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Government of Tamil Nadu  
2018



MANUSCRIPT SERIES

## FINANCE [Salaries] DEPARTMENT

**G.O.(Ms).No.154, Dated 3<sup>rd</sup> May 2018**

(*Vilambi, Chithirai -20, Thiruvalluvar Aandu 2049*)

### **ABSTRACT**

**Public Procurement** – Government e-Marketplace (GeM), Government of India - Optional procurement of goods and services through (GeM) – Mode of Payment - Constitution of Revolving Fund for On-line Payment- Sanction - Orders – Issued.

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#### **Read the following:-**

1. G.O.(Ms).No.207, Finance (Salaries) Department, dated: 04.07.2017.
2. From the Principal Secretary / Commissioner of Treasuries and Accounts, Chennai-35, Letter No. R.C.No.003233/IFMS/2018 dated: 08.03.2018.
3. G.O.(Ms).No.119, Finance (Salaries) Department, dated: 04.04.2018.

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#### **ORDER:**

The Government of India launched online Government e-Marketplace (GeM) as one stop shop for common use goods and services, which allows a completely paperless and cashless system of procurement, thereby minimizing human interface. The GeM has been approved as National Public Procurement Portal and mandatory for all Central Government organizations.

**2.** In the Government Order first read above orders were issued adopting the online Government e-Marketplace (GeM) of Government of India along with its terms and conditions as specified by the Director-General of Supplies & Disposal (DGS&D) from time to time, as an optional mode for procurement of goods and services by procuring entities of Tamil Nadu such as Government Departments, Public Sector Undertakings of the Government, Statutory Boards formed by the Government, Local Bodies in the State, Co-operative Institutions in the State, Universities formed by the Government and Societies formed by the Government subject to certain restrictions and issued following orders. Subsequently, a Memorandum of Understanding (MoU) was entered with the GeM-SPV on 24.01.2018.

**3.** In the MoU, it is provided for integrating the GeM system with the treasury payment system of Tamil Nadu facilitating online and time bound

payment to suppliers / service providers. The Central Government Ministries / Departments have been integrated with the Public Finance Monitoring System (PFMS). The MoU has provision for integrating the State treasury payment system with PFMS like system and to adopt pooling account payment mode till the integration is achieved. Alternatively, the GeM has suggested the maintenance of Revolving Fund for online payment to suppliers and service providers. Accordingly, it is proposed to integrate the GeM system with the Integrated Financial and Human Resources Management System (IFHRMS), to be implemented, as a tool to provide long term solution for carrying out functions of Government Departments. Till such integration, it is also proposed to make payment under GeM through a Revolving Fund.

**4.** In the Government Order third read above, orders were issued designating the Commissioner of Treasuries and Accounts as Nodal Officer for procurement programme of Government e-Marketplace (GeM).

**5.** The Principal Secretary / Commissioner of Treasuries and Accounts has submitted a proposal for constituting a Corpus / Revolving Fund as detailed below for making payment to GeM vendors:

- a) The Government may create a corpus fund through budgetary process for placing the fund in the Revolving Fund Account for procurement of goods and services through GeM Portal. This corpus fund may be of certain percentage of total procurement budget of State Government depending upon the need and requirement;
- b) Government may appoint the Principal Secretary / Commissioner of Treasuries and Accounts as the Nodal Authority for monitoring the Revolving Fund / GeM Pool Account;
- c) The corpus fund amount so fixed by the Government may be allowed to draw by the Principal Secretary / Commissioner of Treasuries and Accounts for depositing into a separate Bank Account termed as "GeM Pool Account" (in the nature of Current Account / Savings Account to be opened for this purpose) with State Bank of India or with any other bank from the list of banks which are integrated with GeM;
- d) The buying entities shall have adequate Budget before making any order in the GeM portal;
- e) The buying entities may be authorised to use the GeM Pool Account details while creating the Primary and Secondary User Accounts in the GeM Portal;
- f) The Revolving Fund in the Bank Account may not be lapsed at the end of the Financial Year;

- g) At any point of time, the total value of the order under pipeline/process may not be allowed to exceed the amount/fund deposited in the Revolving Fund Account. Hence, the buyers concerned have to ensure that the total value of the contract under the process shall be equal or less than the amount lying in the Revolving Fund Account at any point of time;
- h) Government may fix a maximum ceiling amount for procurement through the GeM portal by the Buyers at least for an initial period of two years. Any procurements exceeding the limit fixed by the Government may follow the procurement procedures as per "The Tamil Nadu Transparency in Tenders Act,1998;"
- i) In case the limit of the corpus is exhausted and a new buyer has come for placing the order, he has got two options;
  - (i) Either he may wait till the revolving account is recouped by the buyer who has already made procurement and processed payment from the revolving fund corpus through GeM Portal;  
Or
  - (ii) Arrange for advance payment equivalent to estimated cost of his procurement (from his own budgetary allocations / from the exclusive budgetary allocations for the procurements through GeM vested with Commissioner of Treasuries and Accounts who is the nodal authority managing the corpus fund) and deposit the fund in the Revolving Fund Account;
- j) Since there is no refund process available in the State GeM Pool Account (SGPA) mode, the buyer may be instructed to be more vigilant while making payments in the GeM portal and effect all deductions to be made on procurement like Tax Deducted at Source (TDS), Liquidated Damages etc., without fail;
- k) Once the order is placed by the buyer, Government may direct the Departmental buyers to submit recoupment bills with Treasuries / Pay and Accounts Offices concerned within 10 days of receipt of the consignment;
- l) The deductions made by the buyer while making the payment in the GeM portal shall be duly mentioned under the relevant Head of Account while submitting the recoupment bill with the Treasuries / Pay and Accounts Offices without fail;
- m) Government may authorize Heads of Department / Commissioner of Treasuries and Accounts for creating the primary user account in the GeM portal and all the secondary user accounts of GeM portal shall be created only by HODs concerned Commissioner of Treasuries and Accounts;
- n) In case, if the HoDs concerned are only designated as central agency / primary user for creation of the secondary users of their

Department, arrangements may be made through GeM for Commissioner of Treasuries and Accounts for monitoring and tracking the orders which would be placed by various buyers across multiple Departments of the State Government;

**6.** The Principal Secretary / Commissioner of Treasuries and Accounts has also proposed to create a “GeM Monitoring Team” in the Directorate of Treasuries and Accounts to operate, monitor and reconcile the revolving fund to be created for this purpose.

**7.** The existing Government Orders provide for invoking optional mode of procurement through GeM only for low value procurement i.e. not exceeding Rs. 10 lakh for procurement of goods/services except motor vehicles and Rs. 20 lakh for motor vehicles. Considering its advantages, the procurement through GeM is being extended to high value procurement also by granting exemption under section 16 of the Tamil Nadu Transparency in Tenders Act, 1998.

**8.** The Government, after careful consideration, accord sanction to constitute a Revolving Fund as detailed below, for making online payment to suppliers/service providers in procurements through GeM till integration of GeM system with Integrated Financial and Human Resource Management System (IFHRMS) is achieved:

(i) The corpus of the Revolving Fund shall be Rs.20 crore (Rupees Twenty crore only);

(ii) The Revolving Fund shall be administered by the Commissioner of Treasuries and Accounts, who has already been designated as State Nodal Officer for procurement programme of GeM;

(iii) The Revolving Fund Account shall be maintained as a non-lapsable escrow account in the State Bank of India, duly executing appropriate Memorandum of Understating (MoU);

(iv) The Revolving Fund shall be utilised by all Government departments for procurement without any ceiling, provided the timely recoulement should be ensured to maintain the corpus at Rs.20 crore; and

(v) The Revolving Fund Account shall be operated as per guidelines to be framed by the Commissioner of Treasuries and Accounts;

**9.** The Government also sanction the creation of a “GeM Monitoring Team” in the Directorate of Treasuries and Accounts, Chennai with staff strength of 1 Accounts Officer, (Level-23, Rs.56,900-1,80,500) 1 Superintendent (Level-18, Rs.36,900-1,16,600) and 2 Accountants (Level-10, Rs.20,600-65,500) to operate, monitor and reconcile the above said Revolving Fund.

**10.** The expenditure sanctioned above shall be debited to

**“2054.00. Treasuries and Accounts administration -**

**095. Directorate of Accounts Treasuries:-  
State’s Expenditure –**

- JD. Revolving Fund for Procurement of Goods and Services through Government e-Marketplace (GeM)**
- 10. Contributions**
- 01. Contribution to Specific Fund**

**(DPC 2054 00 095 JD 1016)”**

**11.** The Principal Secretary / Commissioner of Treasuries and Accounts is authorized to draw and deposit the amount sanctioned above.

**12.** The Principal Secretary / Commissioner of Treasuries shall frame detailed guidelines as ordered in para 8 above and communicate to all Government departments so as to ensure timely on-line payment for procurement through GeM.

**13.** The Principal Secretary / Commissioner of Treasuries shall also include the payment guidelines in the training programmes organized by the GeM Business Facilitator.

**14.** This order issues with the concurrence of Finance (CMPC) Department, C.No.23070/2018, dated: 03.05.2018.

**(BY ORDER OF THE GOVERNOR)**

**K.SHANMUGAM  
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT.**

**To**

All Secretaries to Government.

The Secretary, Legislative Assembly, Secretariat, Chennai-9.

The Comptroller, Governor's Household, Raj Bhavan, Chennai-32.

The Governor's Secretariat, Raj Bhavan, Guindy, Chennai-32.

All Heads of Department.

All Collectors / All District Judges /All Chief Judicial Magistrates.

All Departments of Secretariat.

The Principal Accountant General(A&E), Chennai-18

The Accountant General (Audit-1), Chennai-35.

The Accountant General (Audit-II), Chennai-6.

The Accountant General (CAB), Chennai-9.

The Principal Secretary / Commissioner of Treasuries and Accounts, Chennai-35.

All Pay and Accounts Officers/All Treasury Officers.

The Chairman, Tamil Nadu Public Service Commission, Chennai-3.

The Registrar, High Court, Chennai-600 104.

The Registrars of all Universities.

All State Owned Corporations and Statutory Boards.

The Commissioner, Corporations of Greater Chennai /Madurai  
/Coimbatore / Tiruchirappalli / Salem / Tirunelveli / Erode / Tiruppur  
/ Vellore / Thoothukudi, Thanjavur, Dindigul

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The Director General, Directorate General of Supplies and Disposals,  
Ministry of Commerce and Industry, Government of India, New Delhi-  
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The Senior Principal Private Secretary to the Additional Chief Secretary to  
Government, Finance Department, Chennai-9.  
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Government, Finance Department, Chennai-9.  
All Officers / All Sections in Finance Department, Chennai-9.  
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**-/ Forwarded : By Order /-**

*D. S. Srinivasan*  
**SECTION OFFICER**