

***Government e-Marketplace  
Incident Management Policy***

**Applicable w.e.f. 01.07.2023**

## *Incident Management on GeM*

<b>S. No.</b>	<b>Data elements</b>	<b>Values</b>
1.	<b>Title</b>	Incident Management on GeM
2.	<b>Target Audience</b>	Stakeholders of GeM including buyers, sellers, service providers, industry associations, partners etc.
3.	<b>Source</b>	The incident management document elaborates the overall framework for identification and handling of deviations on GeM portal.
4.	<b>Document Number</b>	GeM/Transition /IM/V14.5

Note: All incidents created and pending before 1st Jul'23 will be initiated basis this policy upon implementation.

## **1. Introduction**

- 1.1 Government e-Marketplace (GeM) is a trust-based system. As self-declaration is the key, strong automated processes to penalize any deviant behavior at GeM platform is a must. 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, any action that is at variation from the terms and conditions of procurement on GeM and relevant Government rules and guidelines is termed as “deviation”.
- 1.2 This document lays down the Incident Management (IM) Policy which shall guide the on-line mechanism for reporting and initiating action on any such deviation and elaborates the overall framework for identification and handling of deviations on GeM portal. This policy is issued in supersession of all earlier instructions on the subject.
- 1.3 All administrative actions under this Incident management Policy, taken by GeM against any of the stakeholders are meant for maintaining GeM Marketplace sanity and Discipline and shall not cause any limitation on the legal and contractual remedies including any financial recoveries, available to Buyers/Sellers/ Service Provider (SP) under the Terms and Conditions of contract or under the instructions/guidelines issued by the Government or by the respective Ministry / Department or by Ministry of Finance and/or as per GeM policies. In case the Buyer / Seller /SP choose to pursue any of these remedies, GeM shall not be made party to such proceedings / remedial actions taken by Buyer/Seller/Service Provider under the contractual provisions. Actions related to debarment / suspension as per Buyer organization’s internal policies / guidelines are independent of actions under GeM IM Policy. Similarly, any financial penalties imposed / forfeiture done as per requirements of GeM caution Money policy are independent of the actions under GeM IM policy.
- 1.4 Who can raise incident:
- (i)** Buyer
  - (ii)** Seller/Service Provider
  - (iii)** GeM Admin (Based on offline request / deviation received or reported or noticed).
  - (iv)** GeM System (GeM Portal can auto raise incidents and take actions as per Annexure 2(iii))
  - (v)** Verifying agency or any other agency appointed by GeM
- 1.5 Buyer / Seller / Service Provider can create incident and try to get a resolution within the stipulated time from the party against whom the incident has been raised. In case of no resolution at user end, the incident can be escalated to GeM Admin after receipt of reply or comments by the raised against party or after completion of the stipulated time i.e. 7 days, whichever is earlier and Auto SCN will be sent on escalation of Incident. GeM Admin takes suitable action based on available facts and merit of the case. (This is the workflow of Post Contract Incidents)
- 1.6 All the stakeholders shall comment/ respond on IM Dashboard only and no resolution /response relating to incidents shall be provided through emails or any other mechanism. Also, the stakeholders shall not attach/indicate the details which reveal their identity such as name of organization, name of any person or telephone numbers etc. on IM Dashboard.
- 1.7 No penalty shall be imposed for the same reason under the same Contract or same Invoice (as the case may be for the relevant incident reason) more than once, except for different cause of action and for non-delivery/incomplete delivery related incidents which are allowed lot-wise in case of staggered delivery schedules. Similarly, in case of Services, more than one incident can be created for same reason of the contract with different duration. In case of implementation of debarment orders issued by buyer organization under single

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ministry/department/Organization/State, the same shall be implemented / enabled / actuated on GeM separately, independent of actions taken under GeM Incident Management Policy.

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

2.1 Based on severity of incident, the deviations on GeM are categorized into four levels, namely:

- (i) Mild
- (ii) Serious
- (iii) Severe
- (iv) Grave

The table at Annexure 1 depicts deviations and their categorization.

2.2 **Based on Incident – workflow** the incidents are divided in two categories:

- i. **Data driven Incidents:** Incidents identifiable through data available in GeM: In case of such incidents, actions would be taken by GeM Admin based on data available in GeM. All incident reasons not included in clause (ii) below fall under this category.
- ii. **Incidents not verifiable through data available in GeM:** Incidents that require subjective decision based on information available with Buyer, Seller, and Consignee:

In such incidents, Buyers will have to first take internal approvals of competent authority on the issue under dispute / Incident Reason. Then Buyer shall raise the incident on GeM, escalate it and Show Cause Notice shall be issued. The Reply of the seller received on the SCN will be first evaluated by the Buyer Organization. The buyer will submit the seller's response to the competent authority in buyer organization and take approval of competent authority on the issue under dispute / Incident Reason. The decision of Buyer competent authority on the issue will be uploaded by the buyer on GeM IM dashboard in reply to the comments of Seller on SCN. The uploaded document must clearly indicate (i) the level of Buyer Competent authority, (ii) the details of Incident Reason, (iii) the details of seller reply to SCN and (iv) a confirmation that after examining the seller response to SCN, the competent authority has decided to seek action against the seller for the incident reason. Final action by GeM Admin will be taken only after upload of competent authority decision details on GeM Portal. Buyer Organization shall be responsible for defending the action taken based on Buyer recommendation in such cases.

Following incidents fall under this category:

- a) Delivering Fake or Counterfeit or refurbished products
- b) Indulgence in any anti-competitive behavior or cartel formation
- c) Violating the integrity pact/ Exercising corrupt influence on the stakeholder
- d) Supplies goods of inferior / substandard quality
- e) Non-compliance / unsatisfactory performance against a Service Contract
- f) Not honoring warranty obligations
- g) Delaying/Refusing payment of wages/salaries to the resources deployed at consignee location as per contract conditions.
- h) Fails to produce the requisite documents/ information/ certificates /test reports etc. during the course of inspection/ assessment at any stage wherever applicable or asked to furnish.

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- i) Any other incident reason where dispute has arisen between Buyer and Seller on facts of the case and the same is not verifiable from data available with GeM Admin.

### **iii. Implementation on GeM of Buyer specific Debarment / Suspension orders issued by respective Buyer Organization / Department / Ministry / State or Department of Expenditure:**

In such cases, action will be taken on GeM after Buyer concludes its internal debarment proceedings in compliance with Department of Expenditure guidelines on debarment of sellers / service providers and shares copy of the debarment order issued by competent authority of Buyer Organization / Department / Ministry / State or Department of Expenditure. The buyer / GeM Admin / Nominated official by DOE / Nominated official by State shall raise incident against the debarred firm with a copy of the debarment order.

Process flow for the above incidents would be as under:

- a) The User raising incident will provide (i) Name of the Seller/SP and (ii) PAN No or GeM Seller Id. The system shall fetch the Seller details as available on GeM and show in masked form for confirmation. The Buyer shall then create an incident and attach debarment order (Mandatory), User shall also be required to enter list of all the allied firms known to them (If any) and enter debarment period (start and end date). The user will also select the applicability of the debarment i.e. for which Buyer Organization / Department / Ministry / State.
- b) Once the incident is escalated by the buyer, the system will send Show Cause notice to the seller, only for intimation of action being initiated for enabling / actuating Buyer specific debarment on GeM. In response, Seller can only point out discrepancies about details entered by the user raising incident and what is contained in debarment order. Merits of the debarment order shall not be discussed / examined in the process of implementation of such orders on GeM.
- c) If Seller doesn't respond to the Show Cause Notice within the defined time period, auto action will be taken against the seller as per debarment order. This debarment will be applicable for that particular Buyer Organization / Department / Ministry / State only as per debarment order or for all Buyers on GeM – in case debarment order is issued by Department of Expenditure.
- d) If seller responds to the SCN, GeM Admin will review the discrepancies pointed out by seller and may correct the details to implement the debarment order as per details given in the debarment order.

### **2.3 Based on the manner of raising incidents, incidents are divided in two categories:**

- i. **Platform driven:** Action of the Seller/Service Provider/Buyer on GeM portal that is not in line with the terms and conditions on GeM including those identified through analytics will attract platform driven action by GeM. Some of key identified deviations along with action to be taken is placed as **Annexure 2**.
- ii. **Reported:** Buyer/Seller/Service Provider or GeM Admin may initiate the deviation management on GeM. In case Buyer/ Seller/ Service Provider raise an incident, they would try to get a resolution within the stipulated time from the party against whom the incident has been raised. In case of no resolution at user end, the incident can be escalated to GeM Admin after completion of the stipulated time. GeM would take suitable action on the escalated incidents against a Seller/Service Provider/Buyer as reported to GeM by any stakeholder and/or any other third party based on the available facts and merit of the case.

2.4 In pre-contract incidents, the corrective action consists of removal of catalogue along with suspension as per policy.

2.5 For deviations that do not fall in any of the reasons mentioned above or annexure 1, GeM admin can create incident with the reason 'Others'. Severity level for such incidents shall be defined by GeM Admin. Once created, all incidents created by GeM Admin will auto escalate after 48 hrs. GeM Admin can however escalate such incident

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earlier also.

2.6 In case of Delay in Delivery, if the Seller/SP takes corrective action after raise of incident and Buyer generates PRC acknowledging receipt of the goods/services, the incident will get auto closed. It is for the Buyer to impose Liquidated Damages (LDs) or not, as per terms of GeM Contract and internal decision taken at their end. In case the Seller/SP does not take corrective action due to which Buyer has to cancel the contract, the deviation would be treated as Non-delivery of Product/ Service after placement of Contract.

2.7 GeM Admin shall have the full discretion to assign a case as Mild/ Serious/ Severe/ Grave in case the deviation is not listed above.

### **3. Process flow for handling incidents on GeM is as under:**

3.1 **Mild Deviation** - Mild deviations are those, which will have impact on the functioning of other stakeholders. The process flow for handling mild incidents shall be as follows:

3.1.1 Seller/ Service Provider/ Buyer against whom an incident is raised shall be provided with a notice period of 7 calendar days to rectify the deviation and report such corrective action through IM Module. In case of rectification/ re-conciliation at user end, no further action is required and the Incident Reporter can close the incident.

3.1.2 In case of non-rectification, the reporter of the incident can escalate to GeM Admin. Auto- Show Cause Notice (SCN) is sent by GeM Portal upon escalation of incident to GeM and it will be reflected on the respective user's GeM dashboard and / or sent through email. Issue of SCN shall not have any impact on the business of the Buyer/Seller/Service Provider in GeM.

3.1.3 SCN shall be responded and/or corrective action be taken and the same reported at the IM module against the incident by the user against whom the incident is raised within 5 calendar days. In case no response is there in 5 days a warning will be given by system to the Raised against party.

3.1.4 If SCN is not responded by clicking on 'respond to SCN' option even in 10 days post SCN sent, system will automatically take action against the raised-against party.

3.1.5 GeM admin may seek "Further Clarification" from any of the stakeholder after the response of the SCN has been received. The concerned stakeholder has to respond to "Further clarification in 5 calendar days" In case of no response within 5 calendar days from the stakeholder from whom further clarification was sought, GeM Admin may take action based on available facts, merit of the case and as per provisions of the IM Policy.

3.1.6 Based on the outcome of findings:

- 3.1.6.1 If no deviation at Buyer/Seller/Service Provider – Incident will be closed
- 3.1.6.2 In case, there is an unsatisfactory explanation by the Buyer/ Seller/ SP the following steps shall be taken -
  - 3.1.6.2.1 Buyer – Primary user and competent authority to be notified for necessary action.
  - 3.1.6.2.2 Seller / SP would be suspended by the GeM admin for a period of:
    - 3.1.6.2.2.1 30 Days – For first & second deviations within a period of 90 calendar days
    - 3.1.6.2.2.2 45 Days – For third and subsequent deviations within a period of 90 calendar days (and up to 2 Years with approval from Chief Marketplace Officer-GeM)

3.1.6.3 Deviation reflects in the overall Seller/Buyer rating.

### **3.2 Serious Deviation**

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3.2.1 Serious deviations are those which have the potential to adversely impact the market ecosystem. The process flow for handling serious incidents shall also be same as mentioned for mild incidents.

3.3.2 Based on the outcome of findings:

A. If no deviation at user end– Incident will be closed

B. In case, there is an unsatisfactory explanation by the buyer/ Seller/ SP the following steps shall be taken: -

a) Buyer – Primary user and competent authority to be notified for necessary action.

b) Seller / SP would be suspended by the GeM admin for a period of:

- 45 days- for first and second deviation within a period of 120 calendar days
- 60 days- for third and subsequent deviations within a period of 120 calendar days (and up to 2 years with approval from Chief Marketplace Officer-GeM).

C. Deviation reflects in the overall Seller/Buyer rating

### **3.3 Severe Deviation:**

3.3.1 The Severe incidents are those which adversely impact the reputation/ credibility of the GeM platform. The process flow for handling Severe incidents shall also be same as mentioned for serious incidents.

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

A. If no deviation at user end– Incident will be closed

B. In case, there is an unsatisfactory explanation by the Buyer/ Seller/ SP the following steps shall be taken: -

a) Buyer – Primary user and competent authority to be notified for necessary action.

b) Seller / SP suspended by the GeM admin for a period of

- 60 days- for first & second deviation within a period of 180 calendar days
- upto 90 days- for third and subsequent deviations within a period of 180 calendar days (and up to 2 Years with approval from Chief Marketplace Officer-GeM).

C. Deviation reflects in the overall Seller/Buyer rating

### **3.4 Grave Deviation:**

3.4.1 The Grave incidents are those which adversely impact the reputation/ credibility and potential impact in market eco system of the GeM platform. The process flow for handling Grave incidents shall also be same as mentioned for severe incidents.

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

A. If no deviation at user end– Incident will be closed

B. In case, there is an unsatisfactory explanation by the Seller/ SP, same will be suspended by the GeM admin for a period upto 365 days (and up to 2 Years with approval from Chief Marketplace Officer-GeM)

C. Buyer – Primary User and Competent Authority to be notified for necessary action.

D. Deviation reflects in the overall Seller/Buyer rating

## **4. Allied Firms:**

4.1 All the allied firms, as per definition of DOE's OM number F.1/20/2018-PPD dated 02nd/Nov/2021 as amended from time to time, will be equally impacted by the action taken against any one of such entities for the default /

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deviation under incident management policy. Following is the definition of allied firms

Allied firm: All concerns which come within the sphere of effective influence of the debarred firms shall be treated as allied firms. In determining this, the following factors may be taken into consideration:

- a. Whether the management is common.
- b. Majority interest in the management is held by the partners or directors of banned/ suspended firm.
- c. Substantial or majority shares are owned by the banned/ suspended firm and by virtue of this it has a controlling voice.
- d. Directly or indirectly controls or is controlled by or is under common control with another bidder.
- e. All successor firms will also be considered as allied firms.

4.2 If buyer organization debars a firm, buyer will have to share list of all the allied firms for action against allied firms on GeM.

### **5. Provision to Seller/ Service Provider to rectify the deviation after escalation of incident:**

Process flow for this activity would be:

In case Seller/Service Provider makes request to rectify the deviation:

5.1.1 As soon as the incident is escalated by Buyer to GeM, Show Cause Notice would be sent to the Seller/Service Provider.

5.1.2 In case Seller/Service Provider has already taken corrective action, he may indicate so on IM Dashboard

5.1.3 In case deviation still exists but there is possibility to take corrective action, the Seller/Service Provider may either take corrective action immediately or express his willingness to rectify the deviation on IM Dashboard itself. This shall be done by Seller/Service Provider within 5 calendar days of receiving show cause notice.

5.1.4 In case Buyer does not provide consent to Seller/Service Provider to rectify the deviation, GeM shall take action as per the policy.

5.1.5 In case buyer responds stating that he would like to give opportunity to the Seller/ Service Provider to rectify the deviation, he shall provide his consent on IM dashboard within 5 calendar days from the date the Seller/SP made request to rectify the deviation.

5.1.6 In case of no response of BUYER within 5 calendar days, it will be treated as "No consent of Buyer" and further action will be taken as per Policy.

5.1.7 Once Buyer accepts the request of Seller/Service Provider to take corrective action, the status of incident would be marked as "Corrective Action initiated".

5.1.8 In case Seller/ Service Provider takes corrective action, both Buyer and Seller/ Service Provider shall confirm about rectification of the deviation on the IM dashboard along with documentary support within stipulated time. In such cases, GeM may consider closing the incident. In case of delay in delivery, the incident gets auto-closed once Buyer generates PRC with quantity against the lot acknowledging receipt of the goods/services. However, levy of LDs is prerogative of BUYER as per terms of GeM contract and internal decision at Buyer end.

5.1.9 In case the Seller/ Service Provider fails to fulfil the commitment of rectifying the deviation, Buyer can re-escalate the incident to GeM after 10 calendar days, and GeM may take further action, as per the policy.

### **6. PROVISION OF GRANTING WEIGHTAGE TO PERFORMANCE WHILE IMPOSING PENALTY**

6.1 The quantum of punishment in respect of Post-Contract Deviations will be reduced after considering the



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transaction history of Seller/ Service Provider on GeM portal, and eligible dues to the Seller/Service Provider from the Buyer who reported the incident.

6.2 The duration of data to be considered to grant this weightage of past performance by Seller/ Service Provider is last one year. Conditions to be fulfilled for Seller/ Service Provider to become eligible for availing the reduction in imposition of penalty are as under:

- (i) Case of Seller/ Service provider to be considered only if the total number of contracts issued on GeM portal during the stipulated period are at least 20.
- (ii) Not more than two incidents are created against the Seller/SP for the same reason (as the incident under consideration) in last 30 calendar days.

6.3 The criteria to be adopted for providing weightage of past performance of Seller / SP is as under:

**Table -1 – Seller/Service Provider transaction history (considered)**

S. No.	Description	Count
1	Total number of Contracts issued to the Seller/SP	
2	Total Contracts fulfilled so far by Seller/SP	
3	Percentage of fulfillment rate	
Based on percentage of fulfillment –		
98% and above	Penalty would be reduced to 30% of what otherwise is applicable as per the Policy	
95% or more but less than 98%	Penalty would be reduced to 40% of what otherwise is applicable as per the Policy	
>90% but <95%	Penalty would be reduced to 50% of what otherwise is applicable as per the Policy	

Criteria of calculation of S.No. 1& 2 (Table 1)

- 1. Total number of Contracts issued to the Seller/SP shall exclude those contracts where Delivery period is not yet complete.
- 2. Total contracts fulfilled are those contracts against which All CRACs have been generated out of total contracts issued to the Seller/SP (as indicated in 1 above).

CRAC- Consignee Receipt and Acceptance Certificate

Note: Clause 6 will not be applicable to Implementation on GeM of Buyer specific Debarment / Suspension orders & Grave incidents.

### **7. PROVISION OF GRANTING WEIGHTAGE OF DUES OF BUYER TO THE SELLER/SP AGAINST WHOM THE INCIDENT IS RAISED**

7.1 The criteria to be adopted for providing weightage of BUYER dues to the Seller / SP against whom Buyer raised incident:

Table-2: History of dues from BUYER (Reporter of incident) to Seller/SP (Against whom incident is raised)

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S.No.	Description	Count	Granting in penalty
1	Total number of contracts against which CRAC generated but payment has not been Released beyond stipulated timelines, as per GeM contract	More than two contracts	Penalty would be reduced to 30% of what otherwise is Applicable

7.2 The penalty arrived at after calculation as per paras above shall also be subject to a minimum penalty of at least 10 days in case of Mild, 15 days in case of Serious and 20 days in case of Severe deviations.

7.3 No reduction in penalty based on performance/dues from incident reported against the Seller/SP is permissible for the following deviations:

**A. PRE-CONTRACT:**

- (i) Submission of fake document or false statement
- (ii) Offering services with false/fake authorization / Certificate
- (iii) Misrepresentation/Misdeclaration of Brand Name / Brand in Category
- (iv) Misuse of Original Equipment Manufacturer
- (v) Mis-declaration of Maximum Retail Price (MRP)
- (vi) Misdeclaration of Country of Origin
- (vii) Misdeclaration of Make In India Content
- (viii) Misdeclaration about compliance of GeM GTC clause (26.V.2) regarding Beneficial ownership or transfer of Technology
- (ix) Offering product/Service with false authorization or without requisite authorization to sell in open market

**B. POST CONTRACT:**

- (i)** Mis-declaration/false declaration related to availability of required certifications
- (ii)** Submission of fake documents or false statement
- (iii)** Offline contract (Partially/Full) post completion of BID/Price Discovery process on GeM
- (iv)** Non-payment of transaction charges within prescribed timelines as per GeM revenue policy
- (v)** Withdraws or modifies or impairs or derogates from the bid in any respect within the period of its validity (upload of documentary evidence by Buyer is mandatory), if the value of bid is more than Rs 5 lakh
- (vi)** Delivering Fake or Counterfeit or refurbished products
- (vii)** Indulgence in any anti-competitive behavior or cartel formation
- (viii)** Violating the integrity pact/ Exercising corrupt
- (ix)** Fails to furnish requisite performance security/ Performance Bank G within stipulated time required as per e-Bid/RA conditions

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- (x)** Offering product/Service with false authorization or without requisite authorization to sell in open market

Note: Clause 7 will not be applicable to Implementation on GeM of Buyer specific Debarment / Suspension orders & Grave incidents.

### **8. Provision of APPEAL**

- a) The option of APPEAL can be availed by Seller/SP after imposition of penalty
- b) The option of APPEAL can be availed only if there is any additional material evidence which was not available for consideration at the time of taking a decision by the Competent Authority of GeM.
- c) Request for APPEAL can be made in 10 calendar days of imposition of penalty.
- d) Provision of APPEAL is available only once against one incident for Seller/ SP.
- e) Further clarifications may be sought from Buyer/Seller/SP by GeM Admin, if required.
- f) In case of receipt of satisfactory or unsatisfactory response, further action based on the facts and merits of the case and as per provisions of the IM policy will be taken by GeM Admin for either closure of incident or continuation of the penalty. In case of no response from the Buyer/Seller/SP to the APPEAL or the clarifications sought, in 5 calendar days at each level, GeM Admin may take action based on available responses without giving any further opportunity or waiting for response.
- g) The status of Seller/SP will not change during the period of consideration of APPEAL.
- h) Rs. 5000 to be charged for appeal against Pre Contract Incident, In case of Post contract 5% of contract value with a minimum of Rs. 5000 and a maximum of Rs. 10,000 as fee for consideration of Appeal.
- i) In case of decision in favour of Seller/SP who applied for Appeal, the fee charged would be refunded. However the fee shall not be refunded in case of rejection / reduction of the quantum of penalty.

Note: Clause 8 will not be applicable for Debarment by Any Ministry or DOE.

### **9. Sellers banned / debarred / suspended by the Department of Expenditure (DoE):**

If a seller/service provider is banned / debarred / suspended by the Department of Expenditure (DoE), it will be suspended by GEM for the entire period as per the debarment order, for all the buyers on GEM.

### **10. CLOSURE OF INCIDENT:**

- (i) Incident "Raised By" have the option to close the incident without escalating the incident to GeM, in case the "Raised Against" fulfils the cause/deviation.
- (ii) After the escalation of incident if cause/deviation is resolved, the seller can raise mutual closure request and once the same is accepted by the buyer the incident will be closed. If action against the seller is taken, seller can still raise mutual close request and the same will go to the Primary buyer for approval and once primary buyer approves the mutual closure request the incident will be closed and all the impact related to that incident will be removed. Mutual closure request can be raised one time to the buyer and one time to the HOD.
- (iii) If the cause of deviation is resolved, GEM will close the incident, for example if an incident with incident reason Non-Delivery of products will be closed once CRAC is generated.
- (iv) In case raise of incident by GeM portal also, the procedure as indicated in (i), (ii) above would apply.
- (v) In case raise of incident by GeM admin /System only as per annexure 1, in such cases Mutual resolution option

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will not be available to buyer/HOD.

### **11. Impact of Incident on an on-going bid –**

Status of Seller / Service Provider	Impact on the ongoing Bid to be checked at three stages  1. At the time of BID opening Date/Time  2. At the time of opening of financial bid
Suspended / Debarred	1. If the seller is suspended at the time of bid opening Date/time, Seller will not get option to participate in the Bid”.  2. If the seller is suspended at the time of financial bid opening Date/time, offer will be marked as “ <b>disqualified due to suspension</b> ”. Buyer will not get option to evaluate further.  3. In case any bidder is suspended after financial bid opening, there will be no impact on the relevant bid due to such suspension and placement of order shall be allowed if the seller/SP is eligible for the same.

**12.** Notwithstanding any of the procedure and quantum of penalty prescribed in this policy, CEO GeM-SPV reserves the right to condone partly or fully, or to enhance the penalty imposed on a Buyer/ Seller/ Service Provider, after taking into account the specific circumstances of the case. Also, CEO / CVO GeM reserves the right to add/ remove/ modify any of the incident reasons and the quantum of penalty. Inappropriate listing of product/services can be removed without intimation as per GTC clause No. (21.ii.a).

**13.** As seller’s details are not available till order creation, buyer will not be able to disqualify seller based on DOE’s OM number F.1/20/2018-PPD dated 02nd Nov/2021, from Direct Purchase/L1 order.

**14.** For cases reported by legal-team, vigilance-team, Verification Agency, or escalations from other government bodies, order of the Court, complaint received from any third party, notice or information received from police authorities etc. regarding submission of fake or forged documents/ false statement/ incorrect details or information and /or any other action by the Supplier which amounts to a deviation, GEM- admin may create incidents against the sellers, even if the seller/SP has no catalog or has not participated in any bid/order. These incidents can be created with available incident reasons or with 'others' incident reasons. The incident will be escalated immediately, and action will be taken. SCN will be issued only if sufficient documentary evidence is not available. Suspension period for such incidents will be as stated in the Incident Management Policy which can further be increased to 2 years with the approval of the respective Chief Marketplace Officer in GEM.

### **15. OEM responsibilities:**

Dashboards are given to OEMs on basis of an undertaking and fulfilling Vendor Assessment, Brand approval etc. Any deviations in behavior of OEM needs to be dealt with strongly. Hence besides actions as per IM policy as per the incident reason, additional actions would be taken against the OEM’s restricting their OEM dashboard usage and impacting the catalog uploaded by them across categories. As indicated in Annexure 1.

### **Action – Removal of Dashboard and all catalogs.**

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**Incident Reasons -**

**Annexure – 1**

S.No.	Incident reason	Severity	Incident for	Product/ Service	Raised Against	Raised By	Action against OEM (Dashboard Removal)
1	Submission of fake document or false statement	Grave	Pre Contract	Product/ Service	Seller	GeM Admin	Yes
2	Offering services with false/fake authorization / Certificate	Grave	Pre Contract	Service	Service Provider	Buyer/GeM Admin	
3	Mis-declaration/false declaration related to availability of required certifications	Grave	Post Contract/ BID	Product/ Service	Seller	Buyer / GeM Admin	
4	Submission of fake documents or false statement	Grave	Post Contract/ BID	Product/ Service	Seller	Buyer / GeM Admin	
5	Misrepresentation/Misdeclaration of Brand Name / Brand in Category	Grave	Pre Contract	Product	Seller	Buyer / GeM Admin	Yes
6	Misuse of Original Equipment Manufacturer (OEM) rights	Grave	Pre Contract	Product/ Service	Seller	GeM Admin	Yes
7	Offline contract (Partially/Full) post completion of BID/Price Discovery process on GeM	Grave	Post Contract/ BID	Product/ Service	Seller/ Buyer	GeM Admin	
8	Non-payment of transaction charges within prescribed timelines as per GeM revenue policy (Auto close and restore when Transaction charges are paid)	Grave	Post Contract/ BID	Product/ Service	Seller	GeM Admin / GeM System	
9	Non deposit / payment of TDS with relevant Govt. authorities and / or non-updating of relevant information on relevant portal. (Auto close and restore when TDS are paid / deposited / updated)	Severe	Post Contract	Product/ Service	Seller	GeM Admin / GeM System	

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10	Non delivery of the product/ service after successful bidding/RA (not supplied till expiry of delivery period) leading to cancellation of contract by Buyer, the value of contract is more than Rs. 5 lakh	Severe	Post Contract/ BID	Product/ Service	Seller	Buyer	
11	Refuses to supply/deliver product/services after placement of contract after successful bidding/RA (upload of documentary evidence is mandatory)	Severe	Post Contract/ BID	Product/ Service	Seller	Buyer	
12	Withdraws or modifies or impairs or derogates from the bid in any respect within the period of its validity (upload of documentary evidence by Buyer is mandatory), if the value of bid is more than Rs 5 lakh	Severe	Post Contract/ BID	Product/ Service	Seller	Buyer	
13	Delivering Fake or Counterfeit or refurbished products	Severe	Post Contract/ BID	Product/ Service	Seller	Buyer	
14	Indulgence in any anti-competitive behavior or cartel formation	Severe	Post Contract/ BID	Product/ Service	Seller	Buyer/GeM Admin/ GeM System	
15	Violating the integrity pact/ Exercising corrupt influence on the stakeholder	Severe	Post Contract/ BID	Product/ Service	Seller/ Buyer	All	
16	Buyer forcing retention of previous service provider resources without mentioning in the bid	Severe	Post Contract/ BID	Service	Buyer	Seller	
17	Unworkable Price quoted in bid even after mentioning the minimum price to be quoted in bid.	Serious	Post Contract/ BID	Service	Seller	Buyer	
18	Non delivery of the product/ service after successful bidding/RA (not supplied till	Serious	Post Contract/ BID	Product/ Service	Seller	Buyer	

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	expiry of delivery period) leading to cancellation of contract by Buyer if the value of the contract is up-to Rs. 5 lakh						
19	Supplies goods of inferior / substandard quality against contract the value of which is more than Rs. 5 lakhs	Serious	Post Contract/ BID	Product	Seller	Buyer	
20	Non-compliance / unsatisfactory performance against a Service Contract with value more than Rs. 5 lakh	Serious	Post Contract/ BID	Service	Seller	Buyer	
21	Not honoring warranty obligations in respect of the contract the value of which is more than Rs. 5 lakh	Serious	Post Contract/ BID	Product/ Service	Seller	Buyer	
22	Withdraws or modifies or impairs or derogates from the bid in any respect within the period of its validity (upload of documentary evidence by Buyer is mandatory), if the value of bid is upto Rs 5 lakh	Serious	Post Contract/ BID	Product/ Service	Seller	Buyer	
23	Fails to furnish requisite performance security/ Performance Bank Guarantee within stipulated time required as per e-Bid/RA conditions (Close and restore when PBG furnished)	Severe	Post Contract/ BID	Product/ Service	Seller	Buyer	
24	Delaying/Refusing in payment of wages/salaries to the resources deployed at consignee location as per contract conditions	Serious	Post Contract/ BID	Service	Seller	Buyer	
25	Delay in submission of statutory compliances (PF, ESI & other statutory payments), as per contract conditions	Serious	Post Contract/ BID	Service	Seller	Buyer	
26	Incorrect inclusion of statutory components of wages/salaries by buyer during bid creation	Serious	Post Contract/ BID	Service	Buyer	Seller	
27	Non delivery of the product/ service after successful bidding/RA (not supplied till	Mild	Post Contract/ BID	Product/ Service	Seller	Buyer	

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	expiry of delivery period), the value of contract is more than Rs. 5 lakh. (it will be auto-closed if DP is extended/refixed.)						
28	Fails to update latest information status on GeM within the prescribed time limit	Mild	Pre-Contract	Product/ Service	Seller	All	
29	Wrong reporting using "Report this Product" functionality in GeM market (6th or above case during the rolling period of 60 days)	Mild	Pre-Contract	Product	Seller/ Buyer	GeM Admin/ System	
30	Offering discontinued or end of life products	Mild	Pre-Contract	Product	Seller	All	
31	Unreasonable offer price	Mild	Pre-Contract	Product/ Service	Seller	Buyer/ GeM Admin	
32	Delay in Delivery, as per contract	Mild	Post Contract/ BID	Product/ Service	Seller	Buyer	
33	Delay in mobilization of services	Mild	Post Contract/ BID	Service	Seller/ Service Provider	Buyer	
34	Non-delivery of the product / services after placement of contract (not supplied till expiry of delivery period), for Direct Purchase / L1 purchase leading to cancellation of contract by Buyer	Mild	Post Contract/ BID	Product/ Service	Seller	Buyer	
35	Refuses to supply/deliver product / services after placement of contract for Direct Purchase /L1 purchase (Mandatory to upload refusal letter/ email of Seller/ Service Provider)	Mild	Post Contract/ BID	Product/ Service	Seller	Buyer	
36	Supplies goods of inferior / substandard quality against contract the value of which is upto Rs. 5 lakh	Mild	Post Contract/ BID	Product	Seller	Buyer	
37	Listing the Products / Services not in relevant categories and/ or listing the same with	Mild	Pre-Contract	Product/ Service	Seller	Buyer	Yes



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	<p>vague/conflicting product specifications /details and irrelevant product photographs etc., by Seller/ Service Provider including by the OEMs. In case of OEMs, in addition to penal action as per policy, the OEM dashboard will be removed. Basis multiple wrong listing by OEM/Reseller severity will increase with number of instances, below is the deviation wise action within a rolling period of 180 days.</p> <p>1 &amp; 2 - Removal of catalogs &amp; Suspension of 30 days</p> <p>3 to 5 - Removal of catalogs &amp; Suspension of 45 days</p> <p>6 to 7 - Removal of catalogs &amp; Suspension of 60 days</p> <p>8 to 9 - Removal of catalogs &amp; Suspension of 90 days</p> <p>=&gt;10 - Removal of catalogs &amp; Suspension of 365 days</p>						
38	<p>Non-compliance/ unsatisfactory performance against a Service Contract with value up-to Rs. 5 lakh</p>	Mild	Post Contract/ BID	Service	Seller	Buyer	
39	<p>Fails to produce the requisite documents/ information/ certificates /test reports etc. during the course of inspection/ assessment at any stage wherever applicable or asked to furnish</p>	Mild	Post Contract/ BID	Product/ Service	Seller	Buyer	
40	<p>Offering product/Service with false authorization or without requisite authorization to sell in open market</p>	Serious	Pre/ Post Contract/ BID	Product/ Service	Seller	Buyer	
41	<p>Not honoring warranty obligations in respect of the contract the value of such contract is upto Rs. 5 lakhs</p>	Mild	Post Contract/ BID	Product/ Service	Seller	Buyer	

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42	Canceling the contract after acceptance of the same by the Seller/ Service Provider (Mandatory to upload cancellation letter/ email by Seller/Service Provider)	Mild	Post Contract/ BID	Product/ Service	Buyer	Seller	
43	Splitting of demands and making repetitive direct purchases or creating multiple bids of same item	Mild	Post Contract/ BID	Product/ Service	Buyer	Seller	
44	Not finalizing the BID/RA within the bid validity	Mild	Post Contract/ BID	Product/ Service	Buyer	Seller	
45	Delay in CRAC generation	Mild	Post Contract/ BID	Product	Buyer	Seller	
46	Delay in Service Delivery Acceptance Certificate (SDAC) generation	Mild	Post Contract/ BID	Service	Buyer	Seller	
47	Delay in payment post CRAC generation	Mild	Post Contract/ BID	Product	Buyer	Seller	
48	Delay in payment post Service Delivery Acceptance Certificate (SDAC) generation	Mild	Post Contract/ BID	Service	Buyer	Seller	
49	Refusal to receive the consignment at the consignee place	Mild	Post Contract/ BID	Product	Buyer	Seller	
50	Rejecting the goods/Services without any valid reasons	Mild	Post Contract/ BID	Product/ Service	Buyer	Seller	
51	Restriction by consignee to mobilize service	Mild	Post Contract/ BID	Service	Buyer	Seller	
52	Mis-declaration of Maximum Retail Price (MRP)	Serious	Pre Contract	Product	Seller	Buyer/G eM Admin	
53	Misdeclaration of Country of Origin	Grave	Pre Contract	Product	Seller	Buyer/G eM Admin	Yes

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54	<b>Misdeclaration of Make In India Content</b>	Grave	Pre Contract	Product	Seller	Buyer/GeM Admin	Yes
55	<b>Misdeclaration about compliance of GeM GTC clause (26.V.2) regarding Beneficial ownership or transfer of Technology</b>	Grave	Pre Contract	Product	Seller	Buyer/GeM Admin	Yes
56	<b>Offline processing of invoices of GeM contract to avoid payment of Transaction charges as per GeM revenue Policy</b>	Grave	Post Contract/ BID	Product/ Service	Buyer	GeM Admin/ GeM system	

1. Raised By “All” means Incident can be raised by Buyer, Seller, GeM Admin and GeM System.
2. GeM Admin by default can raise incident in all the above-mentioned Incident reasons.
3. Gem System and Verifying agency will raise incident wherever applicable.

**Annexure – 2**

This Annexure covers the scenarios for which seller/ service provider will be automatically alerted and action shall be taken by the system on the basis of rule engines.

<b>Rule</b>	<b>Action to be taken</b>
Deviation of norms in Listing the Products / Services not in relevant categories and / or listing the same with vague / conflicting product specifications / details and irrelevant product photographs etc., by Seller/Service including by the OEMs (proven on the basis of sanitization of product after raise of incident) (UPTO 2 such deviations during the rolling period of 30 days)	Seller/SP is alerted on each of such incidents upto 2 incidents during rolling 30 days.
Wrong reporting using “Report this Product” functionality in GeM market (proven on the basis of rejection of incident) (upto 5 lapses in a rolling period of 60 calendar days).	Seller/SP is alerted/action on each of the 5 such wrong reporting during rolling period of 60 days
<b>iii Raise of Incident by GeM Portal:</b>	System will only Auto-raise of incident. Buyer can then escalate the incident as per the Policy
Non-delivery of the product / services after placement of contract, for Direct Purchase / L1 purchase/ Bid / RA (15 days after expiry of expected date of delivery)	

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Non-payment of transaction charges within prescribed timelines as per GeM revenue policy (Auto close and restore when Transaction charges are paid)	System will auto raise incident. Auto escalate and SCN after 7 days. (Auto close and restore when Transaction charges are paid)
<b>Auto Action in case of no response:</b>	
Escalation of incident to GeM by Buyer/Seller/SP	AUTO SCN to Buyer/ Seller/SP (Auto SCN will not have any impact on the business of Buyer/Seller/SP)
In case of no response from Buyer/ Seller/SP to SCN within 5 days	Comment on the incident mentioning, SCN has not been responded in given period
In case of <b>no response on SCN</b> within 10 Days	“AUTO Action” against Seller/SP/Buyer
Auto-close of inactive incidents not escalated to GEM	System will give notice to the raised-by party (and to buyer for system generated incidents) to escalate incident on 7th day of creation of incident. If the incident is not escalated 22nd day of creation of incident. Further if incident is not escalated, the incident will be closed by the system on 37th day of creation of the incident.
Limitation of incident creation by seller	Seller can raise only 5 incidents at a time to unique one seller at a time till action on incident is concluded to took action/reject/close stage. Post this seller may raise further incident with a max of 5 at a time.

The above action shall be without prejudice to the penalties imposed, if any, on the Seller/Service Provider based on Reported Incidents.

#### Annexure – 3

S.no.	Forward Auction	Severity	Incident for	Raised Against
1	Submission of fake document or false statement	Grave	Pre Contract	FA Buyer
2	Non lifting of sold material/lot within prescribed time period	Grave	Post Contract	FA Buyer
3	Non payment of transaction charges to GeM	Grave	Post Contract	FA Buyer

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<b>4</b>	<b>Withdraws or modifies or impairs or derogates from the Forward Auction in any respect within the period of its validity before generation of intimation letter (upload of documentary evidence by FA Seller is mandatory)</b>	<b>Grave</b>	<b>Post Contract</b>	<b>FA Buyer</b>
<b>5</b>	<b>Indulgence in any anti-competitive behavior or cartel formation</b>	<b>Grave</b>	<b>Post Contract</b>	<b>FA Buyer</b>
<b>6</b>	<b>Cancelling the contract of Forward Auction after issue of Intimation Letter to the FA Buyer (i.e. post payment of GeM Transaction Charges). (FA buyer should mandatorily upload cancellation letter/ email)</b>	<b>Serious</b>	<b>Post Contract</b>	<b>FA Seller</b>
<b>7</b>	<b>Delay in payment of applicable Sale Value after issue of Intimation Letter to the FA Buyer (i.e. post payment of GeM Transaction Charges)</b>	<b>Serious</b>	<b>Post Contract</b>	<b>FA Buyer</b>

<b>Abbreviations</b>	
GeM	Government e-Marketplace
IM	Incident Management
CEO-GeM	Chief Executive Officer-Government e-Marketplace
SP	Service Provider
RA	Reverse Auction
PBG	Performance Bank Guarantee
PSUs	Public Sector Undertakings
SLA	Service Level Agreement
SCN	Show Cause Notice
OEM	Original Equipment Manufacturer
MRP	Maximum Retail Price
LDs	Liquidated Damages
PRC	Provisional Receipt Certificate
CRAC	Consignee Receipt and Acceptance Certificate
CMO	Chief Marketplace Officer
FA	Forward Auction
SDAC	Service Delivery and Acceptance Certificate

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**Penalty Matrix Table**

<b>MILD Deviation</b>						
<b>For 1st and 2nd deviations</b>						
	% to be reduced	No. of days	% to be reduced	No. of days	% to be reduced	No. of days
Penalty due as per Policy		30		30		30
Reduction based on Seller /SP history	70%	21	60%	18	50%	15
<b>Penalty after considering Seller/SP history</b>		<b>9*(10)</b>		<b>12</b>		<b>15</b>
Reduction based on payment dues from Buyer to Seller/SP	30%	2.7	30%	3.6	30%	4.5
<b>Penalty after considering both Seller/SP history and buyer-seller/sp specific dues</b>		<b>6.3</b>		<b>8.4</b>		<b>10.5</b>
<b>Permissible reduction after round off</b>		<b>6*(10)</b>		<b>8*(10)</b>		<b>10</b>
<b>For 3rd and subsequent deviations</b>						
Penalty due as per Policy		45		45		45
Reduction based on Seller /SP history	70%	31.5	60%	27	50%	22.5
Balance after considering Seller/SP history		13.5		18		22.5
Reduction based on payment dues from Buyer to Seller/SP	30%	4.05	30%	5.4	30%	6.75
<b>Penalty after considering both Seller/SP history and buyer-seller/sp specific dues</b>		<b>9.45</b>		<b>12.6</b>		<b>15.75</b>
<b>Permissible reduction after round off</b>		<b>9*(10)</b>		<b>13</b>		<b>16</b>

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<b>SERIOUS Deviation</b>						
<b>For 1st and 2nd deviations</b>						
	% to be reduced	No. of days	% to be reduced	No. of days	% to be reduced	No. of days
Penalty due as per Policy		45		45		45
Reduction based on Seller /SP history	70%	31.5	60%	27	50%	22.5
<b>Penalty after considering Seller/SP history</b>		13.5		18		22.5
Reduction based on payment dues from Buyer to Seller/SP	30%	4.05		5.4		6.75
<b>Penalty after considering both Seller/SP history and buyer-seller/sp specific dues</b>		<b>9.45</b>		<b>12.6</b>		<b>15.75</b>
<b>Permissible reduction after round off</b>		<b>9*(10)</b>		<b>12</b>		<b>16</b>
<b>For 3rd and subsequent deviations</b>						
Penalty due as per Policy		60		60		60
Reduction based on Seller /SP history	70%	42	60%	36	50%	30
Balance after considering Seller/SP history		18		24		30
Reduction based on payment dues from Buyer to Seller/SP	30%	5.4	30%	7.2	30%	9
<b>Penalty after considering both Seller/SP history and buyer-seller/sp specific dues</b>		<b>12.6</b>		<b>16.8</b>		<b>21</b>
<b>Permissible reduction after round off</b>		<b>12</b>		<b>17</b>		<b>21</b>

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<b>SEVERE Deviation</b>						
<b>For 1st and 2nd deviations</b>						
	% to be reduced	No. of days	% to be reduced	No. of days	% to be reduced	No. of days
Penalty due as per Policy		60		60		60
Reduction based on Seller /SP history	70%	42	60%	36	50%	30
Balance after considering Seller/SP history		18		24		30
Reduction based on payment dues from Buyer to Seller/SP	30%	5.4		7.2		9
<b>Penalty after considering both Seller/SP history and buyer-seller/sp specific dues</b>		<b>12.6</b>		<b>16.8</b>		<b>21</b>
<b>Permissible reduction after rounding off</b>		<b>13</b>		<b>17</b>		<b>21</b>
<b>For 3rd and subsequent deviations</b>						
Penalty due as per Policy		90		90		90
Reduction based on Seller /SP history	70%	63	60%	54	50%	45
Balance after considering Seller/SP history		27		36		45
Reduction based on Buyer history	30%	8.1	30%	10.8	30%	13.5
<b>Balance penalty after considering both Seller/SP history and buyer-seller/sp specific dues</b>		<b>18.9</b>		<b>25.2</b>		<b>31.5</b>
<b>Permissible reduction after rounding off</b>		<b>19</b>		<b>25</b>		<b>31</b>