

**No. 8/4/E.II(A)/05
Government of India
Ministry of Finance
Department of Expenditure**

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New Delhi, 29th March , 2006

OFFICE MEMORANDUM

Subject: Amendment to General Financial Rules, 2005.

The undersigned is directed to refer to CVC's guidelines issued vide No. 98/ORD/1 dated 3rd August 2001 banning post-tender negotiations except with L-1 bidder (H-1 in case of sale of materials) and to make necessary amendment in Rule 198(ii)(d) of the GFRs, 2005, in line with CVC's guidelines.

Also, in order to avoid delay in sanction/release of grant-in-aid for the relevant years to the grantee institutions, it has been decided to amend Rule 209(6)(viii) and Rule 212(1) of General Financial Rules, 2005. A copy of the amendment is enclosed.

2. Ministry of Home Affairs etc. are requested to bring these amendments to the notice of all their attached and sub-ordinate offices for their information.
3. Hindi version of this O.M. will follow.

(Rubina Ali)
Under Secretary to the Government of India

To

**All the Secretaries & Financial Advisers of Ministries/Departments of the
Government of India.**

**Copy forwarded to C&AG (with usual no. of spare copies) and to Secretary
Union Public Service Commission, New Delhi and as per standard endorsement.**

(Rubina Ali)
Under Secretary to the Government of India

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AMENDMENT TO GENERAL FINANCIAL RULES, 2005

CHAPTER 7

RULE 198, Clause(ii)(d)

Substitute the existing clause of this Rule by the following:-

- (ii)(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.

CHAPTER 9

RULE 209 (6) (viii)

In Rule 209(6) (viii) for the period “a year”, the period “two years” shall be substituted.

CHAPTER 9

RULE 212(1)

Substitute the existing second para of this Rule by the following para:-

“In respect of recurring grants, Ministry or Department concerned should release any amount sanctioned for the subsequent financial year only after Utilization Certificate on provisional basis in respect of grants of the preceding financial year is submitted. Release of grants-in-aid in excess of 75% of the total amount sanctioned for the subsequent financial year shall be done only after the Utilization Certificate and the Annual Audited Statement relating to grants-in-aid released in the preceding year are submitted to the satisfaction of the Ministry/Department concerned. Ministry or Department would, however, ensure even flow of expenditure throughout the year. Reports submitted by the Internal Audit parties of the Ministry or Department and inspection reports received from Indian Audit and Accounts Department and the performance reports, if any, received for the year should also be looked into while sanctioning further grants.”

(Min. of Fin. (Exp.) O.M. No.8/4/E.II(A)/05 dated the 29th March, 2006)