

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

RAJYA SABHA
UNSTARRED QUESTION NO. 2123
ANSWERED ON 09/08/2024

RATIONALISING GeM PORTAL CHARGES FOR ENTRY OF CONTRACTORS AND SMEs

2123. SHRI AYODHYA RAMI REDDY ALLA:

Will the Minister of COMMERCE & INDUSTRY be pleased to state:

- (a) specific measures that can be taken by Government to alleviate the financial burden under transaction fees, service fees, and other charges on consultants and contractors, particularly Small and Medium Enterprises (SMEs);
- (b) Government's strategy for ensuring that the charges do not create a barrier to entry for new contractors and SMEs, particularly in underserved regions; and
- (c) Government's policy on refunding or waiving charges in cases of project cancellation, delay, or dispute resolution?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) Government e Marketplace (GeM) is a not – for profit organisation. As per GeM’s revenue policy version 1.4:

- (i) Individual orders less than ₹5 Lakh in value are not required to pay any transaction charge.
- (ii) Orders which are awarded to seller before the cumulative Seller Merchandise Value (SMV) reaches ₹20 lakh (even if individual contract is more than ₹5 lakh) in a financial year are not required to pay any transaction charge. A one-time annual milestone charge of ₹10000 is taken once the seller has clocked cumulative business of ₹20 lakh in a financial year. After payment of the annual milestone charge, upon reaching SMV of ₹20 lakh, all future orders under ₹5 lakh continue to be at nil transaction charge.

In the FY 2023-24, out of total of 62,79,892 orders placed on the GeM portal, 59,98,590 orders i.e. 95.5 percent of the orders placed were less than ₹5 lakh in value. A large proportion of these orders are serviced by the MSEs registered on the GeM portal.

GeM undertakes periodical review of its revenue policy and rationalises transaction charges and any other fees/charges from time to time based on administrative exigencies and business requirements.

(b) Does not arise in view of the above.

(c) As per the prevailing Revenue Policy Version 1.4 of GeM, a seller is eligible for refund of transaction charges in case of cancellation of contract (as mutually agreed between buyer and seller) where certain specific conditions are fulfilled. These conditions are:

- (i) Incorrect selection of goods or services by buyer;
- (ii) Order placed erroneously or by mistake by buyer;
- (iii) Product/service not required or partially required, as a result of which the buyer refused some or full quantity of product/service or requested for discontinuation of service(s) in the middle of contract;
- (iv) Consignee not available to receive the product/service;
