

Government e-Market Place – GeM 3.0

Framework for Vendor
Rating on GeM



Change History

Sr. No.	Document version	Release date	Drafted by
1.	Version 1.0	18 Jan 2018	GeM

This is version 1.0

Metadata of the Standard

S. No.	Data elements	Values
1.	Title	Framework for Vendor Rating on GeM
2.	Present Status <i>(Draft/Released/Withdrawn)</i>	Released
3.	Publisher	GeM
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1. Introduction

With a mandate to create and operate a marketplace with systems, that support procurement related decisions by buyer agencies in the government, vendor rating becomes a key component of the overall system. Government should do business with vendors who will provide the best value in terms of price, quality & reliability, hence the system should evaluate vendor's performance on a continuous basis. This will reward outstanding performers and will provide objective rationale to disqualify and black list poor performance vendor. This will cultivate competition amongst vendors and improve their performances.

In view of above, vendor rating criteria has been made on the basis of the activities performed by the sellers on GeM 2.0 based on various parameters that capture vendor's quality, reliability and actual performance. For calculating the vendor rating for GeM 2.0, four parameters have been considered with different weightages. However, vendor rating is an evolving concept, and 3.0 will have additional features. So time to time additional parameters may be added which will be updated into this document.

2. Parameters for the Vendor Rating

2.1. Coverage (Weightage – 5%)

It depends upon the delivery places (State and zone basis) offered by the seller for the products. Pan India seller will have more coverage score than local level seller.

2.2. Timely Delivery (Weightage - 40%)

This factor monitors the effectiveness of vendor in adhering to GeM service levels. This parameter considers the capability of the seller to deliver the order within agreed contractual time limits. The rating has been calculated at each order level and average is calculated for final rating of the parameter. Only Delivered orders and Orders due for delivery, post expected delivery date (Scheduled Period) are considered for the rating. The Matrix for rating is as given below:

Conditions	Rating
Delivery is on or before scheduled time	5
Delivery after scheduled period within 10 days delay	4
Delivery after scheduled period within 11 - 20 days delay or	3

Conditions	Rating
Delivery is due within 10 days post scheduled period	
Delivery after scheduled period within 21 - 30 days delay or Delivery is due within 11-20 days post scheduled period	2
Delivery after scheduled period within 31 - 45 days delay Or Delivery is due within 21-30 days post scheduled period	1
Delivered after 45 days Or Delivery is due for more than 30 days post scheduled period	0

For the orders which are not due for delivery or for the sellers no order has been placed, this rating will not be applicable.

2.3. Quality of Order Fulfilment (Weightage - 35%)

This factor monitors the quality of products supplied by the vendor. It is calculated as Rejection Ratio - ratio of rejected quantity vs total ordered quantity. The rating has been calculated at each order level and average is calculated for final rating of the parameter. Only Accepted/Rejected orders have been considered for rating. The Matrix for rating is as given below:

Conditions	Rating
Rejection Ratio is 0%	5
Rejection Ratio is between 0% to 5%	4
Rejection Ratio is between 5% to 10%	3
Rejection Ratio is between 10% to 20%	2
Rejection Ratio is between 20% to 40%	1
Rejection Ratio is greater than 40%	0

For the orders which are not accepted or rejected yet or for the sellers no order has been placed, this rating will not be applicable.

3. Reliability (Weightage - 20%)

This factor monitors the acceptance of orders by the vendor. It is calculated as Acceptance Ratio i.e. ratio of orders not honored by the seller (declined by the seller or cancelled due to non-delivery) vs total orders placed on the seller. Additional weightage is given to orders which are cancelled due to non-delivery. The Matrix for rating is as given below:

Conditions	Rating
Acceptance Ratio is 100%	5
Acceptance Ratio is between 90% to 100%	4
Acceptance Ratio is between 75% to 90%	3
Acceptance Ratio is between 50% to 75%	2
Acceptance Ratio is between 25% to 50%	1
Acceptance Ratio is below 25%	0

For the sellers against which no orders have been placed will not be considered for this rating.

4. Final Vendor Rating

Weightage average of above mentioned four parameters will be considered for calculation final vendor rating.

For Example, Vendor Rating of a Vendor A who has executed five orders will be calculated as follows:

Order No.	Coverage Rating	Timely Delivery Rating	Quality Rating	Reliability Rating
01	4	4	3	5
02	4	5	4	5
03	4	3	5	5
04	4	5	5	5
05	4	4	2	5
Simple Average	4	4.2	3.8	5

Vendor's Rating = $(4*0.05) + (4.2*0.4) + (3.8*0.35) + (5*0.2) = 4.21$; where the Simple Average of each sector is multiplied by the weights assigned to the respective sector.

- Coverage Rating and Reliability Rating will remain the same across all the orders for a vendor.
- As per current norms Vendor's Rating is not impacted by the amount/value of the order.

5. Benefits to Sellers

1. A strong vendor rating system will reward good performance of sellers by giving them opportunity for more business
2. Sellers will also be able to improve upon their ratings by focusing on specific areas
3. Fake/Inactive sellers will be weeded out, hence ensuring only genuine sellers get to do business with government.

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