

No. DPE-7(4)/2007-Fin  
Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises  
\*\*\*\*\*

Public Enterprise Bhawan  
Block No. 14, CGO Complex  
Lodhi Road, New Delhi- 110003

Date: 08.07.2020

**OFFICE MEMORANDUM**

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

The undersigned is directed to forward copy of D/o Expenditure OM No. F.6/18/2019.PPD dated 03.07.2020, on the subject cited above, regarding charging of interest on delayed payments in Government e-Marketplace (GeM) for information and compliance by the CPSEs functioning under your administrative control.

2. This issues with the approval of competent authority.

(Kalyani Mishra)  
Director  
Tel. 24362061

Encl.: As above

To  
The Secretaries to the Administrative Ministries/Departments of CPSEs.

**Copy for information to:**

1. CMDs/CEOs of all CPSEs
2. Sh. Kotluru Narayana Reddy, Deputy Secretary, Public Procurement Division, D/o Expenditure, 512, Lok Nayak Bhawan, New Delhi, in respect of OM No. F.6/18/2019.PPD dated 03.07.2020.

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 1<sup>st</sup> day of a month and payment is made by the buyer organization on the 20<sup>th</sup> 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 1<sup>st</sup> October, 2020.

5. This issues with the approval of Finance Minister.

*K. N. Reddy*  
(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.

*U. Mishra*  
6.7.20

*AD (AR)*

67 20

OFFICE OF SECRETARY  
47/99  
3/7/20

*AD (AR)*

*6/10/2020*

*AS (RRC)*

*P. S. Chandra*

*AS (RRC)*