



Government of India
Ministry of Finance, Department of Revenue
Directorate General of Human Resources Development
Indirect Taxes & Customs
IRCON Building, West Wing, Ground Floor,
Plot No. C-4, District Centre, Saket,
New Delhi-110017



F. No. 901/92/Admn./GeM/HRD/2018

Dated: 21 July, 2020

To
All Pr. Chief Commissioners/Pr. Directors General,
All Chief Commissioners/Directors General,
Central Board of Indirect Taxes and Customs.

Sir/Ma'am,

Subject: Prompt payment to suppliers including MSMEs: Charging of interest on delayed payments in Government e-Marketplace (GeM) – reg.

Please find enclosed a copy of O.M. dated 03.07.2020 issued vide No.F.6/18/2019-PPD by the Procurement Policy Division, Department of Expenditure, Ministry of Finance, on the above-mentioned subject, for information and further necessary action.

Yours sincerely,

Encl.: As above (1 page).

(Renu K. Jagdev)

Pr. Additional Director General (Admn.)

Copy to:

1. The Webmaster, CBIC, New Delhi
2. O/o DG, HRD (HRM-I) for uploading on DGHRD website.

512, Lok Nayak Bhawan,
New Delhi Dated the 3rd July 2020

OFFICE MEMORANDUM

Subject: Prompt payment to suppliers including MSMEs: Charging of interest on delayed payments in Government e-Marketplace (GeM)

Reference : This Department O.M. No.F.6/18/2019-PPD dated 23.01.2020.

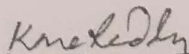
Government has been repeatedly emphasizing the need for prompt payment to vendors specially the MSME vendors. The intent of the Government in this regard has been articulated under the Aatmanirbhar Bharat pronouncements. For procurements made under rule 149 of GFRs 2017, buyers are mandated to make payments within 10 calendar days after generation (including auto generation) of Consignee Receipt and Acceptance Certificate (CRAC) in the GeM.

2. In order to promote greater discipline and timeliness in payment to vendors, it is decided that whenever a CRAC is auto generated or issued by a buyer and payment is not made 10 days thereafter, the buyer organization will be required to pay penal interest @ 1% per month for the delayed payment beyond the prescribed timeline till the date of such payment. The charge of interest shall be prorated for the period of delay. [For example, if CRAC is generated on the 1st day of a month and payment is made by the buyer organization on the 20th day of the month, interest for 10 days will be charged. The penal interest will be 10/30 multiplied by 1% i.e. 0.33%]. Month may be taken as 30 days in all cases.

3. The amount collected in this regard shall be deposited in an account maintained by GeM. This interest will not be paid to the vendor and will be kept by GeM in a separate account which will be used only for the education of sellers/buyers etc., or other purposes related to GeM or public procurement with the prior approval of Department of Expenditure. This shall not cover any other interest payable to vendors under any law or contractual obligations, which will be over and above the interest as charged above.

4. The above conditions will be applicable for all procurements made from 1st October, 2020.

5. This issues with the approval of Finance Minister.


(Kotluru Narayana Reddy)

Deputy Secretary to the Govt. of India
Tel.No.24621305. Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to:

1. CGA, CGDA, FC/Railway Board - For information and necessary action.
2. Secretary, Department of Public Enterprises with a request to consider issuing appropriate instructions to Public Sector Undertakings in this regard.