



Framework for Buyer Rating on GeM 3.0

Metadata

| S.No. | Data elements | Values |
|-------|-----------------------|---|
| 1 | Title | Framework for Buyer Rating on GeM |
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| 4 | Approved By | Competent authority of GeM |
| 5 | Brief Description | This Documents defines the parameters on the basis of which Buyer rating on GeM Platform is calculated. |
| 6 | Target Audience | Stakeholders of GeM including buyers, sellers, industry associations, partners etc. |
| 7 | Publisher | GeM |
| 8 | Number of Pages | Six |
| 9 | Document Number | GeM/ Transition 3.0/BRT/V1.0 |
| 10 | Last Update | 24 Jan 2018 |
| 11 | Periodicity of Update | As per the requirement |

Version History

| Sr. No. | Document version | Release date | Drafted by |
|---------|------------------|--------------|------------|
| 1. | Version 1.0 | 24Jan 2018 | GeM |

1. Introduction

With a mandate to create and operate a marketplace with systems that support procurement related decisions by buyer agencies in government, Buyer Rating becomes a key component of the overall system. Government should have a whole sum view and tracing of timely receipt, overdue payments, and adherence to all service levels created by GeM. Hence, the system should evaluate buyers' performance on a continuous basis. This will reward outstanding performers, and track and list poor performing buyers, which will cultivate a healthy environment amongst buyers to improve their performances. The Buyer Rating System will give an objective basis to facilitate Government Organizations and GeM Admin in identifying below par users, reason the SLA breaches and take appropriate action.

In view of above, Buyer Rating criteria have been made on the basis of the activities performed by the Buyer on GeM 2.0, based on various parameters that capture the Buyer's adherence to GeM Service Levels. For calculating the Buyer Rating for GeM 2.0, four parameters have been considered with different weightages. However, buyer rating is an evolving concept, and GeM 3.0 will have additional features, so that, from time to time, additional parameters may be added, which will be updated into the document.

Note: Each Parameter's Rating varies from 5 to 0, where in 5 being the highest and 0 being the Lowest

2. Parameters for the Buyer Rating

2.1 Timely Bid Closure (Weightage – 15%)

This factor monitors the effectiveness of the Buyer in adhering to GeM service levels related to Bid/RA timelines. This parameter considers the capability of the Buyer to close the Bid/RA and create the Indent in stipulated time frame, i.e. within 21 days post the bid submission date. The rating is calculated at each Bid/RA level, and the average is calculated for the final rating of the parameter. Only Closed Bids/RAs are considered for this rating. The Matrix for rating is as given below:

| Conditions | Rating |
|--|-----------------------|
| Indent is created on or before stipulated time (within 21 days post bid submission date) | 5 |
| Indent is created after stipulated time within 20 days delay | (5 - delay days*0.25) |

| Conditions | Rating |
|---|--------|
| Indent is created after stipulated time with ≥ 20 days delay | 0 |

For the Bids/RAs which are not closed or for the buyers with no Bid/RA, this rating will not be applicable

2.2 Timely Order Placing (Weightage - 15%)

This parameter monitors the punctuality of Buyers in generating orders after the creation of Indent. The rating is calculated at each order level, and the average is calculated for the final rating of the parameter. Only Indents converted into orders are considered for this rating. The matrix for rating is as given below:

| Conditions | Rating |
|---|--------------------------------------|
| Order is placed on same day of Indent creation | 5 |
| Order is placed within 20 days of Indent creation | $\{5 - (\text{delay days} * 0.25)\}$ |
| Order is created after 20 days of Indent creation | 0 |

For the Indents against which the order has not been placed yet or for the buyers with no Indent, this rating will not be applicable.

2.3 Timely Acceptance (Weightage - 30%)

This factor monitors the punctuality of the Consignee in the acceptance of consignments (i.e. issuance of Consignee Receipt and Acceptance Certificate, CRAC) after the receipt of shipment from the supplier within the defined time frame. The SLA time frame is 10 days post receipt of goods. This rating is calculated at each order level, and the average is calculated for the final rating of the parameter. Only accepted orders or orders due for acceptance post the SLA period (10 days post receipt of consignment) are considered for the rating. The matrix for rating is as given below:

| Conditions | Rating |
|--|---------------------------------|
| CRAC is generated on or before SLA period | 5 |
| CRAC is generated after SLA period within 1 - 10 days delay or CRAC Generation is due within 1 – 10 days post scheduled period | $(5 - \text{delay days} * 0.1)$ |
| CRAC is generated after SLA period within 11 - 30 days delay or CRAC Generation is due within 11 – 20 days post scheduled period | $(5 - \text{delay days} * 0.2)$ |

| Conditions | Rating |
|---|--------|
| CRAC is generated after 30 days post SLA period or CRAC Generation is due for more than 20 days post scheduled period | 0 |

For the orders which are not due for acceptance, or for Buyers with no orders, this rating will not be applicable.

2.4 Timely Payments (Weightage - 40%)

This factor monitors the promptness of the DDO/PAO/Treasury Officer in making payment to the Seller after the acceptance of consignment. The SLA time frame for payment post acceptance of consignment is 10 days. This rating is calculated at each order level, and the average is calculated for final rating of the parameter. Only paid orders or orders due for payment post SLA period (10 days post acceptance of consignment/CRAC Generation) are considered for the rating. The matrix for rating is as given below:

| Conditions | Rating |
|--|--------------------------------|
| Payment is done on or before SLA period | 5 |
| Payment is done after SLA period within 1 - 50 days delay or Payment is due within 1 – 30 days post scheduled period | (5 - delay days*0. 1) |
| Payment is done after 50 days post SLA period or Payment is due for more than 30 days post scheduled period | 0 |

For the orders which are not due for payment or for the buyers with no orders, this rating will not be applicable.

3. Final Buyer Rating

The weightage average of the above mentioned four parameters will be considered for the calculation of the final Buyer Rating.

For example –the Buyer Rating of a Buyer A, who has placed five orders, will be calculated as follows:

| Order No. | Timely Bid Closure | Timely Order Placing | Timely Acceptance | Timely Payments |
|----------------|--------------------|----------------------|-------------------|-----------------|
| 01 | 4 | 3 | 4 | 1 |
| 02 | 4 | 4 | 3 | 3 |
| 03 | 4 | 3 | 3 | 2 |
| 04 | 4 | 5 | 4 | 3 |
| 05 | 4 | 5 | 4 | 4 |
| Simple Average | 4 | 3.4 | 3.6 | 2.6 |

Buyer's Rating = $(4*0.15) + (3.4*0.15) + (3.6*0.3) + (2.6*0.4) = 3.23$; where the Simple Average of each sector is multiplied by the weights assigned to the respective sector.

- **For a new Buyer, the rating will be the average rating of the system, but if the Buyer remains inactive for a long time; his rating will decrease by 1 every month.**
- If, in certain cases, all the individual ratings of Buyers are available except the timely bid closure (NA case), the overall rating will be calculated on the basis of the remaining three.
- As per current norms, the Buyer Rating is not impacted by the amount/value of the order.

4. Benefits to Buyer

1. A strong Buyer Rating system will reward good performance by the Buyer, and more Sellers would like to do business with a highly rated Buyer.
2. Buyers will be able to attract better prices from Sellers, as more Sellers will like to do business with highlyrated Buyers.

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