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EDITORIAL ANALYSIS

GeM at 10: How a Digital Marketplace Rewired the Politics and Ethics of Public Procurement

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INTERVIEW ANGLE

"A transparent digital marketplace can show you every price and every bidder. It cannot, by itself, tell you whether the winning bidder actually delivered a genuine product or merely a compliant one. If transparency proves process integrity but not outcome integrity, what should the next decade of GeM reform actually verify?"

Every fact web-verified against primary sources

THE LIFT LINE

A transparent price is not the same as an honest transaction. GeM proved government could buy in the open; the harder decade ahead is proving it can buy well.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

Public procurement is one of those UPSC themes that quietly touches every GS paper without announcing itself as a “big ticket” topic, until an editorial like this one hands you a ready-made analytical frame. GeM’s ten-year milestone is not just a data point to memorise; it is a case study in a pattern examiners love, a reform that solves one generation of a problem and, through its own success, creates the next generation of it.

The genuinely testable idea here is the distinction between **process transparency** (can you see how a decision was made) and **outcome integrity** (was the actual result honest and of quality). GeM nails the first. Whether it has nailed the second is the live debate, and that debate is exactly the kind of “critically examine” prompt UPSC Mains rewards.

GS Paper 2: Government policies and interventions for development; e-governance, applications, models, successes, limitations and potential; transparency and accountability in public administration.

GS Paper 3: Investment models and public expenditure management; indigenisation of technology and MSME-linked economic policy; Atmanirbhar Bharat and inclusive growth through public procurement.

CONCEPT	MEANING	WHY IT IS TESTABLE
GeM (Government e-Marketplace)	National online platform for public procurement of goods and services by government buyers, launched August 9, 2016	Named scheme with a milestone anniversary; Prelims-grade fact
Rule 149, GFR 2017	Legal provision mandating procurement through GeM for goods/services listed on the platform	Statutory basis question; frequently tested with GFR-related MCQs
DGS&D rate contracts	Pre-GeM system of centrally negotiated rate contracts and manual tendering	The "before" baseline that GeM digitised and replaced
Public Procurement Policy for MSEs, 2012	Mandates 25% of government procurement value from Micro and Small Enterprises	Direct MSME-policy linkage; a recurring GS3 numeric fact
Cumulative GMV	Total value of all transactions on GeM since launch, crossed Rs 20 lakh crore in August 2026	Headline current-affairs statistic; test data currency
GeM SPV	Not-for-profit Special Purpose Vehicle set up in 2017 under the Ministry of Commerce and Industry to operate GeM	Institutional/administrative-ministry question
Process vs. outcome integrity	Transparency of how a decision was made, versus honesty and quality of the actual result delivered	The analytical distinction this editorial is built around

BACKGROUND AND CONTEXT

The **Government e-Marketplace (GeM)** was launched on **August 9, 2016**, as a wholly online platform for the procurement of goods and common-use services by central and state government ministries, departments, public sector undertakings and autonomous bodies. It was conceived as a direct replacement for the older system centred on the **Directorate General of Supplies and Disposals (DGS&D)** and manual, department-level tendering, a system widely criticised for slow processing, limited vendor participation and discretionary decision points at multiple stages of tender evaluation.

GeM's legal foundation rests on **Rule 149 of the General Financial Rules (GFR), 2017**, which makes procurement through GeM mandatory for goods and services available on the platform, subject to defined value thresholds that determine whether a purchase proceeds by direct order, limited bidding or open bidding and reverse e-auction. Institutionally, GeM operates through a **not-for-profit Special Purpose Vehicle (SPV)**, approved by the Cabinet in **April 2017**, functioning under the administrative oversight of the **Ministry of Commerce and Industry**, with the Secretary, Department of Commerce, serving as chairperson of its governing board. This structure gave GeM the operational autonomy of an independent entity while keeping it accountable to a central ministry, a design choice meant to let the platform iterate quickly on technology and vendor onboarding without the slower pace typical of a purely departmental IT system.

A decade on, the numbers bear out the scale of adoption. **Profile-completed sellers** grew from **3,339 to over 25 lakh**, **primary buyer organisations** from **1,707 to about 1.37 lakh**, and registered **Micro and Small Enterprises (MSEs)** from **2,424 to over 12 lakh**. Annual transaction value rose from **Rs 422 crore in FY 2016-17** to **over Rs 5 lakh crore in each of FY 2024-25 and FY 2025-26**, and **cumulative GMV crossed Rs 20 lakh crore** across more than **3.78 crore orders** in early August 2026, with MSEs accounting for roughly **45-47 per cent of that cumulative value**.

THE ANALYSIS

1. **GeM's core corruption-reduction mechanism is structural, not aspirational.** By replacing manual file-based tendering with a standardised digital catalogue, transparent price discovery and mandatory online bidding for eligible purchases, GeM eliminates the specific discretionary contact points, face-to-face vendor negotiation, manual shortlisting, opaque rate-contract renewal, where petty and grand corruption traditionally entered routine government buying. This is a genuine institutional achievement, not a public-relations claim.

2. **The acceleration in scale over the last two years is itself a governance signal.** The first Rs 10 lakh crore of cumulative GMV took over eight years to accumulate; the second Rs 10 lakh crore arrived in under two years, with Rs 1.48 lakh crore transacted in just the first four months of FY 2026-27. This compounding pattern typically indicates that GeM has crossed from being an optional alternative channel to becoming the default procurement route across government, a maturity threshold worth noting for any "e-governance adoption curve" answer.

3. **MSME inclusion is GeM's clearest link to Atmanirbhar Bharat.** With MSEs contributing close to half of cumulative GMV by value and completing the majority of orders by volume in FY 2025-26, GeM functions as one of the largest active implementation vehicles of the **Public Procurement Policy for Micro and Small Enterprises, 2012**, and its **25 per cent mandatory MSE procurement target**. This is a concrete instance of digital public infrastructure being used deliberately for distributive, not just efficiency, goals.

4. **The MSME-DPIIT GI-products MoU signed on August 5, 2026 shows GeM being actively extended, not just maintained.** That agreement plans to onboard Geographical Indication-tagged producer collectives onto both ONDC and GeM under a "Bharat GI" banner, using GeM's public-procurement channel as a market-access route for small, regionally concentrated producers who previously had no scaled route to government buyers. It is a live example of GeM's architecture being repurposed to solve a distinct policy problem, GI market access, beyond its original corruption-reduction mandate.

5. **Transparency of process is not the same guarantee as integrity of outcome, and this is where the analysis must not stop at celebration.** A visible, auditable price-discovery record proves that a purchase order was awarded through an open, rule-bound process. It does not, by

itself, detect a small cluster of repeat vendors informally rotating winning bids across tenders, a technical specification quietly drafted to favour a known supplier, or delivered goods that meet a catalogue's stated specification on paper while underperforming in actual government use. These are second-generation risks that a first-generation transparency reform was not designed to catch.

6. **The realistic conclusion is complementary, not either/or.** GeM should not be judged a failure because collusion or quality risk exists within it, nor should its transparency achievement be treated as sufficient on its own. The honest reading is that GeM solved the discretionary-corruption problem it was built for, and now needs a second layer, independent quality audits, collusion-pattern analytics, seller-rating integrity checks, to address the different kind of risk that scale and success have surfaced.

DATA AND INSTITUTIONS VAULT

PRELIMS-GRADE FACTS:

- GeM launched: August 9, 2016; completed 10 years, August 2026
- Legal basis: Rule 149, General Financial Rules (GFR), 2017
- Institutional structure: Not-for-profit SPV (Cabinet-approved April 2017), under the Ministry of Commerce and Industry
- Cumulative GMV: crossed Rs 20 lakh crore through 3.78 crore+ orders (as of early August 2026)
- Sellers: grown from 3,339 (2016) to over 25 lakh; Buyer organisations: from 1,707 to about 1.37 lakh
- MSE share: roughly 45-47 per cent of cumulative GMV; majority of FY 2025-26 order volume
- MSE procurement mandate: Public Procurement Policy for Micro and Small Enterprises, 2012, 25 per cent mandatory target
- Pre-GeM system: Directorate General of Supplies and Disposals (DGS&D) rate contracts and manual tendering

do not confuse **GeM** *with* **ONDC (Open Network for Digital Commerce)**. *GeM is a government-procurement platform where the buyer is always a public authority; ONDC is an open, interoperable protocol for private-sector e-commerce transactions between any buyer and seller. The August 5, 2026 MSME-DPIIT GI-products MoU uses both together, but they are legally and functionally distinct pieces of digital public infrastructure, a distinction UPSC has tested before in other DPI contexts (UPI vs. Aadhaar, for instance) and will likely test again.*

THE DEBATE

Argument FOR treating GeM as a genuine anti-corruption success. It replaced a manual, discretion-heavy tendering system with standardised catalogues, open price discovery and auditable digital trails, removing the specific human contact points where bribery traditionally occurred. Ten years of scale data, crossing Rs 20 lakh crore in cumulative GMV, 25 lakh-plus sellers, near-universal buyer adoption, shows this was not a symbolic reform confined to a pilot ministry but a genuine change in how the Indian state buys.

Argument AGAINST treating transparency as a completed reform. A visible price and an open bid do not by themselves rule out vendor collusion, specification-gaming or delivery of technically compliant but substandard goods. As GeM's vendor base has grown into the lakhs, the opportunity for coordinated gaming within a transparent system has grown too, and public dashboards are not built to detect statistically improbable bidding clusters or quality shortfalls after delivery.

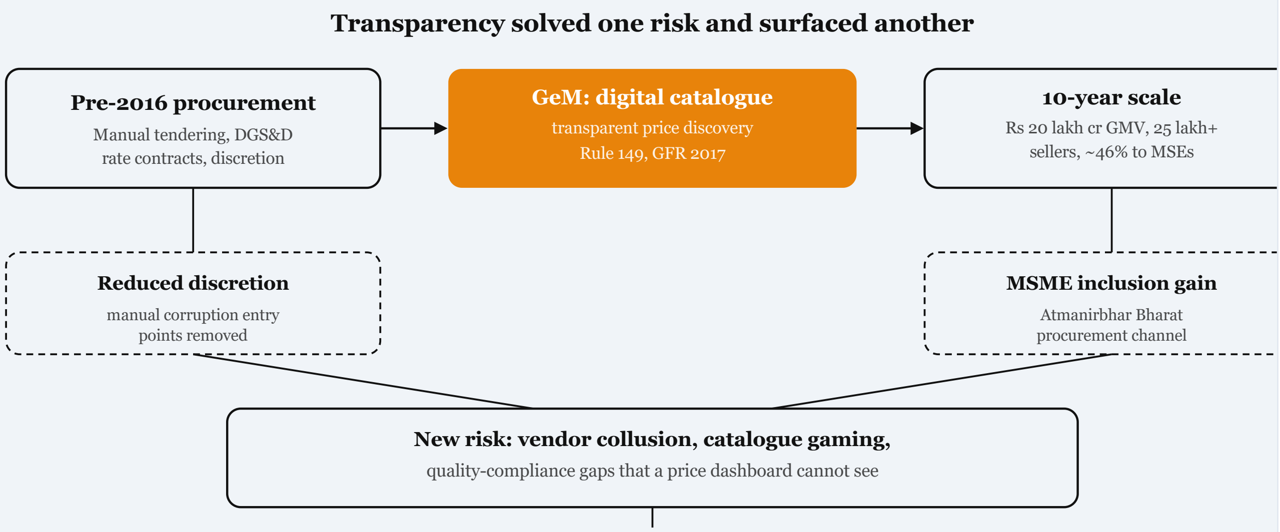
Balanced verdict. Both claims are compatible rather than contradictory. GeM decisively solved the first-generation problem of discretionary, manual corruption in routine government purchasing, and the scale data proves the fix was real and sustained. But a decade of success has also created the conditions for a second-generation, more sophisticated set of risks that transparency of process was never designed to catch. Treating GeM's ten-year milestone as a finish line would be a mistake; treating it as proof the platform needs a second, verification-focused layer of reform is the more accurate and useful reading.

HOW TO THINK ABOUT THIS

The transferable pattern here applies well beyond procurement: **digitising a discretionary process typically eliminates the specific risk it targeted while relocating risk into a new, less visible form that the original reform was not designed to catch.** Transparency answers the question "was this decision made through an open, rule-bound process?" It does not automatically answer the separate question "was the actual outcome honest, high-quality and free of coordinated gaming?"

Two other Indian digital-governance examples follow the same pattern and are worth having ready for a comparative Mains answer. **Direct Benefit Transfer (DBT)** for welfare payments eliminated the discretionary leakage of a cash-and-intermediary disbursal chain, ghost beneficiaries, diverted cash, but created a different set of risks, exclusion errors from Aadhaar-linkage failures and duplicate or fraudulent bank-account enrolment, that DBT's own transparency does not detect on its own. **E-auction of natural resources** (coal blocks, spectrum, mineral concessions) eliminated the opaque, discretionary allocation that the Supreme Court struck down in the 2G and coal-block cases, but has since faced scrutiny over bid-rigging and collusive non-competition among a limited pool of qualified bidders in some auction rounds. In each case, the lesson is identical: digitisation and open bidding are necessary first-generation reforms, but they require a second-generation layer of outcome verification, whether that is quality audits, fraud analytics or anti-collusion detection, to be a complete answer to the underlying integrity problem.

DIAGRAM-IN-WORDS



GeM's digital catalogue and transparent price discovery removed the discretionary contact points that fuelled manual-era procurement corruption and expanded MSME order share, but a decade of scale has surfaced a second-generation risk, collusion and quality gaming, that process transparency alone was not designed to catch.

TAKEAWAY BOX

GeM made government buying visible. It did not, and could not by itself, make every transaction behind that visible price honest. The next decade of reform has to verify what the dashboard cannot see.

GeM launched **August 9, 2016***; legal basis* **Rule 149, GFR 2017***; SPV under the* **Ministry of Commerce and Industry** *(Cabinet-approved April 2017); cumulative GMV crossed* **Rs 20 lakh crore** *through* **3.78 crore+ orders** *by August 2026; sellers* **over 25 lakh***, buyer organisations* **about 1.37 lakh***; MSEs contribute* **roughly 45-47%** *of cumulative GMV;* **Public Procurement Policy for MSEs, 2012** *mandates a* **25%** *procurement target; pre-GeM system was* **DGS&D** *rate contracts.*

if a digital platform can prove every transaction followed an open, rule-bound process, does the state's ethical duty to ensure honest procurement end there, or does probity in governance require actively verifying outcomes too, even when doing so adds cost and friction to a system built partly to reduce both?

UPSC has repeatedly tested e-governance case studies (Prelims and Mains) and MSME procurement policy; this editorial supplies a decade-milestone case with concrete figures that can anchor either a GS2 e-governance answer or a GS3 MSME/Atmanirbhar Bharat answer, and its process-versus-outcome framework transfers directly to DBT and natural-resource e-auction questions as well.

"Digital public procurement platforms reduce discretionary corruption but create new, less visible risks of their own." Discuss with reference to the Government e-Marketplace (GeM) at the end of its first decade, and suggest institutional safeguards for the risks that price transparency alone cannot address.

Sources: Indian Express, GeM, PIB

Source: GeM at 10: How a Digital Marketplace Rewired the Politics and Ethics of Public Procurement — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

KEY ARGUMENTS AT A GLANCE

GeM has genuinely reduced one specific kind of procurement corruption, the discretionary, face-to-face manipulation of tenders and rate contracts, by replacing it with standardised catalogues, transparent price discovery and auditable digital trails, but a decade of scale (over Rs 20 lakh crore in cumulative GMV, 25 lakh-plus registered sellers and 1.37 lakh buyer organisations) has also surfaced a second-generation set of risks, vendor collusion, catalogue gaming and quality-compliance gaps, that transparency of process alone was never designed to catch.

✓ SUPPORTING

- GeM replaced the opaque, manual, department-by-department tendering and DGS&D rate-contract system with a single digital catalogue and open price discovery, cutting the discretionary human contact points where bribery and favouritism traditionally entered government purchasing.
- The platform has grown from a pilot with 1,707 buyer organisations and 3,339 sellers in 2016 to 1.37 lakh buyer organisations and over 25 lakh sellers today, with cumulative GMV crossing Rs 20 lakh crore through more than 3.78 crore orders, evidence of adoption at genuine administrative scale, not a boutique reform confined to a few ministries.
- GeM has become one of the largest functioning instruments of the Public Procurement Policy for Micro and Small Enterprises, with MSEs fulfilling roughly 45-47 per cent of cumulative GMV by value and completing a majority of orders by volume in FY 2025-26, materially advancing the Atmanirbhar Bharat goal of channelling government demand toward domestic small enterprises.
- The trajectory itself is instructive for governance design: the first Rs 10 lakh crore in cumulative GMV took over eight years to accumulate, while the second Rs 10 lakh crore arrived in under two years, showing that platform-based reforms often have a slow trust-building phase followed by rapid compounding once buyers and sellers stop treating the new system as optional.

⚠ COUNTER

Transparency of price and process is not the same as assurance of quality or the absence of collusion. A standardised catalogue can be gamed through pre-arranged bidding among a small pool of registered sellers, through specifications quietly written to favour one vendor, or through delivery of goods that technically match the listed specification but fail in real-world use, none of which a public price-discovery dashboard is built to detect.

Digitisation converts corruption from a visible, discretionary act into an invisible, algorithmic or collusive one, which means the next decade of reform has to build verification layers, quality audits, seller-rating integrity checks, anti-collusion analytics, on top of the transparency GeM has already delivered, not treat transparency as the finish line.

→ **WAY FORWARD**

GeM should be understood as having solved the first-generation procurement problem, discretionary, manual corruption, and now needing to solve a second-generation one, algorithmic and collusive gaming of a transparent system. Concrete steps: independent, third-party quality audits of delivered goods and services sampled at random, not only investigated on complaint; data-analytics-based collusion detection that flags statistically improbable bidding patterns among small vendor clusters; periodic seller-rating audits to catch inflated or purchased ratings; and continued protection of the MSE procurement mandate so that scale gains do not crowd out the small enterprises the platform was partly built to serve.

None of this requires dismantling GeM's transparency architecture; it requires building a second layer of scrutiny on top of it.

MAINS ANSWER FRAMEWORK

QUESTION

"Digitisation of public procurement reduces discretionary corruption but does not eliminate procurement risk, it relocates it." Critically examine this claim with reference to the Government e-Marketplace (GeM) at the end of its first decade of operation. (250 words)

INTRODUCTION

The Government e-Marketplace (GeM), launched on August 9, 2016, completed a decade of operation in August 2026 having facilitated a cumulative Gross Merchandise Value of over Rs 20 lakh crore through more than 3.78 crore orders, connecting over 1.37 lakh government buyer organisations with more than 25 lakh registered sellers. Its central achievement is well established: it replaced discretionary, manual tendering with a standardised, transparent digital catalogue.

The harder question a decade in is whether transparency of process is sufficient to guarantee integrity of outcome.

BODY

GeM's design directly targeted the classic vulnerabilities of pre-2016 government procurement, conducted under the General Financial Rules and Directorate General of Supplies and Disposals (DGS&D) rate-contract system, where manual tender evaluation, opaque vendor shortlisting and face-to-face negotiation created discretionary contact points for bribery and favouritism. By mandating standardised product catalogues, open online price discovery and reverse e-auctions for routine and repetitive purchases under Rule 149 of the General Financial Rules, 2017, GeM removed much of that discretion and created an auditable digital trail for every transaction.

This is corroborated by scale: growth from 1,707 buyer organisations and 3,339 sellers in 2016 to today's footprint, and MSEs now fulfilling roughly 45-47 per cent of cumulative GMV by value, materially advancing the Public Procurement Policy for Micro and Small Enterprises, 2012, and its 25 per cent mandatory MSE procurement target. But transparency of price and process is a narrower guarantee than it appears.

A public dashboard can show that a purchase order was awarded at the lowest quoted price through open bidding; it cannot, on its own, detect a small cluster of registered vendors quietly rotating winning bids among themselves, a specification worded to favour one supplier, or goods that meet the letter of a listed specification while failing in actual use. Digitisation, in other words, does not eliminate procurement risk, it relocates it from visible discretionary acts to less visible collusive or quality-compliance ones, a distinction that is easy to lose amid genuinely impressive scale statistics.

CONCLUSION

GeM at ten years is a legitimate governance success on the axis it was built for, cutting discretionary human contact points from routine government purchasing, and its scale and MSE-inclusion numbers are real. But a platform's maturity should be judged by whether its safeguards evolve with the risks its own success creates.

The next decade's test for GeM is not sustaining GMV growth, which appears well underway, but building the quality-audit, collusion-detection and rating-integrity layers that a transparent catalogue alone cannot provide, so that price transparency and outcome integrity are pursued as two distinct, equally necessary goals rather than treated as the same achievement.

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