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 20th September, 2016.

OFFICE MEMORANDUM

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

Ref.: OM No. F.26/4/2016.PPD dated 26th May 2016 on above subject.

In supersession of the above referred OM dated 26.05.2016 and pursuant 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 required 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 and the Contract Agreement/Supply Order/Purchase Order which will be digitally/e-signed by the Buyer. These documents duly digitally/e-signed by the Buyer will be made available online to the concerned DDO (applicable in PFMS), PAO (applicable in PFMS), Paying Authority (applicable in Payment System of Railways/Defence/Posts/Others

including PSUs, Municipalities, Educational Institutions, Autonomous Institution, State Government, etc) and Seller/ Supplier. The DDO and PAO/Paying Authority 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/Payment System of Railways/ Defence/Posts/Others (Others mean various Government Bodies including PSUs, Municipalities, Educational Institutions, Autonomous Institution, State Government, etc).

5. On issue of Sanction order and placing the Contract/Supply Order/Purchase Order, the amount required from the relevant Budget Head gets blocked in the PFMS/ Budget Accounting System of Railways/ Defence/Posts/Others.

6. Should it be necessary to amend the Contract, such 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/Paying Authority on the GeM portal.

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

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

9. The performance security (if any)under Rule 158 of General Financial Rule 2005, would be obtained from the Seller/Supplier as per Contract/Supply Order/Purchase Order, and their details would be 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, digitally/e-signed, on GeM portal and shall submit the same on-line to the Buyer. 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/e-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 online 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 receipt mentioned in PRC, the period of ten (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/e-signed Consignee's Receipt & Acceptance Certificate (CRAC) within 10 days of date of receipt indicated in 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. However, 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 unsigned CRAC which, backed with digitally/e-signed PRC for the corresponding quantity shall be taken as deemed acceptance for payments in lieu of the requirement of digitally/e-signed CRAC. This will be made available on GeM to the Buyer/ Seller and also the concerned DDO (if applicable) and PAO/Paying Authority. The GeM portal would generate a unique serial number for CRAC relating to concerned DDO (if applicable) & PAO/Paying Authority, so that the payments are made *seriatim*.

13. After generation of CRAC, the Buyer shall prepare 'Payment advice' on GeM Portal, as under:

(A) For Payment through PFMS requiring DDO functionality:

After generation of CRAC, the Buyer shall prepare 'Payment advice' on GeM Portal, indicating any contractual deductions such as penalties for violation of Service Level Agreement (as applicable)/Liquidated Damages for delayed supplies etc. which will be used by GeM portal to compute the net amount payable for the accepted quantity after factoring in the contractual deduction(s) and generate claims for payments digitally/e-signed by the Buyer. This claim for payment shall be made available to the DDO on GeM Portal and the requisite data will also be pushed online in the PFMS. DDO will log into PFMS and generate the Bill against the said claims and forward the same to the PAO/Paying Authority for payment, after deducting any statuary deductions including TDS as applicable. The DDO shall also be responsible for issuing TDS certificate (as per Income Tax Act, 1961 amended from time to time) to the Seller after release of the payment to the Seller/Supplier.

(B) For Payment through Payment Systems other than PFMS, not requiring DDO functionality:

After generation of CRAC, the Buyer shall prepare 'Payment advice' on GeM Portal, indicating any contractual deductions such as penalties for violation of Service Level Agreement (as applicable)/Liquidated Damages for delayed

supplies and also statuary deductions including TDS as applicable. The same will be used by GeM portal to compute the net amount payable for the accepted quantity and generate claims for payments digitally/e-signed by the Buyer. This claim for payment shall be made available to the PAO/Paying Authority on GeM Portal for payment, after deducting any statuary deductions including TDS as applicable.

In case the Buying organisation allows direct online payment through the payment gateway integrated with Bank(s) available on GeM Portal, the concerned PAO/Paying Authority shall log into the GeM Portal to process and advice for release of online payment to the Seller /Supplier through the available payment gateway. However, in case the PAO/Paying Authority operates through its own online Payment System, the requisite data will be pushed online in the Payment System of the Buying organisation. PAO/Paying Authority shall log into the Payment System to process the payment advice for release of online payment to the Seller /Supplier. The Buyer shall also be responsible for issuing TDS certificate.

14. After online pre-check of all relevant documents, PAO/Paying Authority shall debit the Government account, releasing the corresponding payment through PFMS /the Payment System of Railways/Defence/Posts/Others 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), by the Bank. SMS alerts shall be sent to the Seller and Buyer after the payment is authorized by PAO/Paying Authority 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/Posts/Others on the GeM portal. The PAO/Paying Authority and DDO shall comply with the provisions of General Financial Rules for budget implementation.

(b) In case of return of Bill, if necessary by PAO/Paying Authority, it should be made online with all queries/discrepancies/reasons for rejections indicated in one go with the approval of competent authority, to the DDO/Buyer for the needful corrections at their end.

15. In terms of the provisions of the Information Technology Act 2000 as amended from time to time, digitally/e-signed online documents generated on GeM shall be treated at par with ink-signed documents for release of payment to the Seller/Supplier and no ink signed paper/documents shall be demanded/insisted

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/e-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/Paying Authority for triggering payment through PFMS/the Payment System of Railways/Defence/Posts/Others and Banks for crediting to the supplier's account. In case of return of Bills by PAO/Paying authority, the discrepancies should be addressed by concerned Buyer/DDO within one working day and thereafter on re-submission of Bill the PAO / Paying Authority should also not take more than one (1) working day for triggering payment to the supplier/Seller. Any matter needing a resolution will be escalated to the next higher level in each agency (Buyer, DDO and PAO/Paying Authority) where the matter should be resolved within 24 hours. In the entire process, time taken for payment should not exceed ten (10) days including holidays.

17. GeM System/Portal would also have on-line provisions for generating supplementary Invoice(s) 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 through PFMS /the Payment System of Railways/Defence/Posts/Others.

18. The multi-year liabilities so created as referred to in Para 2(h) above shall be reviewed regularly 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 Budget Estimates for the relevant financial year and in the Medium Term Expenditure Framework (MTEF).

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

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

20/9/16

(Vinayak T. Likhar)
Under Secretary to the Govt. Of India
Tel:-24621305

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).