

GFR 2017(Govt Financial Rules)

Introduction

1. “**Consolidated Fund**” means the Consolidated Fund of India referred to in Article 266 (1) of the Constitution; **(rule- 2(vii))**
2. “**Contingency Fund**” means the Contingency Fund of India established under the **Contingency Fund of India Act, 1950**, in terms of Article 267 (1) of the Constitution; **(rule2 (ix))**
3. “**Drawing and Disbursing Officer**” means a Head of Office and also any other Gazetted Officer so designated by a Department of the Central Government, a Head of Department or an Administrator, to **draw bills and make payments** on behalf of the Central Government. The term shall also include a Head of Department or an Administrator where he himself discharges such function; **(rule-2(xii))**
4. “**Government Account**” means the account relating to the Consolidated Fund, the Contingency Fund and the Public Account; as defined in these rules; **(rule-2(xvi))**
5. “**Public Account**” means the Public Account of India referred to in Article 266 (2) of the Constitution; **(rule-2(xxiv))**
6. **CAPEX model**: In the CAPEX Model, Capital expenditures is used by the buyer to straightway purchase goods followed by procurement of consumables, arranging comprehensive maintenance contact after warranty period and finally disposing the product after useful life; **(rule-2(xxxi))**
7. **OPEX model**: In the OPEX model, the Seller provides the goods, maintains it and also provides the consumables as required and finally takes back the goods after useful / contracted life. The expenditure is made by the Buyer in a staggered manner as per the terms and conditions of the contract. **(rule-2(xxxii))**

General System of Financial Management

Rule 7 All moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government Account without delay, in accordance with such general or special rules as may be issued under Articles 150 and 283 (1) of the Constitution.

Rule 8 Under Article 284 of the Constitution all moneys received by or deposited with any officer employed in connection with the affairs of the Union in his capacity as such, other than revenues or public moneys raised or received by Government, shall be paid into the Public Account.

Rule 9 It is the duty of the Department of the Central Government concerned to ensure that the receipts and dues of the Government are correctly and promptly assessed, collected and duly credited to the Consolidated Fund or Public Account as the case may be.

Rule 10 The Controlling Officer shall arrange to obtain from his subordinate officers monthly accounts and returns in suitable form claiming credit for the amounts paid into the treasury or bank as the case may be, or otherwise accounted for, and compare them with the statements of credits furnished by the Accounts Officer to see that the amounts reported as collected have been duly credited.

Rule 16 (1) Fines . Every authority having the power to impose and/ or realize a fine shall ensure that the money is realized, duly checked and deposited into a treasury or bank as the case may be.

Rule 16 (2) Every authority having the power to refund fines shall ensure that the refunds are checked and no double refunds of amounts of fines collected or refunds of fines not actually paid into a treasury or bank as the case may be, are made

Remission of Revenue

Rule 18 Remission of Revenue. A claim to revenue shall not be remitted or forfeited without the approval of competent authority.

Rule 19 (1) Heads of Departments, , shall submit annually on the **1st of June** to the Audit Officer and the Accounts Officer concerned, **statements** showing the **remissions of revenue and abandonment of claims** to revenue sanctioned during the preceding year by competent authorities, individual remissions below **Rupees one thousand** need not be included in the statements.

Rule 19 (2) For inclusion in the statements referred to in Rule 19 (1) above, **remissions and abandonments should be classified broadly with reference to the grounds on which they were sanctioned and a total figure should be given for each class.** A brief explanation of the **circumstances leading to the remission** should be added in the case of each class.

Standards of financial propriety.

Rule 21 Standards of financial propriety. Every officer authorizing expenditure from public moneys should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following: -

- (i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- (ii) The expenditure should not be prima facie more than the occasion demands.
- (iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- (iv) Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless –
 - (a) a claim for the amount could be enforced in a Court of Law, or
 - (b) the expenditure is in pursuance of a recognized policy or custom

Rule 22 Expenditure from Public Funds. No authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from public funds (**Consolidated**

PROCUREMENT OF GOODS AND SERVICES

Rule 143 Definition of Goods.

The term 'goods' include tangible products like material, commodity, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant, vehicles, aircraft, ships, medicines, railway rolling stock, accessories, or intangible products like software, licenses, patents or other intellectual properties purchased or otherwise acquired for the use of Government **but excludes books, publications, periodicals, etc. for a library.** The term 'goods' also includes works and services which are **incidental or consequential** to the supply of such goods, such as, transportation, insurance, installation, commissioning, training and maintenance.

Rule 144 Fundamental principles of public buying (for all procurements including procurement of works).

Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. The procedure to be followed in making public procurement must conform to the following yardsticks :-

(i) The description of the subject matter of procurement to the extent practicable should -

- a) be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics.
- b) not indicate a requirement for a particular trade mark, trade name or brand.

(ii) the specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential features, which may result in unwarranted expenditure.

- (iii) Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards. In case of Government of India funded projects abroad, the technical specifications may be framed based on requirements and standards of the host beneficiary Government, where such standards exist. Provided that a procuring entity may, for reasons to be recorded in writing, adopt any other technical specification.
- (iv) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.
- (v) offers should be invited following a fair, transparent and reasonable procedure.
- (vi) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.
- (vii) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.
- (viii) at each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.
- (ix) a complete schedule of procurement cycle from date of issuing the tender to date of issuing the contract should be published when the tender is issued.
- (x) All Ministries/Departments shall prepare Annual Procurement Plan before the commencement of the year and the same should also be placed on their website.

Rule 145 Authorities competent to purchase goods.

An authority which is competent to incur expenditure may sanction the purchase of goods required for use in public service in accordance with provisions in the Delegation of Financial Powers Rules, following the general procedure contained in the following rules.

Rule 146 Procurement of goods required on mobilisation

Procurement of goods required on mobilisation and/ or during the continuance of Military operations shall be regulated by special rules and orders issued by the Government on this behalf from time to time.

Rule 147 Powers for procurement of goods.

The Ministries or Departments have been delegated full powers to make their own arrangements for procurement of goods. In case, however, a Ministry or Department does not have the required expertise, it may project its indent to the Central Purchase Organisation (e.g. DGS&D) with the approval of competent authority. The indent form to be utilised for this purpose will be as per the standard form evolved by the Central Purchase Organisation

Rule 148 Rate Contract.

DGS&D shall conclude rate contracts with the registered suppliers for such goods, which are not available on GeM, and are identified as common use items and are needed on recurring basis by various Central Government Ministries or Departments. DGS&D will furnish and update all the relevant details of the rate contracts on its website. The Ministries or Departments shall follow those rate contracts to the maximum extent possible.

Government e-Market place (GeM).

Rule 149. Government e-Market place (GeM).-DG S&D or any other agency authorized by the Government will host an online Government e-Marketplace (GeM) for common use Goods and Services. The Procurement of Goods and Services by Ministries or Departments will be mandatory for Goods or Services available on GeM. The GeM portal shall be utilized by the Government buyers for direct on-line purchases as under:-

- a) Up to Rs.25,000/- **through any of the available suppliers** on the GeM, meeting the requisite quality, specification and delivery period.