

Incident Management  
GeM 3.0



## Incident Management on GeM 3.0

### Change History

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1.	Version 10.0	1 <sup>st</sup> June 2018
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### This is version 12.1

#### 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, service providers, 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/V13.1

## **1. Introduction**

GeM is a trust based system. As self-declaration is the key, strong automated process to penalize any deviant behavior 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, deviations from the terms and conditions of procurement on GeM, and any other relevant Government rules and guidelines, are termed as “deviation”. The on-line mechanism for reporting and initiating action on such deviation is covered under this Incident management Policy.

All administrative actions under this Incident management Policy, taken by GeM against any of the stakeholders shall 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 /Service Provider 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.

### **WHO CAN RAISE INCIDENT:**

- (I) Buyer
- (II) Seller/Service Provider
- (III) GeM Admin

### **PROCESS FLOW:**

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 completion of the stipulated time. GeM Admin takes suitable action based on available facts and merit of the case.

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 deviations on GeM are categorized into four levels, namely: mild, serious, severe and Grave. The table below depicts some of the key deviations and its categorization:

*Incident Management on GeM 3.0*

<b>Category of Deviation</b>	<b>Pre-Contract</b>	<b>Post-Contract</b>
<b>MILD</b>	Wrong reporting using “Report this Product” functionality in GeM market (UPTO 5 such wrong reporting during the rolling period of 30 days) (proven on the basis of rejection of incident)	>1contract (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days)
	Deviation of norms in uploading the product/service such as uploading in wrong category/uploading with wrong specifications etc. (UPTO 5 such deviations during the rolling period of 30 days) (proven on the basis of sanitization of product/service)	
<b>SERIOUS</b>	6 <sup>th</sup> or above wrong reporting using “Report this Product” functionality in GeM market during the rolling period of 30 days. (proven on the basis of rejection of incident)	Non-delivery <sup>1</sup> of the product / services after placement of contract, for direct purchase / L1 purchase
	6 <sup>th</sup> or above cases of deviation of norms in uploading of product /service such as uploading in wrong category/ uploading with wrong specifications etc (proven on the basis of sanitization)	Refuses to supply product / services after placement of contract for direct purchase / L1 purchase
	Mis declaration of government transaction experience	Supplies goods of inferior / substandard quality
	Fails to update latest information status on GeM within the prescribed time limit	Non-compliance of Service Level Agreement (SLA) (for Service Contracts)
	Mis-declaration of financial information including turnover and profit	Fails to produce the requisite documents/ information/certificates/test reports etc. during the course of inspection/ assessment at any stage
	Offering lower prices outside GeM	Not honoring warranty obligations
	Offering discontinued (end of life) products	Cancelling the order after acceptance of the order by the seller
	Listing the products / services not in the relevant categories and/or listing the same with vague / conflicting product specifications / details and irrelevant / false product image	Splitting of demands and making repetitive direct purchases or creating multiple bids of same item
Offering product with false authorization or without requisite	Not finalizing the bid/RA within the stipulated time	

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

*Incident Management on GeM 3.0*

	authorization	
	Unreasonable offer price	Unsatisfactory performance of manpower based on skill set or supply of manpower not compliant with contracted skill set
		Delay in CRAC generation <sup>2</sup>
		Delay in payment post CRAC generation <sup>3</sup>
		Refusal to receive the consignment at the consignee place
		Rejecting the goods without any valid reasons
		Delay in Delivery after placing of order in DP/L1
<b>SEVERE</b>	Indulgence in any anti-competitive behavior or cartel formation	Withdraws or modifies or impairs or derogates from the bid in any respect within the period of its validity
	Mis-declaration related to availability of required certifications.	Fails to furnish requisite performance security/PBG within stipulated time required as per e-bid/RA conditions
	Mis-representation of Brand Name/ Brand in Category	Delivering Fake or counterfeit, or refurbished products
		Delay in delivery after placing order in case of Bid/RA
<b>GRAVE</b>	Registering with benami/Fake identity or credentials	Non delivery <sup>4</sup> of the product/ service after successful bidding/RA
	Mis-declaration of Maximum Retail Price (MRP)	Violating the integrity pact
	Submission of fake documents or false statement	Refuses to supply product/services after placement of contract after successful bidding/RA
	Impersonation/ unauthorized use of Brand Name/logo	Exercising corrupt influence on the stakeholder

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

<sup>2</sup>Delay of more than 10 days post scheduled PRC generation date

<sup>3</sup>Delay of more than 10 days post scheduled CRAC generation date

<sup>4</sup>Non- delivery: Seller/SP has not supplied after expiry of delivery period

**Note: CEO-GeM shall have the full discretion to assign a case as Mild/Serious/Severe, in case the deviation is not listed above.**

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

- **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. Some of key identified deviations along with, action to be taken is placed as **Annexure I**.
- **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/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.

**4.** Process flow for handling Reported incidents on GeM is as under:

**4.1. Mild Deviation:**

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

**4.2. SERIOUS Deviation**

Serious deviations are those, which are intentional, malicious or misleading in nature. The process flow for handling serious incidents shall be as follows:

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. 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.

GeM admin may seek further clarification from any of the stakeholder after the Response of the Show Cause Notice has been received. In case of no response within 7 calendar days from the stakeholder from whom ‘Further clarification was sought, GeM may take action as per provisions of the policy.

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

- If no deviation at user end– “Notified” flag off and in case of Seller/SP, the related product/service/cause of deviation is enabled
- In case, there is an unsatisfactory explanation or no response 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<sup>5</sup> 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
    - 90 Days – For every subsequent deviation within a period of previous 120 rolling calendar days
- Deviation reflects in the overall Seller/Buyer rating.

#### **4.3. SEVERE Deviation**

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<sup>5</sup>Suspended 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.

## *Incident Management on GeM 3.0*

Severe deviations are those which have the potential to adversely impact the market eco-system. The process flow for handling severe incidents shall be as follows:

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. 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).

GeM admin may seek further clarification from any of the stakeholder after the Response of the Show Cause Notice has been received. In case of no response within 7 calendar days from the stakeholder from whom 'Further clarification was sought, GeM may take action as per provisions of the policy.

**During show cause period**, the following would apply:

- For buyer - is reflected as "watch listed" in GeM market and Primary user and competent authority to be notified for necessary action.
- For seller/ SP - is reflected as "watch listed" in GeM Market and seller / SP account is "Suspended" from transacting during the show cause period.

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

- No deviation at user end– Watch list flag off and seller / SP/Buyer enabled
- In case of no response or unsatisfactory explanation by Buyer/Seller/SP
  - a) Buyer – Primary user and competent authority to be notified for necessary action.
  - ✓ Seller / SP
    - Disabled by GeM Admin for 90 days- for first and second deviation within a period of previous 180 rolling calendar days
    - Disabled by GeM Admin for 120 days- for third and subsequent deviations within a period of previous 180 rolling calendar days. The Disable period for Severe incidents will include the SCN period. (and up to 12 months with



approval from CEO). Additionally, GeM may recommend the case to Ministry of commerce, GOI for appropriate action.

- Deviation reflects in the overall Seller/Buyer rating

#### **4.4 Grave:**

The Grave incidents are those which adversely impact the reputation/ credibility of the GeM platform. All process flow same as Severe except following change on penalty provisions for Seller / SP:

- Disabled by GeM Admin for 90 days- for first deviation within a period of previous 180 rolling calendar days
- Disabled by GeM Admin for 120 days- for second deviation within a period of previous 180 rolling calendar days
- Disabled by GeM Admin for 180 days – for third and subsequent deviations within a period of previous 240 rolling calendar 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: CEO-GeM shall have the full discretion to increase or decrease the period of penalty based on facts and merit of the case.**

**5. Provision of APPEAL:**

- a) Appeal option will be available once action has been taken against the Buyer / Seller / SP for the incident.
- b) Request for Appeal can be made within 7 calendar days of imposing penalty
- c) Appeal can also be raised after imposing of platform driven penalties.
- d) Provision of Appeal is available only once against one incident by Buyer / Seller/ SP.
- e) Further clarifications may be sought from Buyer/Seller/SP by GeM Admin.
- 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 7 calendar days, 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) In case of resolution of the “Cause of Incident”, the entity that had raised the incident can also recommend “Closure of Incident” with reasons for the recommendation. On such recommendation of the “Incident Raiser”, GeM Admin may examine and take appropriate action.

**6. Impact of Incident on an on-going bid**

<b>Status of Seller /Service Provider</b>	<b>Impact on Technical Bids</b>	<b>Impact on Financial Bids</b>
<b>Disabled or Suspended</b>	<b>Technical Opening Event</b> All Disabled sellers against severe deviation & Suspended sellers against Serious deviation will be disqualified	<b>Financial opening Event</b> Disqualified. These sellers will not be considered for L1 calculation and will be marked as Technically Disqualified due to Severe & Serious Incident respectively
<b>Notified or Watch-listed</b>	All Notified sellers show caused against serious deviation & Watch-listed sellers show caused against severe deviation will be considered for technical evaluation.	The seller’s status will be notified to the buyer. Based on status, buyer may place the order to L1 seller unless disabled.
	<b>Ongoing Technical Evaluation</b>	<b>Ongoing Financial Evaluation</b>
<b>Notified or Watch-listed</b>	The seller status will be notified to buyer. The buyer	The seller’s status will be notified to the buyer. Based on

*Incident Management on GeM 3.0*

	can still proceed with technical evaluation unless the seller is Suspended/Disabled.	status, buyer may place the order to L1 seller unless suspended or disabled
<b>Suspended/Disabled</b>	The seller will be disqualified	<ul style="list-style-type: none"> <li>➤ Buyer is recommended to cancel the bid.</li> <li>➤ In case the buyer does not want to cancel the bid</li> </ul> <ol style="list-style-type: none"> <li>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.</li> <li>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"> <li>a. If one or more L1 is suspended or disabled, the buyer would be allowed to choose any of the L1s who is not suspended/ disabled.</li> <li>b. Buyer can choose to select L1 through random selection by the system, system selection will not include the suspended or disabled L1s</li> </ol> </li> </ol>

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. Monthly reports need to be generated for all such cases.

Rule	Action to be taken <sup>i</sup>
>1contract (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days)	Seller/SP is alerted for corrective Action
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 30 calendar days).	Seller/SP is alerted for corrective Action on each of the 5 such wrong reporting during rolling 30 days
Deviation of norms in uploading the product/service such as uploading in wrong category/uploading with wrong specifications etc. (proven on the basis of sanitization) (upto 5 lapses in a rolling period of 30 calendar days).	Seller/SP is alerted for corrective Action on each of such incidents upto 5 incidents.
>= 3 contracts due for delivery for more than 30 days post scheduled delivery period	Disabled for such time i.e. till the time the seller takes corrective action to bring the pendency to the following level –  Not more than 2 contracts due for delivery for more than 30 days post scheduled delivery period
>2 contracts (Direct /L1 Purchase) auto cancelled or declined in 30 days (rolling 30 days)	Disabled for 30 days.
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	Disabled for 30 Days
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	Disabled for 30 days.

**The above action shall be without prejudice to the penalties imposed, if any, on the seller/service provider based on Reported Incidents.**

<sup>i</sup> Once the action is taken system generated notification will be reflected on respective user’s GeM dashboard and sent through email.