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Micro, Small and Medium Enterprises (MSMEs) continue to play a vital role in India's economic and social development. Contributing nearly 30 percent to the country's GDP, over 45% to exports, and generating employment for more than 110 million people, MSMEs form the foundation of India's manufacturing, services, and trade ecosystem. Beyond their economic contribution, MSMEs promote entrepreneurship, support regional development, empower women and disadvantaged communities, and create sustainable livelihood opportunities across the country. As India advances toward becoming a globally competitive

GeM and MSMEs: Catalysing India's Growth Engine through Digital Public Procurement

The article explains the role of the Government e-Marketplace (GeM) in empowering MSMEs through inclusive public procurement, digital transformation, financial access, and initiatives such as #VocalForLocal, Womaniya, Startup Runway, GeM Sahay, and TReDS integration to strengthen Make in India and advance the vision of Aatmanirbhar Viksit Bharat 2047.

and self-reliant economy, the MSME sector is increasingly emerging as a key driver of innovation, resilience, and inclusive growth.

Public Procurement

As per some estimates, normally public procurement accounts for nearly 15-20 % of a nation's Gross Domestic Product (GDP) and therefore, a robust and effective public procurement process is critical to India's economy. A well-designed, developed and 24x7x365 operational public procurement system helps in ensuring 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 across Central/ State Ministries/ Depts., Public Sector Enterprises (PSE), Autonomous Bodies, Panchayati Raj Institutions, and Cooperative Societies was a monumental task. The prevailing public procurement regime in India was characterized by fragmented processes and policies that operated in silos and required 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 digitalization.¹

Genesis of Government e-Marketplace

Building on the strategy of the JAM-Trinity (Jan Dhan-Aadhaar-Mobile), the Government was able to ensure the social and financial inclusion of all through the opening of bank accounts via the Jan Dhan Yojana, Aadhaar to provide every citizen with a biometric authenticated unique identity number, and finally mobile phones which ensured the reach of services to the last-mile citizens and monitor the quality of services delivered. The JAM strategy helped the Government to deposit money directly into the individual's bank accounts and authenticate the identity of the recipient by linking bank accounts with a unique ID and mobile phones.

The JAM efforts were further augmented by the roll-out of the "Digital India" initiative, a flagship program of the Government of India to transform the nation into a digitally empowered society and knowledge economy. A robust online infrastructure coupled with enhanced Internet connectivity further ensured the seamless e-delivery

¹ Government e-Marketplace. (2018, July). GeM handbook (p. 7). Government of India. Retrieved from GeM Portal (https://assetsbg.gem.gov.in/resources/pdf/GeM_handbook.pdf), 15th May 2026

of Government services to last-mile citizens across the nation.

By 2016, Government of India decided to reform the existing public procurement processes at Directorate General of Supplies and Disposal (DGS&D), by making it totally transparent, efficient and accountable. Based on the recommendations made by the Group of Secretaries to the Hon'ble Prime Minister, Government of India decided to create Government eMarketplace (GeM), a one-stop Special Purpose Vehicle (SPV), to facilitate online procurement of common use Goods & Services required by various Government departments, organizations and PSUs, sans intermediaries.

On 9th August 2016, Smt. Nirmala Sitharaman, the then Union Minister for Commerce and Industry, Government of India, launched GeM and subsequently Cabinet Secretary, Government of India directed GeM to be developed expeditiously as pilot project with the technical support from National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY). GeM Special Purpose Vehicle (SPV) is a 100% Government owned Section 8 Company under the Department of Commerce, Government of India.

About Government e-Marketplace (GeM)

GeM is a technology-driven, end-to-end online procurement platform

for goods and services by various government buyers and Rule 149 of GFR 2017 has made procurement mandatory through this platform. Several State governments have also amended their procurement Rules/ Acts to enable procurement through this platform, and this initiative neatly aligns with government's commitment towards ensuring "Minimum Government, Maximum Governance."

Built on the three pillars of efficiency, transparency and inclusiveness, social inclusion is a core value at GeM and the portal is focused on increasing the participation from under-served seller groups such as Micro, and Small Enterprises (MSEs), women and tribal entrepreneurs, Divyangjan, Startups, self-help groups (SHG), artisan and weavers, and craftsmen under the

One-Product, One-District (ODOP) initiative who face challenges in accessing public procurement markets. Since its inception in 2016, the portal has registered 1.46 Lakh Government buyers and 24.96 Lakh+ sellers and service-providers who have listed products in approx. 10.5K product and 330 service categories.

Further, 3.87 Crore orders worth ₹18.94 Lakh Crore in Gross Merchandise Value (GMV) have been fulfilled, as on 18th May 2026 with MSMEs alone contributing to approx. 44.97 % of the total GMV.

The percentage of products and services GMV to the total GMV is in the ratio of 51.74:48.26 with the procurement value of products at ₹9.80 Lakh Crore and the procurement value of services at

Table 1: GeM GMV Trend by Fiscal Year (Product and Services)

FISCAL YEAR	PRODUCT GMV (CR)	SERVICE GMV (CR)	GMV GRAND TOTAL (CR)
FY 16-17	420	-	420
FY 17-18	5,830	8	5,838
FY 18-19	16,611	798	17,409
FY 19-20	19,811	3,067	22,878
FY 20-21	30,030	8,511	38,541
FY 21-22	81,951	24,647	1,06,598
FY 22-23	1,35,218	66,099	2,01,317
FY 23-24	1,95,954	2,07,619	4,03,573
FY 24-25	2,13,094	3,28,510	5,41,603
FY 25-26	2,55,053	2,47,552	5,02,606
FY 26-27	26,547	27,638	54,185
GRAND TOTAL (CR)	₹ 9,80,519	₹ 9,14,448	₹ 18,94,967
PERCENTAGE MIX	51.74%	48.26%	

Source: Compiled by Author

Aspect	PPP-MSE, 2018	PPP-MII
Full Name	Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 (amended in 2018)	Public Procurement (Preference to Make in India) Order
Year	2018 amendment (original policy issued in 2012)	2017
Nodal Ministry/ Dept.	Ministry of Micro, Small and Medium Enterprises	Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry
Objective	Inclusive procurement	Make in India / self-reliance
Legal Basis	Section 11 of the MSMED Act, 2006	Rule 153(iii) of GFR, 2017
Primary Objective	Promote participation of MSEs in Government procurement	Promote domestic manufacturing and local value addition
Target Beneficiaries	Micro and Small Enterprises (MSEs)	Local suppliers/manufacturers

Aspect	PPP-MSE, 2018	PPP-MII
Core Policy Instrument	Mandatory procurement target	Purchase preference based on local content
Procurement Target	Minimum 25% procurement from MSEs	No fixed procurement quota
Social Inclusion Provisions	4% sub-target for SC/ST MSEs; 3% for women-owned MSEs	No specific social-category sub-targets
Preference Mechanism	L1 + 15% purchase preference for eligible MSEs	Purchase preference to Class-I Local Suppliers
Supplier Classification	MSEs registered under UDYAM/ MSME framework	Class-I, Class-II, and Non-local suppliers based on local content
Local Content Requirement	Not the primary criterion	Central feature of the policy
EMD/Tender Fee Exemption	Available for eligible MSEs	Not a core feature
Focus Area	Inclusion, entrepreneurship, MSME development	Manufacturing, localisation, self-reliance
Linkage with National Initiatives	Inclusive growth, MSME promotion	Make in India, Aatmanirbhar Bharat
Applicability	Central Ministries/ Departments/ CPSEs	Central Ministries/ Departments/ CPSEs and procuring entities
Impact Orientation	Social and economic inclusion	Industrial and manufacturing competitiveness
Nature of Preference	Enterprise-category based	Product/local-content based
Key Policy Goal	Assured market access for MSEs	Strengthening domestic supply chains and indigenous capability

Source: Compiled by Author

₹9.14 Lakh Crore. The details of the analysis of the GeM GMV growth is depicted in the Figure 1.

Policy and Marketplace Interventions for MSMEs

Public Procurement Policy for Micro and Small Enterprises (PPP-MSE), 2018 and Public Procurement (Preference to Make in India) Order 2017 (PPP-MII) are two major public procurement frameworks designed to support the Micro and Small Enterprises (MSEs) and promote domestic manufacturing in India.

GeM has implemented the features of PPP-MSE 2018 and PPP-MII on the portal to ensure the benefits of the policy are available to MSEs who are participating in the public procurement markets as depicted in Table 2.

MSMEs have consistently performed throughout the years starting FY16-17 and have exceeded the mandatory 25 (%) procurement target set for all Central/ State Ministries/ Departments, and Central Public Sector Enterprises (CPSE).

Table 2: Year-wise Gen MSE Participation in Total Order Value

Fiscal Year	Total Order Value (CR)	Gen MSE Order (CR)	% of Gen MSE Order Value to Total Order Value
FY 16-17	422	69	16.30%
FY 17-18	5,873	2,268	38.61%
FY 18-19	17,420	9,200	52.81%
FY 19-20	22,878	13,819	60.39%
FY 20-21	38,541	22,600	58.64%
FY 21-22	1,06,598	59,033	55.38%
FY 22-23	2,01,317	97,332	48.35%
FY 23-24	4,03,573	1,90,489	47.20%
FY 24-25	5,41,603	1,95,979	36.18%
FY 25-26	5,02,606	2,37,100	47.17%
FY 26-27	54,185	32,176	59.38%
TOTAL	₹ 18,40,831	₹ 8,27,885	₹ 44.97%
PPP-MSE TARGET			25.00%
VARIANCE(+/-)			19.97%

Source: Compiled by Author

While the procurement sub-target for Women MSEs are being met, the procurement sub-target for SC/ ST MSEs is a work-in-progress and GeM is closely working with stakeholders in the SC/ ST MSE ecosystem to onboard, handhold and promote resilience among SC/ ST MSEs in public procurement.

GeM has also introduced a series of marketplace interventions to ensure the seamless “access to markets”, “access to finance” and “access to value-addition” for MSMEs and the under-served seller groups. Notable among these structural interventions and procedural reforms are listed below.

Table 3: PPP-MSE Procurement Performance Dashboard (FY16-17 to FY26-27)

Fiscal Year	Total Order Value (CR)	MSE Order Value (CR)	Women MSE Order Value (CR)	SC/ST MSE Order Value (CR)
FY 16-17	422	69	8	0
FY 17-18	5,873	2,268	311	19
FY 18-19	17,420	9,200	1,229	101
FY 19-20	22,878	13,816	1,722	226
FY 20-21	38,541	22,600	2,421	423
FY 21-22	1,06,598	59,033	5,230	1,198
FY 22-23	2,01,317	97,332	10,765	2,689
FY 23-24	4,03,573	1,90,489	16,678	4,287
FY 24-25	5,41,603	1,95,979	22,094	5,146
FY 25-26	5,02,606	2,37,100	28,167	6,588
FY 26-27	54,185	32,176	3,334	747
TOTAL (CR)	₹ 18,40,831	₹ 8,60,061	₹ 91,960	₹ 21,426
PPP-MSE TARGET		25.00%	3.00%	4.00%
% TO TOTAL ORDER VALUE		45.39%	4.85%	1.13%
VARIANCE(+/-)		20.39%	1.85%	-2.87%

Source: Compiled by Author

GeM #VocalForLocal Outlet Stores

GeM has created 8 digital storefronts to promote the products made by women and tribal entrepreneurs, artisans, weavers and ODOP craftsmen, farmer producer organizations (FPOs), self-help groups (SHGs), DPIIT-recognized Startups and beneficiaries of Govt. schemes which promote domestically manufactured innovative products as well champion the spirit of “Swadeshi”. This effort helps in transforming public procurement into a tool for economic inclusion, promotion of domestic manufacturing through “access to markets” for underserved seller groups, and most importantly strengthens local supply chains. The social impact of these digital outlet stores is visible through the participation of last-mile enterprises in greater numbers, digital market access to buyers across India, local economic development through employment generation and value-addition at source, thereby leading to the visibility of “Make In India” in public procurement.

Womaniya - Gender-inclusive Procurement

Women-owned and led businesses are present in large numbers across the country, and play a major role within the informal markets. GeM launched the “Womaniya” digital storefront to recognize women entrepreneurs in public procurement by showcasing their

products through marketplace filters and product catalogue icons to help buyers procure product from women MSEs thereby ensuring the gender-inclusive procurement. Women MSEs can now list product catalogues, participate in bids, accept/ fulfil and receive payment for successfully delivered orders from the comfort and security of their offices and homes. By facilitating access to institutional buyers and enabling women entrepreneurs to scale their businesses, the initiative contributes meaningfully toward women’s economic empowerment and financial independence while strengthening the participation of women-led MSMEs within the formal economy.

Startup Runway

GeM has created Startup Runway for DPIIT-recognized Startups to promote the listing of innovation and disruptive products under the 14 internationally recognized and nationally-relevant Startup Runway product categories, thereby enabling early-stage enterprises to participate in public procurement ecosystems that were previously difficult to access.² The initiative encourages adoption of indigenous and cutting-edge technologies across sectors such as healthcare, sustainability, mobility, information technology, and smart governance. By bridging the gap

between Startups and institutional demand, Startup Runway supports India’s innovation economy and promotes entrepreneurial risk-taking and technological advancement.

API integration of GeM and UDYAM databases

In order to spur the participation of MSMEs in public procurement, GeM operationalized the integration of its databases with the UDYAM database through application programming interface (API) to ensure a seamless 2-step auto registration of MSMEs signing up for their UDYAM registration. MSMEs seeking to register on GeM portal as sellers and service-providers are prompted for consent in the UDYAM registration form. On issuance of the UDYAM certificate, the details of these MSMEs are shared with GeM for provisional registration, and simultaneously email and SMS messages are triggered to the MSMEs for completing their seller registration on the portal. India’s rapidly expanding digital public infrastructure, including Aadhaar-enabled services, GST systems, digital payments, and e-marketplaces has significantly reduced barriers to market participation and enhanced transparency and operational efficiency for MSMEs.

Access to Finance

GeM has launched GeM Sahay, a “friction-less” access to finance mechanism for MSEs participating in the public procurement markets. MSEs face significant challenges in accessing working capital at competitive rates to fulfil multiple orders. Leveraging transaction history, purchase orders, and order data available on the platform, GeM Sahay facilitates quick and seamless access to working capital financing up to ₹25 Lakh without the need for traditional collateral. This purchase order copy-based lending model significantly improves liquidity and financial resilience for MSMEs, enabling them to fulfil larger orders, manage operational expenses,

² Startup Genome. (2018, April). *All Reports – Startup Genome*. Retrieved May 15, 2018, from (<https://startupgenome.com/report2018/>)

“The future trajectory of the MSME sector will depend on the sustained support in terms of policy, enhance digital infrastructure, enhance ease of doing business, and closer and stronger collaboration between the industry, Government, financial institutions, and Trade/MSME associations/organizations.”

and scale their businesses more effectively.

Further strengthening financial inclusion, the integration of the GeM portal with multiple Trade Receivables Discounting System (TReDS) platform service providers has enabled seamless invoice financing for MSMEs. Through this integration, receivables generated on GeM can be discounted through financiers, thereby improving liquidity and reducing payment cycle delays for sellers. This initiative received further policy impetus in the Union Budget 2026–27, which emphasized expanding digital public procurement linkages with TReDS platforms to enhance timely credit access for MSMEs participating in government procurement ecosystems. Together, GeM Sahay and TReDS integration represent significant innovations in the convergence of procurement and fintech ecosystems, helping bridge long-standing credit gaps faced by small enterprises.

Access to Value-addition

GeM signed an MoU with Common Service Centres (CSC-SPV) in May 2022 to roll-out the seller-onboarding services through its 5 Lakh+ CSC Village-level entrepreneurs (VLE). GeM and CSC databases were integrated and CSC-VLE agents were trained in the GeM seller onboarding processes. The new MoU is being drafted to expand the scope of services and will include value-

added services such as photography of product catalogue images, catalogue upload and management, order acceptance, fulfilment and invoice generation functionality on GeM portal.

Role for Accounting and Finance Professionals

Chartered Accountants, Cost Accountants, and finance professionals at large play a significant role in supporting and shaping the MSME community as they navigate formalization of their businesses, adoption and scaling of digital processes ultimately aligning their businesses closer to regional, national and ultimately global supply chains. Today, the role of professionals has grown beyond the traditional statutory compliance and tax advisory aspect and involves financial planning, cost optimization, working capital management, digital accounting adoption, and business restructuring. They also support enterprises in improving governance practices, maintaining transparent financial records, and enhancing creditworthiness for institutional financing.

In terms of GeM, accountants can play an instrumental role in helping MSMEs to onboard on the platform, ensure compliance with GST, bid documentation, digital accounting systems, and financial reporting, thereby enabling MSMEs to participate more effectively in public procurement ecosystems. Further, professionals can help MSMEs in leveraging initiatives such as GeM Sahay and TReDS financing for improved working capital management and help them align with ESG and sustainability frameworks increasingly demanded by institutional buyers and investors. As trusted advisors, Chartered Accountants contribute significantly toward strengthening enterprise resilience, operational efficiency, and long-term scalability.

The future trajectory of the MSME sector will depend on the sustained support in terms of policy, enhance digital infrastructure, enhance ease of doing business, and closer and stronger collaboration between the industry, Government, financial

institutions, and Trade/MSME associations/ organizations. Digital Public Infrastructure (DPI) such as GeM are stellar examples of how technology-driven governance can create inclusive economic opportunities while improving transparency, efficiency, and inclusiveness in public procurement. By integrating “access to markets”, “access to finance” and “access to value-addition” into a unified digital ecosystem, GeM is redefining the role of public procurement in national development.

The MSME sector’s future trajectory will depend on sustained policy support, enhanced digital infrastructure, improved ease of doing business, and stronger collaboration between government, industry, financial institutions, and professional bodies. Platforms like GeM illustrate how technology-driven governance can create inclusive economic opportunities while improving transparency, efficiency, and accountability in public systems. By integrating market access, innovation enablement, and financial inclusion into a unified digital ecosystem, GeM is helping redefine the role of public procurement in national development.

As India moves closer to realizing its long-term vision of a self-reliant Aatmanirbhar Viksit Bharat 2047, MSMEs will remain the vanguard of the country’s economic transformation. Empowered by initiatives such as the GeM #VocalForLocal digital storefronts, gender-inclusive/innovation-enabled procurement initiatives such as Womaniya and Startup Runway, financing mechanism such as the GeM Sahay and TReDS platform, MSMEs are driving growth in manufacturing, generating employment and ushering self-reliance. Supported by progressive policy reforms, digital platforms like GeM, and the expertise of the professional community, India’s MSMEs are well-positioned to lead the journey toward an inclusive, resilient, and globally competitive economy.

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