

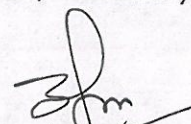
No. 8-07/ 2017-18-Fin (Pt.IV)
Government of India
Ministry of Communications
Department of Telecommunications
Sanchar Bhawan, New Delhi
(Finance Branch)

Dated: 24/09/2018

Sub: "Government e-marketplace (GeM)- On Boarding of Non-Public Financial Management System (PFMS) Agencies/ Entities (NPAE) on GeM Portal- Opening and Operating of GeM Pool Accounts (GPAs) by NPAE for ensuring timely payments to GeM suppliers/ vendors"-reg.

The undersigned is directed to enclose a copy of the O.M No. F.13/4/2017-PPD (Pt.) Dated 14th August, 2018 from Under Secretary, Procurement Policy Division, Department of Expenditure, on the subject cited above for information/ necessary action please.

Encl. As above.


(R.C.Kumar)
ADG (Finance)

Copy to,

1. PPS to Member(S)/Member (T)/ CGCA/ DG (T)
2. Administrator (USOF)/ Wireless Advisor, DoT HQ
3. JS (A)/ JS (T)
4. All Pr.CCA/CCA
5. DG (NICF)/Sr.DDG (TEC)/ Sr.DDG, NTIPRIT
6. Under Secretary (SEA) for uploading on DoT website

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No.F.13/4/2017-PPD(Pt.)
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi.
Dated 14th August, 2018.

OFFICE MEMORANDUM

Subject: Government e-Marketplace (GeM) – on Boarding of Non - Public Financial Management System (PFMS) Agencies/ Entities (NPAE) on GeM Portal – Opening and Operating of GeM Pool Accounts (GPAs) by NPAE for ensuring timely payment to GeM suppliers/ vendors

The undersigned is directed to say that the issue of simplification of timely payment procedure to GeM suppliers/ vendors by Non-PFMS Agencies/ Entities (NPAE) through opening & operating of GeM Pool Accounts by NPAE has been under consideration of Government of India and it has now been decided that all those non-PFMS organisations/ Agencies/ entities who come on board on GeM, shall open & operate a special purpose account namely GeM Pool Account for the purpose of ensuring prompt payment to suppliers/ vendors of GeM who supply Goods/ Services to the NPAE through GeM.

2. Accordingly, it is directed that organisations not operating through PFMS shall be covered under these instructions. It shall apply to CPSEs which choose to procure through GeM, all Autonomous Bodies and Societies who are hereby directed to open, operationalize and operate a GeM Pool Account (GPA) for all procurement done through bidding and Reverse Auction (RA). GeM Pool Account shall be mandatory for all procurement above Rs.10 lakhs and optional at the discretion of the entity for value up to Rs.10 lakhs. The GeM Pool Account shall be opened, operated and controlled exclusively and completely by the buyer entity/ agency subject to certain restrictions on withdrawals of funds as enumerated in the Annex to this OM. The Account shall carry interest applicable to savings/ current account. Such account shall be opened in any scheduled bank having already integrated the pool account with GeM.

3. While procuring goods & services through GeM, the NPAEs should credit 100% of the projected value of the goods/ services in their GeM Pool Account before placing supply order/ award of contract and it will not be withdrawn for any other purpose other than the one for which the amount is credited into GeM Pool Account.

On successful supply & acceptance of Goods & Services, the NPAE shall issue an advise without delay to the bank to release actual amount payable to vendors/ suppliers as per terms of contract from the GeM Pool Account.

4. A detailed Standard operating procedure (SOP) on opening and operating of GeM Pool Account is attached in Annex.

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5. The Steering Committee on GeM of each Ministry should monitor the implementation of these instructions regarding operationalisation of Gem Pool Account.

6. Ministries/ Departments of Government of India are accordingly requested to issue necessary instructions to all Non-PFMS Agencies/ Entities under their control.

7. This issues with the approval of Secretary (Expenditure).

K. Narayana Reddy
(K Narayana Reddy)

Under Secretary to the Govt. of India

Tel: 24621305

Email: kn.reddy@gov.in

To

1. Secretaries & Financial Advisors of All Central Government Ministries/ Departments
2. Copy for Web-hosting

The Standard operating procedure (SOP) for ensuring timely payments to the GeM suppliers/ vendors through GeM Pool Account

GeM Pool Account is a special purpose bank account (interest bearing savings/ current Account) opened, operated and controlled exclusively by each NPAAE for the purpose of crediting 100% projected value of the contracts/ supply orders in to the account and for subsequently making timely payments to the vendors/ suppliers on successful supply and acceptance of goods & services ordered on GeM against supply orders placed by the NPAAE on GeM.

Non-PFMS Agency/ Entity (NPAAE) is a Government of India (GoI) organization, CPSE, Autonomous Body or any other entity not using PFMS for its payments of transactions and having their own payment system for making payments against supply orders placed by the NPAAE on GeM.

The following are the core elements of GPA that should be incorporated during the opening and operations / procurement stages:

1. The NPAAE will open the GPA (as a savings or current account) which will be utilized by buyer through the online integration of Bank with the platform owned and maintained by GeM SPV, as per Service Level Agreement (SLA), and solely for procurement of goods and services on GeM.
2. The terms and conditions of procurement on GeM will be part of the operations agreement between the bank and the NPAAE.
3. The role of the bank will be limited to ensuring operations of the account on the instruction of the NPAAE through the authorized NPAAE nodal officer for GeM/ buyer.
4. Real time details of all operations of the account will be shared by the bank, in a mutually accepted format (to be amended from time to time) with the NPAAE, only through the GeM Platform.
5. Once a sub-account/ transaction specific account is credited with an amount, the NPAAE cannot withdraw this amount, apart from transfer to the designated supplier, till such a time that the transaction is live.
6. Any withdrawal/ transfer by the NPAAE from this account, except for payment to the supplier, would be permitted in the following conditions
 - a. Order cancellation
 - b. Order rejection
 - c. Refund

All the above situations would first be required to be enabled/ flagged on the GeM Platform for the NPAAE to be able to act accordingly.

7. On authorization of a payment to the supplier by the NPAE Nodal officer for GeM/ buyer, the bank should transfer the prescribed amount to the supplier mapped in the transaction.
8. In case of an Service level agreement (SLA) breach on the part of the NPAE in terms of payments to the supplier, GeM will intimate the buyer and bank of the same. Post such intimation, and non-action on the part of the NPAE with respect to payment transfer, bank will release 100% of the amount (or as notified in the terms and conditions of procurement on GeM) to the supplier mapped in the transaction. Such a provision is required to be incorporated in GPA and should be considered as a standing instruction from the NPAE to the bank. The residual amount cannot be withdrawn/ transferred by the NPAE, in such cases. The process to be followed in case of SLA breach under various scenarios is provided below:
- a. In case, even after 10 days of issue of Consignee receipt and acceptance certificate (CRAC), the buyer has not initiated the payment process through the GeM platform, a payment trigger will be automatically generated for payment equivalent to 80% of the consignment value deduced by the system as per CRAC. Simultaneously intimation will be sent to the HoD, buyer and NPAE Nodal officer for GeM, regarding the release of payment, at their risk and cost in line with the Terms and condition (T&C) and SLA of procurement on GeM. The residual payment of 20% is to be processed by the buyer within 35 days after adjusting for any statutory deduction and damages, failing which after 35 days, the same will be released to the supplier automatically through an alert to the bank by the GeM Platform, after statutory deductions and any system know deductions.
 - b. If the consignee does not issue Provisional receipt certificate (PRC) within 48 hours of actual receipt of consignment, the supplier can upload the consignee receipt for the transaction on the GeM Portal. For such cases the system will generate alert to the consignee to issue PRC & CRAC within stipulated time line set in T&C and SLA of procurement on GeM.
 - c. In case the consignee does not respond to the system generated alerts and action requirements, after the GeM specified time period, alerts and auto escalation will be initiated as per escalation matrix specified below:
 - i. Level 1 - Upto 3 days – Consignee
 - ii. Level 2 - 4 and 5th day – Consignee and Buyer
 - iii. Level 3 - 6 to 10th day – Consignee, Buyer, Payment/ Paying Authority and NPAE Nodal Officer for GeM
 - d. Post generation of CRAC, the buyer has 10 days to authorize the payment to the supplier through the GeM Platform, failing which, the

GeM Portal auto initiated payment process as elaborated in point (a) above will be triggered.

- e. Unutilized funds after closure of the Contract and interest accrued on the credited amount will be at the disposal of nominated NPAE Nodal officer, who may advise banker for further action as deemed fit.

Note: All days mentioned are calendar days

