
General Financial Rules 2017

Ministry of Finance
Department of Expenditure
January, 2018

General Financial Rules 2017

- ❑ Issued in March, 2017. General provisions to be followed in Government of India (GOI) on financial matters.
- ❑ These are executive instructions.
- ❑ GFRs were first issued in 1947. Revised in 1963 and 2005.
- ❑ Broad procurement rules are covered under GFRs
- ❑ Respective procuring entities may issue detail instructions regarding procurement broadly in conformity with GFRs (Rule 142)
- ❑ Applicability of GFR

Code of Integrity (Rule 175)

- ❑ Applicable for both the procuring entity and the bidder.
- ❑ Code of Integrity prohibits
 - Making offer, solicitation or acceptance of bribed
 - Any misrepresentation that attempts to mislead
 - Collusion, bid rigging, anti competitive approach
 - Coercion or threat to impair or harm
- ❑ Disclosure of Conflict of Interest (Guidance will be in Manuals)
- ❑ Disclosure of any previous transgression by the bidder
- ❑ Procuring entity may take appropriate measures including debarment of bidder.

Debarment Provision(Rule 151)

- ❑ Under the Prevention of Corruption Act, 1988; the Indian Penal Code or any other law for the time being in force, debarment of bidder for a period not exceeding **three years** commencing from the date of debarment (for all Departments)
- ❑ On breach of code of integrity bidder may be debarred from participating in any procurement process undertaken for a period not exceeding **two years.**
- ❑ The bidder shall not be debarred unless such bidder has been given a **reasonable opportunity** to represent against such debarment.

Purchase Preference (Rule 153)

□ MSME Policy

- 358 reserved items
- 20% procurement through MSE if they quote within L1+15% and match price of L1

□ By providing a notification, Government may

- Make mandatory procurement of any goods or services from any category of bidders.
- Make preference to bidders for promoting locally manufactured goods.

Electronic Procurement

- ❑ Mandatory for all Ministries/ Departments to publish and receive bids through e-procurement.
- ❑ Central Public Procurement Portal (**CPPP**) developed by NIC (**www.eprocure.gov.in**) may be used by procuring entities that do not have their own e-procurement portals.
- ❑ Exemptions
 - ✓ National Security
 - ✓ Global Tenders

Advertisement requirement in Newspapers waived

- ❑ Publication in newspaper and ITJ is no more mandatory
- ❑ **Advertisement should be on Central Public Procurement Portal (CPPP) and on GeM.**
- ❑ An organisation having its own web site should also publish all its advertised tender enquiries on the web site.
- ❑ **No cost of tender document** may be charged for tender documents downloaded by the bidders.

Bid Security (Rule 170)

- ❑ In place Bid Security, procuring entities may require bidders to sign the Bid Securing Declaration.

- ❑ As per the declaration Bidders are suspended from participating in future bidding processes of procuring entity for the period of time specified in the request for bid document if:
 - bidders withdraw or modify their bids,
 - fail to sign the contract or
 - fail to submit a performance security.

Performance Security

Rule 171

- ❑ 5 to 10 % of contract value
- ❑ *Unlike contracts of Works and Plants, in case of contracts for goods, **the need for the Performance Security depends on the market conditions and commercial practice** for the particular kind of goods.*

Relaxation for Startups

(Rule 173 (i))

- ❑ The condition of prior turn over and prior experience **may** be relaxed for Start-ups, subject to meeting of quality & technical specifications and making suitable provisions in the bidding documents.
- ❑ Startups as defined as DIPP
 - Not more than 5 years old
 - Turnover in any year less than 25 cr
 - Certification that working for innovation, intellectual property

Electronic Reverse Auction (Rule 167)

- ❑ An online real-time purchasing method, which involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids;
- ❑ Purchasing through reverse auction is applicable when
 - Detailed description of the subject matter of the procurement is available;
 - There is competitive market
- ❑ CVC Approval in 2003
- ❑ To be decided at the tender issuing stage itself.

Two Stage Bidding (Rule 164)

- ❑ Where it is not possible to formulate details specifications without inputs
- ❑ Rapid Technological advances or market fluctuations or both
- ❑ For research, development or study
- ❑ Bidder is expected to carry out detailed survey and assessment of risks, costs and obligations

Criteria for evaluation of bids (Rule 173 xi)

- Price
- Time
- Cost of operating, maintaining and repairing (Total Cost of Lifecycle cost)
- Environmental characteristics

Conditions for acceptance of single offer(Rule 173 xx)

- Due process was followed
- Qualification criteria not unduly restrictive
- Rates are reasonable
- Will be treated as single tender for determining competent authority for acceptance of offer.

GeM

Rule 149: Govt. E-Marketplace (GeM)

- ❑ For Goods and Services
- ❑ Mandatory for procuring entities to procure Goods and Services available on GeM
- ❑ Credentials of vendors shall be verified by GeM authorities.
- ❑ Procuring authority to check the reasonableness of prices.

GeM...

- ❑ Up to Rs.50,000/- through any of the available suppliers on the GeM
- ❑ Above Rs.50,000/- and up to Rs.30,00,000/- through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM (bids may also be called by buyer)
- ❑ Above Rs.30,00,000/- through the supplier having lowest price after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM.

Energy Efficient Electrical Appliances (Rule 173 xvii)

- Ministries/Departments while procuring electrical appliances shall ensure that they carry the notified threshold or higher Star Rating of the Bureau of Energy Efficiency (BEE).

Appliance	Threshold Star Rating
Split Air conditioners	5 Star (under normal conditions where annual usages are expected to be more than 1000 Hrs) 3 Star (where usage of AC is limited e.g. in conference rooms)
Frost Free Refrigerators	4 Star
Ceiling Fans	5 Star
Water Heaters	5 Star

Consultancy Services (Rule 177)

- ❑ **Consultancy Services:** Any Procurement that is primarily
 - non-physical,
 - project-specific,
 - intellectual or advisory
 - where outcomes/ deliverables would vary from one consultant to another.
- ❑ May include management consultants, policy consultants etc.
- ❑ Does not include direct engagement of a retired government servant

Retired Government Servant (Para 2.1.6 of Manual)

- ❑ Can be hired as consultant through a competitive process.
- ❑ Should not be engaged against regular vacant posts
- ❑ Can be engaged only for the specific task and for specific duration as consultant.
- ❑ They should be assigned clear output related goals.

Procurement of IT Projects

- ❑ Should normally be carried out as Procurement of Consultancy services
 - outcomes/deliverables vary from one service provider to another.
- ❑ The IT Projects may include:
 - Bespoke software development;
 - Cloud based services;
 - Composite IT system services

Quality and Cost Basis Selection (QCBS)

Rule 192

- ❑ Earlier part of Manual issued in 2006
- ❑ Provisions added to ensure due weightage to Quality is given in procurement of Consultancy
- ❑ Maximum weightage of quality in QCBS increased from 70 to 80%.

More features of GFR 2017

- ❑ Definitions added: Works, Goods , Consulting service, Non Consulting service
- ❑ Annual Procurement Plan (144 x)
- ❑ Increase in powers
 - Without Quotation: 15K to 25k
 - Purchase Committee: 1 L to 2.5 L
- ❑ Unsolicited bids are not to be accepted (162 ii)
- ❑ No member of TC should report to each other (173 xii)

Thank you !!