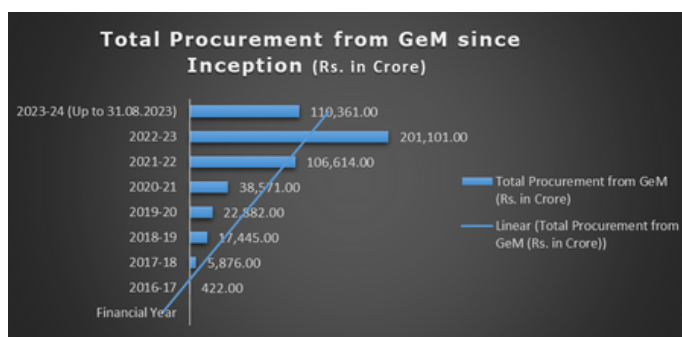
With a Vision **“To affect an evolution in public procurement promoting a transparent, efficient and inclusive marketplace”**, the major objectives of the GeM portal are -

1. To increase efficiency, transparency, speed and cost savings in public procurement.
2. To provide multiple modes of procurement like direct purchase; bidding with reverse e-auction, e-bidding and direct reverse auction.
3. To make ministries/ government departments to mandatorily procure goods and services from the portal.
4. To enable efficient price discovery, economies of scale and dissemination of best practices.

The Success Story

- GeM has consistently demonstrated an unwavering commitment to fostering positive change, and its journey over the past seven years has been marked by remarkable achievements that have propelled it to become one of the largest public procurement portals in terms of both transaction value and the breadth of the buyer-seller ecosystem. In an astonishingly short span of time, GeM has surpassed the achievements of renowned public procurement platforms such as South Korea's KONEPS and Singapore's GeBIZ.
- A hallmark of GeM's success lies in its ability and dedication to cost savings, having enabled the government to save over Rs45,000 crore since 2016. According to the Economic Survey 2021-22, GeM's prices were 9.5% lower than other online platforms for 10 out of 22 commodities. GeM's transformative journey is a testament to transparency, efficiency, and inclusivity driven by cutting-edge technology and innovation. Further according to an independent assessment made by the World Bank, average savings for buyers in GeM portal is about 9.75% on the median price.
- GeM's expansion into the services sector has played a pivotal role in driving its accelerated adoption. Presently, the platform boasts an impressive catalogue of over 2.75 lakh services spanning across more than 280 categories, complemented by more than 34 lakh products. This comprehensive offering positions GeM as the one-stop solution for all products and services required by government departments across the nation.
- The portal's strategic expansion has led to a substantial increase in orders placed by various State Governments and related entities. The engagement has been very promising with States transacting order value of around Rs 42,000 crore in FY 22-23, an increase of approx. 35% over transacted value in FY 21-22.

- GeM's success extends to its presence at the grassroots level, as demonstrated by its integrated portal facilitating procurements by Panchayats. Additionally, the platform's inclusion of cooperatives and engagement with public sector banks for services such as system integration and core banking solutions underscores its commitment to inclusive growth.
- Central buyers, including CPSEs and allied bodies, have floated over 70 bids worth over Rs 100 crore on GeM in the fiscal year 2022-23. A historic milestone was achieved in February 2023 when NTPC Limited (A CPSE) placed an order valued at over Rs 20,000 Crores - the largest in GeM's history.
- The platform also played a vital role in the procurement of vaccines under the Universal Immunization Programme of the Department of Health and Family Welfare.
- GeM's collaborations with more than 20 industry associations have been instrumental in fostering support for local Micro and Small Enterprises (MSEs) and small industries. With nearly 68.50 Lakh sellers and more than 70,000 government buyers registered on the platform as of Aug 2023, the cumulative GMV surpassed Rs.5 lakh crore, showcasing the platform's enduring impact.
- **Graphical Representation of Procurement from GeM, since its inception: -**



GeM Path Ahead and Opportunity for MSME's

As per World Bank Report, the governments spend around 20% of global GDP on public procurements, moreover for developing nations like India the number is more than 20% of GDP. Currently GeM bagged very minimal orders as compare to whole public procurement of the country, which means there are lot of opportunity still available to achieve the vision.

Currently GeM majorly supports procurements for Central Ministry, CPSEs, Central & State affiliate bodies along with Railway & Defense, however in additions to that there are many more sector like Electronics & Telecom, Electricity, Renewables & Pharmaceuticals etc. where potentials are to be explored.



Government Initiatives Driving Effective GeM Implementation

- The purchases through GeM by Government users have been authorized and made mandatory by the Ministry of Finance by adding a new Rule No. 149 in the GFR, 2017. Government has made it compulsory for public procuring entity for procurement through GeM only.
- Separate Targets has been incorporated in Memorandum of Understanding (MoU) of CPSEs, wherein procurement from GeM Portal mandates 25% minimum procurement of its Annual Procurement from GeM Portal.
- To facilitate ease of payment to MSME's, MoU has been signed between GeM and TReDS.
- The MoU Provides timely payment and Value added Services like bill discounting etc. from Public procuring entity to MSMEs, in additions to that MoU allowed better credit facilities through unique financing model of TReDS to MSME's.
- In order to encourage Make in India campaign and to promote domestic manufacturing and production of Goods & Services, mandatory compliance of Make in India Purchase Preference Policy, enabling local MSME's vendors get maximum benefits.
- Promotion of Atmanirbhar Bharat - GeM has been promoting the Atmanirbhar Bharat policy, introduced in the wake of the Covid-19 pandemic, meant to encourage self-reliance and to boost MSMEs.
- Entry of Small Local Sellers - The Marketplace has facilitated entry of small local sellers in Public Procurement and empowering MSME's

Ease of Doing Business for MSMEs

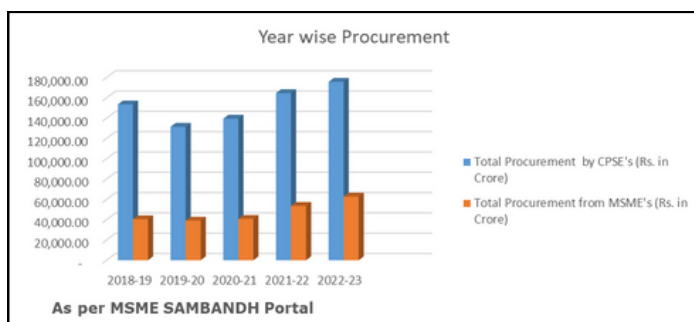
Since the prime focus of launching GeM Platform was to strengthen the MSMEs sector, so far it is pushing towards its goal, which can be seen from the fact that the sector contributes majority stake through the portal. It is pertinent to mention here that out of total cumulative procurement since its inception through GeM of more than Rs.5 Lakh Crore, 51.45% or Rs.2.58 Lakh Crore orders are executed by MSME's only, which shows that there is huge potential are available for MSME's Sector. It also demonstrates the exceptional capabilities of MSME's.

MSME's growth Path

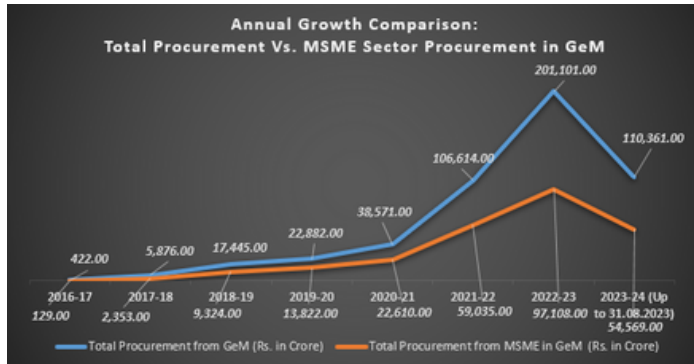
Over the year, the Sector performed very well and achieve tremendous growth for public procurement prospect. As per data maintained by MSME SAMBANDH Portal for Ministry of Micro, Small & Medium Enterprises, since last 5 years the growth numbers are around 55.21% by the MSME's. Out of total cumulative total procurement during last 5 fiscal's years of Rs.7.65 Lakh Crore the MSME's sector contributed procurement of Rs.2.36 Lakh Crore.

Distinctive GeM Features benefiting to MSME Sellers

- Provision of selection from MSE preference for Service orders and Goods order.
- Central Government Buyer shall have to upload an approval of competent authority stating the reason for bypassing the MSE Preference.
- For State Government Buyers can also select MSE preference though the selection remains Optional.
- MSE preference provided on the total value including add-on and based on that, price matching will be done on total value.
- If L-1 is not an MSE and MSE Seller (s) has/have quoted price(s) within L-1+ x% of margin of purchase preference as defined in the relevant policy, the buyer may with the approval of their competent authority, decide to award 100% order quantity on such service provider, provided such MSE bidder accepts the counter offer price of Non-MSE L1 bidder.
- It also provides the tools of e-bidding and reverse e-auction to facilitate the government users achieve the best value for their money



Since the launch of the portal, we have witnessed a remarkable increase in the numbers of MSMEs, as demonstrated in the following graphical presentation depicting procurement from MSME sellers through GeM as compare to total procurement from GeM:-



Distinctive features available to Buyers:

The GeM Portal provides some exceptional features for the benefit of buyers viz. huge list of products for individual categories of Goods & Services, facility available for search across thousands of vendors, transparency and ease of buying, providing vendor rating systems etc.

Turning Dreams into Reality: The Journey to \$ 5 Trillion Economy

Hon'ble Prime Minister Narendra Modi's aspiration for India to achieve \$ 5 Trillion economy by 2025 is a highly ambitious endeavor, with the ultimate goal of becoming the world's third-largest economy. The government's confidence in this vision is rooted in India's historical economic performance and current trajectory. It is now incumbent upon the MSMEs to harness their strength and potential with the help of GeM , for making significant contributions to propel the nation towards the \$ 5 Trillion economy milestone and securing its position as the world's third-largest economy.

References:

1. GeM Portal – www.gem.gov.in
2. MSME Sambandh Portal – www.samadhaan.msme.gov.in
3. MSME Udyam Portal – <https://udyamregistration.gov.in>
4. Ministry of Commerce & Industry PIB Press release Dt.22.08.2023
5. Public Procurement Issues with Government of India, Khan, M. H www.dx.doi.org/10.2139/ssrn.2925865
6. Schemes to Support MSMEs - PIB Press release Dt.10.08.2023
7. www.dpe.gov.in/sites/default/files/MoU%20Guideline22-23.pdf
8. www.gem.gov.in/handbook?utm_source=webbanner&utm_campaign=handbook
9. www.meity.gov.in/writereaddata/files/PPP_MII_Order_dated_16_09_2020.pdf
10. www.rxil.in
11. www.treds.in



CMA Hrishikesh Kumar
Executive Director
NBCC (India) Limited



CA Anil Kumar Sah
DGM (Finance)
NBCC (India) Limited

Disclaimer: This article is also published in The Management Accountant