

## **General Financial Rules, 2017**

S.No.	Chapter	Particulars
1.	II	<b>General System of Financial Management</b>
2.	VI	<b>Procurement of Goods and Services</b>

### **Chapter -2 (Rules 7 to 41)**

#### **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, under Articles 150 and 283 (1) of the Constitution.

**Rule 8 (1)**

**(i)** Under Article 284 of the Constitution all moneys received by or deposited with any officer employed other than revenues or public moneys raised or received by Government, shall be paid into the Public Account.

**(ii)** All moneys received by or deposited with the Supreme Court of India or with any other Court, other than a High Court, within a Union Territory, shall be paid into the Public Account.

**Rule 8 (2).** The Head of Account to which such moneys shall be credited and the withdrawal of moneys therefrom shall be governed by the relevant provisions of **Government Accounting Rules 1990** and the **Central Government Account (Receipts and Payments) Rules, 1983**.

**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 officer's monthly accounts and returns in suitable form claiming credit for the amounts paid into the treasury or bank as the case may be.



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**Rule 11.** In Departments in which officers are required to receive moneys on behalf of Government and issue receipts therefore in Form GAR-6

**Rule 12.** Amounts due to Government shall not be left outstanding without sufficient reasons. Where such amounts appear to be irrecoverable, the orders of the competent authority shall be obtained for their adjustment.

**Rule 15 (1). Rents of buildings and lands.** When the maintenance of any rentable building is entrusted to a civil department, other than the Central Public Works Department, the Administrator or the Head of the Department concerned shall be responsible for the due recovery of the rent thereof.

**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). Refund of fine.** 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

#### **Rule 17. Miscellaneous Demands**

Accounts Officers shall watch the realization of miscellaneous demands of Government, not falling under the ordinary revenue administration, such as contributions from State Governments, Local Funds, contractors and others towards establishment charges

#### **Rule 18. Remission of Revenue**

A claim to revenue shall not be remitted or abandoned save with the sanction of the competent authority.

**Rule 19 (1). Remission of revenue and abandonment of claims:** - The Govt. Departments of the Central Government, Administrators and Heads of Departments, other than those in the Department of Posts, shall submit annually statement on the 1st of June to the Audit Officer and the Accounts Officer concerned, if individual remissions below Rupees one thousand need not be included in the statements

#### **I. GENERAL PRINCIPLES RELATING TO EXPENDITURE AND PAYMENT OF MONEY**

**Rule 21. Standards of financial propriety:** - Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety.



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- (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.

**Rule 22. Expenditure from Public Funds:** - Expenditure, transfer and deposit from public funds (Consolidated Fund /Contingency Fund and the Public Accounts) unless the same has been sanctioned by a competent authority.

**Rule 23. Delegations of Financial powers.** The financial powers of the Government have been delegated to various subordinate authorities. The financial powers of the Government, which have not been delegated to a subordinate authority, shall vest in the Finance Ministry.

**Rule 24. Consultation with Financial Advisers:** - Before any expenditure Department and ministries will consult with Financial Adviser.

**Rule 25. Provision of funds for sanction:** - All sanctions to the expenditure shall indicate the details of the provisions in the relevant grant or appropriation wherfrom such expenditure is to be met.

**Rule 26. Responsibility of Controlling Officer in respect of Budget allocation.**

- (i) that the expenditure does not exceed the budget allocation.
- (ii) that the expenditure is incurred for the purpose for which funds have been provided.
- (iii) that adequate control on offices and to guard against waste and loss of public money.

**Rule 27(1). Date of effect of sanction:** - All rules, sanctions or orders shall come into force from the date of issue unless any other date from which they shall come into force is specified therein.

**Rule 28. Required previous consent of the Finance Ministry:**

- (i) involves any grant of land, or assignment of revenue, or concession, grant, lease or licence of mineral or forest rights, or rights to water, power or any easement or privilege of such concessions.
- (ii) involves relinquishment of revenue in any way.



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**Rule 29. Procedure for communication of sanctions:** - All financial sanctions and orders issued by a competent authority shall be communicated to the Audit Officer and the Accounts Officer.

Copies of all sanctions or orders other than the following types should be endorsed to the Audit Officers

- 1) Sanctions relating to **grant to advances** to Central Government employees.
- 2) Sanctions relating to **appointment or promotion or transfer** of Gazetted and non-Gazetted Officers.
- 3) All sanctions relating to **creation or continuation or abolition of posts**.
- 4) Sanctions for handing **over charge and taking over charge**, etc.
- 5) Sanctions relating to **payment or withdrawal of General Provident Fund advances** to Government servants.
- 6) Sanction of **contingent expenditure** incurred under the powers of Head of Offices.
- 7) Other **sanctions of routine nature** issued by Heads of Subordinate Officers (other than those issued by Ministries or Departments proper and under powers of a Head of Department).

**Rule 30. Lapse of sanctions:** - A sanction lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of such sanction.

**Rule 31.** A sanction respect of an allowance sanctioned for a post or for a class of Government servants, but not drawn by the officer(s) concerned, shall not lapse within 12 months from sanction date.

**Rule 32. Remission of disallowances by Audit and writing off of overpayment made to Government servants:** -Writing off of overpayments made to Government servants by competent authorities according to their Delegation of Financial Power rules.

## **II. DEFALCATION AND LOSSES**

**Rule 33 (1). Report of Losses:** - Any loss or shortage of public moneys, departmental revenue or receipts, stamps, opium, stores or other property held by, or on behalf of, Government irrespective of the cause of loss and manner of detection, shall be immediately reported by the subordinate authority concerned to the next higher authority. The following losses need not be reported.

- (i)** Mistake in assessment, overruled and time barred claim
- (ii)** Petty losses of value not exceeding Rupees ten thousand.

### **Rule 33 (2)**

- Cases involving serious irregularities shall be brought to the notice of Financial Adviser or Chief Accounting Authority of the Ministry or Department concerned and the Controller General of Accounts, Ministry of Finance.



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**Rule 33 (3). Two stages of Report of Losses: -**

- (i) An initial report should be made as soon as a suspicion arises that a loss has taken place.
- (ii) The final report should be sent to authorities after investigation indicating nature and extent of loss, errors or neglect of rules by which the loss has been caused and the prospects of recovery.

**Rule 33 (6)** In cases of loss to Government on account of culpability of Government servants, the loss should be borne by the Central Government Department or State Government concerned with the transaction. Similarly, if any recoveries are made from the erring Govt. officials in cash, the receipt will be credited to the Central Govt. Department or the State Government.

**Rule 34. Loss of Government Property due to fire, theft, fraud:** - Departmental Officers shall be taking action as per below conditions, if cases involving material loss or destruction of Government property as a result of fire, theft, fraud, etc.

All losses above the value of Rs. 50,000/- (Fifty thousand) due to suspected fire, theft, fraud, etc., shall be invariably reported to the Police for investigation as early as possible.

**Rule 35. Loss of immovable Property due to fire, flood etc.: -** All loss of immovable property exceeding Rupees 50,000/- (fifty thousand), such as buildings, communications, or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, shall be reported at once by the subordinate authority concerned to Government through the usual channel. All other losses should be immediately brought to the notice of the next higher authority.

**Rule 36. Report to Audit and Accounts Officers.** After a full enquiry of the loss a copy of the report forwarded to the Audit officer and Pay and Accounts Officer.

**Rule 37. Responsibility of losses.** An officer shall be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

**Rule 38. Prompt disposal of cases of loss:** - Action at each stage of detection, reporting, write off, final disposal, in cases of losses including action against delinquents and remedial measures should be completed promptly with special attention to action against delinquents and remedial measures



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### **III. SUBMISSION OF RECORDS AND INFORMATION**

#### **Rule 39. Demand for information by Audit or Accounts Officer: -**

- A subordinate authority fully responsible for furnish any information required by Audit or PAO for the preparation of any official account or report, payments and internal audit

**Rule 40.** A subordinate authority shall not withhold any information, books or other documents required by the Audit Officer or Accounts Officer

**Rule 41.** If the contents of any file are categorized as ‘Secret’ or ‘Top Secret’ the file maybe sent personally to the Head of the Audit Office specifying this fact, who will then deal with it in accordance with the standing instructions for handling and custody of such classified documents.

### **Chapter -6 (Rules 142 to 206)**

#### **Procurement of Goods and Services**

##### **I. PROCUREMENT OF GOODS.**

**Rule 142.** This chapter contains the general rules applicable to Ministries or Departments, regarding procurement of goods required for use in the public service.

**Rule 143. Definition of Goods.** - The term ‘goods’ used in this chapter includes all tangible or intangible products like Software, technology transfer, licenses, patents or other intellectual properties purchased or otherwise acquired for the use of Government.

**And also defined under term of ‘Goods’** works and services, transportation, insurance, installation, commissioning, training and maintenance. **but excludes** books, publications, periodicals, etc. for a library.

**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.

The description of the subject matter of procurement to the extent practicable should –



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- (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.

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 mobilization.**

**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 and services, that are not available on GeM. Common use Goods and Services available on GeM are required to be procured mandatorily as per Rule 149.

**Rule 149. Government e-Market place (GeM).**

- (i) **Up to Rs.50,000/- (it has been revised from Rs.25000/- to Rs.50000/- w.e.f 10.07.2024)** through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period.

**Note:** - In case of automobiles, procurement under this sub-rule is permitted without any ceiling limit.

- (ii) **Above Rs.50,000/- and up to Rs.10,00,000/- (it has been revised from Rs.25,000/- to Rs.50,000/ and from Rs.5,00,000/- to Rs.10,00,000- w.e.f 10.07.2024)** through the GeM Seller having lowest price amongst the available sellers, of at least **three** different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The **Business Analytics (BA) tools** for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority.

- (iii) **Above Rs. 10,00,000/- (it has been revised from Rs.5,00,000/- to Rs.10,00,000- w.e.f 10.07.2024)** through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM.



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- (iv) The Ministries/Departments shall work out their procurement requirements of Goods and Services on either "OPEX" mode or "CAPEX" model as per their requirement/ suitability at the time of preparation of Budget Estimates (BE) and shall project their Annual Procurement Plan of goods and services on GeM portal within 30 days of Budget approval.
- (v) The Government Buyers may ascertain the reasonableness of prices before placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department's own Last Purchase Price etc.
- (vi) A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying / bidding / reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand

#### **Rule 150. Registration of Suppliers: -**

- (1) For goods and services not available on GeM, Head of Ministry/ Department may also register suppliers of goods and services which are specifically required by that Department or Office, periodically. Registration of the supplier should be done following a fair, transparent and reasonable procedure and after giving due publicity. Such registered suppliers should be boarded on GeM as and when the item or service gets listed on GeM.
- (2) Credentials, manufacturing capability, quality control system, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
- (3) The supplier(s) will be registered for a fixed period (between 1 to 3 years). After expiry of registration. The suppliers have to be applying afresh for renewal of registration.

#### **Rule 151. Debarment from bidding.**

- (1) If any bidder debarred, bidder shall not be eligible to participate in a procurement process of any procuring entity for a period not exceeding three years commencing from the date of debarment if he is found of guilty under Prevention of corruption or any section of BNS.
- (2) A procuring entity may debar a bidder or any of its successors, from participating in any procurement process undertaken by it, for a period not exceeding two years, if it determines that the bidder has breached the code of integrity.

#### **Rule 152. Enlistment of Indian Agents: -** As per the Compulsory Enlistment Scheme of the Department of Expenditure, Ministry of Finance, it is compulsory for Indian agents, who desire to quote directly on behalf of their foreign principals, to get themselves enlisted with



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GeM. However, such enlistment is not equivalent to registration of suppliers as mentioned under Rule 150.

**Rule 153. Reserved Items and other Purchase/Price Preference Policy.** The Central Government, through administrative instructions, has reserved all items of hand spun and hand-woven textiles (khadi goods) for exclusive purchase from Khadi Village Industries Commission (KVIC). Of all items of textiles required by Central Government , It shall be mandatory to make procurement of at least 20% from amongst items of handloom origin for exclusive purchase from KVIC or handloom clusters such as cooperative societies, self help group (SHG) Federation, Joint liability Group, Procedure Companies, corporation etc including weavers having pehchan card.

**Rule 154. Purchase of goods without quotation:** - Purchase of goods *up to the value of Rs.50,000/- (it has been revised from Rs.25,000/- to Rs.50,000 w.e.f 10.07.2024)* only on each occasion may be made without inviting quotations or bids.

**Rule 155. Purchase of goods purchase committee:** - In certain items is not available on the GeM portal, Purchase of goods costing *above Rs.50,000/- and up to Rs.5,00,000/- (it has been revised from Rs.25,000/- to Rs.50,000/ and from Rs.2,50,000/- to Rs.5,00,000- w.e.f 10.07.2024)* on **each occasion** may be made on the recommendations of a duly constituted Local Purchase Committee consisting of **three members** of an appropriate level as decided by the Head of the Department.

**Rule 157.** A demand for goods should not be divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

**Rule 158. Purchase of goods by obtaining bids.** following the standard method of obtaining bids in:

- (i) Advertised Tender Enquiry
- (ii) Limited Tender Enquiry
- (iii) Two-Stage Bidding
- (iv) Single Tender Enquiry
- (v) Electronic Reverse Auctions

**Rule 159. E-Publishing.**

- It is mandatory for all Ministries/ Departments of the Central Government, their attached and Subordinate Offices and Autonomous /Statutory Bodies to publish their tender



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enquiries, corrigenda thereon and details of bid awards on the Central Public Procurement Portal (CPPP)

**Rule 160. E-Procurement: -**

- It is mandatory for Ministries/ Departments to receive all bids through e-procurement portals in respect of all procurements. Ministries/ Departments may either use e-procurement solution developed by NIC or engage any other service provider following due process

**Rule 161. Advertised Tender Enquiry: -**

- (i) tenders by advertisement should be used for procurement of goods of estimated value of **Rs.50 lakhs (it has been revised from Rs.25 Lakh/- to Rs.50 Lakh w.e.f 10.07.2024)** and above.
- (ii) Ordinarily, the *minimum time* to be allowed for submission of bids should be **three weeks** from the *date of publication of the tender notice or availability of the bidding document for sale*, whichever is later.
- (iii) Where the Department also contemplates obtaining bids from *abroad*, the *minimum period* should be kept as **four weeks** for both *domestic and foreign bidders*.
- (iv) -(a)- **Global Tender Enquiry:** - When the required quality, specifications, etc. may not be available in country.  
(b) - **No Global Tender Enquiry (GTE) up to 200 crores.**

**Rule 162. Limited Tender Enquiry: -**

This method may be adopted when estimated value of the goods to be procured is *up to Rs.50 lakhs (Now it has been revised from Rs.25 Lakh/- to Rs.50 Lakh w.e.f 10.07.2024)*. The number of supplier firms in Limited Tender Enquiry should be more than three.

**Rule 163. Two bid system (simultaneous receipt of separate technical and financial bids): -**

- (1)- For purchasing high value plant, machinery etc. of a complex and technical nature, bids may be obtained in two parts as under:
- a) Technical bid consisting of all technical details along with commercial terms and conditions and
  - b) Financial bid indicating item-wise price for the items mentioned in the technical bid.
  - c) The technical bids are to be opened by the purchasing Ministry or Department at the first instance and evaluated by a competent committee or authority. At the second stage financial bids of only these technically acceptable offers should be opened after intimating them the date and time of opening the financial bid for further evaluation and ranking before awarding the contract.

**Rule 164. Two-Stage Bidding:** - Obtain bids in two stages with receipt of financial bids after receipt and evaluation of technical bids.

- (1) In the first stage of the bidding process, the Ministry/Department shall invite bids through advertised tender containing the technical aspects and contractual terms and conditions of the proposed procurement without a bid price;
- (2) All first stage bids, which are otherwise eligible, shall be evaluated through an appropriate committee constituted by the Ministry/ Department;
- (3) In the second stage of the bidding process, the procuring entity shall invite bids from all those bidders whose bids at the first stage were not rejected, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement.

**Rule 165. Late Bids:** -

In the case of advertised tender enquiry or limited tender enquiry, late bids (i.e., bids received after the specified date and time for receipt of bids) should not be considered.

**Rule 166. Single Tender Enquiry:** -

- (1) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- (2) In a case of emergency, the required goods are necessarily to be purchased from a particular source.
- (3) the required item is to be purchased only from a selected firm.

**Rule 167. Electronic Reverse Auctions:** -

Electronic Reverse Auction means an online real-time purchasing technique utilized by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids;

**Rule 168. Contents of Bidding Document:** -

- (a) Instructions to Bidders
- (b) Conditions of Contract.
- (c) Schedule of Requirements.
- (d) Specifications and allied Technical Details
- (e) Price Schedule (to be utilized by the bidders for quoting their prices).
- (f) Contract Form.
- (g) Other Standard Forms, if any, to be utilized by the purchaser and the bidders.

**Rule 169. Maintenance Contract.**

- Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may, however, be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.

**Rule 170. Bid security (Earnest Money):** - Except MSM & Register Bidder with GeM, Bidder having turnover more than 500 crore (once in 3 financial years), Bidder having Vendor Assessment through GeM, If the primary product supplied by Vendor having BIS (Bureau of Indian Standards) Certificate & bidder having Startup certificate.

Amount of bid security should ordinarily range between **2% to 5%** of the estimated value of the goods to be procured in form of **DD/FDR/Banker's Cheque/Bank Guarantee/Payment online/e-Bank guarantee.**

- (i) The bid security is normally to remain valid for a period of **45** days beyond the **final bid validity period**.
- (ii) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity period and latest by the 30th day after the award of the contract.

**Rule 171. Performance Security: -**

- (i) Performance Security should be for an amount of **3% to 5% (w.e.f. 01.01.2024 it has been revised from 3%-10% to 3%-5%)** of the value of the contract as specified in the bid documents form of **DD/FDR/Banker's Cheque/Bank Guarantee/Payment online/ e-Bank guarantee.**
- (ii) Performance Security should remain valid for a period of **sixty days** beyond the date of completion of all contractual obligations of the supplier including warranty obligations.
- (iii) Bid security should be refunded to the successful bidder on receipt of Performance Security

**Rule 172 (1). Advance payment to Supplier:** - Such advance payments should not exceed the following limits:

- (a) 30% of the contract value to private firms;
- (b) 40%. of the contract value to a State or Central Government agency or a Public Sector Undertaking; or
- (c) in case of maintenance contract, the amount should not exceed the amount payable for **6 months** under the contract.

**Rule 172(2). Part payment to suppliers: -**

Part payment to the supplier may be released after it dispatches the goods from its premises in terms of the contract.

**Rule 173. Transparency, competition, fairness and elimination of arbitrariness in the procurement process: -**

All government purchases should be made in a transparent, competitive and fair manner, to secure best value for money.

- (1) Bidding Documents should include a clause that “if a firm quotes NIL charges /consideration, the bid shall be treated as unresponsive and will not be considered”.
- (2) Contract should ordinarily be awarded to the **lowest evaluated bidder** whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered from the **next higher responsive bidder** at the **rates offered by the lowest responsive bidder**.
- (3) Procurement of Energy Efficient Electrical Appliances: Ministries/ Departments while procuring electrical appliances notified by Department of Expenditure shall ensure that they carry the notified threshold or higher Star Rating of Bureau of Energy Efficiency (BEE).

**Rule 174. Efficiency, Economy and Accountability in Public Procurement System:**

Public procurement procedure should ensure **efficiency, economy and accountability** in the system.

**Rule 175 (1). Code of Integrity: -**

No official of a procuring entity or a bidder shall act in contravention of the codes which includes

- (i)** Prohibition of making offer, acceptance of bribe, reward or gift or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process.
- (ii)** Disclosure by the bidder of any previous transgressions made in respect of the provisions of sub-clause (i) with any entity in any country during the last three years or of being debarred by any other procuring entity.

**Rule 175 (2).** The procuring entity, after giving a reasonable opportunity of being heard, comes to the conclusion that a bidder or prospective bidder, as the case may be, has contravened the code of integrity, may take appropriate measures.

**Rule 176. Buy-Back Offer:** - When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version, the department may trade the existing old item while purchasing the new one.

## **II. PROCUREMENT OF SERVICES**

### **A-CONSULTING SERVICES**

**Rule 177. Consulting Service:** - means any subject matter of procurement other than goods or works, except those incidental or consequential to the service, and includes professional, intellectual, training and advisory services or any other service classified or declared as such by a procuring entity but does not include direct engagement of a retired Government servant.

**Rule 178.** The Ministries or Departments may hire external professionals, consultancy firms or consultants (referred to as consultant hereinafter) for a specific job, which is well defined in terms of content and time frame for its completion.

**Rule 179.** This chapter contains the fundamental principles applicable to all Ministries or Departments regarding engagement of consultant(s)

**Rule 180. Identification of Services required to be performed by consultants**

**Rule 181. Preparation of scope of the required Consultant (s)**

**Rule 182. Estimating reasonable expenditure:**

**Rule 183. Identification of likely sources.**

(i) Where the estimated cost of the consulting service is up to Rs.50 lakhs (it has been revised from Rs.25 Lakh/- to Rs.50 Lakh w.e.f 10.07.2024), preparation of a long list of potential consultants may be done on the basis of formal or informal enquiries from other Ministries or Departments or Organisations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms etc.

(ii) Where the estimated cost of the consulting services is above Rs.50 lakhs (it has been revised from Rs.25 Lakh/- to Rs.50 Lakh w.e.f 10.07.2024), in addition to (i) above, an enquiry for seeking 'Expression of Interest' from consultants should be published on Central Public Procurement Portal (CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in)

**Rule 184. Short listing of consultants:** - The number of short-listed consultants should not be less than three.

**Rule 185. Preparation of Terms of Reference (TOR).** The TOR should include

- (i) Precise statement of objectives.
- (ii) Outline of the tasks to be carried out.
- (iii) Schedule for completion of tasks.
- (iv) The support or inputs to be provided by the Ministry or Department to facilitate the consultancy.

- (v) The final outputs that will be required of the Consultant.

**Rule 186. Preparation and Issue of Request for Proposal (RFP): -**

RFP is the document to be used by the Ministry/Department for obtaining offers from the consultants for the required service. The RFP should be issued to the shortlisted consultants to seek their technical and financial proposals.

**Rule 187. Receipt and opening of proposals: -**

Proposals should ordinarily be asked for from consultants in '**Two bid**' system with technical and financial bids sealed separately. The bidder should put these two sealed envelopes in a bigger envelop duly sealed and submit the same to the Ministry or Department by the specified date and time at the specified place. On receipt, **the technical proposals should be opened first** by the Ministry or Department at the specified date, time and place.

**Rule 188. Late Bids:** - bids received after the specified date and time of receipt should not be considered.

**Rule 189. Evaluation of Technical Bids: -**

Technical bids should be analysed and evaluated by a Consultancy Evaluation Committee (CEC) constituted by the Ministry or Department. The CEC shall record in detail the reasons for acceptance or rejection of the technical proposals analyzed and evaluated by it

**Rule 190. Evaluation of Financial Bids of the technically qualified bidders:**

The Ministry or Department shall open the financial bids of only those bidders who have been declared technically qualified by the Consultancy Evaluation Committee as per Rule 189 above for further analysis or evaluation and ranking and selecting the successful bidder for placement of the consultancy contract.

**Rule 191. Methods of Selection/ Evaluation of Consultancy Proposals: -**

**Rule 192. Quality and Cost Based Selection (QCBS):** - QCBS may be used for Procurement of consultancy services.

- (i) The RFP shall specify the minimum qualifying score for the quality of technical proposal and also the relative weight ages to be given to the quality and cost (determined for each case depending on the relative importance of quality vis-a-vis cost aspects in the assignment, e.g., 70:30, 60:40, 50:50 etc). The proposal with the highest weighted combined score (quality and cost) shall be selected.
- (ii) The weight age of the technical parameters i.e., non- financial parameters in no case should exceed 80 percent.

Illustration

**STAGE 1: TECHNICAL BIDS EVALUATION**

Bidder details	Technical Mark Obtained
Bidder1	92
Bidder2	85
Bidder3	55
Bidder4	75

**QCBS Grading System**

Grade	Range	Marks
Outstanding	91-100	100
Excellent	81-90	90
Very Good	71-80	80
Good	61-70	70
Very Fair	51-60	60
Fair	41-50	50
Average	31-40	40
Below Average	21-30	30
Poor	11-20	20
Very Poor	1-10	10
Zero	0	0

**STAGE 2: Conversion of Technical Marks to Technical Score**

Bidder details	Technical Score based on Grading System
Bidder1	100
Bidder2	90
Bidder3	Rejected *
Bidder4	80

\*Since the eligible technical score should be 70 &above, bidder 3 is rejected



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### STAGE 3: FINANCIAL BID EVALUATION

Bidder details	Financial Bid Amount
Bidder1	1,30,000
Bidder2	1,20,000
Bidder4	1,00,000

### Stage 4: Conversion of financial bid amount to score

Bidder Details	Financial Bid Amount	Financial Score (LFB/F*100)
Bidder1	1,30,000	100000/130000*100= 76.92
Bidder2	1,20,000	100000/120000*100= 83.33
Bidder4	1,00,000	100

LFB = Lowest Financial Bid, F = Quoted Amount

### Consolidated Technical & Financial Score

Bidder Details	Technical Score	Financial Score
Bidder 1	100	76.92
Bidder 2	90	83.33
Bidder 4	80	100

### Stage 5: Combined Technical and Financial Score (CTFS) With Weightage 70:30

Bidder Details	Applying weights for the Technical Score & Financial Score	CTFS	Rank of the Bidder
Bidder1	$100*(70/100) + 76.92*(30/100)$	<b>93.07</b> (70+23.7)	L1
Bidder2	$90*(70/100) + 83.33*(30/100)$	<b>87.99</b> (63+24.99)	L2
Bidder4	$80*(70/100) + 100*(30/100)$	<b>86</b> (56+30)	L3

**Rule 193. Least Cost System (LCS): -**

there is no weight age for technical score in the final evaluation and the responsive technically qualified proposal with the lowest evaluated cost shall be selected.

**Rule 194. Single Source Selection/Consultancy by nomination:** - The selection by direct negotiation/nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate only under exceptional circumstance such as:

- (i) continuation of previous work carried out by the firm;
- (ii) in case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance; and
- (iii) only one consultant has requisite expertise.

**Rule 195. Monitoring the contract: -**

**Rule 196. Public competition for Design of symbols/logos.** Design competition should be conducted in a transparent, fair and objective manner. Wide publicity should be given to the competition so as to ensure that the information is accessible to all possible participants, as also on the Central Public Procurement Portal (CPPP).

## **B-OUTSOURCING OF SERVICES**

**Rule 197. Non-Consulting Service:** - means any subject matter of procurement involve physical, measurable deliverables/ outcomes, where performance standards can be clearly identified and consistently applied, other than goods or works, except those incidental or consequential to the service, and includes maintenance, hiring of vehicle, outsourcing of building facilities management, security, photocopies, service, janitor, office errand services, drilling, aerial photography, satellite imagery, mapping etc

**Rule 198. Procurement of Non-consulting Services.**

**Rule 199. Identification of likely contractors.** Organizations involved in similar activities, scrutiny of 'Yellow pages', and trade journals, if available, web site etc

**Rule 200. Preparation of Tender enquiry.**

- (i) The details of the work or service to be performed by the contractor;
- (ii) The facilities and the inputs which will be provided to the contractor by the Ministry or Department.



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- (iii) Eligibility and qualification criteria to be met by the contractor for performing the required work/service; and
- (iv) The statutory and contractual obligations to be complied with by the contractor.

#### **Rule 201. Invitation of Bids.**

- (i) For estimated value of the non-consulting service up to Rupees 50 lakhs or less (it has been revised from Rs.10 Lakh/- to Rs.50 Lakh w.e.f 10.07.2024): The Ministry or Department should scrutinise the preliminary list of likely contractors as identified as per Rule 199 above, decide the prima facie Eligible and capable contractors and issue limited tender enquiry to them asking for their offers by a specified date and time etc. as per standard practice. The number of the contractors so identified for issuing limited tender enquiry should be more than three.
- (ii) For estimated value of the non-consulting service above Rs.50 lakhs (it has been revised from Rs.10 Lakh/- to Rs.50 Lakh w.e.f 10.07.2024): The Ministry or Department should issue advertisement in such case should be given on Central Public Procurement Portal (CPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in) and on GeM. An organization having its own website should also publish all its advertised tender enquiries on the website. The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded

#### **Rule 202. Late bids.**

#### **Rule 203. Evaluation of Bids Received: -**

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**Rule 204. Procurement of Non-consulting services by nomination:** - Should it become necessary, in an exceptional situation to procure a non-consulting service from a specifically chosen contractor, the Competent Authority in the Ministry or Department may do so in consultation with the Financial Adviser. In such cases the detailed justification, the circumstances leading to such procurement by choice and the special interest or purpose it shall serve, shall form an integral part of the proposal.

#### **Rule 205. Monitoring the Contract**

**Rule 206.** Any circumstances which are not covered in Rule 198 to Rule 205 for procurement of non-consulting services, the procuring entity may refer Rule 135 to Rule 176 pertaining to procurement of goods and not to the procurement of consulting services.

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