

No.F.26/4/2016-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi.
Dated the, 26th May, 2016.

Office Memorandum

Subject:- Procedures for payments to Sellers/Suppliers in Government e-Marketplace (GeM) - Reg.

In pursuance to Rule No. 141-A of GFR 2005, the following procedures are prescribed for making payments to the Sellers / Suppliers in GeM which shall be complied and adhered to by all concerned:

2. The Government Buyer i.e. the concerned Programme Division or Administrative Unit in a Ministry/ Department will place the Contract / Supply Order / Purchase Order online after taking prior approval of the Competent Authority for procuring a particular Good or Service. Inter-alia, the Contract/ Supply Order / Purchase Order form will also contain the following fields including fields for payment related processes:

- a) Administrative approval of the Competent Authority indicating the designation of the approving authority;
- b) Approval of Competent Financial Authority indicating designation of the officer;
- c) Whether IFD concurrence required? (Yes /No)
- d) If yes, then IFD Diary No.& Date
- e) Budget Head of Account and Year: Major/Minor/Sub-head/Detailed-head/ Object Head as in Detailed Demands for Grants.
- f) Budget availability as on date: (Yes/No)
- g) Amount (Contract Value): Rs.....(Budget to be blocked)
- h) If expenditure is committed for more than a year, the year-wise details – (portal should generate a Liability Register for recording multi-year payment commitments, the format for which is prescribed in Rule 53 of the GFR).

3. When these fields are duly captured, the Buyer will be in a position to place the Order online. The GeM portal will generate a Sanction Order followed by the Contract Agreement /Supply Order/Purchase Order and these will be digitally signed by the Buyer. These documents duly signed digitally by the Buyer will be made available online to the concerned DDO, PAO and Seller / Supplier. The DDO and PAO shall have access to the

Contract Agreement/ Supply Order/Purchase Order online in order to ensure that the Bill is generated at the stage of payment in accordance with the contractual provisions.

4. The GeM portal will send the Sanction Order details to PFMS / corresponding Payment system of Ministries of Railways or Defence or Department of Post (Payment System of Railways/ Defence/Post).

5. On placing the Contract / Supply Order / Purchase Order, the amount required from the relevant Budget Head gets blocked in the PFMS/ Payment System of Railways/ Defence/Post.

6. Should it be necessary to amend the Contract, the amended Contract / Supply Order / Purchase Order with due approval of the Competent Authority and acceptance of the Seller/ Supplier shall be made available to the Supplier/DDO/PAO on the GeM portal.

7. Similarly, in the event of cancellation of the Contract / Supply Order / Purchase Order the information would be made available to the Seller / Supplier, DDO and PAO on the GeM portal. In that event, funds so blocked earlier, would be released.

8. The Programme Division/Administrative Unit in the Ministry/ Departments shall periodically review the blocked budget to ensure that funds are utilized within the same financial year.

9. The performance security would be obtained from the Seller/Supplier as per Contract / Supply Order / Purchase Order, and their details reflected on the GeM portal by the Buyer.

10. On dispatch/ delivery of Goods and/or Services, the Seller / Supplier shall prepare an electronic Invoice cum Bill, digitally signed, on GeM portal and shall submit on-line to the Buyer and DDO/PAO. Then GeM portal will send an SMS/ email alert to the Buyer, on submission of Invoice. This Invoice will contain mode of dispatch of goods, dispatched/ delivered quantity with date and all inclusive price claimed based on digitally signed Contract / Supply Order / Purchase Order data. In case Services are procured, the required data as per Contract / Supply Order / Purchase Order may be incorporated in the Invoice.

11. The Buyer/consignee receives the Goods/Services and issues an on-line Provisional Receipt Certificate (PRC), within 48 hours, on 'said to contain basis' on the GeM portal with his/her digital signature, mentioning the date of Receipt. (From this date of PRC, the period of 10 days for consignee's/buyer's right of rejection and return policy would be applicable).

12. After verification including assessment of quality and quantity and satisfactory installation of machinery and equipment wherever necessary, the Consignee will issue on-line digitally signed Consignee's Receipt & Acceptance Certificate (CRAC) for that stage within 10 days of date of issue of PRC. The CRAC would clearly indicate the Order quantity, rejected quantity (if any, with reasons for rejection including shortages/damaged/ unaccepted quality), quantity accepted and cleared for payment. If the consignee does not issue CRAC within 10 days, on 11th day from the date of receipt indicated in PRC, GeM System / Portal would auto generate CRAC for the full quantity indicated in the PRC as deemed accepted for payments. This will be made available on GeM to Buyer/ Seller and also the concerned DDO and PAO. The GeM portal would generate a unique serial number for CRAC relating to concerned DDO & PAO, so that the payments are made seriatim.

13. Based on Contract / Supply Order / Purchase Order including amendments (if any) and CRAC for the accepted quantity and the revised Invoice cum bills for accepted quantity digitally signed on GeM, System / Portal would compute the net amount payable duly deducting the TDS (if any) and Liquidated Damage (LD) amount, if any (to be computed if actual date of delivery mentioned in the PRC is beyond the last date of delivery Period given in the Contract) for payment.

14. GeM System / Portal will generate seriatim on-line bills having detail of Gross amount, deductions and net payable amount based on details provided by Buyer. After verification of the correctness of the amount and signing the bills digitally, DDO shall submit the same to PAO for e-payment on PFMS /Payment Systems of Railways/ Defence/Post. These internal processes shall be visible to the seller/supplier on the portal.

15. After pre-check, PAO shall, debit the Government account, releasing the corresponding payment through PFMS/ Payment System of Railways/ Defence/Post to be credited into the bank account of the Seller/Supplier. The payment so released shall be credited to the Seller/Supplier's account within 24 hours (excluding public holidays). SMS alerts shall be sent to the Seller and Buyer after the payment is authorized by PAO and also after the confirmation of the payment by the bank. The payment authorization as well as payment confirmation details shall be shared by PFMS/ Payment System of Railways/ Defence/Post on the GeM portal. The PAO and DDO shall comply with the provisions of GFR for budget implementation.

16. It is obligatory for payments to be made without any delay for purchases made on GeM. In no case, should it take longer than the prescribed timelines. The timelines after Consignee Receipt and Acceptance Certificate (CRAC) issued on-line and digitally signed by consignee, will be two (2) working days for Buyer, one (1) working day for concerned DDO and

two (2) working days for concerned PAO for triggering payment through PFMS/Government Financial System /Banks for crediting to the supplier's account. Any matter needing a resolution will be escalated to the next higher level in each agency (Buyer, DDO and PAO) where the matter should be resolved within 24 hours. In the entire process, payment should not exceed 10 days including holidays.

17. GeM System / Portal would also have on-line provisions for generating supplementary Invoice cum Bills for claim/refund of statutory changes in Duties and taxes, if any, as above. A provision for all types of refunds/claims should be available on-line.

18. The multi-year liabilities so created as referred to in Para 1 (h) above shall be reviewed by the Programme Division/Administrative unit in consultation with the Financial Adviser. The consolidated information on the total committed liabilities, year-wise, shall be submitted by the Financial Adviser to the Budget Division, Department of Economic Affairs, Ministry of Finance for suitably reflecting in the preparation of Budget Estimate for the relevant financial year and in the Medium Term Expenditure Framework (MTEF).

19. The above procedures and timelines shall be strictly adhered by the Ministries/Departments.

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

(Vinayak T. Likhari)
Under Secretary (PPD)
Tel/Fax – 011-24621305
E-mail – vinayak.likhari@nic.in

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.
3. Internal circulation: AS (PF-I), JS(FA), JS (Pers.) and JS (PF-II).