

पूर्व मध्य रेल
East Central Railway

Confidential

कार्यालय
प्रधान मुख्य सामग्री प्रबंधक,
हाजीपुर-844101
Office of the
Principal Chief Materials Manager,
Hajipur - 844101.
Dated : 02.05.2025

No. ECR/SMM/CMM-II/Vig./25

**All Stores Officers
E. C. Railway.**

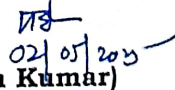
Sub : System improvement letter regarding inclusion of milestone based payment in GeM Contracts.

Ref. : Dy. CVO((S)/ECR/HJP's letter No. ECR/Vig/System Improvement/50 dt. 09.04.2025.

Vide letter under reference above, the instance of not mentioning payment terms in GeM contract for supply of Air conditioners has been informed. It has also been informed that in covering IMMS PO, payment term was mentioned as : 100% of receipt and acceptance of material by consignee." Acceptance of the material in this case could be established only after installation, testing and commissioning. Delay in installation, testing and commissioning resulted in delay in payment.

GeM has introduced milestone-based payments for contracts involving supply, installation, testing and commissioning. Implementing milestone based payments will enhance dispute resolution and enable imposition of penalties for inefficiencies at specific contract stages.

It is, therefore, advised that "normally for GeM Contracts involving supply, installation, testing and commissioning as scope of supply, inclusion of milestone based payment may be explored in consultation with the indenter, precisely defining payment percentages to be made after completion of each stage/milestone. This will facilitate more effective contract management in subsequent stages of contract execution based on the merit of the case.


(Mahesh Kumar)
Chief Materials Manager-II
E.C. Railway, Hajipur.

CC : Dy.CVO(S)/ECR/HJP - for kind information.

764



पूर्व मध्य रेल

CONFIDENTIAL
SIL No: 07/2025

कार्यालय
महाप्रबंधक/सतर्कता
हाजीपुर

Dated: 09.04.2025

No.: ECR/Vig/System Improvement/50

PCMM
ECR/HJP

CMM/II
for Police orders
16/4/25

Sub.: System improvement letter regarding inclusion of milestone based payment in GeM Contracts


During the course of investigation of a case related to GeM Purchase of DNR division, it has been observed that the scope of supply in contract included Installation, testing and commissioning of the air conditioners in addition to the supply of material. Payment terms were not mentioned in the GeM Contract, while in the iMMS coverage P.O., it was mentioned as "100% ON RECEIPT AND ACCEPTANCE OF MATERIALS BY CONSIGNEE". The acceptance of the material could be established only if the material is installed, tested and commissioned as per the scope of supply incorporated in the contract.

Delays in the completion of the full scope of supply, including installation, testing, and commissioning, consequently lead to delay in the issuance of the Consignee Receipt and Acceptance Certificate (CRAC). This delay in CRAC issuance directly impacted the processing of supplier bills and result in delayed payments. While as per General Terms and Conditions of GeM, the date of receipt is determined by the Provisional Receipt Certificate (PRC) issued immediately upon delivery of material, a conflict between this clause and the actual conditions for final acceptance can create ambiguities and payment disputes with suppliers.

The investigation further revealed that GeM has introduced milestone-based payments for contracts involving supply, installation, testing, and commissioning. Implementing milestone payments would enhance dispute resolution and enable the imposition of penalties for inefficiencies at specific contract stages.

Therefore it is recommended that appropriate instruction may please be issued to ensure that **"For GeM Contracts involving supply, installation, testing and commissioning as scope of supply, inclusion of milestone based payment may be explored in consultation with the indenter, precisely defining payment percentages to be made after completion of each stage/milestone. This will facilitate more effective contract management in subsequent stages of contract execution."**

This has been issued with the approval of SDGM/ECR/HJP.


(Udyachal Kumar)
Dy. Chief Vigilance Officer (S)
For GM/Vigilance