

# Government e-Market Place – 3.0

Incident Management  
GeM 3.0



**Change History**

Sr. No.	Document version	Release date
1.	Version 10.0	1 <sup>st</sup> June 2018

**This is version 10.0**

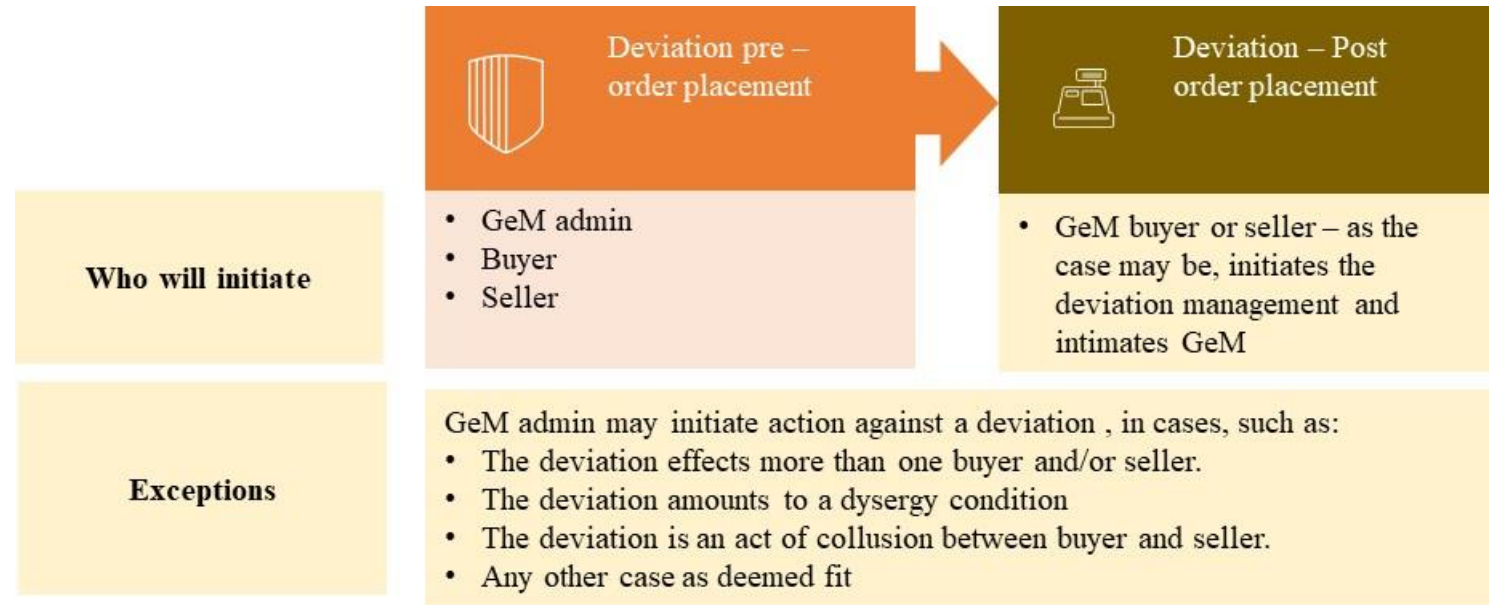
**Metadata of the Standard**

S. No.	Data elements	Values
1.	<b>Title</b>	Incident Management on GeM
2.	<b>Target Audience</b>	Stakeholders of GeM including buyers, sellers, industry associations, partners etc.
3.	<b>Source</b> <i>(Reference to the resource from which present resource is derived)</i>	The incident management document elaborates the overall framework for identification and handling of deviations on GeM portal.
4.	<b>Document Number</b>	GeM/Transition 3.0/IM/V10.0

## 1. Introduction

GeM with its pilot version and its updated GeM 2.0 version has already made a disruptive change in the procurement milieu of Government. The thrust on a trust based system has already taken its roots with buyers and sellers. The scaled up version - GeM 3.0 is taking this trust based system to greater heights, through automation of its process. Self-declaration is the key, along with a strong automated process to penalize any deviant behavior. Similarly, good buyer behavior is a key component to generate seller confidence on GeM so that they can offer the best price and quality.

For this purpose, deviations from the terms and conditions of procurement on GeM, including general terms and conditions, special and additional terms and conditions and any other relevant Government rules and guidelines, are termed as “deviation”. A deviation can occur either pre-order placement or post order placement on GeM. The mechanism for reporting and initiating action on such deviation is depicted in the adjoining diagram.



Given the above approach, this document elaborates the overall framework for identification and handling of deviations on GeM portal.

## **2. Potential areas of deviation as identified on GeM**

The following are some of the areas where deviations on GeM can occur:

### **A. Registration**

Furnishing of misleading / incorrect information, such as :

- a. Experience in Government Transactions.
- b. Financial information including turnover and profit.
- c. Registering with benami/ fake identity or credentials.

### **B. Product listing**

In terms of information/ action related to:

- a. Fake authorization.
- b. Fake / refurbished products.
- c. Misleading pricing.
- d. Fake certificates.
- e. End of life product.
- f. Offering false warranty.
- g. Offering products without sufficient stock.
- h. Incorrect/inaccurate submission with the intention to mislead the buyers in the market place
- i. Listing the products / services not in relevant categories and / or listing the same with vague / conflicting product specifications / details and irrelevant product photographs.

### **C. Procurement Process**

In terms of information/ action related to:

#### **I. Seller side**

- a. Withdraws or modifies or impairs or derogates from the bid in any respect, within the period of validity of its bid
- b. Furnishing information / document in the bid which are inaccurate, false, misleading or forged.
- c. Indulgence in any anti-competitive behavior or cartel formation.
- d. Violating the integrity pact
- e. Specific complaint raised by the buyer against the seller.
- f. Exercising corrupt influence on the stakeholder.

## II. Buyer side

- a. Manipulation of specification.
- b. Creating bids/RA without the intention of actual procurement.
- c. Splitting of demands and making repetitive direct purchases or creating multiple bids.
- d. Not finalizing the bid/RA within the stipulated time.
- e. Not placing the orders on the successful bidders.

## D. Post Contract

In terms of information/ action related to:

### I. Seller side

- a. Fails to furnish performance security.
- b. Fails to submit the requisite documents/ information/ certificates / test reports etc.
- c. Non-delivery of the product(s) after placement of contract.
- d. Delivering wrong/ inferior/ sub-standard quality product(s).
- e. Recurring delay in contract fulfillment.

- f. Faulty package, resulting in low quality.
- g. Not honoring – warranty obligations.
- h. Performance of manpower based on skill set.
- i. Non-compliance of Service Level Agreements.

II. Buyer side

- a. Cancelling the order after acceptance of the order by the seller.
- b. Refusal to receive the consignment at the consignee place.
- c. Recurring delay in CRAC generation
- d. Rejecting the goods without any valid reasons
- e. Recurring / inordinate delay in payment post CRAC generation.

From a deviation handling perspective, the deviations on GeM are categorized into three levels, namely: mild, serious and severe. The figure below depicts some of the key deviations and its categorization:

01	Mild	02	Serious	03	Severe
	<ul style="list-style-type: none"> <li>• Fails to update GeM about any change in information furnished within the prescribed time limits.</li> <li>• Delay in Delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Misdeclaration on Government transaction experience</li> <li>• Faulty Authorisation.</li> <li>• Order rejection.</li> <li>• Supplies goods of inferior/ substandard quality</li> <li>• Non-compliance of Service Level Agreement (SLA)</li> <li>• Offering lower prices outside GeM.</li> <li>• Partial Delivery.</li> <li>• Price manipulation of any sort.</li> <li>• Offering end of life products.</li> <li>• Listing the products/services not in the relevant categories and/or listing the same with vague/conflicting product specifications/details and irrelevant product photographs.</li> <li>• Specific complaints raised by buyer against the seller</li> <li>• Fake authorization</li> <li>• Misleading pricing</li> <li>• Offering products without sufficient stock</li> <li>• Manipulation of specification</li> <li>• Creating bids/RA without the intention of actual procurement</li> <li>• Splitting of demands and making repetitive direct purchases or creating multiple bids</li> <li>• Not finalizing the bid/RA within the stipulated time</li> <li>• Not placing the orders on the successful bidders</li> <li>• Faulty package, resulting in low quality</li> <li>• Performance of manpower based on skilled set</li> <li>• Recurring / inordinate delay in payment post CRAC generation.</li> </ul>		<ul style="list-style-type: none"> <li>• Misdeclaration of Financial Information including turnover and profit</li> <li>• Continuous order rejection</li> <li>• Non-delivery of the product after successful bidding.</li> <li>• Violating the integrity pact.</li> <li>• Uploading/delivering fake/refurbished products</li> <li>• Withdraws or modifies or impairs or derogates from the bid in any respect within the period of validity of its bid.</li> <li>• Furnishing information/ documents bids which are inaccurate, false, misleading or forged.</li> <li>• Fails to furnish requisite performance security / PBG within stipulated time required as per e-bid / RA conditions.</li> <li>• Fails to produce the requisite documents/ information/certificates/test reports etc. during the course of inspection/ assessment at any stage.</li> <li>• Not honoring warranty obligations.</li> <li>• Registering with benami / fake identity or credentials</li> <li>• Fake certificates</li> <li>• Incorrect/inaccurate submission with the intention to mislead the buyers in the market place</li> <li>• Indulgence in any anti-competitive behaviour or cartel formation</li> <li>• Exercising corrupt influence on the stakeholder</li> <li>• Recurring delay in contract fulfilment</li> <li>• Cancelling the order after acceptance of the order by the seller</li> <li>• Refusal to receive the consignment at the consignee place.</li> <li>• Recurring delay in CRAC generation</li> <li>• Rejecting the goods without any valid reasons</li> </ul>	

### **3. Dealing with deviations on GeM**

The deviations on GeM can be identified in one of the following ways:

1. Platform driven: Action of the Seller/Buyer on GeM portal that is not in line with the terms and conditions on GeM including those identified through analytics. Some of key identified deviations along with, action to be taken, is placed as **Annexure1**.
2. Reported: Suitable action will be taken against a Seller/buyer as reported to GeM by any stakeholder and/or any other third party after thorough investigation

Once identified, Buyer/Seller/Service Provider or GeM Admin as the case may be initiate the deviation management on GeM.

#### **3.1. Category 1 – Mild Deviations**

Mild deviations are those which related to incomplete or unintentional erroneous submissions of information. Seller/ SP/ buyer is alerted for corrective action and the deviation reflects in the overall Seller/Buyer rating and eligibility to transact on GeM. Seller/ SP/ buyer is provided with a notice period of 5 calendar days to rectify the deviation. In case of rectification at user end, no further action is required. In case of non-rectification, the deviation would graduate to a serious deviation.

#### **3.2. Category 2 – Serious Deviations**

Serious deviations are those, which are intentional, malicious and misleading in nature. Show cause notice will be reflected on the respective user's GeM dashboard and / or sent through email (to be responded within 7 calendar days). While show cause process is in process, the following would apply:

- A. For Buyer - is reflected as “Notified” in GeM market
- B. For Seller/ Service Provider (SP) - is reflected as “Notified” in GeM Market and the related product/service/cause of deviation (if any - by GeM admin) will be disabled for transaction during the showcause period. Barring the above, the seller / SP will be able to transact on GeM normally.

Based on the outcome of findings of the show-cause:



- No deviation at user end– “Notified” flag off and Seller/SP enabled
- In case, there is an unsatisfactory explanation or non-response by the buyer/ seller/ SP the following steps shall be taken:-
  - ✓ Buyer – Primary user and competent authority to be notified for necessary action.
  - ✓ Seller / SP suspended<sup>1</sup> by the GeM admin (with approval of competent authority) for a period of:
    - Upto 15 days - For first deviation within a period of 90 calendar days.
    - Upto 30 days - For second deviation within a period of 90 calendar days
  - ✓ Deviation reflects in the overall Seller/Buyer rating.

### **3.3. Category 3 – Severe Deviations**

Severe deviations are those which are related to criminal breach of trust. Show cause notice will be reflected on the respective user’s GeM dashboard and / or sent through email (to be responded within 10 calendar days). While show cause process is in process, the following would apply:

- A. For buyer - is reflected as “**watch listed**” in GeM market and will not be able to place fresh contract on GeM.
- B. For seller/ SP - is reflected as “**watch listed**” in GeM Market and seller / SP is **suspended** from transacting during the showcause period.

Based on the outcome of findings of the show-cause:

- No deviation at user end– Watch list flag off and seller / SP/Buyer enabled
- In case, there is an unsatisfactory explanation or non-response by the buyer/ seller/ SP the following steps shall be taken:-

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<sup>1</sup>Suspended seller: The user will be prevented from entering into fresh transactions, uploading of new product / service. His uploaded products will not be visible and will not be able to participate in bids. If already participated in the ongoing bids, buyer will be notified on their dashboard of this suspension for appropriate action at their end. Carted products will be taken out. However Seller/ SP will be able to complete the transactions already finalized, such as delivery, payment receipt etc.

- ✓ Buyer – Escalate to Primary User and competent authority and blocking of the buyer from further transaction, till resolution of the deviation is put in place.
- ✓ Seller / SP:
  - For first deviation within a period of 90: **disabled**<sup>2</sup> by the GeM admin for a period of >30 days to upto 6 months (>30 to 3 months with approval from ACEO and >3 months to upto 6 months with approval from CEO).
  - For second and subsequent deviation within a period of 90: In addition to the above, GeM would recommend the case to Ministry of Commerce, GoI for appropriate action.

**Note: Deviation reflects in the overall Seller/Buyer rating**

#### **4. Dysyergy conditions**

The following are the dysyergy conditions on deviations:

- A non-responded mild deviation (post the timeline) would convert into a serious deviation.
- Five consecutive mild deviations within 90 calendar days, would amount to a serious deviation.
- Three consecutive mild deviations within 90 calendar days and one serious deviation within the same period would amount to a severe deviation.
- Three consecutive serious deviations within 90 calendar days, would amount to a severe deviation.

Note: All administrative actions under this Incident management Policy, taken by GeM against any of the stakeholders shall be not cause any limitation on the legal and contractual remedies including any financial recoveries, available to Buyers/Sellers under the Terms and Conditions of contract and/or GeM policies. In case the Buyer / Seller choose to pursue any of these remedies, GeM shall not be made party to such proceedings / remedial actions taken by Buyer/Seller under the contractual provisions.

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<sup>2</sup> Disabled seller. All the consequences as mentioned under “suspended seller” plus their uploaded/approved products will be removed from the portal. On re- enabling the seller to upload their products and or services- afresh.However Seller/ SP will be able to complete the transactions already finalized, such as delivery, payment receipt etc.

5. Annexure – 1

This annexure covers the scenarios for which buyer/seller will be automatically alerted and suspended/disabled/deregistered<sup>3</sup> by the system on the basis of rule engines. Monthly reports need to be generated for all such cases.

Type of Entity	Rule	Deviation	Action to be taken <sup>1</sup>
Buyer	>= 3 contracts due for payment for more than 30 days post scheduled payment time (CRAC + 10) at consignee level	Severe	Will not be allowed to carry out any further transactions ie <ul style="list-style-type: none"> <li>- Will not be allowed to create new bid</li> <li>- Will not be allowed to create new indent</li> <li>- Will not be allowed to create new order till dues are cleared.</li> </ul>
Seller	>60 days, have not performed any activity <b>after registration</b> (not even upload of product)		Deregistered
Seller	>= 3 contracts due for delivery for more than 30 days post scheduled delivery period <b>Or</b> >=2 bid contracts due for delivery for more than 30 days post scheduled delivery period		Suspended for such time ie till the time the seller takes corrective action to liquidate this pendency.
Seller	<b>1.</b> Consecutive 3 contracts delivered late by more than 45 days post scheduled delivery period – over rolling 30 days (measured from delivery date) <b>Or</b> Consecutive 4 contracts delivered late by more than 30 days post scheduled delivery period – over rolling 30 days <b>Or</b> Consecutive 6 contracts delivered late by more than 10 days post scheduled delivery period – over rolling 30 days	Severe  Severe  Severe	1. Suspended for 30 days.

<sup>3</sup>Deregister means the registration of the seller has been cancelled and the seller / SP will have to register afresh on GeM Portal

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Type of Entity	Rule	Deviation	Action to be taken <sup>i</sup>
	<p><b>2.</b> &gt;=4 contracts delivered late by more than 45 days post scheduled delivery period in three months (rolling 90 days – from delivery date)</p> <p align="center"><b>Or</b></p> <p>&gt;=5 contracts delivered late by more than 30 days post scheduled delivery period in three months (rolling 90 days – from delivery date)</p> <p align="center"><b>Or</b></p> <p>&gt;= 7 contracts delivered late by more than 10 days post scheduled delivery period in three months (rolling 90 days – from delivery date)</p>	Severe	2. Suspended for 30 days.
<b>Seller</b>	<b>1.</b> >1contract (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days)	Mild	1. Seller/SP is alerted for corrective Action
<b>Seller</b>	<p><b>1.</b>&gt; 5 contract (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days)</p> <p><b>2.</b> &gt; 15 contract (Direct /L1 Purchase) auto cancelled or declined in 180 days (without getting suspended) - rolling 180 days</p>	Severe	<p>1. Suspended for 30 days.</p> <p>2. Suspended for 30 days.</p>
<b>Seller</b>	<p><b>1.</b> =&gt;3 contracts rejected/cancelled in 30 days due to partial delivery (rolling 30 days)</p> <p align="center"><b>Or</b></p> <p>=&gt; 4 contracts rejected/cancelled due to partial delivery in 90 days</p> <p><b>2.</b> =&gt; 2 contracts rejected within 30 days due to quality issues (rolling 30 days)</p> <p align="center"><b>Or</b></p> <p>= &gt; 4 contracts rejected due to quality issues delivered in 90 days</p>	Severe	<p>1. Suspended for 30 days.</p> <p>2. Suspended for 30 days.</p>

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Type of Entity	Rule	Deviation	Action to be taken <sup>i</sup>
Seller	<p><b>Cancelled by Buyer due to non supply</b></p> <p><b>1.</b> &gt; 3contracts(DP/L1) in 30 days (rolling 30 days)</p> <p style="text-align: center;"><b>Or</b></p> <p>&gt; 1 contracts(Bid/RA) in 30 days (rolling 30 days)</p> <p style="text-align: center;"><b>Or</b></p> <p>&gt; 5 orders (DP/L1) in 90 days</p> <p style="text-align: center;"><b>Or</b></p> <p>&gt;2 orders (Bid/RA) in 90 days</p>	Severe	Suspended for 30 days.

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

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<sup>i</sup> Once the action is taken system generated notification will be reflected on respective user's GeM dashboard and / or sent through email for action and response at their end. Disposition of the response will be as per Section 3.0 of Incident Management Policy. (Dealing with deviation on GeM)