Policy for Vendor Validation

V1.0

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Metadata

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3.	Reviewed By	AK Kamra
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7.	Brief Description	Rule 149 of General Financial Rules-2017, requires GeM to certify the credentials of GeM suppliers. GeM utilises online validations with verified third party data bases, assessment by qualified rating agencies and continuous evaluation of performance in GeM for certifying the supplier credentials.
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Version History

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1.   Introduction

Rule 149 of General Financial Rules-2017, requires GeM to certify the credentials of GeM suppliers. GeM is conceptualised as a complete online platform, where transactions are made with minimal dependence on paper documentation, inspections or physical verification. GeM utilises online validations with verified third party data bases, assessment by qualified rating agencies and continuous evaluation of performance in GeM for certifying the Vendor credentials. These are done in different levels.

   a. The identity, financial status, and other statutory requirements of vendors (OEMs re sellers and service providers) are certified through online data validations at the time of registration.
   b. Manufacturing capacity of OEMs are validated through Third party Agencies.
   c. Reliability and performance of the resellers are continuously evaluated through GeM rating.
   d. Service providers are validated through Quality Council of India.

In order to verify the credentials, three SEBI empanelled, Rating Agencies were deployed by GeM through a competitive process, in June 2017. The assessment fee was required to be paid by the seller themselves. The Vendor Assessment has been made mandatory for OEMs, with certain exemptions. The agencies were required to validate the nature of business entity, identification, financial & professional status, manufacturing capacity and past experience. More than 5,200 vendors have already completed the vendor Assessment by these three agencies.

During initial years, when vendors were new, with limited online validation, GeM didn't have much information on the vendors to validate their credentials and GeM had engaged third party agencies to validate the credentials. Over the years, GeM had put in place more online validations and has access to more information on seller performance in GeM itself, which are more objective. Hence a relook into the present Vendor Assessment Policy has become imperative. The ACEO committee has gone in detail into the Vendor Assessment Policy and made certain recommendations. Thus a new vendor validation Policy is put in place as below.

2. Vendor Validation Policy

The new Vendor Validation Policy covers three distinct aspects of vendors that are captured and validated

A. The vendors profile related information, which include Personal identity, Nature of business entity, Financial and Professional status. These are validated through online integration with respective domain data base as below.

    a. Identity of the vendor: Online verification of AADHAAR/PAN

    b. Name of the key person (in case of Firm/Company)- Online verification through Income Tax Return.

    c. Company Registration: Through CIN validation with MCA-21

    d. GSTN for vendors (having an annual turnover of more than Rs.20,00,000): Through GSTN data base validation.

    e. Financial status (Turnover) of the seller: Through Income Tax Return. The seller has to update turnover with latest financial year, after 15th October every year. In case entities who are exempted from Income Tax and not filing Return of Income, their turnover as declared will be accepted and vendors shall submit documentary evidence to the satisfaction of the buyer, while participating in bids, if turnover is a criteria for bid eligibility.

    f. MSME Status: Through Udyog Aadhaar

    g. Vendors who are start up: Through DPIIT data base.

B. Second aspect is relating to the business entity's profile with respect to the supplying capacity and past experiences. This is applicable only for Original Equipment Manufacturers (OEM). From 1st June 2019, Quality Council of India (QCI) shall verify all OEMs. Initially the verification shall be without any cost. The existing system of Vendor Assessment through empanelled Agencies will be discontinued with effect from 1st June 2019. Exemptions on this mandatory Vendor Assessment for OEMs by QCI are provided as below.

    a. OEMs having annual turnover of Rs. 500 Crore or more.

    b. Central / State PSUs.

    c. Vendors of Stationery items (except paper) where average volume of transactions on GeM for the last three years is less than Rs. 20 lakh.

    d. KVIC, ACASH, WDO, Coir Board, TRIFED.

e. OEMs who are registered with NSIC (for the category for which registration was obtained)

f. OEMs holding BIS License for the particular product category which are validated through BIS database.

g. Micro and Small Enterprises registered with District Industry Centre (DIC) for the particular product category whose credentials are validated through DIC database.

h. ZED Certified sellers

C. Third aspect is the performance of vendors in GeM portal. Once registered and validated either as an OEM or authorized re-seller, the credentials are dynamically validated based on their performance and rating on the platform. This rating establishes credential of the vendors.

3. Validation of Service Provider

Service provider credentials are fully validated by QCI. Once so validated any further updation to the profile will again be subject to pre-validation by QCI.

4. Conclusion

Any updation or change in the status of the information validated at the time of registration or third party assessment shall be enabled for updation by the vendor from time to time with online validation wherever possible.

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