Government eMarketplace (GeM)

GeM SOP – NPAE on boarding and operations through GPA

Version 1.1

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1. Metadata of the Standard

S. No.	Data elements	Values
1.	**Title**	GeM SOP - NPAE on boarding and operations through GPA, Version 1.1
2.	**Drafted by**	Sumit Asthana, Senior Business Analyst
3.	**Approval**	Competent authority of GeM
4.	**Publisher**	GeM
5.	**Brief Description**	This document covers the SOP for on-boarding NPAE i.e. Non-Public Financial Management System (PFMS) Agencies/Entities and define its operational procedure.
6.	**Target Audience**	- NPAEs officials - GeM officials - Banks
7.	**Document Number**	GeM/SOP/ NPAE/V1.1
8.	**Total number of pages**	20

2. Abbreviation

S.No.	Abbreviation	Description
1.	CRAC	Consignee receipt and acceptance certificate
2.	GeM	Government eMarketplace
3.	DP	Delivery Period
4.	JSON	JavaScript Object Notation
5.	GPA	GeM Pool Account
6.	FMS	Financial Management System
7.	PRC	Provisional receipt certificate
8.	NPAE	Non-Public Financial Management System (PFMS) Agencies/Entities
9.	RA	Reverse Auction
10.	SBI	State Bank of India
11.	SLA	Service level agreement
12.	SOP	Standard operating procedure
13.	T&C	Terms and condition
14.	VAN	Virtual account number

3. Introduction

GeM Pool Account is a special purpose bank account opened, operated and controlled exclusively by each NPAE (Non-Public Financial Management System (PFMS) Agencies/Entities) for the purpose of crediting projected value of the contracts/supply orders in to the account and for subsequently making timely payments to the suppliers on successful supply and acceptance of goods & services ordered on GeM against supply orders placed by the NPAE on GeM. The credit process in GeM pool account differs for products & service orders as below.

1. Product Orders

Buyer will make arrangements to credit 100% of the projected order value before the order creation.

2. Services Orders

Buyer will make arrangements to credit funds in GeM Pool Account as per the services billing cycle. The funds will be equal to projected value of service order as per services billing cycle.

4. Scope

The scope of this document, is to bring out the process that would be followed by NPAE, GeM and GeM partnered banks during the:

1. On boarding process:

   a. Opening of GPA in listed Banks (on GeM)

   b. GPA Bank Details to be entered by Primary User

2. Operation phase:

   a. Transfer of funds in GPA by the NPAEs.

   b. Demand generation and placing of order on GeM platform

   c. Acceptance, CRAC generation and payment to supplier from GPA.

   d. Refund due to cancellation / rejection etc.

5. Procedure

The lifecycle of a GPA on GeM is categorized into two major stages i.e. on boarding and operations. The on boarding process is a one-time activity for a Primary User whereas the operations stage would be required for each transaction on GeM. The word transaction implies "a uniquely identifiable order on GeM". The various sub stages under the two are as follows
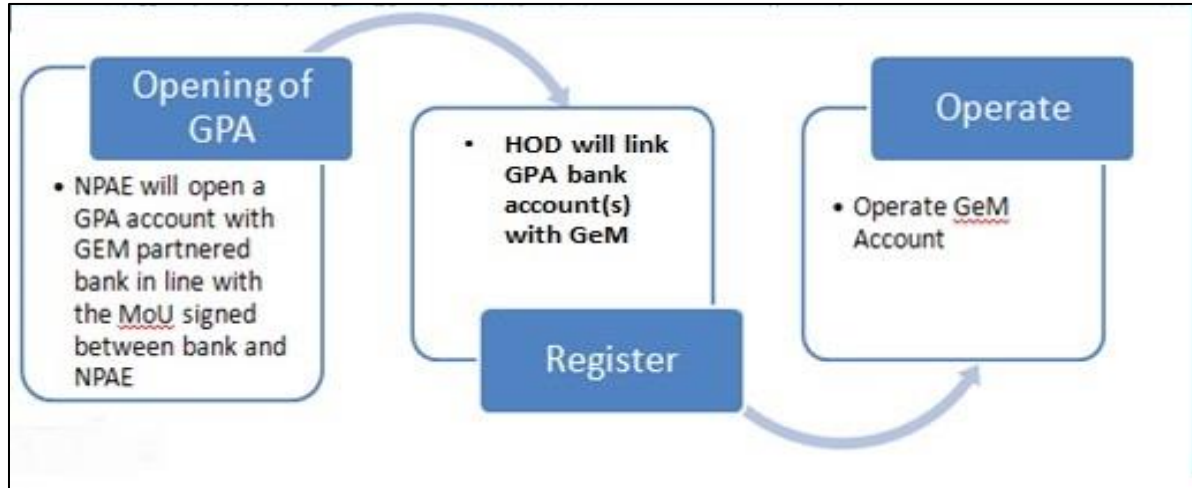
5.1. On boarding

The following are the key sub-stages in the on boarding stage:

5.1.1. Opening of GPA

The NPAE can select any bank(s) which has been enabled for GPA integration with GeM. The pre-requisite for opening of GPA is provided at Annexure-3 of this document. Once selected, the NPAE would open and operate the GPA in line with:

1. Core elements of the GPA as placed in Annexure- 1 of this document
2. Terms and conditions of procurement on GeM

5.1.2. Registration

- Once an NPAE primary user is registered successfully, he would need to add the GPA bank account details to ensure seamless payment.
- Primary user will be required to register the secondary user as a PAO & need to enter the payment authority code in GeM.
- If Primary user does not have the payment authority codes the same need to be generated in GeM portal.
- GeM will share the payment authority code with bank which in turn will create VAN for NPAE
- Detailed process of registration of buyers and on-boarding for GPA on GeM platform, including requirements etc. are provided at Annexure -2.
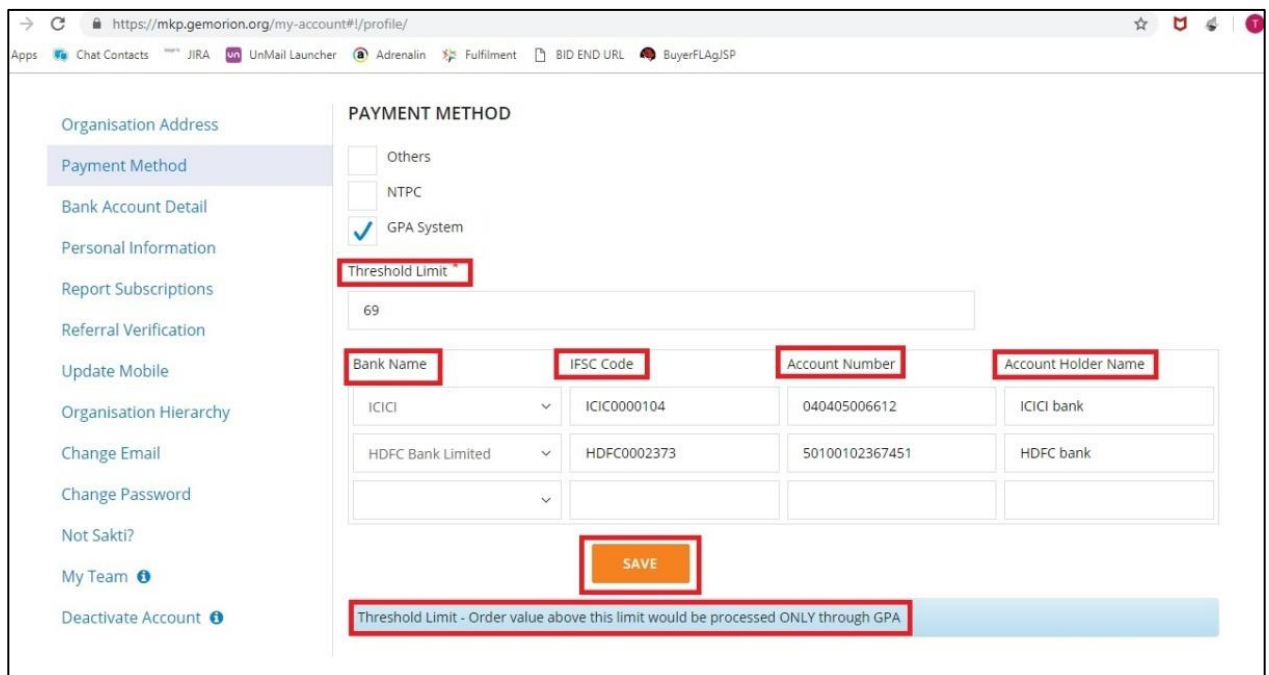
5.1.3. GPA as payment mode

The primary user can enter details of GPA account (s) with GeM GPA enabled bank (s).

GPA Threshold limit: This refers to the order value beyond which the payment to supplier must be made through GPA. The default value is set to Rs. 10 lacs. However primary user can set a value lower to the default value.

The Details which needs to be filled by primary user are:

- Bank Account Number
- IFSC Code
- Account Holder Name
- Bank Name

Figure 2 HOD>>GPA Onboarding Page

Other Payment Modes

We have following payment modes available for Buyers other than GPA (GeM Pool Account) in GeM Portal.

1. PFMS (Public Financial Management System) for central ministry organizations
2. IFMS (Integrated Financial Management System) for States
3. Internet Banking for Corporate Internet Banking Users
4. ERP Payments

5.2. Operations

The NPAE's operation (i.e. transactions on GeM) is an ongoing process on the GeM platform. It is clarified in lines with GeM T&C on procurement; GPA would be utilized for all procurement of value above threshold limit defined by primary user.

5.2.1. Order placement on GeM

Once the estimated cost of procurement value is transferred through Challan* from the NPAE bank account to Gem Pool Account, GeM will verify online, the availability of funds from the bank. Once confirmed GeM would allow the NPAE Buyer to create an order. In case the balance in GPA is less than the amount mentioned in challan at order creation stage, GeM will not allow the buyer to create an order. The consignment delivery would be initiated by the supplier as per the schedule of contract (The SLA for the contract starts from the date of contract successfully generated & e-signed by the buyer). The process flow for placement of order on GeM is placed at Annexure – 4.

*Challan Process: The Challan process refers to the funding cycle from NPAE account to GeM Pool Account. This process is an offline process of funding into GeM Pool Account. The process flow is explained as below.

1. Buyer clicks on "Generate Challan" in GeM portal
2. Download & prints the Challan
3. Submit the Challan with the finance authority/office to transfer fund into the GeM Pool Account

5.2.2. Payment to supplier

The payment process is triggered post the successful supply, acceptance and online issuance of CRAC by the consignee as per the timelines prescribed. Once the CRAC is issued online on the GeM platform, a bill is created on the basis of CRAC which will be processed by the paying authority for the payment through GeM Pool Account. Online instruction for debiting the requisite fund against the contract for transfer to beneficiary account i.e. seller's account, is routed through GeM portal to GPA managing bank. Against one contract, multiple payment cycle may be initiated as per the delivery of consignment, acceptance and CRAC. Payment process is triggered by the payment authority, through the GeM portal in normal scenario as per the terms and conditions of procurement on GeM. In case of SLA breach where payment is not initiated within 10 days of CRAC issuance, GeM will process payment as per Annexure -1 point 11. The process of payment to the supplier is placed at Annexure – 5.

6. Roles and Responsibilities

The table below depicts the roles and responsibilities of the NPAE, GeM and Bank:

Sr. No.	Activity Name	Responsibility	Details
1	Account opening	Bank/ NPAE	Opens and operates GeM pool account in accordance with GeM terms and conditions with one of the GeM associated Bank
2	Fund Management	Bank/ NPAE	Maintains projected amount for active transactions
3	Adherence to SLAs	NPAE	Adherence to MOU, SLA for Buyer and seller including delivery/payments
4	Transaction Processing	GeM	1. Process of transactions subject to requisite credit in GPA. 2. Provide real time information/instruction online to both Bank and NPAE. 3. Assures compliance with SLA for both buyer and seller including delivery/payments

7. GeM- Service levels

The service levels for procurement on GeM are placed at Annexure - 6

8. Annexure 1 – Core elements of GPA including its operations

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

1. The NPAE will open the GPA which will be used by buyer through the platform owned and maintained by GeM SPV, as per 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 manual between bank and the NPAE.

3. The GPA is a mother account with transaction specific virtual accounts created for each transaction that is routed through the GPA

4. Real time details of all operations of the account will be shared by the bank, in mutually accepted format (to be amended from time to time) with the NPAE

5. The NPAEs are not permitted to use GPA for any payment/operation outside GeM

6. The further usage of unutilized blocked amount in GPA will be on the sole discretion of NPAEs.

7. Once a transaction specific account is credited with an amount, the NPAE cannot withdraw this amount, apart from transfer to the designated supplier, till such time that the transaction is live.

8. Any withdrawal / transfer by the NPAE from this account, except for payment to the supplier, would be permitted in the following conditions
   a. Order cancellation
   b. Order rejection
   c. Unused blocked amount on order completion

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

9. Any fund in the GPA should be non-lapsable.

10. On authorization of a payment to the supplier by the registered payment authority in GeM, the bank should transfer the prescribed amount to the supplier mapped in the transaction.

11. 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 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% (or as notified in the GPA OM) of the consignment value deduced by the system as per CRAC. Simultaneously intimation will be sent to the HoD, buyer and payment authority for GeM, regarding the release of payment, at their risk and cost in line with the T&C and SLA of procurement on GeM. The residual payment 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 known deductions.

b. Once the supplier has updated the delivery date for the shipment on the GeM Portal, a notification is sent to the consignee and HOD.

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 - 6th to 10th day – Consignee, Buyer, payment authority and HoD 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 will be at disposal of nominated NPAE nodal officer, who may advise banker for further action as deemed fit.

Note: All days mentioned are calendar days

# 9. Annexure 2 – Registration of Buyer and On-boarding in GPA

Government User Registration on GeM can be divided into two parts:

1. Primary User Registration
2. Secondary Users Registration

Sl No.	List of Documents/Information	Remark
1	Official email ID (NIC/ GOV email Id or gembuyer.in e-Mail ID	These requirements are mandatory for primary user registration on GeM portal.
2	Aadhaar Number	
3	Mobile number(linked with Aadhaar number)	

The process flow of GPA on-boarding on GeM is depicted in the diagram below:

Figure 3 GPA On-boarding
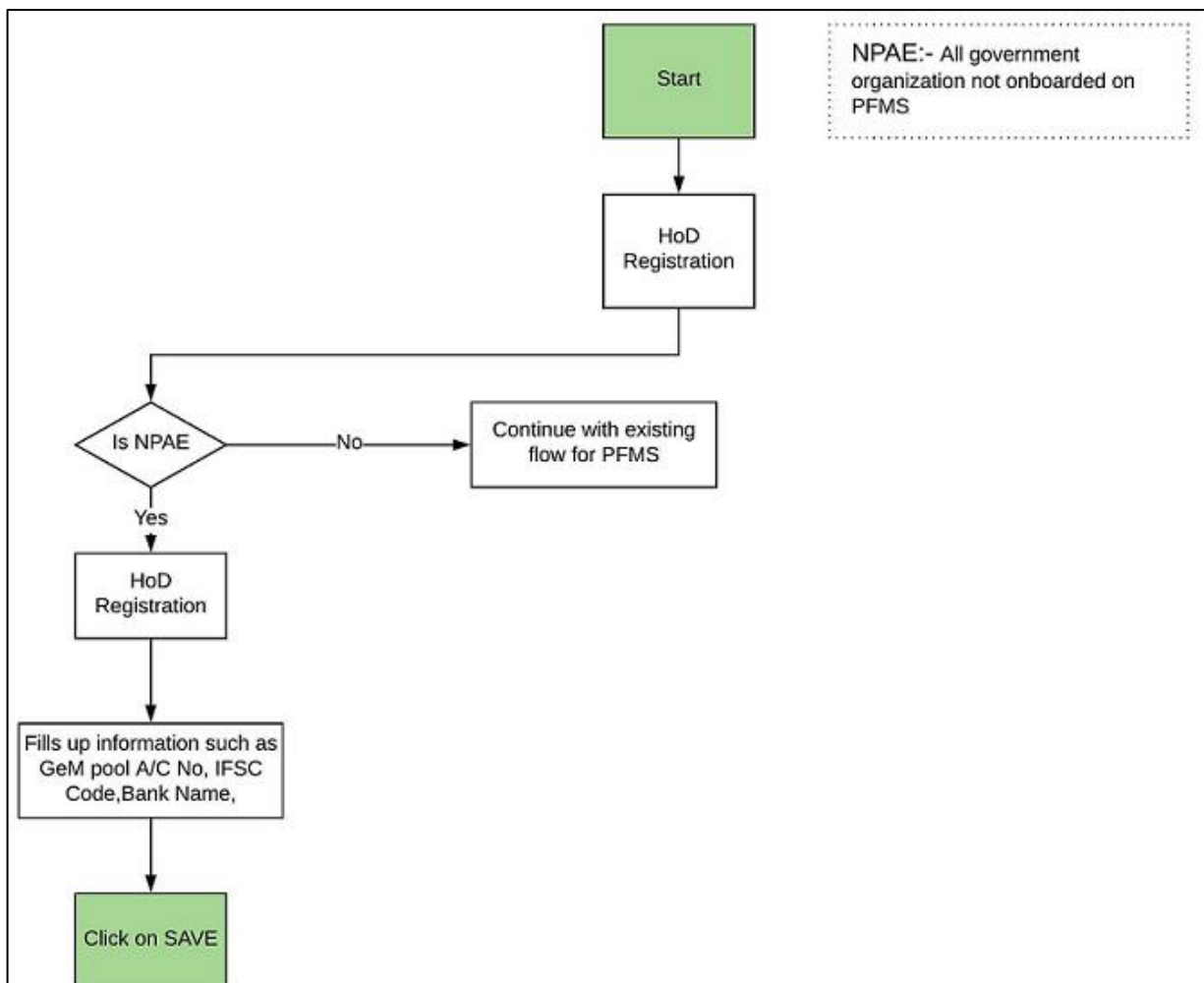
1. **Primary User registration: (Requirements)**

Primary user should be an Officer of the rank of Deputy Secretary (**Grade pay – 7600 6th CPC**) to GOI or equivalent or Head of the Officers at Sub Center / Unit / Branch of Government Organization / PSU / Autonomous Bodies / Local Bodies / Constitution Bodies / Statuary Bodies. Primary user will also be required to fill following information:

1. Organization details like Type of organization/Ministry/Department/Name and complete address of organization.
2. Information about mode of payment to be used by organization
3. In case of NPAEs, primary user inputs the GPA account number (s). A web service will validate the entered account number (s) from the respective bank (s).
4. Information Designation and employee id (if any).

1. Name
2. Designation
3. Aadhaar Linked mobile number(mandatory)
4. Official email ID (nic/gov email Id or gembuyer.in email ID)

Verifying officer/Authority: Verifying officer/authority may be an officer from administrative wing of the organization, either superior or subordinate to the primary user. He should be an officer of the rank of undersecretary (**Grade pay – 6600 6th CPC**) or equivalent.

Note: private Email id like Gmail, yahoo etc. cannot be used for primary user registration.

2. **Secondary User Registration(Requirements):**

Primary user after registering himself as primary user can add secondary users. There are three roles/ category of secondary users on GeM portal.

a. **Buyer:** Buyer will place the order and will generate the contract.
b. **Consignee:** Consignee will generate the CRAC and PRC.
c. **DDO/ PAO:** DDO/PAO will make the payment for the buyer in line with the T&C and SOP requirements.

Figure 4 Secondary User Registration
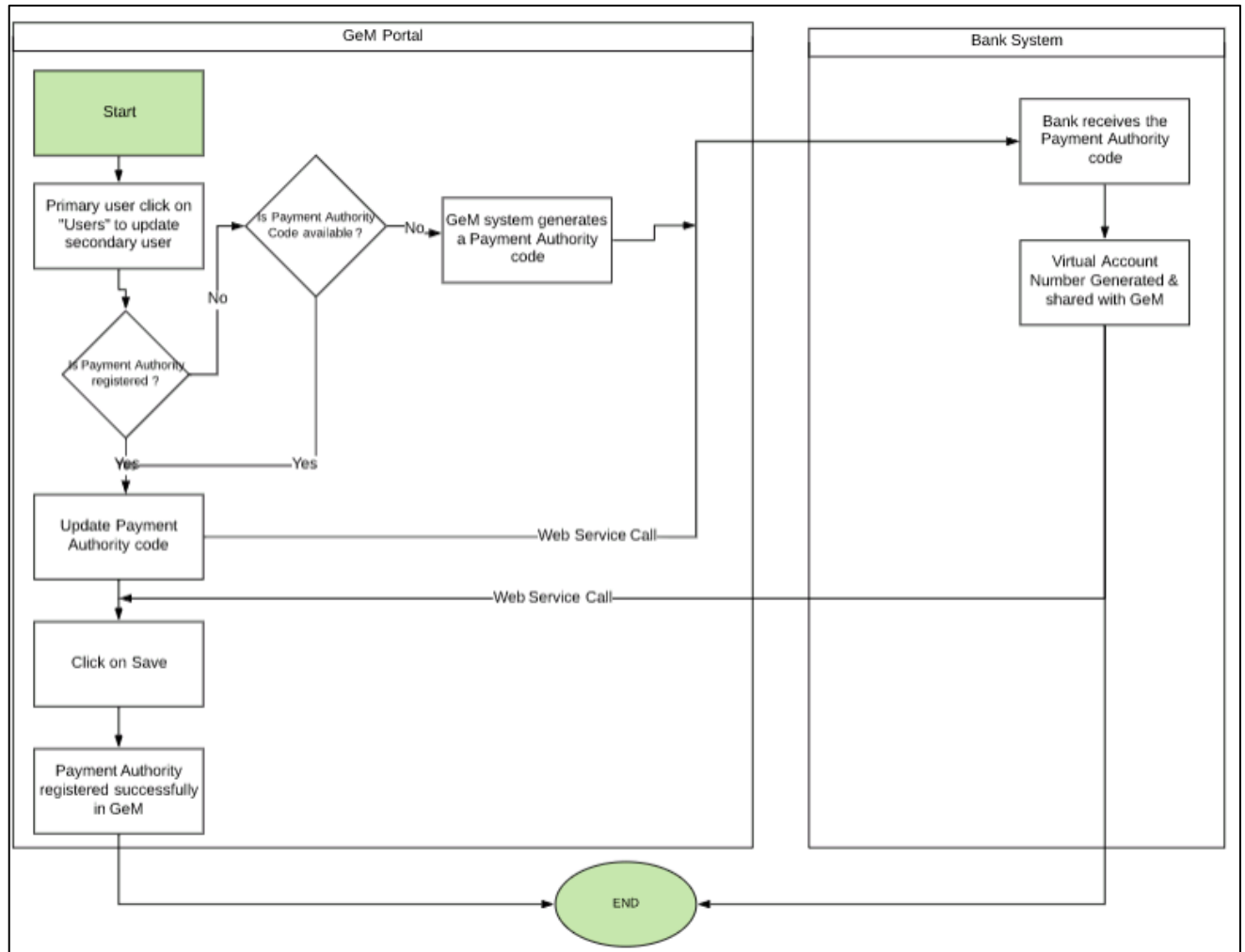
Requirements:

    a. Officer at the rank of Section officer and above.

    b. Name, official email id and designation

    c. Aadhaar Linked mobile number(mandatory)

Note:

  a. Buyer and consignee role can be assigned to the same officer but DDO/PAO role cannot be assigned to buyer or consignee.

  b. Primary user cannot add him-self as secondary user in any role.

10. Annexure 3 – Responsibility Matrix for GPA

		Roles and Responsibilities
#	Description	Responsibility
1	MoU between Bank & Entity	NPAEs & Bank
2	Opening of saving/current account with GeM associated Bank	NPAEs & Bank
3	Web-Services Development & Implementation	GeM & Bank
4	Funding as per order in GeM Pool Account	NPAEs & Bank
5	Instructions for Challan Generation	GeM & Bank
6	Instructions for Fund Blocking	GeM & Bank
7	Instructions for Fund Un-Blocking	GeM & Bank
8	Instructions for Payment	GeM & Bank
9	Getting Payment Status	GeM & Bank
10	Usage of Unutilized funds in GeM Pool Account	NPAEs & Bank

11. Annexure 4 – Order placement process on GeM

The process flow for placement of order on GeM is provided below:
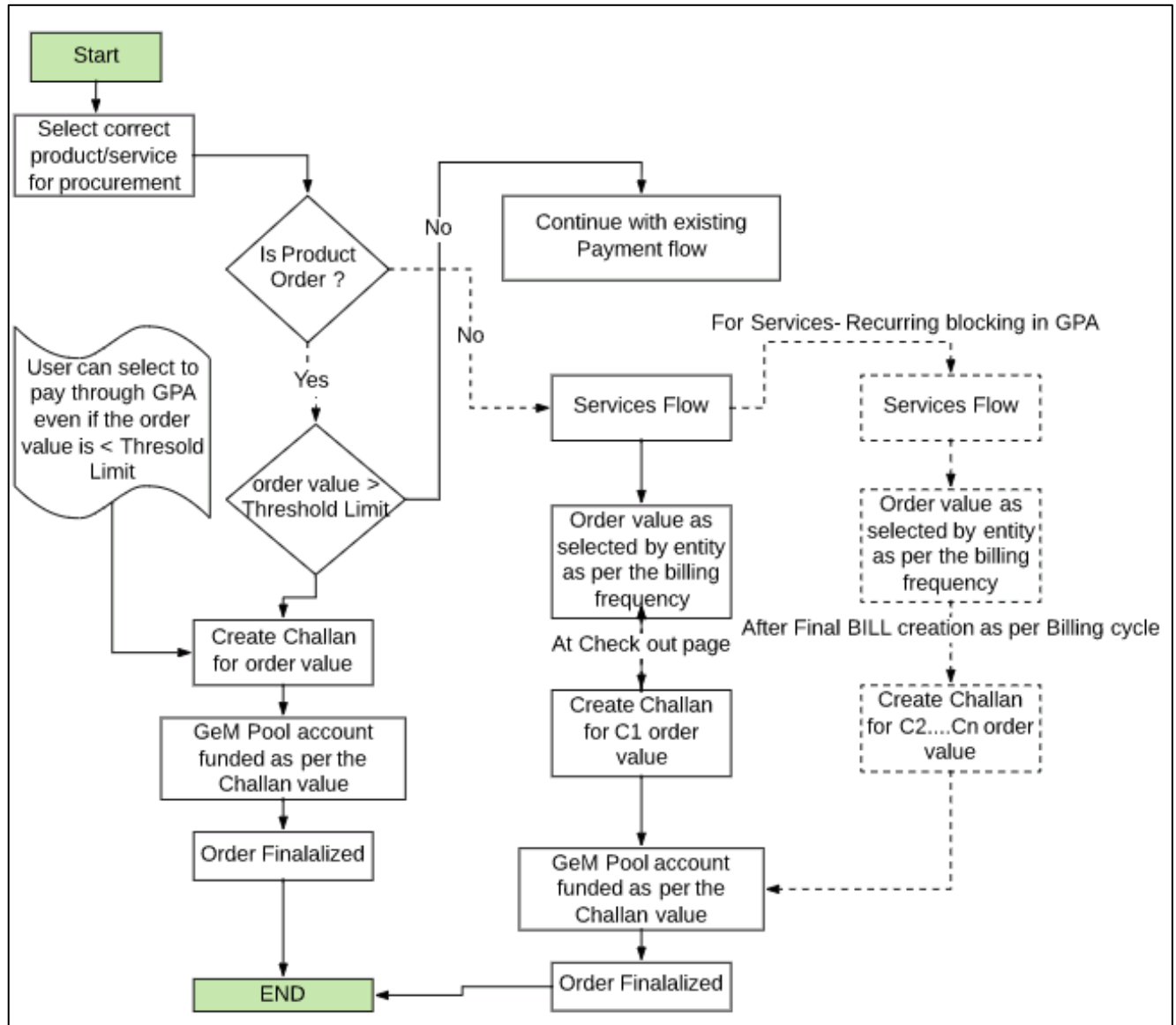
12. Annexure 5 – Process of payment to Supplier

The overall process flow of payment to the supplier is provided below:
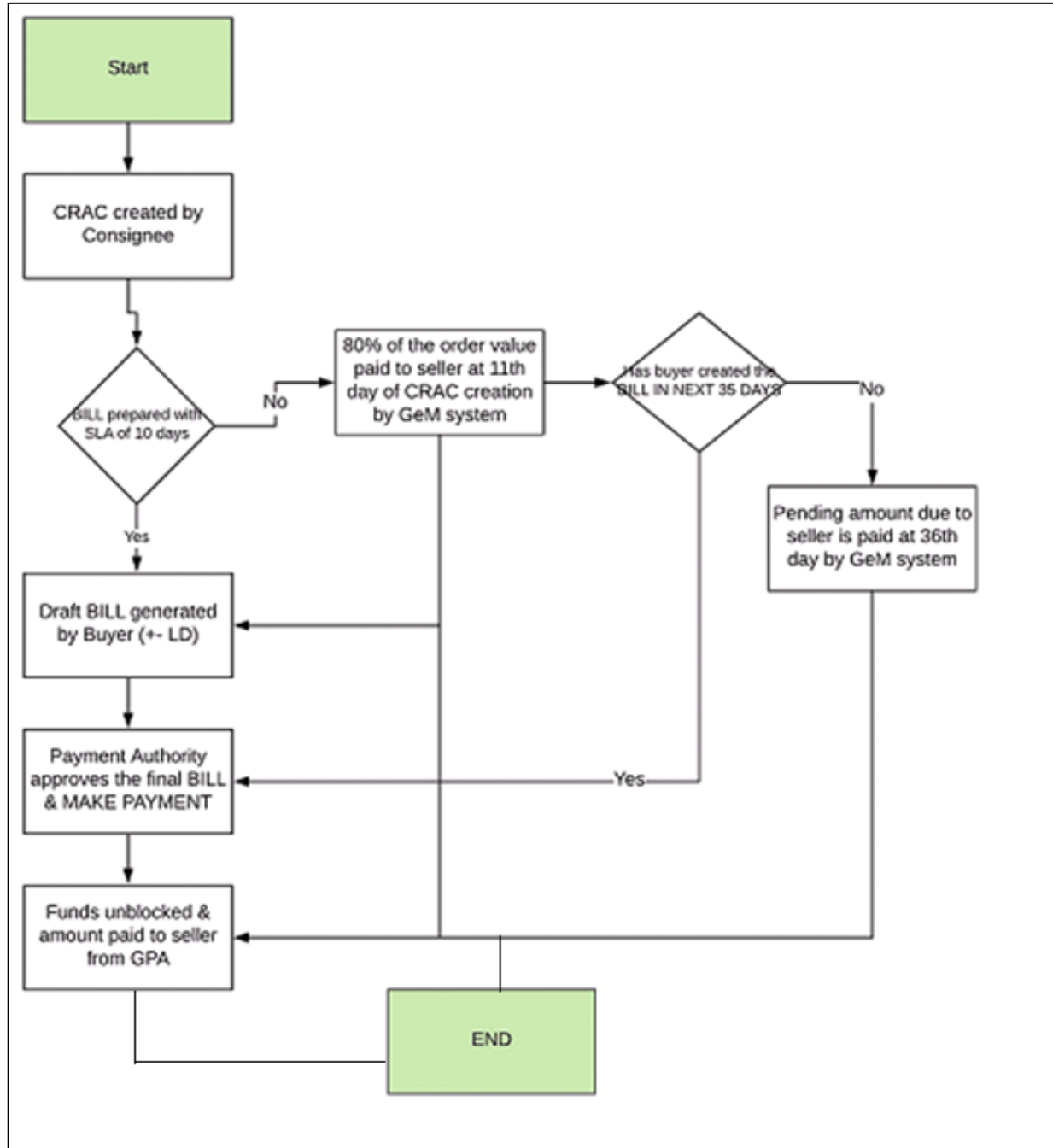
13. Annexure 6 – GeM – Service levels

The major services levels for procurement on GeM are as follows:

Sl No	Description	SLA (in calendar days)
1.	Delivery Period	As decided by the buyer and defined in the contract
2.	Invoicing	Before dispatch
3.	Delivery at consignee end	Within the delivery period as defined in the Contract
4.	PRC	Within 48 hours of delivery at consignee end
5.	CRAC	Within 10 days from delivery at consignee end
6.	Payment generation	Within 10 days from generation of CRAC

****************END OF DOCUMENT***************