

No. F.6/18/2019.PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, Khan Market,
New Delhi Dated the 29th December, 2020.

OFFICE MEMORANDUM

Subject: Procedures for payments for Goods/ Services to Sellers/ Service Providers in Government e- Marketplace (GeM) - through PFMS and by non- PFMS Agencies/ Entities (NPAE) -- reg.

Ref: OM No. 6/18/2019-PPD dated 23.01.2020 on the subject above.

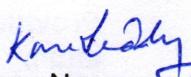
Kind attention is invited towards para 7A (iv) of above referred Office Memorandum (copy enclosed) vide which provision of blocking of funds had been stipulated for ensuring availability of funds in appropriate head at the time of placement of Orders and to ensure timely payments to sellers/vendors. This Department is in receipt of references made from various Ministries/ Departments with respect to issues faced by them in the optimum utilization of available funds due to said provision for blocking of funds.

2. In order to alleviate the operational issues as well as to ensure optimum utilization of available funds, the following additions are being made in para 7A (iv) of this department's OM No. 6/18/2019-PPD dated 23.01.2020:

- a) The provision of fund blocking equivalent to full contract value is applicable only for contracts with delivery periods of up to 20 days. For contracts with longer delivery periods, fund blocking of appropriate amounts shall be initiated at a date 20 days prior to expected delivery date or on the date of invoice generation by the Seller in GeM whichever is earlier. In case of non-availability of required funds at that point of time, both buyer and seller shall be alerted, and the Buyer, the HoD, the DDO/ PAO and finally upto AS&FA of concerned Ministry/Department shall be alerted by email and SMS by GeM. On failure in making available the required funds in the appropriate head of account within 10 days, seller has right to decline supply and to seek contract cancellation without any administrative action against the seller. Also, in such a case, any delay in delivery by the seller will also become exempt from the provision of Liquidated Damages.
- b) Functionality to un-block the blocked funds in exceptional cases/ emergency cases with some validations: Head of Department (HoD) of the organization on GeM can unblock certain % of blocked funds of a contract (may be upto 100%) with the approval of associated finance of the Ministry/Department or the CPSE in exceptional cases/ emergency cases after giving a clear undertaking that he will ensure timely

availability of funds and unblocking will not lead to delay payments to sellers. However, such unblocking will not be allowed if the seller has already raised an invoice (before 1st March of Financial Year).

- c) **Funds for the relevant financial year should be blocked only if the delivery period is such that the delivery is scheduled before the 1st of March of that financial year.** If the delivery is scheduled in March of that financial year or scheduled in the next financial year then fund blocking is optional for buyer in current financial year and mandatory only in the next financial year in the 1st week of April.


(Kotluru Narayana Reddy)
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To,

All the Secretaries and Financial Advisers to Government of India

Copy to:

1. CGA, CGDA, FC/Railway Board - For information and necessary action.
2. Secretary, Department of Public Enterprises with a request to issue appropriate instructions to Public Sector Undertakings in this regard.