

Government e-Market Place – 3.0

Incident Management
GeM 3.0



Change History

Sr. No.	Document version	Release date
1.	Version 10.0	1 st June 2018
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This is version 12.1

Metadata of the Standard

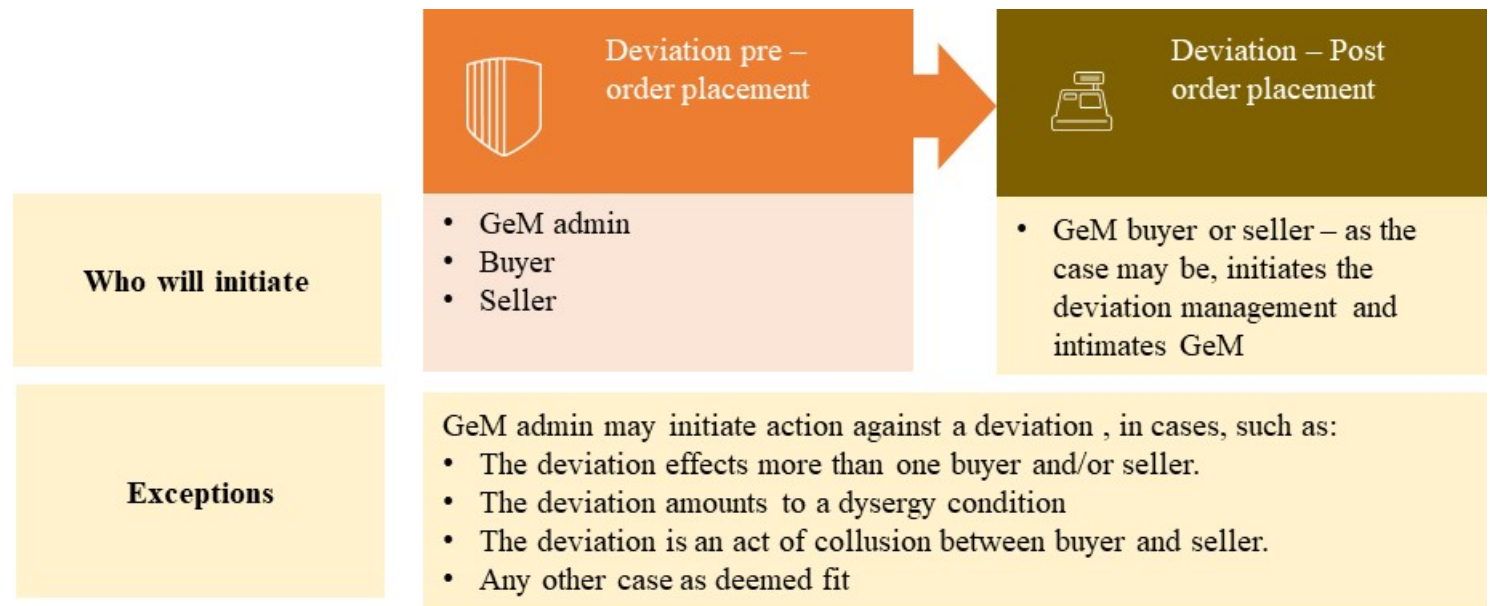
S. No.	Data elements	Values
1.	Title	Incident Management on GeM
2.	Target Audience	Stakeholders of GeM including buyers, sellers, industry associations, partners etc.
3.	Source <i>(Reference to the resource from which present resource is derived)</i>	The incident management document elaborates the overall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

GeM with its earlier versions and its updated GeM 3.0 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. Misrepresentation about authorization
- b. Fake / counterfeit/ refurbished products.
- c. Misdeclaration of MRP
- d. Fake certificates or misdeclaration related to availability of required certifications.
- e. End of life product.
- f. Incorrect/inaccurate submission with the intention to mislead the buyers in the market place
- g. 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. Exercising corrupt influence on the stakeholder.

II. Buyer side

- a. Splitting of demands and making repetitive direct purchases or creating multiple bids.
- b. Not finalizing the bid/RA within the stipulated time.

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. Refuses to supply product/services after placement of contract for direct purchase/L1 purchase/after successful bidding/RA.
- d. Non-delivery of the product(s) after placement of contract.
- e. Delivering wrong/ inferior/ sub-standard quality product(s).
- f. Delay in contract fulfillment.
- g. Not honoring – warranty obligations.
- h. Poor 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. Delay in CRAC generation
- d. Rejecting the goods without any valid reasons
- e. Delay in payment post CRAC generation.

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

Serious Deviation	Severe Deviation
Non-delivery ¹ of the product/service after placement of contract, for direct purchase/L1 purchase	Non-delivery ¹ of the product/service after successful bidding/RA
Misdeclaration of Government Transaction experience	Withdraws or modifies or impairs or derogates from the bid in any respect within the period of its validity
Fails to update GeM about any change in information furnished within the prescribed time limit	Violating the integrity pact
Misdeclaration of Financial Information including turnover and profit	Fails to furnish requisite performance security/PBG within stipulated time required as per e-bid/RA conditions
Furnishing information/documents which are inaccurate, false, misleading or forged	Registering with benami/Fake identity or credentials
Refuses to supply product/services after placement of contract for direct purchase/L1 purchase	Refuses to supply product/services after placement of contract after successful bidding/RA
Supplies goods of inferior/substandard quality	Indulgence in any anti-competitive behavior or cartel formation
Non-compliance of Service Level Agreement (SLA)	Fake certificates or misdeclaration related to availability of required certifications.
Offering lower prices outside GeM	Exercising corrupt influence on the stakeholder
Fails to produce the requisite documents/ information/certificates/test reports etc.	Misdeclaration of Maximum Retail Price (MRP)

¹Non-delivery: Seller/SP has not supplied after expiry of delivery period

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Serious Deviation	Severe Deviation
during the course of inspection/ assessment at any stage.	
Not honoring warranty obligations	Uploading/delivering Fake or counterfeit, or refurbished products
Offering end of life products	
Listing the products/services not in the relevant categories and/or listing the same with vague/conflicting product specifications/details and irrelevant product photographs	
Offering product with false authorization	
Cancelling the order after acceptance of the order by the seller	
Splitting of demands and making repetitive direct purchases or creating multiple bids	
Not finalizing the bid/RA within the stipulated time	
Poor performance of manpower based on skill set or supply of manpower not compliant with contracted skill set	
Delay in CRAC generation ²	
Delay in payment post CRAC generation ³	
Refusal to receive the consignment at the consignee place	
Rejecting the goods without any valid reasons	

3. Dealing with deviations on GeM

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

²Delay of more than 10 days post scheduled PRC generation date

³Delay of more than 10 days post scheduled CRAC generation date

- **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 **Annexure 1**.
- **Reported:** Buyer/Seller/Service Provider or GeM Admin may initiate the deviation management on GeM. They 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 completion of the stipulated time. GeM would take suitable action on the escalated incidents against a Seller/buyer as reported to GeM by any stakeholder and/or any other third party after thorough investigation.

3.1. Category 1 – Mild Deviations

Mild deviations are those which are related to incomplete or unintentional erroneous submissions of information. Seller/ SP/ buyer are alerted for corrective action.

3.2. Category 2 – Serious Deviations

Serious deviations are those, which are intentional, malicious and misleading in nature. Seller/ SP/ buyer is provided with a notice period of 15 calendar days to rectify the deviation. In case of rectification at user end, no further action is required. In case of non-rectification, the reporter of the incident can escalate to GeM Admin for resolution after 15 calendar days. GeM Admin can send Show Cause notice and it will be reflected on the respective user's GeM dashboard and / or sent through email (to be responded within 7 calendar days). During show cause period, 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 show cause 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 no 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 suspended⁴ by the GeM admin (with approval of competent authority) for a period of:
 - 30 Days – For first deviation within a period of previous 90 calendar days
 - 60 Days – For two or more deviations within a period of previous 90 calendar days
 - ✓ Deviation reflects in the overall Seller/Buyer rating.

3.3. Category 3 – Severe Deviations

Seller/ SP/ buyer is provided with a notice period of 10 calendar days to rectify the deviation. In case of rectification at user end, no further action is required. In case of non-rectification, the reporter of the incident can escalate to GeM Admin for resolution after 10 calendar days. GeM Admin can send Show cause notice and it will be reflected on the respective user’s GeM dashboard and / or sent through email (to be responded within 10 calendar days).

During show cause period, the following would apply:

- A. For buyer - is reflected as “watch listed” in GeM market and Primary user and competent authority to be notified for necessary action.

⁴Suspended Seller: The user will be prevented from entering into fresh transactions, uploading of new products/service. His/Her uploaded product will not be visible. Carted products will be taken out. However, sellers/SP will be able to complete the transactions already finalized such as delivery, payment receipt, etc. For impact of suspension on an on-going bid please refer section 3.4.

- 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 of no response by Buyer/Seller/SP
 - ✓ Seller/SP:
 - For first & second deviation, within a period of previous 180 calendar days: Auto action will be taken and the seller will be disabled⁵ for 90 calendar days
 - For third and subsequent deviation within a period of previous 180 calendar days: The status of incident will be changed to ‘RecommendedAction’ and GeM Admin may decide to increase the disable period over and above 90 days. In addition, GeM may also recommend the case to Ministry of Commerce, GoI for appropriate action.
- In case, of an unsatisfactory explanation 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:
 - For first & second deviation, within a period of previous 180calendar days: disabled by the GeM admin for a period of 90 days(and up to 12 months with approval from CEO).

⁵Disabled: All the consequences as mentioned under “suspended seller” plus their uploaded/approved products will be removed from the portal. On re- enabling the seller has to upload its products and/or services- afresh. However Seller/ SP will be able to complete the transactions already finalized, such as delivery, payment receipt etc. For impact of disablement on an ongoing bid please refer section 3.4.

- For third and subsequent deviation within a period of previous 180 calendar days: disabled by the GeM admin for a period of 90 days (and up to 12 months with approval from CEO). Additionally, GeM may recommend the case to Ministry of Commerce, GoI for appropriate action.

Note:

- **The Disable period for Severe incidents will include the SCN period.**
- **Deviation reflects in the overall Seller/Buyer rating**
- For deviations that do not fall in any of the incident reasons, as mentioned above, GeM admin can create incident with the reason 'Others'. Once created, such incidents will auto escalate.

3.4. Impact of Incident on an on-going bid

If a seller/SP gets suspended/disabled during evaluation of an on-going bid, the following rules will be applicable:

Technical Opening Event:-

1. All Disabled sellers against severe deviation & Suspended sellers against Serious deviation will be disqualified
2. Notified sellers show caused against serious deviation & Watch-listed sellers show caused against severe deviation will be considered for technical evaluation.

On-going Technical Evaluation:-

On-going Technical Evaluation	Implication
Notified	The seller's status will be notified to the buyer. The buyer can still proceed with technical evaluation unless the seller is suspended.
Watch-listed	The seller's status will be notified to the buyer. The buyer can still proceed with technical evaluation unless the seller is disabled.
Suspended	The seller will be disqualified
Disabled	The seller will be disqualified

Financial Opening Event-

1. All Disabled sellers against severe deviation & Suspended sellers against serious deviation will be disqualified. These sellers will not be considered for L1 calculation and will be marked as Technically Disqualified due to Severe & Serious Incident respectively.
2. Notified and Watch-listed sellers will be considered for financial evaluation.

On-going Financial Evaluation:-

On-going Financial Evaluation	Implication
Notified	The seller's status will be notified to the buyer. Based on status, buyer may place the order to L1 seller unless suspended.
Watch-listed	The seller's status will be notified to the buyer. Based on status, buyer may place the order to L1 seller unless

	disabled.
Suspended	<ul style="list-style-type: none">• Buyer is recommended to cancel the bid.• In case the buyer does not want to cancel the bid<ol style="list-style-type: none">1. In case of a bid based on Products, the buyer would be allowed to place order on L2 provided L2 agrees to match L1 price.2. In case of a Service bid, the buyer would be allowed to place order on L2 provided L2 agrees to match L1 price. If there are multiple L1's:<ol style="list-style-type: none">a. If one or more L1 is suspended the buyer would be allowed to choose any of the L1s who is not suspendedb. Buyer can choose to select L1 through random selection by the system, system selection will not include the suspended L1s
Disabled	<ul style="list-style-type: none">• Buyer is recommended to cancel the bid.• In case the buyer does not want to cancel the bid<ol style="list-style-type: none">1. In case of a bid based on Products, the buyer would be allowed to place order on L2 provided L2 agrees to match L1 price2. In case of a Service bid, the buyer would be allowed to place order on L2 provided L2 agrees to match L1 price. If there are multiple L1's:

- | | |
|--|--|
| | <ul style="list-style-type: none">a. If one or more than one L1 is disabled then system to allow the buyer to choose any of the L1s who is not disabledb. Buyer can chooses to select L1 through random selection by the system, system selection will not include the disabled L1s |
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3.5. Dysergy condition

The following are the dysergy conditions on deviations:

- Three consecutive serious deviations within 90 calendar days, would amount to 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.

4. Annexure – 1

This annexure covers the scenarios for which buyer/seller will be automatically alerted and suspended/deregistered⁶ 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 ¹
Buyer	>= 3 contracts due for payment for more than 30days post scheduled payment time (CRAC + 10) at consignee level	Severe	Will not be allowed to carry out any further transactions i.e. <ul style="list-style-type: none"> - Will not be allowed to create new bid - Will not be allowed to create new indent - Will not be allowed to create new order till dues are cleared.
Buyer	>=5 contracts for which generation of CRAC has been delayed for more than 15 days post scheduled generationtime (PRC+10) at consignee level	Severe	Will not be allowed to carry out any further transactions i.e. <ul style="list-style-type: none"> - Will not be allowed to create new bid - Will not be allowed to create new indent - Will not be allowed to create new order till CRAC is generated.
Seller	>= 4 contracts due for delivery for more than 30 days post scheduled delivery period Or >=3 bid contracts due for delivery for more than 30 days post scheduled delivery period	Severe	Disabled for such time i.e. till the time the seller takes corrective action to liquidate this pendency.
Seller	>1contract (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days)	Mild	Seller/SP is alerted for corrective Action
Seller	1. >2 contracts (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days) 2. >10 contracts (Direct/L1 Purchase) auto cancelled or declined in 180 days (without getting suspended) – rolling 180 days	Severe	Disabled for 30 days.
Seller	Quality	Severe	Disabled for 30 days

⁶Deregister 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 ⁱ
	>=2 contracts rejected within 30 days due quality issue within last 30 days Or >=4 contracts rejected due to quality issue issues in last 90 days		
Seller	Partial Delivery >= 3 contracts rejected/cancelled in 30 days due to partial delivery Or >= 4 contracts rejected/cancelled due to partial delivery in 90 days	Severe	Disabled for 30 days
Seller	Cancelled by buyer because of non-supply(Bid/RA) >1 contracts (Bid/RA) in 30 days (rolling 30 days) Or >2 orders (Bid/RA) in 90 days	Severe	Disabled for 90 Days
Seller	Cancelled by Buyer due to non-supply(DP/L1) > 3contracts (DP/L1) in 30 days (rolling 30 days) Or >5 orders (DP/LI) in 90 days	Severe	Disabled for 60 days.

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

ⁱ 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)