

CENTRAL SILK BOARD  
BANGALORE-560068.

C I R C U L A R

Sub:- Highlights of Swamy's Compilation – General Financial Rules – Incorporating Compendium of Rules on Advances to Govt. Servants – 2005 – reg.

The Govt. of India has incorporated several revisions in the New General Financial Rules, 2005 in general and with reference to the "Works" and "Procurement of goods and services" in particular, under Chapter 5 and 6 of the Swamy's Compilation – General Financial Rules – Incorporating Compendium of Rules on Advances to Govt. Servants – 2005.

Some of the important provisions and decisions under these Chapters referred to above are reproduced below for reference which have to be followed in common by all the Department under the Central Government with the exceptions as provided therein:-

I. WORKS:

- RULE 126 (1): Execute repair works directly, estimated to cost upto Rupees Ten lakhs after following due procedure indicated in Rule 132.
- RULE 126 (2): Assign repair works estimated to cost above Rupees Ten lakhs and upto Rupees Thirty lakhs to any Public Works Organization, which include State Public Works Department, Central Public Works Department, Military Engineering Services (MES), etc.
- RULE 126 (3): All original works costing upto Rupees Ten lakhs may be assigned to a Public Works Organizations as defined in Rule 126 (2) above.

- RULE 126 (4): All original works estimated to cost above Rupees Ten lakhs and repair works estimated to cost above Rupees thirty lakhs may be got executed through a Public Works Organization as defined in Rule 126 (2) above, after consultation with the Ministry of Urban Development.
  
- RULE 129 (1): No works shall be commenced or liability incurred in connection with it until –
  - i. administrative approval has been obtained from the Appropriate Authority in each case,
  - ii. sanction to incur expenditure has been obtained from the Competent Authority,
  - iii. a properly detailed design has been sanctioned,
  - iv. estimates detailing specifications and quantities of various items are to be prepared as per the Schedule of Rates maintained by the CPWD or other Public Works Organizations and sanctioned,
  - v. necessary Budgetary provisions are to be provided and approved during the year,
  - vi. tenders to be invited and processed in accordance with Rules, and
  - vii. Work Order (s) is/are issued.
  
- RULE 129 (3): Any development of a Project/Work is considered necessary while a Work is in progress, which is not contingent on the execution of Work as first sanctioned, it shall have to be covered by a Supplementary Estimate.
  
- RULE 131: Any anticipated or actual savings from a sanctioned Estimate for a definite Project, shall not, without special approval, be applied to carry out additional work not contemplated in the original Project.
  
- RULE 132: Broad procedure to be followed for execution of Works under its own arrangements shall be as under -

- i. Detailed procedure shall be prescribed by Departmental regulation framed in consultation with the Accounts Officer based on the procedures and the principles underlying the Financial and Accounting Rules, prescribed for similar Works carried out by the CPWD,
  - ii. Preparation of detailed Design and Estimates shall precede any sanction for Works,
  - iii. No Work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the Competent Authority based on the Estimates framed,
  - iv. Open Tenders will be called for works costing Rupees Five lakhs to Rupees Ten lakhs,
  - v. Limited Tenders will be called for Works costing less than Rupees Five lakhs,
  - vi. Execution of Contract Agreement or Award of Work should be done before commencement of the Work, and
  - vii. Final payment for Work shall be made only on the personal Certificate of the Officer-in-charge of execution of the Work in the prescribed Format.
- RULE 133: For original Works and repair Works entrusted to a Public Works Organization, the Administrative Approval and Expenditure Sanction shall be accorded and Funds allotted under the Rules, and in accordance with the Delegation of Financial Power Rules, 1978.

## II. PROCUREMENT OF GOODS & SERVICES:

- RULE 137: Fundamental principles of public buying: Every Authority delegated with the financial powers for 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 specifications in terms of quality, type, etc., as also quality of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring Organization; the specifications so drawn should meet the basic needs without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs,
- ii. tenders should be invited following fair, transparent and reasonable procedure,
- iii. the Authority procuring should be satisfied that the selected offer adequately meets the requirements in all respects,
- iv. the Procuring Authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required, and
- v. the concerned Procuring Authority, at each stage of procurement, must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

- RULE 138: An Authority which is competent to incur contingent expenditure may sanction the purchase of goods required for use, by following the General Purchase Procedure.
- RULE 141: The Central Purchase Organization (DGS&D) shall conclude Rate Contracts for goods and items of standard types and shall furnish and update all the relevant details of the Rate Contracts in its website. Rate Contracts shall be followed to the maximum extent possible.
- RULE 142:
  - i. The Central Purchase Organization (DGS&D) will prepare and maintain item-wise lists of eligible and capable suppliers of goods known as Registered Suppliers. These Registered Suppliers are prima facie eligible for consideration for procurement of goods through Limited Tender Enquiries. The Head of the Department may also register suppliers of goods which are specifically required,
  - ii. the supplier(s) credentials, manufacturing capability, quality control system, past experience, after-sales-service, financial ground, etc., should be carefully verified before registration, and
  - iii. performance and conduct of every Registered Supplier is to be watched by the concerned. The Registered Supplier(s) are liable to be removed from the list if they fail to abide by the Terms and Conditions of Registration.
- RULE 145: Purchase of goods upto the value of Rupees Fifteen thousand) only, on each occasion, may be made without inviting quotations or bids subject to recording of a Certificate by the concerned Authority.
- RULE 146: Purchase of goods costing above Rs.15,000 (Rupees Fifteen thousand) only and upto Rs.1,00,000 (Rupees One lakh) only on each occasion may be made on the recommendations of the Local Purchase

Committee of three members as decided by the Head of the Department, etc. Before recommending a placement of the purchase order, the members of the Committee will jointly record a Certificate as per the Rule.

- RULE 147: Purchase of goods could be done directly under the Rate Contract. The prices to be paid for such goods shall not exceed those stipulated in the Rate Contract and other salient terms and conditions of the purchase should be in line with those specified in the Rate Contract.
  
- RULE 149: Goods shall be procured under the powers referred to in Rule 140 under this Chapter by following the Standard Purchase Procedure of obtaining bids in -
  - i. Advertised Tender Enquiry – should be used for procurement of estimated value of Rs.25.00 lakhs (Rupees Twenty five lakhs) and above, by placing an advertisement in the Indian Trade Journal (ITJ) and at least in one national daily having wide circulation. An Organization having its own website should also publish all its advertisements and post the complete document in its website, etc. Where the goods required may not be available locally, copies of the Tender Notice could be sent to the Indian Embassies abroad as well as foreign Embassies in India,
  
  - ii. Limited Tender Enquiry – has to be adopted where estimated value of the goods to be procured is upto Rs.25.00 lakhs (Rupees Twenty five lakhs). Copies of the (bidding) documents should be sent directly to firms borne on the List of Registered Suppliers of goods. The number of supplier firms in Limited Tender Enquiry should be more than three. Web-based publicity should be given for Limited Tenders. Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees Twenty five lakhs as per the Terms

- stipulated under the said Rule. Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases, and
- iii. Single Tender Enquiry – may be resorted to only if a particular firm is the manufacturer of the required goods, in case of emergency by recording the reason for such a decision, and for standardization of machinery or spare parts to be compatible to the existing sets of equipments, the required item is to be purchased only from a selected firm, as detailed under Rule 154.
- RULE 152: For purchasing high value plant, machinery, etc., of a complex and technical nature, bids may be obtained in two parts viz.,
- i. Technical bid consisting of all technical details along with commercial terms and conditions, and
  - ii. Financial bid indicating item-wise price for the items mentioned in the technical bid, as detailed under the said Rule.
- RULE 153: Bids received late (after the specified date and time for receipt of bids) should not be considered.

The Govt. of India in its Orders announced that the special dispensation from the procedure of inviting tenders/quotations provided to Kendriya Bhandar and NCCF which was under the Chapter 8 of the General Financial Rules, 1963, are no longer in force after the issue of New General Financial Rules, 2005, effective from 1<sup>st</sup> July 2005. Accordingly, all purchase of goods will now be guided by the relevant provisions of the General Financial Rules, 2005.

It may kindly be noted that the above information with regard to procedures to be followed is only a summary of important points and not exhaustive. For more details, Units may refer to "Swamy's Compilation – General

Financial Rules – Incorporating Compendium of Rules on Advances to Govt. Servants – 2005", and ensure that the Rules are adhered to scrupulously. It may also be noted that the Financial Powers delegated vide Circular No.CSB-13(1)/2002-03-ACCTS, dated 3.7.2002 remain unchanged.

The new Rules may be circulated to all nested Units functioning under your jurisdiction.

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DIRECTOR (FINANCE)

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ROs, RDOs, CCs.

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