

*Introduction

Rule 1. Short title and commencement :- (1) these rules may be called General Financial Rules, 2005.

*Rule 1. (2) They shall come into force at once.

Rule 2. Definitions : - In these rules, unless the context other wise requires:-

- (i) “*Accounts Officer*” means the Head of an office of Accounts or the Head of a Pay and Accounts Office set up under the scheme of departmentalization of accounts;
- (ii) “*Administrator*” means Administrator of a Union Territory;
- (iii) “*Appropriation*” means the assignment, to meet specified expenditure, of funds included in a primary unit of appropriation;
- (iv) “*Audit Officer*” means the Head of an Office of Audit;
- (v) “*Competent Authority*” means, in respect of the power to be exercised under any of these rules, the President or such other authority to which the power is delegated by or under these rules, Delegation of Financial Power Rules, 1978 or any other general or special orders issued by the Government of India;
- (vi) “*Comptroller and Auditor-General*” means the Comptroller and Auditor-General of India;
- (vii) “*Consolidated Fund*” means the Consolidated Fund of India referred to in Article 266 (1) of the Constitution;
- (viii) “*the Constitution*” means the Constitution of India;
- (ix) “*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;
- (x) “*Controlling Officer*” means an officer entrusted by a Department of the Central Government with the responsibility of controlling the incurring of expenditure and /or the collection of revenue. The term shall include a head of Department and also an Administrator;
- (xi) “*Department of the Central Government*” means a ministry or a Department of the Central Government as notified from time to

time and includes the Planning Commission, the Department of Parliamentary Affairs, the President's Secretariat the Vice-President's Secretariat, the Cabinet Secretariat and the Prime Minister's Secretariat;

- (xii) "*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;
- (xiii) "*Finance Ministry*" means the Finance Ministry of the Central Government ;
- (xiv) "*Financial year*" means the year beginning on the 1st April and ending on the 31st March following;
- (xv) "*Government*" means the Central Government;
- (xvi) "*Head of a Department*" in relation to an office or offices under its administrative control means (a) an authority specified in Schedule I of the Delegation of Financial Powers Rules 1978, and (b) any other authority declared as such under any general or special orders of the competent authority ;
- (xvii) "*Head of office*" means (a) a Gazetted Officer declared as such under Rule 14 of the Delegation of Financial Powers Rules 1978, and (b) any other authority declared as such under any general or special orders of the competent authority;
- (xviii) "**Local Body**" means an authority legally entitled or specially empowered by Government to administer a local fund;
- (xix) "*Local Fund*" means a local fund as defined in Rule 652 of the Treasury Rules;
- (xx) "non- recurring expenditure" means expenditure other than recurring expenditure;
- (xxi) "*President*" means the President of India;

- (xxii) “*Primary unit of appropriation*” means a primary unit of appropriation referred to in Rule 8 of the Delegation of Financial Powers Rules, 1978;
- (xxiii) “*Public Account*” means the Public Account of India referred to in Article 266 (20) of the Constitution;
- (xxiv) “*Public Works*” means civil works and irrigation, navigation, embankment and drainage works;
- (xxv) “*Re-appropriation*” means the transfer of funds from one primary unit of appropriation to another such unit;
- (xxvi) “*recurring expenditure*” means the expenditure which is incurred at periodic intervals;
- (xxvii) “*Reserve Bank*” means the Reserve Bank of India or any office or agency of the Reserve Bank of India and includes any Bank acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve bank of India Act, 1934(Act II of 1934)
- (xxviii) “*Subordinate authority*” means a Department of the central government or any authority subordinate to the President; and
- (xxix) “*Treasury Rules*” means the Treasury Rules of the central Government.

Rule 3. Interdepartmental Consultations:- when the subject of a case concerns more than one department, no order should be issued until all such departments have concurred, or failing such concurrence, a decision has been taken by or under the authority of the Cabinet. In this regard it is clarified that every case in which a decision, if taken in one Department, is likely to affect the transaction of business allotted to another department, shall be deemed to be a case the subject of which concerns more than one department.

Rule 4. Departmental Regulations of financial character:- All Departmental regulations, in so far as they embody orders or instructions of a financial character or have important financial bearing, shall be made by or with the approval of the Finance Ministry.

Rule 5. Removal of doubts:- Where doubt arises as to the interpretation of any of the provisions of these Rules; the matter shall be referred to Finance ministry for decision.

Rule 6 (1). Modifications:- The systems and procedures established by these rules are subject to general or special instructions /orders which the ministry of Finance may issue from time to time.

Rule 6 (2). The systems and procedures established by these rules may be modified by any other authority only with the express approval of the Ministry of Finance.

AUTHOR'S NOTE:- The special dispensation from the procedure of inventing tenders/ quotations provided to kendriya Bhandar and NCCF under Chapter 8 of GFR 1963 are no longer in force after the issue of New General Financial Rules, 2005. Any purchase/ relevant provisions of the General Financial Rules, 2005 vide O.M. No. 1/12/e.II(A)/94, dated the 29th July, 2005.

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General System of Financial Management

Rule 7. General Principles:- 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 (1) (i) 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 Accounts.

(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 also be dealt with in accordance with Clause (i) of sub-rule (1)

Rule 8 (2) The Head of Account to which such moneys shall be credited and the withdrawal of moneys there from shall be governed by the relevant provisions of

Government Accounting Rules, 1990 and the Central Government Account (Receipts and Payments) Rules, 1983 or such other general or special orders as may be issued in this behalf.

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. For this each Accounts officer will send an extract from his accounts showing the amounts brought to credit in the accounts in each month to the Controlling Officer concerned.

Rule 11.(1) Detailed rules and procedure regarding assessment, collection allocation, remissions and abandonment of revenue and other receipts shall be laid down in the regulations of the department responsible for the same.

Rule 11 (2) In departments in which officers are required to receive moneys on behalf of Government and issue receipts therefore in Form GAR-6 the departmental regulation should provide for the maintenance of a proper account of the receipt and issue of the receipt books, the number of receipt books to be issued at a time to each officer and a check with the Officer's accounts of the used books when returned.

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 13:- Unless specially authorized by any rule or order made by competent authority, no sums shall be credited as revenue by debit to a suspense head. The credit must follow and not precede actual realization.

Rule 14:- subject to any general or special orders issued by a Department of the Central Government, an Administrator or a Head of a Department responsible for the collection of revenue shall keep the Finance Ministry fully informed of the progress of

collection of revenue under his control and of all important variations in such collections as compared with the Budget Estimates.

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 15.(2) The procedure for the assessment and recovery of rent of any building hired out will be regulated generally by the rules applicable to residences under the direct charge of the Central Public Works Department.

Rule 15.(3) The detailed rules and procedure, regarding the demand and recovery of rent of Government buildings and lands, are contained in the departmental regulations of the departments in charge of those buildings.

1. 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. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed by his own office and by subordinate disbursing officers. 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 benefits 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.
- (v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

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 Government account unless the same has been sanctioned by a competent authority.

Rule 23. Delegation of Financial Powers:- The financial powers of the government have been delegated to various subordinate authorities vide Delegation of Financial Powers Rules, 1978 as amended from time to time. 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:- all draft memoranda for Expenditure Finance Committee or Public Investment Bureau and Cabinet Committee for economic Affairs or Cabinet shall be circulated by the Ministry Department concerned after consultation with the concerned Financial Adviser of the Ministry or department. A confirmation to this effect shall be included in the draft memorandum at the circulation stage.

Rule 25 (1) Provisions of funds for sanction:- All sanctions to the expenditure shall indicate the details of the provisions in the relevant grant or appropriation wherefrom such expenditure is to be met.

Rule 25. (2) All proposals for sanction to expenditure shall indicate whether such expenditure can be met by valid appropriation or re-appropriation.

Rule 25. 93) In cases where it becomes necessary to issue a sanction to expenditure before funds are communicated, the sanction should specify that such expenditure is subject to funds being communicated in the Budget of the year.

Rule 26. Responsibility of Controlling Officer in respect of Budget allocation:- The duties and responsibilities of a controlling officer in respect of funds placed at his disposal are to ensure:-

- (i) That the expenditure does not exceed the budget allocation.
- (ii) That expenditure is incurred for the purpose for which funds have been provided.
- (iii) That the expenditure is incurred in public interest.
- (iv) That adequate control mechanism is functioning in his department for prevention detection of errors and irregularities in the financial proceedings of his subordinate offices and to guard against waste and loss of public money; and
- (v) The mechanism or checks contemplated at (iv) above effectively applied.

Rule 27. (1) Date of effect of sanction:- Subject to fulfillment of the provisions of Rule 6 of the Delegation of Financial Powers Rules, 1978, all rules sanctions or order shall come into force from the date of issue unless any other date from which they shall come into force is specified therein.

Rule 27. (2) Date of creation to be indicated in sections for temporary posts:- Orders sanctioning the creation of a temporary post should, in addition to the sanctioned duration, invariably specify the date from which it is to be created.

Rule 28. Powers in regard to certain special matters:- except in pursuance of the general delegation made by, or with the approval of the president, a subordinate authority shall not, without the previous consent of the Finance Ministry, issue an order which –

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

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. The procedure to be followed for communication of financial sanctions and orders will be as under:-

- (i) All financial sanctions issued by a Department of the Central Government which relate to matter concerning the Department proper and on the basis of which payment is to be made or authorized by the Accounts Officer, should be addressed to him
- (ii) All other sanctions should be accorded in the form of an order which need not be addressed to any authority, but a copy thereof would be endorsed to the Accounts Officer concerned.
- (iii) In the case of non-recurring contingent and miscellaneous expenditure, the sanctioning authority may, where required accord sanction by signing or countersigning the bill or voucher, whether before or after the money is drawn, instead of by a separate sanction;
- (iv) All financial sanctions and orders issued by a Department of the Central Government with the concurrence of the internal Finance Wing or Ministry of Finance, as applicable, should be communicated to the Accounts officer in accordance with the procedure laid down in Rule 25 of the Delegation of Financial Powers Rules, 1978, and orders issued there under from time to time.
- (v) All financial sanctions and order issued by a department with the concurrence of the Ministry of Home Affairs or Comptroller and Auditor –General of India or Department of Personnel should specify that the sanction or orders are issued with the concurrence of that Department along with the number and date of relevant communication of that department wherein the concurrence was conveyed.
- (vi) All orders conveying sanctions to expenditure of a definite amount or up to a specific limit should express both in words and figures the amount of expenditure sanctioned.
- (vii) Sanctions accorded by a head of Department may be communicated to the Accounts officer by an authorized Gazetted Officer of his office

duly signed by him for the Head of department or conveyed in the name of the Head of the Department.

- (viii) All orders conveying sanctions to the grant of additions to pay such as Special Allowance, personal pay, etc., should contain a brief summary of the reason for the grant of such additions to pay so as to enable the Accounts officer to see that it is correctly termed as Special Allowance, Personal pay, etc., as the case may be.
- (ix) Orders issued by a Department of a union Territory Government where Audit and Accounts (a) have not been separated shall be communicated direct to the Audit authority; (b) have been separated , copies shall be endorsed to the Audit authorities.

In case of sanctions in respect of matters, where reference was made to the Central Government under the rules of Business framed under Section 46 of the Government of Union Territory Act, 1963, the following clause shall be added in the sanction endorsed to Audit:-

“A reference had been made in this case to the Central Government and the above order/letter conforms t the decision of the Central Government vide Government of India Ministry / Department of letter No..... dated”.

- (x) Copies of all General Financial Orders issued by a Department of the Central Government with the concurrence of the Comptroller and Auditor –General of India shall be supplied to the comptroller and Auditor –General of India.
- (xi) Copies of all sanctions or orders other than the following types should be endorsed to the Audit officers:-
 - (a) Sanctions relating to grant to advances to Central Government employees.
 - (b) Sanctions relating to appointment or promotion or transfer of Gazetted and non-Gazetted Officers.
 - (c) All sanctions relating to creation or continuation or abolition of posts.

- (d) Sanctions relating to payment or withdrawal of General Provident Fund advances to Governments.
 - (e) Sanctions relating to payment or withdrawal of General Provident Fund advances to Government servants.
 - (f) Sanctions of contingent expenditure incurred under the powers of head of Offices.
 - (g) 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)
- (xii) Sanctions accorded by competent authority to grants of land and alienation of land revenue, other than those in which assignments of land revenue are treated as cash payment, shall be communicated to the Audit and /or the Accounts Officer, as the case may be, in a consolidated monthly return giving the necessary details.

Rule 30. Lapse of sanctions:- A sanction for any fresh charge shall, unless it is specifically renewed 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 Provided that –

- (i) When the period of currency of the sanction is prescribed in the departmental regulations or is specified in the sanction itself, it shall lapse on the expiry of such periods; or
- (ii) When there is a specific provisions in a sanction that the expenditure would be met from the Budget Provision of a specified financial year, it shall lapse at the close of that financial year; or
- (iii) In the case of purchase of stores, a sanction shall not lapse, if tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchases) on the Central Purchase Organization within the period of one year of the date of issue of that sanction, even if the actual payment in whole or in part has not been made during the said period.

Rule 31:- Notwithstanding anything contained in Rule 30, a sanction in respect of an additional to a permanent establishment, made from year to year under a general scheme by a competent authority, or in 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.

Rule 32. Remission of disallowance's by Audit and writing off of over payment made to Government servants:- The remission of disallowance's by Audit and writing off of overpayments made to government servant by competent authorities shall be in accordance with the provisions of the Delegation of Financial Power Rules, 1978, and instructions issued thereunder.

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 as well as to the Statutory Audit Officer and to the concerned Principal Accounts Officer, even when such loss has been made good by the party responsible for it. However the following losses need not be reported:-

- (i) Cases involving losses of revenue due to –
 - (a) Mistakes in assessments which are discovered too late to permit of a supplementary claim being made.
 - (b) Under assessments which are due to interpretation of the law by the local authority being overruled by higher authority after the expiry of the time –limit prescribed under the law, and
 - (c) Refunds allowed on the ground that the claims were time-barred;

- (ii) Petty losses of value and not exceeding Rupees two 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.

Rule 33. (3) Report of loss contemplated in sub-rules (1) and (2) shall be made at two stages –

- (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 indicated in sub-rules (1) and (2) 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. (4) The complete report contemplated in sub-rule (3) shall reach through proper channels to the Head of the Department, who shall finally dispose of the same under the powers delegated to him under the Delegation of Financial Powers Rule 1978. The reports, which he cannot finally dispose of under the delegated powers, shall be submitted to the Government.

Rule 33. (5) An amount lost through misappropriation, deflection, embezzlement, etc, maybe redrawn on a simple receipt pending investigation recovery or write –off with the approval of the authority competent to write off the loss in question.

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 Government officials in cash, the receipt will be credited to the Central Government Department or the State Government who sustained the loss.

- (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 indicated in sub-rules (1) and (2) 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. (4) The complete report contemplated in sub-rule (3), shall reach through proper channels to the Head of the Department, who shall finally dispose of the same under the powers delegated to him under the Delegation of Financial Powers

Rules, 1978. The reports, which he cannot finally dispose of under the delegated powers, shall be submitted to the Government.

Rule 33. (5) An amount lost through misappropriation, defalcation, embezzlement, etc., may be redrawn on a simple receipt pending investigation, recovery or write –off with the approval of the authority competent to write –off the loss in question.

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 Government Department or the State Government who sustained the loss.

Rule 33. (7) All cases involving loss of Government money arising from erroneous or irregular issue of cheques or irregular accounting of receipts will be reported to the Controller –General of Accounts along with the circumstances leading to the loss, so that he can take steps to remedy defects in rules or procedures, if any, connected therewith.

Rule 34 Loss of Government property due to fire, theft, fraud:- Departmental Officers shall, in addition to taking action as prescribed in Rule 33, followed the provisions indicated below in cases involving material loss or destruction of Government property as a result of fire, theft, fraud, etc:-

All losses above the value of Rupees ten thousand due to suspected fire, theft, fraud etc., shall be invariably reported to the police for investigation as early as possible.

Once the matter is reported to the Police Authorities, all concerned should assist the Police in their investigation. A formal investigation report should be obtained from the Police Authorities in all cases which are referred to them.

Rule 35. Loss of immovable property by fire, flood, etc.:- All loss of immovable property exceeding Rupees fifty thousand, such as buildings communications, or other works, caused by fire, flood, cyclone, earthquake or any other nature causes 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 officer:- After a full enquiry as to the cause and the extent of the loss has been made, the detailed report should be sent by the subordinate authority concerned to Government through the proper channel; a copy of the report or an abstract thereof being simultaneously forwarded to the Audit or Accounts Officer.

Rule 37. Responsibility for Losses: An officer shall be held personally responsible for any loss sustained by the Government through fraud or negligence on his part. He will also be held personally responsible for any loss arising from fraud or negligence of any other officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The departmental proceedings for assessment of responsibility for the loss shall be conducted according to the instructions contained in Appendix-I and those issued by the Ministry of Personnel from time to time.

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

III SUBMISSION OF RECORDS AND INFORMATION

Rule 39. Demand for information by Audit or Accounts officer:- A subordinate authority shall afford all reasonable facilities to the Audit Officer or Accounts Officer for the discharge of his functions and furnish fullest possible information required by him for the preparation of any official account or report.

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 may be sent personally to the Head of the Audit officer specifying this fact; who will then deal with it in accordance with the standing instructions for handling and custody of such classified documents.

BUDGET FORMULATION AND IMPLEMENTATION

Rule 42. Financial year:- Financial year of the government shall commence on the 1st day of April of each year and end on the 31st day of March of the following year.

Rule 43. (1) Presentation of Budget to Parliament:- In accordance with the provisions of Article 112(1) of the Constitution, the Finance Minister shall arrange to lay before both the Houses of Parliament, an Annual Financial Statement also known as the 'Budget' showing the estimate receipts and expenditure of the Central Government in respect of a financial year, before the commencement of that year.

Rule 43.(2) A separate statement of estimated receipts and expenditure relating to the Railways shall similarly be presented to the Parliament by the Ministry of Railways in advance of the Annual financial Statement. As the receipts and expenditure of the Railways are the receipts and expenditure of the Government, the figures relating to these are included in lump in the Annual Financial Statement.

Rule 43. (3) The provisions for preparation, formulation and submission of budget to the Parliament are contained in Articles 112 to 116 of the Constitution India.

Rule 43. (4) The Ministry of Finance, Budget Division, shall issue guidelines for preparation of budget estimates form time to time. All the ministries/Departments shall comply in full with these guidelines.

Rule 44. The budget shall contain the following :-

- (i) Estimates of all Revenue expected to be raised during the financial year to which the budget relates.
- (ii) Estimates of all Expenditure for each Programme and project in that financial year.
- (iii) Estimates of all interest and debt servicing charges and any repayments on loans in that financial year.
- (iv) Any other information as may be prescribed.

Rule 45. Receipt Estimates:- The detailed estimates of receipts will be prepared by the estimating authorities separately for each Major head of Account in the prescribed form. For each Major Head the estimating authority will give the break up of the Minor/Sub-head wise estimate along with actual of the past three years. Where necessary, item-wise break up should also be furnished so as to highlight individual items of significance. Any major variation in estimates with reference to past actual or / and Budget Estimates will be supported by cogent reasons.

Rule 4. (1) Expenditure estimates:- The expenditure estimates shall show separately the sums required to meet the expenditure Charged on the Consolidated Fund under Article 112(3) of the Constitution and sums required to meet other expenditure for which a vote of the Lok Sabha is required under Article 113 (2) of the constitution.

Rule 46. (2) The estimates shall also distinguish provisions for expenditure on revenue account from that for other expenditure including expenditure on capital account, on loans by the Government and for repayment of loans, treasury bills and ways and means advances.

Rule 46. (3) The detailed estimates of expenditure will be prepared by the estimating authorities for each unit of appropriation (sub or Detailed or Object head) under the prescribed Major and Minor heads of Accounts separately for Plan and Non-plan expenditure. Estimates should include suitable provision for liabilities of the previous years left unpaid during the relevant year.

Rule 46. (4) The estimates of Plan expenditure will be processed in consultation with Planning Commission in accordance with the instructions issued by them.

Rule 46. (5) The Revised Estimates of both Plan and Non – Plan expenditure and Budget Estimates for Non-Plan expenditure after being scrutinized by the Financial Advisers and approved by the Secretary of the Administrative Ministry or Department concerned will be forwarded to the Budget Division in the Ministry of Finance in such manner and forms as may be prescribed by them from time to time.

Rule 47. (1) Demands for Grants:- The estimates for expenditure for which vote of Lok Sabha is required shall be in the form of Demand for Grants.

Rule 47. (2) Generally, one demand for grant is presented in respect of each Ministry or Department. However, in respect of large Ministries or Departments, more than one

Demand is presented. Each Demand normally includes provisions require for a Service, i.e., provisions on account of revenue expenditure, capital expenditure, grants to the state and Union Territory Governments and also Loans and Advances relating to the service.

Rule 47. (3) The Demand for Grants shall be presented to parliament at two levels. The main Demand for Grants are presented to Parliament by the Ministry of Finance, Budget Division along with the Annual Financial Statement while the Detailed Demands for Grants, after consideration by the “Departmentally Related Standing Committee” (DRSC) of the Parliament, are laid on the Table of the Lok Sabha by the concerned Ministries/ Departments, a few days in advance of the discussion of the respective Ministry’s /Departments’ Demands in that House.

Rule 48. (1) Form of Annual Financial Statement and Demands for Grants:- The form of the Annual Financial Statement and Demands for Grants shall e laid down by the Finance Ministry and no alteration of arrangement or classification shall be made without the approval of that Ministry.

Rule 48. (2) The sub-heads under which provision for expenditure will be made in the Demand for Grants or Appropriation shall be prescribed by the Finance Ministry in consultation with the Administrative Ministry or Department. The authorized sub-heads for expenditure in a year shall be as shown in the Detailed Demands for Grants passed by parliament and no changes shall be made therein without the formal approval of the finance Ministry.

NOTE:- Detailed instructions for preparation of the budget are available in Appendix 2,3,4 and 6.

Rule 50. (1) Vote on Account: The Budget is normally presented to the Parliament on the last day in the month of February but the corresponding Appropriation Bill seeking authorization of the parliament to make expenditure in consonance with the Budget proposal is introduced and passes much later, i.e., after due deliberation and approval by the Parliament.

Rule 50. (2) Pending the completion of the procedure prescribed in Article 113 of the Constitution for the passing of the Budget, the Finance Ministry arrange to obtain a ‘Vote on Account’ to cover expenditure for one month or such longer period as may be necessary n accordance with the previous of Article 116 of the Constitution. Funds

made available under Vote on Account are not to be utilized for expenditure on a 'New Service'.

Rule 51. Communication and distribution of grants ad appropriations:- After the appropriation bill relating to Budget is passed the Ministry of Finance shall communicate Budget provision to the Ministries/ Departments which, in turn, shall distribute the same to their subordinate formations. The distribution so made shall also be communicated to the respective Pay and Accounts Officers who shall exercise check against the allocation to each sub-ordinate authority.

CONTROL OF EXPENDITURE AGAINST BUDGET

Rule 52. (1) Responsibility for control of Expenditure:- Departments of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the Heads of Departments and other controlling Officers, if any, and Disbursing Officers subordinate to them.

Rule 52. (2) A Grant of Appropriation can be utilized only to cover the charges (including liabilities, if any of the past year) which are to be paid during the financial year of the Grant or Appropriation and adjusted in the account of the Year. No charges against a Grant or Appropriation can be authorized after the expiry of the financial year.

Rule 52. (3) No expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund. Since voted and charged portions also the revenue and capital sections of a Grant/ Appropriation are distinct and re-appropriation inter se is not permissible, an excess in any one portion or section is treated as an excess in the Grant /Appropriation.

Rule 52. (4) To have effective control over expenditure by the Departments, Controlling and Disbursing Officers subordinate to them shall follow the procedure given below:-

(i) For drawal of money the Drawing and Disbursing Officer shall:-

- (b) Prepare and present bills for “charged” and “voted” expenditure separately.
- (c) Enter on each bill the complete accounts classifications from major head down to the object Head of Account. When a single bill includes charge falling under two or more object heads, the charges shall be distributed accurately over the respective heads.
- (d) Enter on each bill the progressive total of expenditure up-to – date under the primary until of appropriation to which the bill relates, including the amount of the bill on which the entry is made.
- (ii) (a) All Disbursing Officers shall maintain a separate expenditure register in Form GF 9, for allocation under each minor or sub-head of account with which they are concerned.

 - (b) On other third day of each month a copy of the entries made in this register during the preceding month shall be sent by the officer maintaining it, to the Head of the Department or other designated Controlling Officer. This statement shall also include adjustment of an inward claim, etc., communicated by Pay and Accounts officer directly to the DDO (and not to his Grant Controlling Officer). If there are no entries in the register in any month, a ‘nil’ statement shall be sent.
- (iii) (a) The Controlling Officer will maintain a broadsheet in Form GFR 10 to monitor the receipt of the return prescribed in the foregoing sub-clause;

 - (b) On receipt of the returns from Disbursing Officers, the Controlling Officer shall examine them and satisfy himself:-

 - (aa) That the accounts classification has been properly given;
 - (bb) That progressive expenditure has been properly noted and the available balances worked out correctly;
 - (cc) That expenditure up-to-date is within the grant or appropriation;
 - and

- (dd) That the returns have been signed by Disbursing Officer. Where the Controlling Officer finds defects in any of these respects, he shall take steps to rectify the defect.
- (iv) When all the returns from the Disbursing Officers for a particular month have been received and found to be in order, the Controlling Officer shall compile a Statement in Form GFR 11, in which he will incorporate –
- (a) The totals of the figures supplied by Disbursing officers;
 - (b) The totals taken from his own registers in Form GFR 9;
 - (c) The totals of such adjustments under the various detailed heads as communicated to him by the Accounts Officer on account of transfer entries and expenditure debited to the grant as a result of settlement of inward account claims and not reckoned by his DDOs.
- (v) If any adjustment communicated by the Accounts Officer affects the appropriation at the disposal of a subordinate Disbursing Officer, the fact that the adjustment has been made shall be communicated by the Controlling Officer to the Disbursing Officer concerned.
- (vi) On receipt of all the necessary returns, the Head of the Department shall prepare a consolidated account in Form GFR 12, showing the complete expenditure from the grant or appropriation at his disposal up to the end of the preceding month.

Rule 52. (5) The head of the Department and the Accounts office shall be jointly responsible for the monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the Accounts officer's books. The procedure for reconciliation shall be as follows:-

- I DDOs shall maintain a Bill Register in Form TR-28-A, and note all bills presented for payment to the PAO in the register. As soon as cheques for the bills presented for payment are received, these will be noted in the appropriate column of the Bill Register and the DDOs will ensure that the amounts of cheques tally with the net amount of the

bills presented. In case any retrenchment is made by the PAO, a note of such retrenchments should be kept against the bill in the remarks column in TR-28-A.

- II The Pas shall furnish to each of the DDOs including Cheque-drawing DDOs, an extract from the expenditure control register or from the Compilation Sheet every month indicating the expenditure relating to grants controlled by him classified under the various major-minor detailed head of accounts. The statements for May to march should also contain Progressive Figures.
- III On receipt of these extracts from the PAOs the DDOs should tally the figures received excluding book adjustments, with the expenditure worked out for the month in the GFR 9 register. Discrepancies, if any, between the two sets of figures should be promptly investigated by the DODO in consultation with the PAO. He will also note in the GFR 9 register particulars of Book adjustments advised by the PAO through the monthly statement. Thereafter the DDO should furnish to the PAO a certificate of agreement of the figures as per his books with those indicated by the PAOs by the last day of the month following the month of accounts.
- IV The Principal Accounts officer (or PAO wherever payments, relating to a grant are handle wholly by a PAO) of each Ministry should send a monthly statement showing the expenditure *vis a vis* the Budget provision under the various head s of accounts, in the prescribed pro forma, to the Heads of Departments responsible for overall control of expenditure against grant of the Ministry as a whole. The figures so communicated by the Principal Accounts Officer (or the PAO concerned) should be compared by the heads of Departments with those consolidated in form GFR 12 and differences, if any, should be taken up by the Heads of Departments with the Principal accounts Officers (or the PAO concerned) for reconciliation. The head of the Department should furnish a quarterly certificate to the Principal Accounts Officer certifying the correctness of the figures for the

quarter by the 15th of the second following month after the end of quarters April-June, July-September, October-December and January-march.

Rule 52. (6) The Departments of the Central Government should obtain from their Heads of Departments and other offices under them the departmental figures of expenditure in Form GFR 12 by the 15th of the month following the month to which the returns relate. The figures relating to Plan and Non-plan expenditure should be separately shown in these returns. The information so obtained should be posted in register(s) kept for watching the flow of expenditure against the sanctioned grant or appropriation. Progressive totals of expenditure should be worked out for the purpose. If the departmental figures obtained in Form GFR 12 and posted in the register(s), require correction in a subsequent month, Heads of Departments or other offices should make such corrections by making plus or minus entries in the progressive totals. In case the Accounts office figures which subsequently become available are found to be higher than departmental figures, the former should be assumed to be the correct figures, as appropriation accounts are prepared on the basis of the figures booked in the accounts.

Rule 52. (7) The Departments of Central Government should also obtain from the heads of Departments and other authorities under them, statements showing the details of the physical progress of the schemes for which they are responsible. This statement should show the name of the scheme, the Budget provision for each scheme, the progressive expenditure on each scheme, the progress of the scheme in physical terms and the detailed reasons for any shortfalls or excess, both against physical and financial targets.

Rule 52. (8) A Broadsheet in Form GFR 13 should be maintained by the departments of Central Government or each Head of Department and other authorities directly under them, to watch the prompt receipt of the various returns mentioned above from month to month and to take necessary measures for rectifying any defaults noticed.

Rule 53. Maintenance of Liability Register for effecting proper control over expenditure.— In order to maintain proper control over expenditure, a controlling Officer should obtain from the spending authorities liability statements in Form GFR 6-

A-every month, starting from the month of October in each financial year. The Controlling Officer should also maintain a Liability Register in Form GFR 6.

Rules 54. Personal attention of the Head of Department/Controlling Officer required to estimate savings or excesses.— A Head of Department or Controlling Officer should be in a position to estimate the like likelihood of savings or excesses every month and to regularize them in accordance with the instructions laid down in Rule 56.

Rule 55. Control of expenditure against grant/appropriation and ultimate responsibility of the authority administering it.— The Accounts Office should report to the Head of the Department concerned immediately on the first appearance of any disproportionate expenditure, particularly in respect of recurring items of expenditure under any grant or appropriation or a primary unit to appropriation thereof. However, the authority administering a grant/appropriation is ultimately responsible for the control of expenditure against the grant/ appropriation and not the Accounts Officer.

Rule 56. (1) Surrender of savings.— Departments of the Central Government shall surrender to the Finance Ministry, by the dates prescribed by that Ministry before the close of the financial year, all the anticipated savings noticed in the Grants or Appropriations controlled by them. The Finance Ministry shall communicate the acceptance of such of the year. The funds provided during the financial year and not utilized before the close of that financial year shall stand lapsed at the close of financial year.

Rule 56. (2) The savings as well as provisions that cannot be profitably utilized should be surrendered to Government immediately they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses.

Rule 56. (3) Rush of expenditure, particularly in the closing months of the Financial year, shall be regarded as a breach of financial propriety and shall be avoided.

Rule 57. Expenditure on New Service. — No expenditure shall be incurred during a financial year on a “New Service” not contemplated in the Annual Budget for the year except after obtaining a supplementary grant appropriation or an advance from the Contingency Fund during that year. The guidelines to determine cases of “New Service” / New Instrument of Service” are contained in Annexure-1 to Appendix-3.

Rule 58. (1) Additional Allotment for excess expenditure.— A subordinate authority incurring the expenditure will be responsible for seeing that the allotment placed at its disposal is not exceeded. Where any excess over the allotment is apprehended, the subordinate authority should obtain additional allotment before incurring the excess expenditure. For this purpose the authorities incurring expenditure should maintain a ‘Liability Register’ in Form GFR 6.

Rule 58. (2) A disbursing Officer may not, on his own authority, authorize any payment in excess of the funds placed at his disposal. If the disbursing Officer is called upon to honour a claim, which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorizing payment of the claim in question. The administrative authority will then arrange to provide funds either by re-appropriation or by obtaining a Supplementary Grant or Appropriation or an advance from the Contingency Fund.

Rule 59. (1) Re-appropriation of Funds. — Subject to the provisions of Rule 10 of the Delegation of Financial powers Rules, 1978, and subject to such other general or specific restrictions as may be imposed by the Finance Ministry in this behalf, re-appropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation, may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates.

Rule 59. (2) Re-appropriation of funds shall be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilized in full or that savings can be effected in the appropriation for the said unit.

Rule 59. (3) Funds shall not be re-appropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings become available under other units later in the year.

Rule 59. (4) An application for re-appropriation of funds should ordinarily be supported by a statement in form GFR 4 or any other special form authorized by departmental regulations showing how the excess is proposed to be met. In all orders, sanctioning re-appropriation, the reasons for saving and excess of Rupees 1 lakh or over and the primary units (secondary units, wherever necessary), affected should endorse a copy of the order to the Accounts Officer.

Rule 60. Supplementary Grants.— If savings are not available within the Grant to which the payment is required to be debited, or if the expenditure is on “New Service” or : New Instrument of Service” not provided in the budget, necessary supplementary Grant or Appropriation in accordance with Article 115 (1) of the Constitution should be obtained before payment is authorized.

Rule 61. (1) Advance from Contingency Fund. — When a need arises to incur unforeseen expenditure in excess of the sanctioned grant or appropriation or on a new service not provided in Budget and there is not sufficient time for the voting of the supplementary Demand and the passing of the connected appropriation bill before close of the financial year, an advance from the Contingency Fund set up under Article 267 (1) of the Constitution shall be obtained before incurring the expenditure.

Rule 61. (2) An advance from the Contingency Fund shall also be obtained to meet expenditure in excess of the provisions for the service included in an Appropriation (Vote on Account) Act.

Rule 61. (3) The application for an advance from the contingency Fund should indicate inter alia the particulars of the additional expenditure involved and the sanction to the advance has also to indicate the sub-head and the primary unit of the Grant to which the expenditure appropriately relates. In case, however, any difficulty is felt, the matter should be referred to the Finance Ministry for clarification.

Rule 61. (4) The producer for obtaining an advance from the Contingency Fund and recumbent of the Fund shall be as laid down in the Contingency Fund of India Rules, 1952, as amended from time to time. For ready reference, rules have been placed at Appendix – 7 to this volume.

Rule 62. Inevitable Payments.— (i) Subject to the provisions of Article 114 (3) of the Constitution, money indisputably payable by Government shall not ordinarily be left unpaid.

(ii) Suitable provision for anticipated liabilities should invariably be made in Demands for Grants to be placed before Parliament.

Rule 63.— For easy reference an extract relating to procedures followed in the accounts Office for check against provisions of funds as a part of pre-check of bills has been placed at Appendix- 14.

Rule 64. Duties and Responsibilities of the Chief Accounting authority.— The Secretary of a Ministry/ Department who is the Chief Accounting Authority of the Ministry/ department shall—

- (i) be responsible and accountable for financial management of his Ministry or Department.
- (ii) ensure that the public funds appropriated to the Ministry or Department are used for the purpose for which they were meant.
- (iii) be responsible for the effective, efficient, economical and transparent use of the resources of this Ministry or department in achieving the stated project objectives of that Ministry or department, whilst complying with performance standards.
- (iv) appear before the Committee on Public accounts and any other parliamentary Committee for examination.
- (v) Review and monitor regularly the performance of the programmes and projects assigned to his Ministry to determine whether stated objectives are achieved.

- (vi) be responsible for preparation of expenditure and other statements relating to his Ministry or Department as required by regulations, guidelines or directives issued by Ministry of Finance.
- (vii) shall ensure that his Ministry or Department maintains full and proper records of financial transactions and adopts systems and procedure that will at all times afford internal controls.
- (viii) Shall ensure that his Ministry or Department follows the Government procurement procedure for execution of works, as well as for procurement of services and supplies, and implements it in a fair, equitable, transparent, competitive and cost-effective manner;
- (ix) Shall take effective and appropriate steps to ensure his Ministry or department;-
 - (a) collects all moneys due to the Government and
 - (b) avoids unauthorized, irregular and wasteful expenditure.

GOVERNMENT ACCOUNTS

Rule 65. Preparation and presentation of Accounts.— Accounts of the Union Government shall be prepared every year showing the receipts and disbursement for the year, surplus or deficit generated during the year and changes in Government liabilities and assets. The accounts so prepared shall be certified by the Comptroller and Auditor-General of India relating to these accounts shall be submitted to the President of India, who shall cause them to be laid before each House Parliament.

Rule 66. Form of Accounts:- By virtue of the provisions of Article 150 of the Constitution, the Accounts of the Union Government shall be kept in such form as the President may, on the advice of the Comptroller and Auditor-General of India, prescribe.

Rule 67:- Principles of Accounting :- The main principles according to which the accounts of the Government of India shall be maintained are contained in Government Accounting Rules 1990; Accounting Rules for Treasuries,; and Account Code Volume

–III. Detailed rules and instructions relating to the forms of the initial and subsidiary accounts to be kept and rendered by officers of the Department of Posts and other technical departments are laid down in the respective Accounts manuals or in the departmental regulations relating to the department concerned.

Rule 68. Cash-based Accounting:- Government accounts shall be prepared on cash basis. With the exception of such book adjustments as may be authorized by Government Accounting Rules, 1990 or by any general or special order issued by the Central Government on the advice of the Comptroller and Auditor-General of India, the transactions in Government accounts shall represent the actual cash receipts and distinguished from amounts due to or by Government during the same period.

Rule 69. Period of Accounts.- The annual accounts of the Central Government shall record transactions which take place during a financial year running from the 1st April to the 31st March thereof.

Rule 70. Currency in which Accounts are kept.- The accounts of Government shall be maintained in Indian rupees. All foreign currency transactions and foreign aid shall be brought into account after conversion into Indian rupees.

Rule 71. Main Divisions and structure of Accounts.- The accounts of Government shall be kept in three parts, namely Consolidated Fund (Part-I), Contingency Fund (Part-II) and Public Account (Part-III).

Part. I – Consolidated Fund is divided into two Divisions, namely, ‘Revenue’ and ‘Capital’ divisions. The Revenue Division comprises of the sections ‘Receipt Heads (Revenue Account)’ dealing with the proceeds of taxation and other receipts classified as revenue and the section ‘Expenditure Heads (Revenue Account)’ dealing with the expenditure met there from. The Capital Division comprises of three sections, viz., ‘Receipt Heads (Capital Account)’, ‘Expenditure Heads (Capital Account)’ and ‘Public Debt, Loans and Advances, etc.’. These sections are in turn divided into sectors such as ‘General Services’, ‘Social and Community Services’, ‘Economic Services’, etc., under which specific functions or services are grouped corresponding to the sectors of Plan classification and which are represented by Major Heads (comprising Sub-Major Heads, wherever necessary).

In Part.-II.- Contingency Fund, are recorded transactions connected with the Contingency Fund set up by the Government of India under Article 267 of the

Constitution or Section 48 of Government of Union Territories Act, 1963. There shall be a single Major Head to record the transactions there under, which will be followed by Minor, Sub and / or Detailed Heads.

In Part.- III – Public accounts, transactions relating to debt (other than those included in Part-I), reserve funds, deposits, advances, suspense, remittances and cash balances shall be recorded.

Rule 72. Classification of transactions Government Accounts.- As a general rule, classification of transactions in Government Accounts, shall have closer reference to functions, programmes and activities of the Government and the object of revenue or expenditure, rather than the department in which the revenue or expenditure occurs.

Major Heads (Comprising Sub-Major Heads wherever necessary) are divided into Minor Heads. Minor Heads may have a number of subordinate heads, generally known as Sub-Heads are further divided in to Detailed Heads followed by Object Heads.

The Major Heads of Account, falling within the sectors for expenditure heads, generally correspond to functions of Government, while the Minor Heads identify the programmes undertaken to achieve the objectives of the functions represented by the Major Head. The Sub-Head represents schemes, the Detailed Head denotes sub-scheme and Object Head represent the primary unit of appropriation showing the economic nature of expenditure such as salaries and wages, office expenses, travel expenses, grants-in-aid, etc. The above six tiers are represented by a unique 15-digit numeric code.

Rule 73. Authority to open a new Head of Account.- The List of Major and Minor Heads of Accounts of Union and States is maintained by the Ministry of Finance(Department of Expenditure- Controller General of Accounts) which is authorized to open a new Head of Account on the advice of the Comptroller and Auditor-General of India under the powers flowing from Article 150 of the Constitution. It contains General Directions for opening Heads of Accounts and a complete list of the Sectors, Major, Sub-Major and Minor Heads of Accounts (and also some Sub/Detailed Heads under some of them authorized to be so opened).

Ministries / Departments may open Sub-Heads and detailed Heads as required by them in consultation with the Budget Division of the Ministry of Finance. Their Principal

Accounts Offices may open Sub/Detailed Heads required under the Minor Heads falling within the Public Account of India subject to the above stipulations.

The Object Heads have been prescribed under Government of India's Order below Rule 8 of Delegation of Financial Powers Rules. The power to amend or modify these Object Heads and to open new Object Heads rest with Department of Expenditure of Ministry of Finance on the advice of the Comptroller and Auditor- General of India.

Rule 74. Conformity of Budget Heads with rules of classification.- Budget Heads exhibited in estimates of receipts and expenditure framed by the Government or in any appropriation order shall conform to the prescribed rules of classification.

Rule 75. Responsibility of Departmental Officers.- Every officer responsible for the collection of Government dues or expenditure of Government money shall see that proper accounts of the receipts and expenditure, as the case may be, are maintained in such form as may have been prescribed for the financial transactions of Government with which he is concerned and tender accurately and promptly all such accounts and returns relating to them as may be required by Government, Controlling Officer or Accounts Officer, as the case may be.

Rule 76. Classification should be recorded in all the bills and challans by Drawing Officers.- Suitable classification shall be recorded by Drawing Officers on all bills drawn by them. Similarly, classification on challans crediting Government money into the Bank shall be indicated or recorded by Departmental Officers responsible for the collection of Government dues, etc. In cases of doubt regarding the Head under which a transaction should be accounted, however, the matter shall be referred to the Principal Accounts Officer of the Ministry/Department concerned for clarification of the Ministry of Finance and the Controller General of Accounts, wherever necessary.

Rule 77. Charged or Voted Expenditure.- The expenditure covered under article 112(3) of the Constitution of India is charged on the Consolidated Fund of India and is not subject to vote by the legislature. All other expenditure met out of the Consolidated Fund of India is treated as Voted expenditure. Charged or Voted Expenditure shall be shown separately in the accounts as well as in the Budget document.

Rule 78. Plan or Non-plan Expenditure.- Plan expenditure representing expenditure on Plan outlays approved for each scheme or organization by the Planning Commission and indicating the extent to which such outlays are met out of budgetary provisions

shall be shown distinctly from the other (Non-Plan) expenditure in the accounts as well as in the Budget documents.

Rule 79. Capital or Revenue Expenditure.- Significant expenditure incurred with the object or acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in running order as also all other expenses incurred for the day-to-day running of the organization, including establishment and administrative expenses shall be classified as Revenue expenditure. Capital and Revenue expenditure shall be shown separately in the Accounts.

CAPITAL AND REVENUE ACCOUNTS

Rule 90. Capital Expenditure.- Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of existing assets shall broadly be defined as Capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running off the organization, including establishment and administrative expenses, shall be classified as Revenue expenditure shall be shown separately in the Accounts.

Expenditure on a temporary asset or on grants-in-aid cannot ordinarily be considered as a capital expenditure and shall not, except in cases specifically authorized by the President on the advice of the Comptroller and Auditor-General of India, be debited to a Capital Head.

Capital expenditure is generally met from receipts of capital nature, as distinguished from ordinary revenues derived from taxes, duties, fees, fines and similar items of current income including extraordinary receipts. It is open to the Government to meet capital expenditure from ordinary revenues, provided there are sufficient revenue resources to cover this liability.

Expenditure of a capital nature, as defined above, shall not be classed as Capital expenditure in the Government Accounts unless the classification has been expressly authorized by general or special orders of Government.

Expenditure of a Capital nature shall be distinguished from Revenue expenditure both in the Budget estimates and in Government Accounts.

Rule 91. Principles for allocation of expenditure between Capital and Revenue.-

The following are the main principles governing the allocation of expenditure between Revenue and Capital:-

- (a) Capital shall bear all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service. It shall also bear charges for such further additions and improvements, which enhance the useful life of the asset, as may be sanctioned under rules made by competent authority.
- (b) Subject to Clause (c) below, revenue shall bear subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on renewals and replacements and additions, improvements or extensions that are revenue in nature as per rules made by Government.
- (c) In the case of works of renewal and replacement, which partake expenditure both of a capital and revenue nature, the allocation of expenditure shall be regulated by the broad principle that Revenue should pay or provide a fund for the adequate re-placement of all wastage or depreciation of property originally provided out of capital grants. Only the cost of genuine improvements, which enhance the useful life of the asset, whether determined by prescribed rules or formulae, or under special orders of Government, may be debited to Capital. Where under special orders of Government, a Depreciation or Renewals Reserve Fund is established for renewing assets of any commercial department or undertaking, the distribution of expenditure on renewals and replacements between Capital and the Fund shall be so regulated as to guard against overcapitalization on the one hand and excessive withdrawals from the Fund on the other.
- (d) Expenditure on account of reparation of damage caused by extraordinary calamities such as flood, fire, earthquake, enemy action, etc., shall be charged to Capital, or to Revenue, or divided between them, depending upon whether such expenditure results in creation/acquisition of new assets or whether it is

only for restoring the condition off the existing assets, as may be determined by Government according to the circumstance of each case.

Rule 92. Allocation between capital and revenue expenditure.- The allocation between capital and revenue expenditure on a Capital Scheme for which separate Capital and Revenue Accounts are to be kept, shall be determined in accordance with such general or special orders as may be prescribed by the Government after consultation with the Comptroller and Auditor-General.

Rule 93. Capital receipts during construction mainly to be utilized in reduction of capital expenditure.- Capital receipts in so far they relate to expenditure previously debited to Capital accruing during the process of construction of a project, shall be utilized in reduction of capital expenditure. Thereafter their treatment in the accounts will depend on circumstances, but excepts under special rule or order of Government, t they shall not be credited to the revenue account of the department or undertaking.

Rule 94. Receipts and recoveries representing recoveries of expenditure previously debited to Capital Major Head.- Receipts and recoveries on Capital Account in so far as they represent recoveries of expenditure previously debited to a Capital Major Head shall be taken in reduction of expenditure under the Major Head concerned except where, under the rules of allocation applicable to a particular department, such receipts have to be taken to Revenue.

Rule 95. Capital cost of non-productive work to be met from ordinary revenues.- As a general rule, capital cost of works which are non-productive in nature is met from ordinary revenues. Borrowed moneys and other resources outside the Revenue Account shall not ordinarily be spent for non-productive purposes unless the following conditions are fulfilled:-

- (a) The objects for which the money is wanted are so urgent and vital that the expenditure can neither be avoided, postponed or distributed over a series of years; and
- (b) The amount is too large to be met from current revenues.

INTEREST ON CAPITAL

Rule 97. Interest rate.- Except in special cases regulated by special orders of Government, interest at such rates as may be specified from time to time shall b e

charged in the accounts of all Commercial departments or units for which separate capital and revenue accounts are maintained within the Government accounts.

By specific loans are meant loans that are raised in the open market for one specific purpose which is clearly specified in the prospectus and in regard to which definite information is given at the time of raising of the loans.

Rule 98. (2) For capital outlay provided otherwise, interest shall be charged at the average rate of interest to be determined each year by the Department of Economic Affairs, Ministry of Finance.

Rule 98 (3) In the case of Capital Outlay of the Railways, dividend is payable to the general revenues on the capital-at-charge at the rate prescribed in the railway Convention Resolution from time to time.

Rule 99. Method of calculation of interest.- The interest shall be calculated on the direct capital outlay at the end of the previous year plus half the outlay of the year itself, irrespective of whether such outlay has been met from current revenues or from other sources.

Rule 100. How interest charged to capital is to be written back.- When under any special orders of Government, charges for interest during the process of construction of a project are temporarily met from capital, the writing back of capitalized interest shall form the first charge on any capital receipts or surplus revenue derived from the project when opened for working.

INTER-DEPARTMENTAL ADJUSTMENTS

Rule 116. Inter-Departmental Adjustments.- Save as expressly provided by any general or special orders, a Service Department shall not charge other departments for services rendered or supplies made which falls within the class of duties for which the former department is constituted. However, a commercial department or undertaking shall ordinarily charge and be charged for any supplies made and services rendered to, or by, other departments of Government.

Rule 117. Principles for division of departments for purposes of inter- departmental payments.- For purposes of inter-departmental payments, the departments of a Government shall be divided into service departments and commercial departments according to the following principles:-

(a) Service departments.- These are constituted for the discharge of those functions which either-

- (i) Are inseparable from and form part of the idea of Government e.g. Departments of administration of Justice, Jails, Police, Education, Medical, Public Health, Forest, Defense; or
- (ii) Are necessary to and form part of, the general conduct of the business of Government e.g. Departments of Survey, Government Printing, Stationery, Public Works (Building and Roads Branch), Central Purchase Organization (Director-General of Supplies and Disposals, New Delhi).

(b) Commercial Departments or Undertakings.- These are established mainly for the purposes of rendering services or providing supplies, of certain special kinds, on payment for the services rendered or for the articles supplied. They perform functions, which are not necessarily governmental functions. They are required to work to a financial result determined through accounts maintained on commercial principles.

Rule 118. Period for preferment of claims.- All claims shall ordinarily be preferred between Departments, both commercial and non-commercial of the Central government, within the same financial year and not beyond three years from the date of transaction. This limitation, however, may be waived in specific cases by mutual agreement between the departments concerned.

Rule 119. Procedure for settlement of inter-departmental adjustments.- The settlement of inter-departmental adjustments shall be regulated by the directions contained in Chapter 4 of Government Accounting Rules, 1990.

Rule 120. Interdepartmental and other adjustments to be made in the account year.- Under the directions contained in the Account Code for Accountants General, inter-departmental and other adjustments are not to be made in the accounts of the past year, if they could not have been reasonably anticipated as, for example, recurring payments to another Government or department and payments which through not of fixed amount, are of a fixed character, etc, the Accounts Officer will automatically make the adjustment in the accounts before they are finally closed. The onus of proving that the adjustments could not have been reasonably anticipated should lie with the Controlling officer.

As between different Departments of the same Government, the recoveries effected for services rendered shall be classified as deductions from the gross expenditure. However, recoveries made by a Commercial department, e.g., Railways, Posts or a departmental commercial undertaking in respect of services rendered in pursuance of the functions for which the Commercial Department is constituted shall be treated as receipts of the Department but where it acts as an agent for the discharge of functions not germane to the essential purpose of the Department, the recoveries shall be taken as reduction of expenditure.

EXCEPTION.- Recoveries of fees for purchase, inspection, etc., effected by the Central Purchase Organizations of Government of India, are treated as receipts of the Department concerned.

NOTE I.- The term 'recovery' is used in this rule to denote repayment of / or payment by one Department of the same Government towards charges initially incurred and classified by another Department in its accounts as final expenditure by debit to a Revenue or Capital Head of Account. Recoveries toward establishment charges tools and plants, fees for procurement or inspection of stores or both, etc., effected at percentage rates or otherwise, are some examples.

NOTE 2.- Recoveries effected from another department of the same Government which are to be classified as deduction from the gross expenditure, shall be shown in the relevant demand for Grant as "below the line" recovery under the appropriate major, etc., Head of Account. Recovery actually effected, irrespective of the year to which it relates shall be adjusted in accounts in the schedule of recovery to be attached to the Appropriation Account of the year in which the recovery is effected.

Rule 121. Adjustment of Pensionary Charges of certain Commercial Departments.- Except as otherwise provided, the pensionary liability of commercial departments and undertakings, for which pro forma commercial accounts are maintained, shall be assessed on a contribution basis at such rates as may be fixed by Government from time to time. In the case of departments and undertakings, for which no regular commercial accounts are maintained either within or outside the regular Government accounts but which are allowed to charge for their products or services rendered, the pensionary liability shall be taken into account in the estimate of overhead charges and manufacturing costs for the purpose of calculating the issue price of goods

manufactured or fees for services rendered. The calculation shall be made at rates prescribed for the purpose by Government.

NOTE.- The Railways, Posts and Defense Departments are regarded as separate Governments for the purpose of adjustment of pensionary charges.

Rule 122. Pensionary liability in the case of Government Departments/Undertakings declared as commercial.- In the case of Government Departments and Undertaking declared as commercial, adjustment of Pensionary liability shall be made in the regular accounts by charging the average of the percentage for 15th year of service stipulated in Appendix-II A to the P & T Compilation of fundamental and Supplementary Rules, Volume-II, duly rounded to the nearest whole number. The average of the rates for Groups 'A' to 'D' employees prescribed in O.M. No. F.8 (9)- E. 111/81, dated the 29th July, 1982, issued by the Ministry of Finance (Department of Expenditure), works out to twelve per cent.

WORKS

Rule 123. Original works means all new constructions, additions and alterations to existing works, special repairs to newly purchased or previously abandoned buildings or structures, including remodeling or replacement.

Repair works means works undertaken to maintain building and fixtures.

Rule 124. Administrative control of works includes.-

- (i) assumption of full responsibility for construction, maintenance and upkeep;
- (ii) proper utilization of buildings and allied works;
- (iii) provision of funds for execution of these functions.

Rule 125. Powers to sanction works.- The powers delegated to various subordinate authorities to accord administrative approval, sanction expenditure and re-appropriate funds for works are regulated by the Delegation of Financial Powers Rules, 1978, and other orders contained in the respective departmental regulations.

Rule 126.-(1) A Ministry or department at its discretion may directly execute repair works estimated to cost up to Rupees ten Lakhs after following due procedure indicated in Rule 132.

Rule 126. (2) A Ministry or Department may, at its discretion, assign repair works estimated to cost above Rupees ten Lakhs and up to Rupees thirty Lakhs to any Public

Works Organization, which includes State Public Works Divisions, other Central Government Organizations authorized to carry out civil or electrical works such as Central Public Works Department (CPWD), Military engineering Service (MES), Border Roads Organization etc., or Public Sector Undertakings set up by the Central or State Government to carry out civil or electrical works.

Rule 126. (3) All original works costing up to Rupees ten Lakhs may be assigned by the Ministry or Department concerned to a Public Works Organizations as defined in **Rule 126 (2)**.

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 Organizations as defined in Rule 126 (2) after consultation with the Ministry of Urban Development.

Rule 127. Work under the administrative control of the Public Works Departments.- Works not specifically allotted to any Ministry or Department shall be included in the Grants for Civil Works to be administered by Central Public Works Department. No such work may be financed partly from funds provided in departmental budget and partly from the budget for Civil works as mentioned above.

Rule 128. General Rules.- Subject to the observance of these general rules, the initiation, authorization and execution of works allotted to a particular Ministry or Department shall be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

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 containing the detailed specifications and quantities of various items have been prepared on the basis of the Schedule of Rates maintained by CPWD or other Public Work Organization and sanctioned;

- (v) Funds to cover the charge during the year have been provided by competent authority;
- (vi) Tenders invited and processed in accordance with rules;
- (vii) A Work Order issued.

Rule 129. (2) On grounds of urgency or otherwise, if it becomes necessary to carry out a work or incur a liability under circumstances when the provision set out under sub-rule (1) OF Rule 129 cannot be complied with, the concerned executive officer may do so on his own judgment and responsibility. Simultaneously, he should initiate action to obtain approval from the competent authority and also to intimate the concerned Accounts officer.

Rule 129.(3) Any development of a project considered necessary while a work is in progress, which is not contingent on the execution of work as first sanctioned, shall have to be covered by a supplementary estimate.

Rule 130. For purpose of approval and sanctions, a group of works which forms one project, shall be considered as one work. The necessity for obtaining approval or sanction of higher authority to a project which consists of such a group of work shall not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of a lower authority. This provision, however, shall not apply in case of works of similar nature which are independent of each other.

Rule 131. Any anticipated or actual savings from a sanctioned estimate for a definite project, shall not, without special authority, be applied to carry out additional work not contemplated in the original project.

Rule 132. Procedure for Execution of Works. The broad procedure to be followed by a Ministry or Department for execution of works under its own arrangements shall be as under:-

- (i) the detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for

similar works carried out by the Central Public Works Department (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 on the basis of 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;
- (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 format given below:-

“ I.....,Executing Officer of (Name of the Work), am personally satisfied that the work has been executed as per the specifications laid down in the Contract Agreement and the workmanship is up to the standards followed in the Industry.”

Rule 133. For original works and repair works entrusted to a ‘Public Works Organization’ as defined in Rule 126 (2), the administrative approval and expenditure sanction shall be accorded and funds allotted by the concerned authority under these rules and in accordance with the Delegation of Financial Powers Rules, 1978. The Public Work Organization shall then execute the work entrusted to it in accordance with the rules and procedures prescribed in that organization.

Rule 134. Review of Projects.- After a project costing Rupees ten cores or above is approved, the Administrative Ministry or Department will set up a Review Committee consisting of a representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less than Rupees ten cores, it will be at the

discretion of the Administrative Ministry/ Department to set up a Review Committee on the above lines.

**Procurement of goods
and services**

1. PROCUREMENT OF GOODS

Rule 135. This chapter contains the general rules applicable to all Ministries or Departments, regarding procurement of goods required for use in the public service, Detailed instructions relating to procurement of goods may be issued by the procuring departments broadly in conformity with the general rules contained in this Chapter.

Rule 136. Definition of Goods.- The term 'goods' used in this chapter includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant, etc., purchases or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc. for a library.

Rule 137. Fundamental principles of public buying.- Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, 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 quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organization. The specifications so worked out should meet the basic needs of the organization without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- (ii) offers should be invited following a fair, transparent and reasonable procedure;
- (iii) the procuring authority should be satisfied that the selected offer adequately meets the requirement 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;
- (v) 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,

Rule 138. Authorities competent to purchase goods.- An authority which is competent to incur contingent expenditure may sanction the purchase of goods required for use in public service in accordance with Schedule V of the Delegation of Financial Powers Rules, 1978, following the general procedure contained in the following rules.

Rule 140. 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 Organization (e.g DGS& D) with the approval of competent authority. The indent form to be utilized for this purpose will be as per the standard form evolved by the Central Purchase Organization.

Rule 141. Rate Contract.- The Central Purchase Organization (e.g DGS& D) shall conclude rate contracts with the registered suppliers, for goods and items of standard types, which are identified as common user items and are needed on recurring basis by various Central Government Ministries or Departments. Definition of Registered suppliers is given in Rule 142 below. The Central Purchase Organization will furnish and update all the relevant details of the rate contracts in its website. The Ministries or Departments shall follow those rate contracts to the maximum extent possible.

Rule 145. Purchase of goods without quotation.- Purchase of goods up to the value of Rs. 15,000(Rupees fifteen thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format:-

“I....., am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”

Rule 146. Purchase of goods by purchase committee.- Purchase of goods costing above Rs. 15,000 (Rupees Fifteen Thousand) only and up to Rs. 1,00,000 (Rupees One

lakh) only 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. The committee will serve the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under :-

“Certified that we, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question.”

Rule 147. (1) Purchase of goods directly under rate contract .- In case a Ministry or Department directly procures Central Purchase Organization (e.g DGS & D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the rate contract. The Ministry or Department shall make its own arrangement for inspection and testing of such goods where required.

Rule 147. (2) The Central Purchase Organization (e.g DGS & D) should host the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the website for use by the procuring Ministry or Department.

148. 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 149. Purchase of goods by obtaining bids.- Except in cases covered under Rules 145, 146 and 147 (1), Ministries or Departments shall procure goods under the powers referred to in Rule 140 above by following the standard method of obtaining bids in :-

- (i) Advertised Tender Enquiry;
- (ii) Limited Tender Enquiry;
- (iii) Single Tender Enquiry.

Rule 150. Advertised Enquiry.- (i) Subject to exceptions incorporated under Rules 151 and 154, invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs.25 lakh (Rupees Twenty Five Lakh) and above.

Advertisement in such case should be given in the Indian Trade Journal (ITJ), published by the Director General of Commercial Intelligence and Statistics, Kolkata and at least in one national daily having wide circulation.

- (ii) An organization having its own website should also publish all its advertised tender enquiries on the web site and provide a link with NIC website. It should also give its website address in the advertisements in ITJ and newspapers.
- (iii) The organization should also post the complete bidding document in its website and permit prospective bidders to make use of the document downloaded from the website. If such a downloaded bidding document is priced, there should be clear instruction for the bidder to pay the amount by demand draft., along with the bid.
- (iv) Where the Ministry or Department feels that the goods of the required quality, specifications etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Ministry or Department may send copies of the tender notice to the Indian embassies abroad as well as to the foreign embassies in India. The selection of the embassies will depend on the possibility of availability of the required goods in such countries.
- (v) 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 bidding document for sale, whichever is later, Where the department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

Rule 151. Limited Tender Enquiry.- (i) This method may be adopted when estimated value of the goods to be procured is up to Rupees Twenty-five Lakhs. Copies of the bidding document should be sent directly by speed post/registered post/ courier/ e-mail to firms which are borne on the list of registered suppliers for the goods in question as referred under Rule 142 above. The number of supplier firms in Limited Tender Enquiry should be more than three. Further, web-based publicity should be given for limited tenders. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.

- (ii) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees twenty-five Lakhs, in the following circumstance:-
 - (a) The competent authority in the Ministry or Department certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. The Ministry or department should also put on record the nature of the urgency and reasons why the procurement could not be anticipated.
 - (b) There are sufficient reasons, to be recorded in writing by the competent authority, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.
 - (c) The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.
- (iii) sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases.

Rule 154. Single Tender Enquiry.- Procurement from a single source may be resorted to in the following circumstances:-

- (i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
- (iii) For standardization of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selection firm.

NOTE.- Proprietary Article certificate in the following form is to be provided by the Ministry Department before procuring the goods from a single source under the provision of sub Rule 154 (i) and 154(iii) as applicable.

- (i) The indented goods are manufactured by M/s.....
- (ii) No other make or model is acceptable for the following reasons:-

-
-
-
- (iii) Concurrence of finance wing to the proposal vide:-
.....
- (iv) Approval of the competent authority vide.....

**(Signature with date and designation
of the Procuring Officer)'**

Rule 159. (1) Advance payment to supplier.- Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:-

- (i) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computer, other costly equipment, etc.
- (ii) Advance payment demanded by firms against fabrication contracts, turnkey contracts etc.

Such advance payments should not exceed the following limits:-

- (i) Thirty per cent of the contract value to private firms;
- (ii) Forty per cent of the contract value to a State or Central Government agency or a Public Sector Undertaking; or
- (iii) in case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.

Ministries or Departments of Central Government may relax, in consultation with their Financial advisers concerned, the ceilings(including percentage laid down for advance payment for private firms) mentioned above. While making any advance payment as above, adequate safeguards in the form of bank guarantee, etc., should be obtained from the firm.

Rule 159. (2) Part payment to suppliers.- Depending on the terms of delivery incorporated in a contract, part payment to the supplier may be released after it dispatches the goods from its premises in terms of the contract.

Inventory Management

Rule 186. This chapter contains the basic rules applicable to all Ministries or Departments regarding inventory management. Detailed instructions and procedures relating to inventory management may be prescribed by various Ministries or Departments broadly in conformity with the basic rules contained in this chapter.

Rule 187. (1) Receipt of goods and materials from private suppliers.- While receiving goods and materials from a supplier, the officer-in-charge of stores should refer to the relevant contract terms and follow the prescribed procedure for receiving the materials.

Rule 187.(3) Details of the material so received should thereafter be entered in the appropriate stock register. The officer-in-charge of stores should certify that he has actually received the material and recorded it in the appropriate stock registers.

Rule 188.(1) Receipt/issue of goods and materials from internal divisions of the same organization.- The indenting officer requiring goods and materials from internal division(s) of the same organization should project an indent in the prescribed form for this purpose. While receiving the supply against the indent, the indenting officer shall examine, count, measure or weigh the materials as the case may be, to ensure that the quantities are correct, the quality is in line with the required specifications and there is no damage or deficiency in the materials. An appropriate receipt shall also be given to this effect by the indenting officer to the division sending the materials.

Rule. 188(2) In the case of issue of materials from stock for departmental use, manufacture, sale, etc., the Officer-in-charge of the stores shall see that an appropriate indent, in the prescribed form has been projected by the indenting officer. A written acknowledgement of receipt of material issued shall be obtained from the indenting officer or his authorized representative at time of issue of materials.

Rule 188. (3) in case of materials issued to a contractor, t h e cost of which is recoverable from the contractor, all relevant particulars, including the recovery rates and the total value chargeable to the contractor should be got acknowledged from the contractor duly signed and dated.

Rule 188.(4) If the Officer-in-charge of the stores is unable to comply with the indent in full, he should make the supply to the extent available and make suitable entry to this effect in the indenter's copy of the indent. In case alternative materials are available in

lieu of the indented materials, a suitable indication to this effect may be made in the document.

Rule 189. Custody of goods and materials.- The officer-in-charge of stores having custody of goods and materials, especially valuable and / or combustible articles, shall take appropriate steps for arranging their safe custody, proper storage accommodation, including arrangements for maintaining required temperature, dust free environment etc.

Rule 190 (1). Lists and Accounts.-The officer-in-charge of stores shall maintain suitable item-wise lists and accounts and prepare accurate returns in respect of the goods and materials in his charge making it possible at any point of time to check the actual balances with the book balances.

The form of the stock accounts mentioned above shall be determined with reference to the nature of the goods and materials, the frequency of the transaction and the special requirements of the concerned Ministries/ Departments.

Rule 190. (2) Separate accounts shall be kept for –

- (i) Fixed assets such as plant, machinery, equipment, furniture, fixtures etc. in the Form GFR-40.
- (ii) Consumables such as office stationery, chemicals, maintenance spare parts etc. in the Form GFR -41.
- (iii) Library books in the Form GFR – 35.
- (iv) Assets of historical/ artistic value held by museum/ Government departments in the Form GFR – 42.

NOTE.- These forms can be supplemented with additional details by Ministries/ Departments as required.

Rule 191. Hiring out of Fixed Assets.- When a fixed asset is here to local bodies, contractors or others, proper record should be kept off the assets and the hire and other charges as determined under rules prescribed by the competent authority, should be recovered regularly. Calculation of the charges to be recovered from the local bodies, contractors and others as above should be based on the historical cost.

Rule 192. (1) Physical verification of Fixed Assets.- The inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once n a

year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account.

Rule 192. (2) Verification of consumables:- A physical verification of all the consumable goods and materials should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.

Rule 192. (3) Procedure for verification:- (i) Verification shall always be made in the presence of the officer responsible for the custody of the inventory being verified.

(ii) A certificate of verification along with the finding shall be recorded as the stock register.

(iii) Discrepancies, including shortages, damages and unserviceable goods, if any, identified during verification, shall immediately be brought to the notice of the competent authority for taking appropriate action in accordance with provision given in Rule 33 to 38.

Rule 193. Buffer Stock:- Depending on the frequency of requirement and quantity thereof as well as the pattern of supply of a consumable materials, optimum buffer stock should be determined by the competent authority.

NOTE:- As the inventory carrying cost is an expenditure that does not add value to the material being stocked, a material remaining in stock for over a year shall generally be considered surplus, unless adequate reasons to treat it otherwise exist.

Rule 194. Physical verification of Library books:- (i) Complete Physical verification of books should be done every year in case of libraries having not more than twenty thousand volumes. For libraries having more than twenty thousand volumes, such verification should be done at least once in three years. Simple physical verification at interval of not more than three years should be done in case of libraries having more than fifty thousand volumes. In case such verification reveals unusual or unreasonable shortages, complete verification shall be done.

(ii) Loss of five volumes per one thousand volumes of books issued/ consulted in a year may be taken as reasonable, provided such losses are not attributable to dishonesty or negligence. However, loss of a book of a value exceeding Rs. 1,000 (Rupees One thousand only) and rare books irrespective of value shall invariably be investigated and appropriate action taken.

Rule 195. Transfer of charge of goods, materials etc.- In case of transfer of Officer-in-charge of the goods, materials, etc., the transferred officer shall see that the goods or material are made over correctly to his successor,. A statement giving all relevant details of the goods, materials, etc., in question shall be prepared and signed with date by the relieving officer and the relieved officer. Each of these officers will retain a copy of the signed statement.

Rule 196. Disposal of Goods.- (i) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Ministry or Department. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.

- (ii) The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.
- (iii) The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilized. A report of stores for disposal shall be prepared in Form GFR – 17.
- (iv) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Government servant, responsibility for the same should be fixed.

Rule 197. Modes of Disposal.- (i) Surplus or obsolete or unserviceable goods of assessed residual value able Rupees Two Lakh should be disposed of by :-

- a. obtaining bids through advertised tender or
 - b. Public auction.
- (ii) For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the mode of disposal will be determined by the competent authority, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and, also deterioration in value of goods to be disposed of.
 - (iii) Certain surplus or obsolete or unserviceable goods such as expired medicines, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting

suitable mode so as to avoid any health hazard and / or environmental pollution and also the possibility of misuse of such goods.

- (iv) Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of / destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

Rule 198. Disposal through Advertised Tender.- (i) The broad steps to be adopted for this purpose are as follows :-

- (a) Preparation of bidding documents.
- (b) Invitation of tender for the surplus goods to be sold.
- (c) Opening of bids.
- (d) Analysis and evaluation of bids received.
- (e) Selection of highest responsive bidder.
- (f) collection of sale value from the selected bidder.
- (g) Issue of sale release order to the selected bidder.
- (h) Release of the sold surplus goods to the selected bidder.
- (i) Return of bid security to the unsuccessful bidders.
- (ii) The important aspects to be kept in view while disposing the goods through advertised tender are as under :-
 - (a) The basic principle for sale of such goods through advertised tender is ensuring transparency. Competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes, as relevant, should be clearly stated in the document.
 - (b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.
 - (c) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten per cent of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.

- (d) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder.]
- (e) In case the total quantity to be disposed of cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder.
- (f) Full payment, i.e., the residual amount after adjusting the bid security should be obtained from the successful bidder before releasing the goods.
- (g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including re-sale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.

(iii) Late bids i.e., bids received after the specified date and time of receipt should not be considered.

Rule 199. Disposal through Auction.- (i) A Ministry or Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.

- (ii) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc., should be given wide publicity for the same manner as is done in case of advertised tender.
- (iii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and condition of sale etc., (as already indicated earlier while giving wide publicity for the same), should be announced again for the benefit of the assembled bidders.
- (iv) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five percent of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt(DACR), drawn in favour of the Ministry or

Department selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.

- (v) The composition of the auction team will be decided by the competent authority. The team should however include an officer of the Internal Finance Wing of the department.

Rule 200. Disposal at scrap value or by other modes.- If a Ministry or Department is unable to sell any surplus or obsolete or unserviceable item in spite of its attempts through advertised tender or auction, it may dispose of the same at its scrap value with the approval of the competent authority in consultation with Finance Division. In case the Ministry or Department is unable to sell the item even at its scrap value, it may adopt any other mode of disposal including destruction of the item in an eco-friendly manner.

Rule 201. A sale account should be prepared for goods disposed of in Form GFR 18 duly signed by the officer who supervised the sale or auction.

Rule 202. (1) Powers to write off.- All profits and losses due to revaluation, stock-taking or other causes shall be duly recorded and adjusted where necessary. Formal sanction of the competent authority shall be obtained in respect of losses, even though no formal correction or adjustment in Government accounts is involved. Power to write-off of losses are available under the Delegation of Financial Powers Rules, 1978.

Rule 202. (2) Losses due to depreciation.- Losses due to depreciation shall be analyzed, and recorded under following heads, as applicable:-

- (i) Normal fluctuation of market prices;
- (ii) Normal wear and tear;
- (iii) Lack of foresight in regulating purchases; and
- (iv) Negligence after purchase.

Rule 202 (3) Losses not due to depreciation.- Losses not due to depreciation shall be grouped under the following heads:-

- (i) Losses due to theft or fraud;
- (ii) Losses due to neglect;
- (iii) Anticipated losses on account of obsolescence of stores or of purchases in excess of requirements;
- (iv) Losses due to damage, and

- (v) Losses due to extraordinary situations under 'Force Majeure' conditions like fire, flood, enemy action, etc.;

Miscellaneous Subjects

1. ESTABLISHMENT

Rule 253.(1) Proposal for additions to Establishment.- All proposals for additions to establishment shall be submitted to sanctioning authority in accordance with the instructions contained in Rule 11 of the Delegation of Financial Powers Rules and other such instructions which may be prescribed in this regard.

Rule 253 (2) All proposals for creation of a new establishment or a revision in an existing establishment, whether temporary or permanent in excess of delegated powers should contain, inter alia:-

- (a) The present cost of the establishment in existence;
- (b) Cost implications of the change proposed giving details of pay and allowances of post(s) proposed;
- (c) expenditure in respect of claim to pension or gratuity or other retirement benefits that may arise in consequence of the proposal;
- (d) Details on how the expenditure is proposed to be met including proposed re-appropriations.

Rule 253 (3) A full review of the justification for continuation or conversion of temporary posts in consultation with Integrated Finance or Ministry of Finance where necessary, should precede any order for continuation of temporary posts or conversion into permanent posts.

Rule 253. (4) All proposals for increase in emoluments for an existing posts(s) shall be referred to the Ministry of Finance for approval.

Rule 254. Adjustment in Appointments.- A Ministry or Department competent to make appointment to posts in any cadre may make appointments in a lower post in the cadre to the extent of vacancies left unfilled in the higher posts.

Rule 255.(1) Transfer of Charge.- A report of transfer of a Gazetted Government servant duly made in Form GFR 33 and signed both by the relieved and relieving

Government servants, shall be sent on the same day to the Head of the Department or other Controlling Officers concerned except in the following types of cases in respect of which report of transfer of charge need not be signed both by the relieving and relieved Government servants simultaneously and may be sent independently.-

- (i) Where a Gazetted Government servant assumes charge of a newly created or vacant post or relinquishes charge of a post which has been abolished.
- (ii) Where a Gazetted Government servant vacates a post for a short period and no formal appointment or officiating arrangement is made in his place.
- (iii) Where due to administrative exigencies a Government servant is required to move to another post relinquishing his post against local arrangement.

Rule 255(2) In cases in which the transfer of charge involves assumption of responsibility for cash, stores, etc., the following instructions should be observed:-

- (i) The Cash Book or imprest account should be closed on the date of transfer and a note recorded in it over the signatures of both the relieved and the relieving Government servants, showing the cash and imprest balances and the number of unused cheques/ receipt books, if any, made over and received by them respectively.
- (ii) The relieving Government servant should bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He should examine the accounts, count, weight and measure certain selected articles, as applicable, in order to test the accuracy of the returns.
- (iii) In the case of any sudden casualty occurring or any emergent necessity arising for a Government servant to relinquish his charge, the next senior officer of the department present shall take charge. When the person who takes charge is not a Gazetted Government servant, he must at once report the circumstances to his nearest departmental superior and obtain orders as to the cash in hand, if any.

Rule 255(3) The additional procedure to be followed by an Audit Officer or Accounts Officer, etc., in making over charge of his function in connection with Charitable Endowments and other Trust Accounts is laid down in Appendix-12.

Rule 256. Date of Birth.- Every person newly appointed to a service or a post under Government shall, at the time of the appointment, declare the date of birth by the Christian era with confirmatory documentary evidence such as a Matriculation

Certificate, where prescribed qualification for appointment is Matriculation or above. In other cases, Municipal Birth Certificate or Certificate from the recognized school last attended shall be treated as a valid document.

Rule 257. (1) Service Book.- Detailed Rules for maintenance of Service Books are contained in SR 196 to 203. Service Books maintained in the establishment should be verified every year by the Head of Office who, after satisfying himself that the services of Government servants concerned are correctly recorded in each Service Book shall record the following certificate “ Service verified from.....(the date record from which the verification is made).....upto.....(date).....”.

Rule 257.(2) The service book of a Government servant shall be maintained in duplicate. First copy shall be retained and maintained by the Head of the Office and the second copy should be given to the Government servant for safe custody as indicated below:-

(a) To the existing employees- within six months of the date on which these rules become effective.

(b) To new appointees- within one month of the date of appointment.

Rule 257 (3) In January each year, the Government servant shall handover his copy of the Service Book to his office for updation. The office shall update and return it to the Government servant within thirty days of its receipt.

Rule 257 (4) In case the Government servants' copy is lost by the Government servant, it shall be replaced on payment of a sum of Rs.500.

Rule 258. Retrospective claim due from date of sanction.- In the case of sanction accorded with retrospective effect, the charge does not become due before it is sanctioned. In such cases the time –limit specified in Rule 264 (1) should be reckoned from the date of sanction and not from the date on which the sanction takes effect.

Rule 259. Due date of T.A claim.- Traveling allowance claim of a Government servant shall fall due for payment on the date succeeding the date of completion of the journey, He shall submit the traveling allowance claim within one-year of its becoming due failing which it shall stand forfeited.

Rule 260. Reckoning the date in case of T.A. claims by retired Government servants appearing in a Court of Law for defending himself.- Retired Government servants become eligible for reimbursement of Traveling expenses in respect of travel(s) for

appearing in court of law for defending himself only when the judgment relating to his honorable acquittal is pronounced by the court. In such cases, the date of pronouncements of the judgment shall be the reference point for submission and forfeiture of his T.A claim.

Rule 261. Due date of Leave Travel Concession claim.- Leave Travel Concession claim of a Government servant shall fall due for payment on the date succeeding the date of completion of return journey. The time-limit for submission of the claims shall be as under :-

- (i) In case advance drawn: Within one month of the due date.
- (ii) In case advance not drawn: Within three month of the due date.

In case of (i) above if the claim is not submitted within one month of the due date, the amount of advance shall be recovered but the Government employee shall be allowed to submit the claim as under (ii) above.

In case of failure to submit the claim in both the cases within three months of the due date, the claim shall stand forfeited.

Rule 263. Due date of a withheld increment.- In the absence of any specific order withholding an ordinary increment under FR 24 before the date on which it falls due for payment, the period of one year should be counted from the date on which it falls due and not with reference to the date on which the Increment Certificate is signed by the competent authority. Even where an increment is withheld, the time-limit should be reckoned from the date on which it falls due after taking into account the period for which it is withheld.

Rule 264(1) Arrear Claims.- Any arrear claim of a Government servant which is preferred within two years of its becoming due shall be settled by the Drawing and Disbursing Officer or Accounts Officer, as the case may be, after usual checks.

Rule 264.(2) For the purpose of the above provisions, the date on which the claim is presented at the office of disbursement should be considered to be the date on which it is preferred.

Rule. (3)(i) A claim of a Government servant which has been allowed to remain in abeyance for a period exceeding two years, should be investigated by the Head of the Department concerned. If the Head of Department is satisfied about the genuineness of the claim on the basis of the supporting documents and there are valid reasons for the

delay in preferring the claims, the claims should be paid by the Drawing and Disbursing Officer or Accounts Officer, as the case may be, after usual checks.

Rule 264(2) For the purpose of the above provisions, the date on which the claim is presented at the office of disbursement should be considered to be the date on which it is preferred.

Rule 264.(3) (i) A claim of a Government servant which has been allowed to remain in abeyance for a period exceeding two years, should be investigated by the Head of the Department concerned. If the Head of Department is satisfied about the genuineness of the claim on the basis of the supporting documents and there are valid reasons for the delay in preferring the claims, the claims should be paid by the Drawing and Disbursing Officer or Accounts Officer, as the case may be, after usual checks.

(ii) A Head of Department may delegate the powers, conferred on him by sub-rule(i) above to the subordinate authority competent to appoint the Government servant by whom the claim is made.

Rule 265.(1) Procedure for dealing with time-barred claims.- Even a time-barred claim of a Government servant, shall be entertained by the concerned authority, provided that the concerned authority is satisfied that the claimant was prevented from submitting his claim within the prescribed time-limit on account of causes and circumstance beyond his control.

Rule 265(2) A time- barred claim referred to in Rule 265(1) shall be paid with the express sanction of the Government issued with the previous consent of the Internal Finance Wing of the Ministry or Department concerned.

Rule 267. Retrospective sanction.- Retrospective effect shall not be given by competent authorities to sanctions relating to revision of pay or grant of concessions to Government servants, except in every special circumstances with the previous consent of the Finance Ministry.

III. DEBT AND MISCELLANEOUS OBLIGATIONS OF GOVERNMENT

Rule 272. Public Debt.- The public debt raised by Government by issue of securities shall be managed by the Reserve Bank. The Reserve Bank shall also manage securities

created and issued under any other law or rule having the force of law, provided such law or rule provides specifically for their management by the Reserve Bank.

Rule 273. Provident Funds.- The procedure relating to the recovery of, subscriptions to and withdrawals from, the Provident Funds established under the provisions of Provident Funds Act, 1925 shall be regulated strictly, in accordance with the provisions of the respective Provident Fund Rules, Following instructions should be carefully observed by the Head of the Offices for correct preparation of the Provident Fund schedules:-

- (i) A complete list of subscribers to each fund should be maintained in each disbursing office in the form of the schedule.
- (ii) Each new subscriber should be brought on this list and any subsequent changes resulting from his transfer or in the rate of subscription, etc., clearly indicated in the schedule.
- (iii) When a subscriber dies, quits service or is transferred to another office, full particulars should be duly recorded in the list.
- (iv) In the case of transfer of a subscriber to another office, the necessary note of transfer should be made in the list of both the offices.
- (v) From this list, the monthly schedule to be appended to the pay bill should be prepared and tallied with recoveries made before the submission of the bill for payment.

Rule 274.(1) Crediting of Interest.- The deposit accounts of these funds on the Government book will be credited with interest at such rates and at such intervals as may be prescribed by Finance Ministry in each case .

Rule 274(2) Maintenance of a register for recovery of Postal Life Insurance Premia.- All drawing officers should maintain in Form (GFR 38) record of Postal Life Insurance policy(PLI) holders. The register should be kept up to date, the names of the policy holder should be noted in alphabetical order according to surnames, leaving sufficient space between two entries to enable newcomers names being inserted in the right place. A separate entry should be made in the register for each policy in the register for each policy in the case of a policy holder having more than one policy. On receipt of an intimation from the Director, Postal Life Insurance, Kolkata, about the issue of a policy in favour of a subscriber authorizing the Drawing Officer to

commence recovery from pay, or on receipt of a Last Pay Certificate in respect of the subscriber transferred from another office the Drawing Officer should make a note of the particulars of the policy in the register. The name of the office from which the subscriber has been transferred should be invariably be noted in the remarks column. Wherever a subscriber is transferred to another office or his policy is discharged, his name should be scored out from the register giving necessary remarks regarding discharge of policy or indicating the office to which the insurant has been transferred as the case may be.

After the preparation of the monthly pay bill, the amount of recovery on account of PLI premium shown in the bill should be posted in the monthly column in the register with proper reference to the bills or the vouchers. The fact of excess or non-recovery should be briefly noted in the remarks column. Extracts should be attached to the relevant bills in support of the recoveries. While taking extracts, it should be seen that the names of those insurants from whom recoveries were made in previous months but no recoveries have been made during the current month either on account of transfer or discharge of that policy or on account of leave salary being not drawn or the official being on leave without pay, should be included in the current month's schedule and necessary remarks noted against their names. Similarly, the remarks 'New Policy' or Transferred from.....Office, should be given in the schedule against the names of insurants entered for the first time in current month. Reasons for short or excess recovery should be noted briefly in the remarks column. In short, schedule of Postal Life Insurance recoveries to be attached to the bills, would be a record not only of those from whom the recovery has actually been effected but also of those from whom recovery was being effected previously but has not been effected.

VIII. DESTRUCTION OF RECORDS CONNECTED WITH ACCOUNTS

Rule 289. Subject to any general or special rules or orders applicable to particular departments as prescribed in their departmental manuals, no Government record connected with accounts shall be destroyed except in accordance with the provisions of appendix-13

IX CONTINGENT AND MISCELLANEOUS EXPENDITURE

Rule 290. Rules relating to contingent expenditure are available at Rule 13 of the Delegation of the Financial Powers Rules, 1978 and Rules 96 to 98 of the Government of India (Receipts and Payments) Rule, 1983.

Rule 291. Permanent Advance or Imprest.- Permanent advance or Imprest for meeting day to day contingent and emergent expenditure may be granted to a government servant by the Head of the Department in consultation with Internal Finance Wing, keeping the amount of advance to the minimum required for smooth functioning. Procedures for maintenance of permanent advance or imprest are available in para 10.12 of the Civil Accounts Manual, Volume-I.

Rule 292.(2) The adjustment bill, along with balance if any, shall be submitted by the Government servant within fifteen days of the drawal of advance, failing which the advance or balance shall be recovered from his next salary(ies).

Rule 293. The Ministry or Department may sanction the grant of an advance to a Government Pleader in connection with law suits, to which Government is a party, up to the maximum limit of Rupees five thousand at a time. The amount so advanced should be adjusted at the time of settlement of Counsel's fee bills.