



BCG

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# Increasing liquidity in supply chain: GeM and TReDS

FIBAC

AUGUST 2018

# MSMEs have been the pillar of the economy ...



**~40%**  
of GDP



**~45%**  
of manufacturing



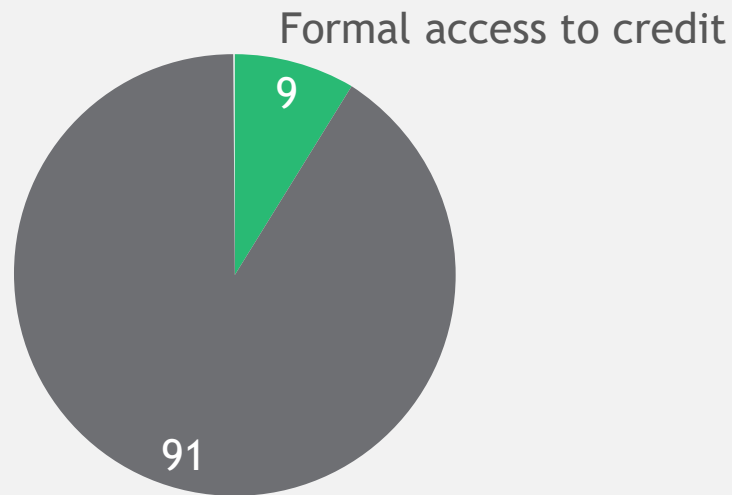
**~40%**  
of exports



**70m**  
jobs

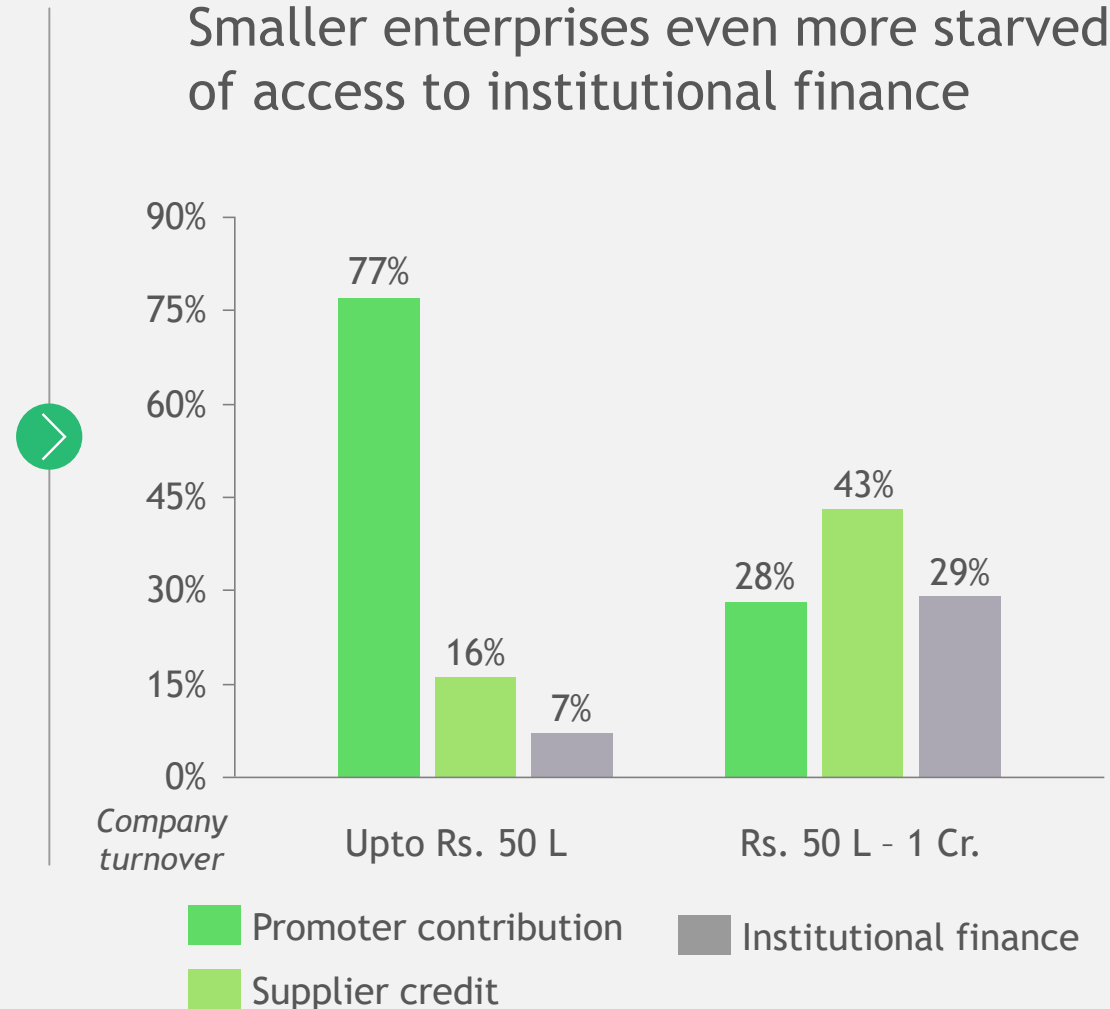
# ... but credit has at best trickled to MSMEs

~10% of all MSMEs have access to formal banking credit



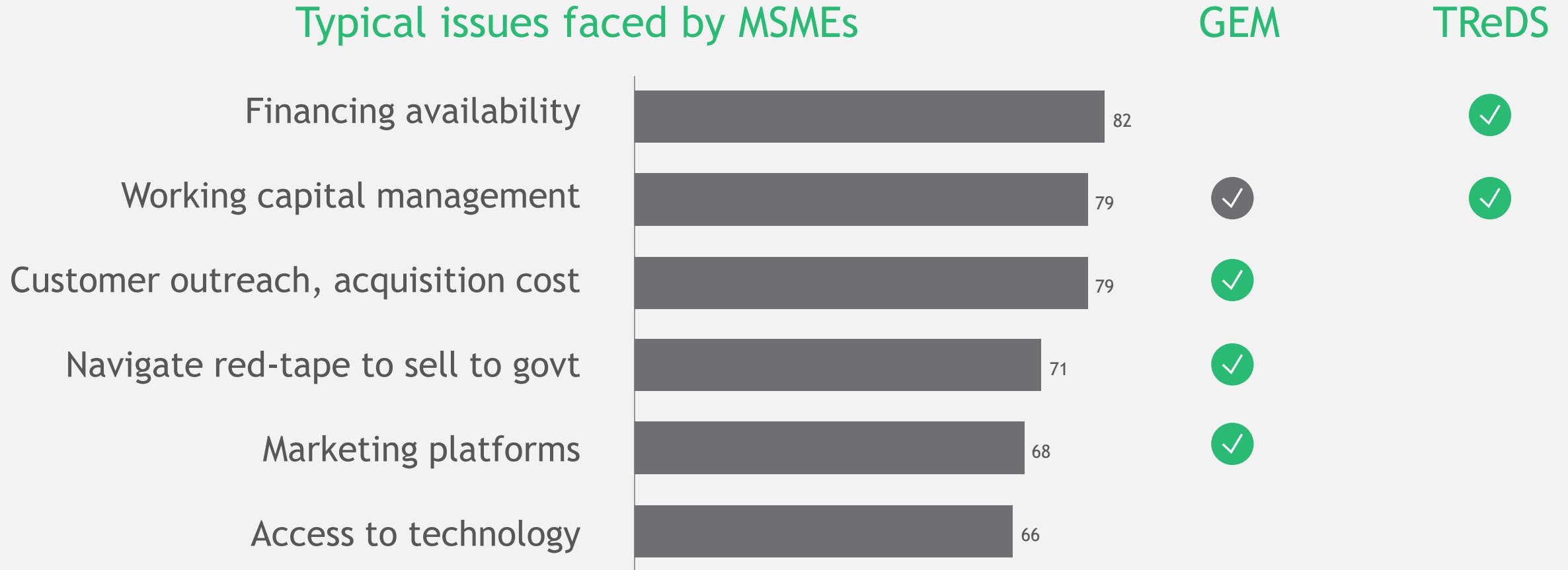
W/O formal access to credit

Smaller enterprises even more starved of access to institutional finance



# GeM & TReDS address large & fundamental issues

## Typical issues faced by MSMEs



# GeM: Rapid scale in 2 years

2500-3500 sellers  
250-350 item categories

- Cumbersome process
- Rates locked
- Local vendor base

Pre GeM phase



GeM 1.0



Aug' 16 - Mar' 17

- End-to-end online portal
- Basic functionalities

5,127 products  
4.2 B INR transaction val.

3,82,680 products  
31.8 B INR transaction val.

- Integration with Partners (UIDAI, MCA-21, Banks)
- MSP on board

GeM 2.0



Mar' 17 - Dec' 17

GeM 3.0



Jan' 18

- Multi language support
- Advanced search
- Multi-cart



Large ecosystem

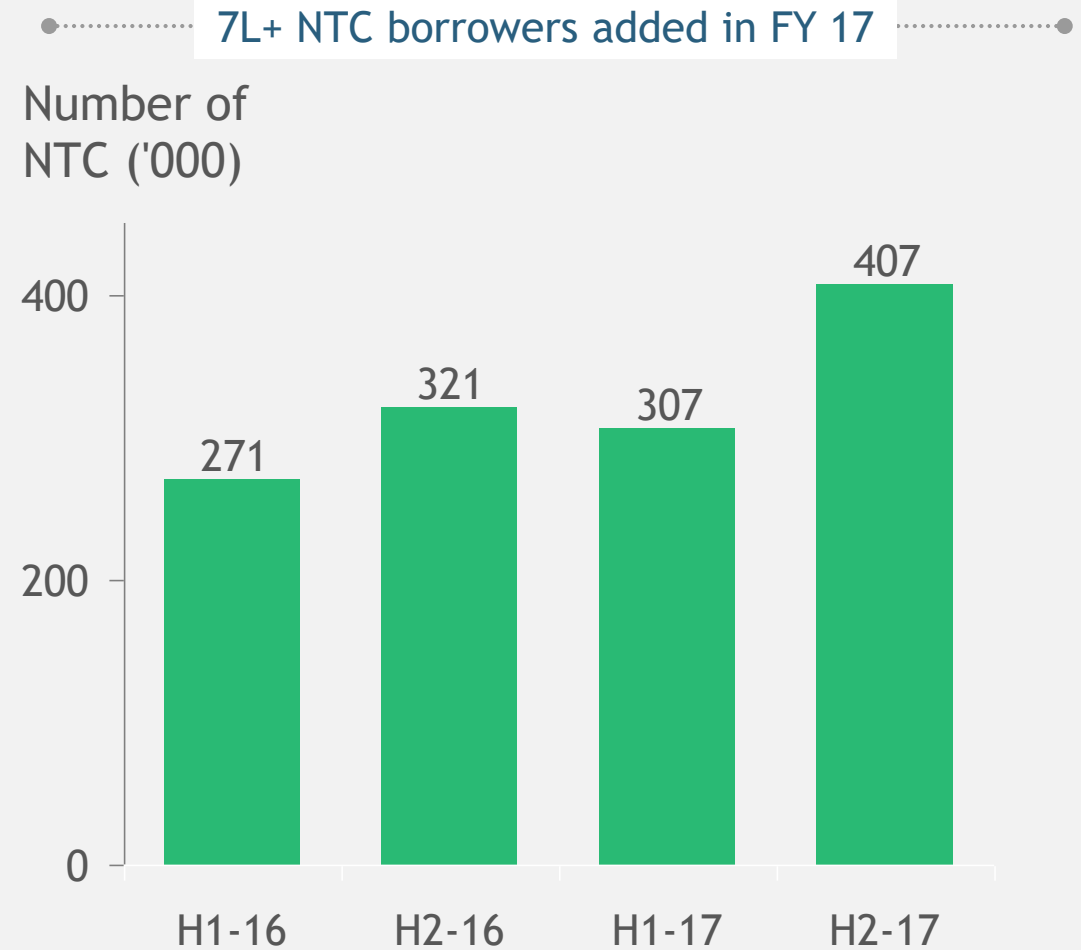
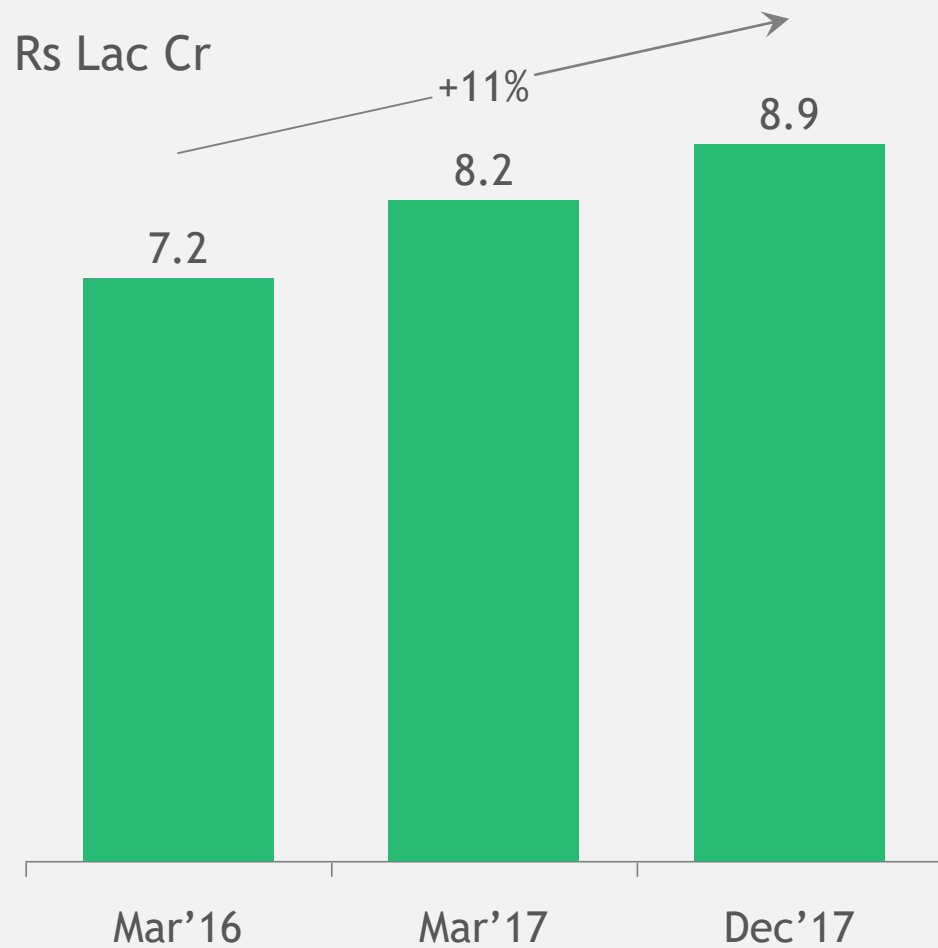
- 16 K buyer orgs
- 33 K sellers
- 471 K products

Continued exponential scaling up

Huge transaction base

- 46.4 B INR transaction val.
- 299 K orders

# Banks & NBFCs have gradually increased MSMEs lending



# Several interesting trends shaping MSMEs



**GST & its  
impact**



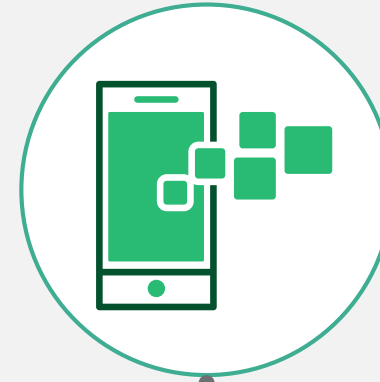
**Accelerated  
formalization  
of MSMEs**

Increase in rate of  
formalization by 5%



**Digitization of  
MSMEs & its  
functioning**

SME tech potential:  
\$30bn in 2020

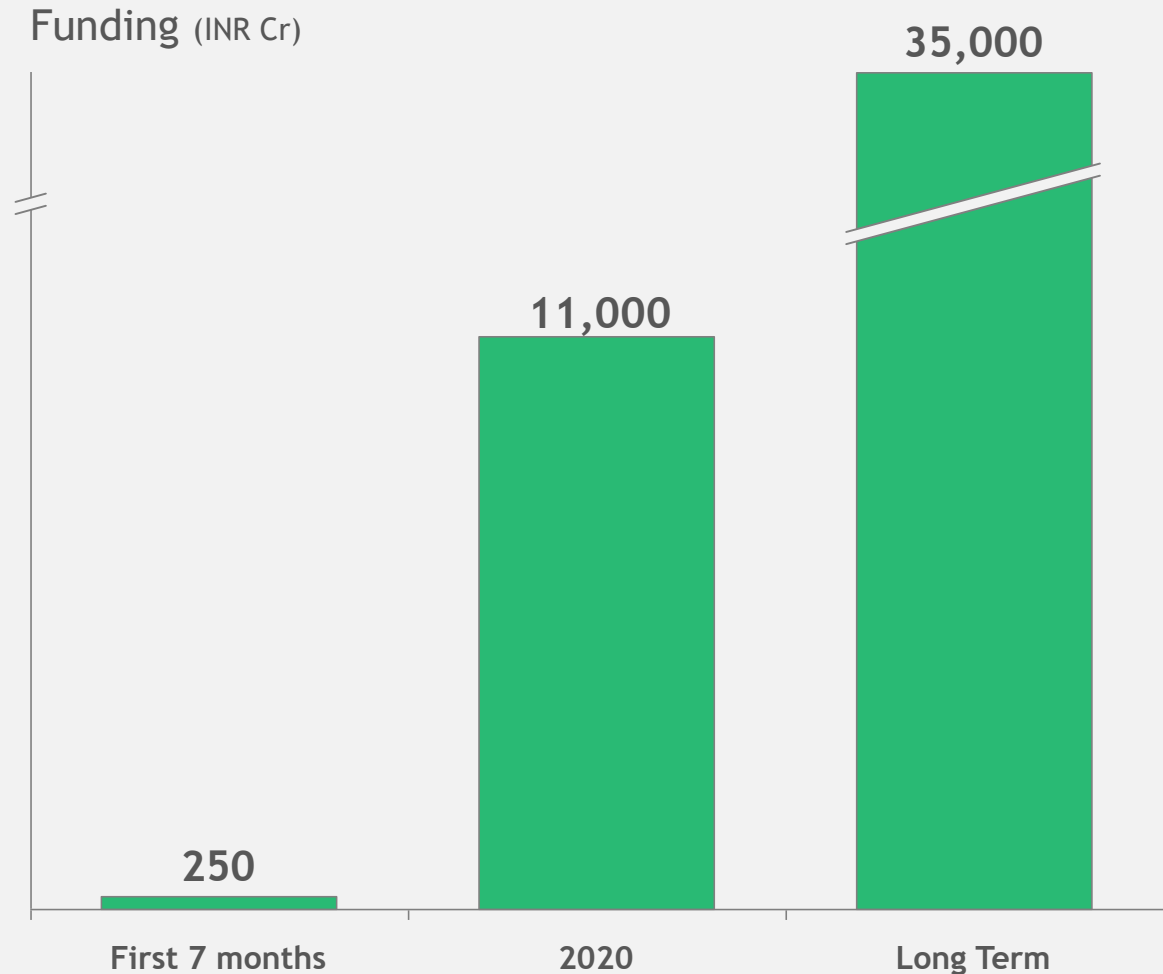


**Rise of SME  
focused B2B,  
& B2C  
ecommerce**



**MSME Bill  
2018**

# TReDS: Much distance remains to be covered



## What will it take?

Awareness?

Supply?

➤ Demand: Corporates / MSMEs?

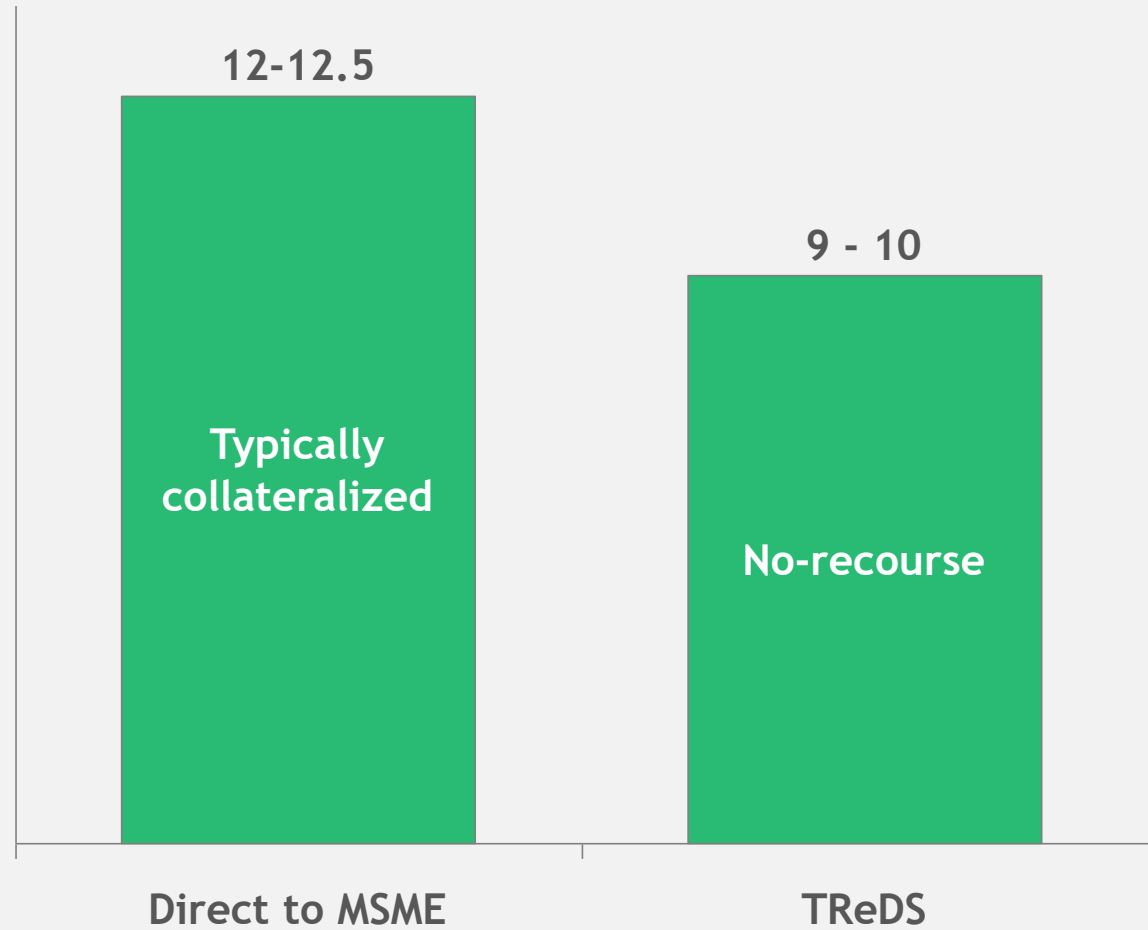
Digital penetration?

E-literacy?



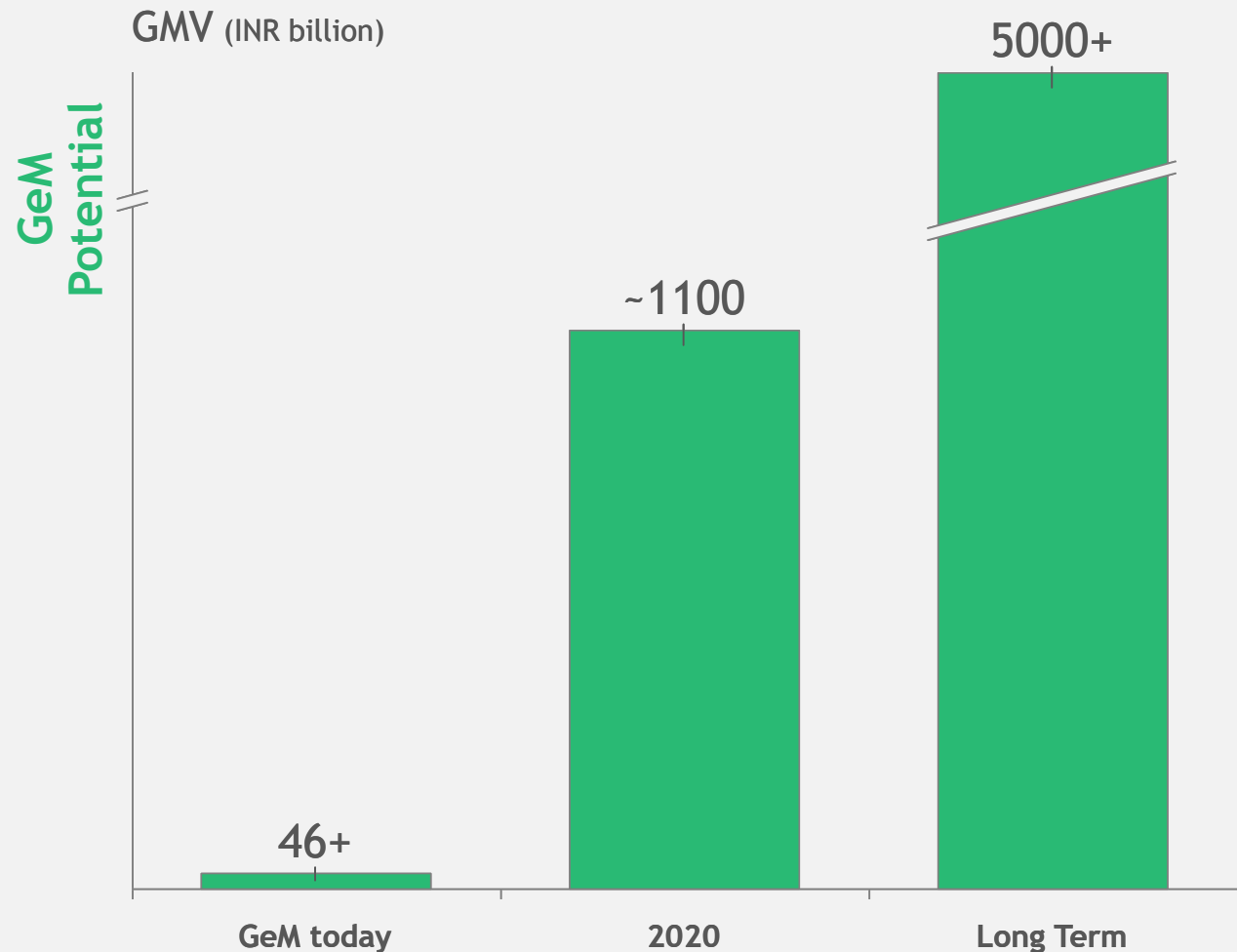
# Opportunity or threat?

Lending rates (%)



What does this mean for  
Banks and NBFC's  
traditional business?

# GeM can unlock immense potential for India



## What will it take?

Awareness?

Financing?

Strong oversight?

Digital penetration?

E-literacy?

Eco-system?

A close-up photograph of a lit sparkler against a dark background. The sparkler is the central focus, with numerous bright, golden-yellow sparks radiating outwards in all directions. The sparks vary in length and intensity, creating a dynamic and celebratory atmosphere. The background is dark, which makes the bright sparks stand out prominently.

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