

(Authoritative English Text of this Department notification No.Fin(C)A(3)5/2005 dated 12th August, 2009 as required under clause (3) of article 348 of the Constitution of India)

**Government of Himachal Pradesh
Finance (Regulations) Department**

No.Fin(C)A(3)5/2005 Shimla- 171002 dated 12th August,2009.

Notification

Whereas the Himachal Pradesh Financial Rules, 1971, were notified vide notification no. 15/4/1971, Fin (R&E-I) dated 10th May, 1971 and published in the Rajpatra, Himachal Pradesh (Extra-Ordinary) dated 15th July, 1971;

Whereas various provisions of the aforesaid rules have now become obsolete and are not in consonance with the present day requirements;

Now, therefore, in exercise of the powers conferred by clause (2) of article 283 of the Constitution, the Governor, Himachal Pradesh is pleased to make the following rules, namely:-

CHAPTER – 1

PRELIMINARY

- 1. Short title and commencement.** - (1) These rules may be called the Himachal Pradesh Financial Rules, 2009.

(2) They shall come into force from the date of publication in the Rajpatra, Himachal Pradesh.
- 2. Definitions.** - In these rules, unless the context otherwise requires, -
 - (1) “Accountant General” means the Principal Accountant General (Audit) and Accountant General(Accounts and Entitlements), Himachal Pradesh;
 - (2) “Accounts Officer” means the Accounts Officer of the office of Accountant General;
 - (3) “Administrative Department” means the Administrative Department of the Government of Himachal Pradesh;
 - (4) “Administrative Approval” means the formal acceptance by a Competent

Authority of a proposal to incur expenditure on works initiated by or connected with the requirements of that Department;

- (5) “appropriation” means the assignment to meet specified expenditure of funds included in a primary unit of appropriation;
- (6) “Audit Officer” means the Audit Officer of the office of Accountant General;
- (7) “authorized officer” means an officer authorized by Head of the Department to discharge the duties and to perform functions under these rules;
- (8) “Bank” means any office or branch of the banking department of the Reserve Bank of India, any branch of State Bank of India including its subsidiary banks(s) as defined in section 2 of State bank of India (Subsidiary Banks) Act, 1959, (38 of 1959) acting as an agent of the Reserve Bank of India or any other nationalized bank or other bank acting as an agent of the Reserve Bank of India or any other agency appointed by the Reserve Bank of India;
- (9) “Book Transfer” means the process whereby financial transactions which do not involve the giving or receiving of cash or of stock material, are brought to account. Such transactions represent liabilities and assets brought to accounts either by way of settlement or otherwise but they may also represent corrections and amendments made in cash, stock or book transfer transactions previously taken into account;
- (10) “cash” includes legal tender, coins, currency and bank notes, cheques payable on demand, Reserve Bank Government drafts and demand drafts, Indian postal orders, revenue stamps and banker’s cheques;
- (11) “Cash Order” means a payment order issued by a Head Treasury or a Sub Treasury under its jurisdiction in favour of the person to whom the money is due or who is responsible for its disbursement and is payable in lump sum;
- (12) “Charged Expenditure” means the expenditure which under various articles of the Constitution of India has been declared as charged on the Consolidated Fund of the State and as such is not subject to vote of the Legislature;
- (13) “commercial activities” means commercial activities of producing, procuring and selling products and articles and rendering services connected therewith, being carried by any State Government Department or any State Public Sector Enterprises established under the law;
- (14) “Competent Authority” in respect of the power to be exercised under any of these rules means, the Governor or such other authority to which the power is delegated by or under these rules, Manual of Works, Account Codes and Treasury Rules as applicable in the State of Himachal Pradesh or any other general or special orders issued by the Government;
- (15) “Consolidated Fund” means the Consolidated Fund of the State as referred to in the Constitution;

- (16) "Constitution" means the Constitution of India;
- (17) "contract" means any kind of undertaking written or verbal, express or implied between the State Government and a person, not being a Government servant, or a syndicate or firm or company or any other legal entity for the performance of any act or services connected with it;
- (18) "contractor" means a person, syndicate or firm that has made a contract but the use of this term is often restricted to contractor for the execution of work or supplying goods or providing services in connection therewith, as the case may be;
- (19) "Contingency Fund" means the Contingency Fund of the State established under the Constitution;
- (20) "Controlling Officer" means Head of the Department or any other officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/ or the collection of revenue;
- (21) "Department" means the Department of the State Government, as notified from time to time;
- (22) "Detailed Bill" means a bill setting forth the details of either contingent or travelling allowance expenditure and is subject to countersignature by a Controlling Officer;
- (23) "Detailed Head" means a division of a Minor Head of account;
- (24) "Drawing and Disbursing Officer" means Head of the Department, Head of Office and also any other officer designated by Head of the Department, to draw bills and make payments on behalf of the State Government;
- (25) "executing officer" means an officer responsible and authorized to execute a work as per Public Works Department specifications;
- (26) "Finance Department" means the Finance Department of the Government of Himachal Pradesh;
- (27) "Financial Year" means the year beginning on the 1st of April and ending on the 31st of March following;
- (28) "goods" means all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipments, industrial plant and I.T. Hardware, Software purchased or otherwise acquired for use of the Government. It also includes expendable or issuable articles in use or accumulated for specific purposes but excludes books, publications and periodicals for a library;
- (29) "Governor" means the Governor of Himachal Pradesh;

- (30) "Government" means any Administrative Department of the Government of Himachal Pradesh;
- (31) "Head of the Department" means, -
- (a) an authority declared to be Head of the Department in relation to receipt and expenditure under any Head of Account;
 - (b) Resident Commissioner, Pangi under the demand "Tribal Development";
 - (c) Deputy Commissioner, Kinnaur, Lahaul and Spiti, Chamba and Additional Deputy Commissioner, Kaza under the demand "Tribal Development"; and
 - (d) any other authority as may be declared by the Finance Department from time to time;
- (32) "Head of Office" means a Government servant designated as a Drawing and Disbursing Officer or any other Government servant declared to be the head of an office by a Competent Authority. Heads of the Departments shall be authorized to declare any officer subordinate to them to be the head of an office for the purpose of these rules;
- (33) "Local Body" means an authority legally entitled or specially empowered by Government to administer a local fund;
- (34) "Local Fund" means, -
- (a) revenue administered by bodies which by law or rules having the force of law come under the control of Government whether in regard to the proceedings generally, or to specific matters such as the sanctioning of the budget, sanction to the creation or filling up of particular posts and the enactment of leave, pension or similar rules; and
 - (b) the revenues of any body which may be specially notified by the Competent Authority as such;
- (35) "Major Head" means the main unit of classification of revenue and expenditure in Government accounts;
- (36) "Minor Head" means sub-division of a Major Head;
- (37) "non-recurring expenditure" means expenditure sanctioned as a lump sum charge whether the money is paid in lump sum or in installments;
- (38) "primary unit of appropriation" means a portion of the supply under each Minor Head, which is allotted to a prescribed sub-division of the Head as representing one of the primary objects of the supply;
- (39) "prescribed" means prescribed by forms, instructions, clarifications and orders issued by the Finance Department from time to time;

- (40)“Procurement Entity” means any Government Department, a State Government Undertaking, Local Authority, Board, Body or Corporate established by or under any law and owned or controlled by the Government and any other body or authority owned or controlled by the Government;
- (41)"Public Account" means the Public Account of the State Government in which all public moneys other than those which form a part of the Consolidated Fund of the State, received by or on behalf of the State are credited and from which disbursements are made in accordance with the specified instructions;
- (42)"Public Works" means civil works and irrigation, navigation, embankment and drainage works and other such works;
- (43)"re-appropriation" means the transfer of funds from one primary unit of appropriation to another such unit;
- (44)"recurring expenditure" means the expenditure which is incurred at periodical intervals and is not non recurring;
- (45)“rules” means the Himachal Pradesh Financial Rules, 2009;
- (46)“State Government” means the Government of Himachal Pradesh;
- (47)"Subordinate Authority" means any authority functioning under Head of the Department;
- (48)“technical sanction” means sanction of a Competent Authority to a properly detailed estimate of the cost of a work of construction or repair;
- (49)"Treasury Rules" means Himachal Pradesh Treasury Rules, 2007; and
- (50)“Voted Expenditure” means expenditure other than charged expenditure, which is subject to vote of the State Legislature.

CHAPTER-2

GENERAL SYSTEM OF FINANCIAL MANAGEMENT

- 3. General Principles.** – (1) All moneys received by or on behalf of the Government either as dues of the Government or otherwise for deposit, remittance and withdrawal therefrom, shall be brought into Government Account immediately, in accordance with such general or special rules as may be issued under the Constitution and under any other rules and instructions of the Government, issued from time to time.
- (2) The functioning of the Treasuries and Sub-Treasuries of the State Government shall be regulated as per Treasury Rules and instructions as may be prescribed.
- (3) (a) As per article 284 of the Constitution, all moneys received by or deposited with any officer employed in connection with the affairs of the State in his capacity as such, other than revenues or public moneys raised or received by Government, shall be paid into the Public Account;
- (b) All moneys received by or deposited as per orders/ directions of any Court within the territory of India, shall also be dealt with in accordance with clause (a) of this sub-rule.
- (4) The head of account to which moneys under sub-rule (3) shall be credited and the withdrawal of moneys therefrom shall be governed by the provisions of relevant rules and/ or such other general or special orders as may be prescribed.
- (5) It shall be the duty of the concerned Department of the State Government 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.
- (6) Head of the Department shall arrange to obtain from his subordinate officers, monthly accounts and returns in such form as may be prescribed, 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 Accountant General, to see that the amounts reported as collected have been duly accounted for.
- (7) (a) Detailed procedure regarding assessment, collection, allocation, remission and abandonment of revenue and other receipts shall be laid down in the guidelines of the Department responsible for the same, in consultation with the Finance Department.
- (b) In the Departments in which officers are required to receive moneys on behalf of the Government and issue receipts thereof, the departmental regulations shall provide for the maintenance of a proper account thereof. Proper account of receipt and issue of receipt books, the number of receipt books to be issued at a

time to each officer and the required checks to be exercised in respect of used receipt books shall be made in the departmental regulations.

- (c) Any amendment in the guidelines issued under clause (a) of this sub-rule shall be carried out by the Department concerned, in consultation with the Finance Department.
- (d) Notwithstanding anything contained in this sub-rule, the Finance Department may issue orders/guidelines to the Departments generally or specially, for assessment, collection, allocation, remission and abandonment of revenue and other receipts.
- (8) Amounts due to the 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/settlement.
- (9) Unless otherwise specially authorized by any law for the time being in force, no revenue shall be credited by debit to a suspense head.
- (10) (a) Head of the Department responsible for the collection of revenue shall keep the Finance Department 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.
- (b) The Finance Department may issue general or specific instructions from time to time to the Departments relating to the manner and the time intervals in which the report under clause (a) of this sub-rule shall be prepared and communicated.

4. Rents of buildings and land. - (1) When the maintenance of any rentable building is entrusted to any Department other than the Public Works Department, Head of the Department concerned shall be responsible for the due recovery of rent thereof.

(2) The detailed rules and procedures regarding the assessment, demand and recovery of rent of Government buildings and land shall be such as may be specified by the General Administration Department from time to time.

(3) Head of the Department may from time to time, specify in consultation with his Administrative Department, the procedure for the assessment, demand, collection and deposit of rent of office premises under his control which may be hired out on day to day usage basis, subject to the condition that such hiring out shall not be detrimental to the office work.

5. Society Mode. - The Administrative Department, taking into consideration the viability and in consultation with the Finance Department, may permit running of any or all the activities of a Department, as a Society to be registered under the relevant law:

Provided that where any or all the activities of a Department are allowed to run in the form of a society, the constitution of the society and guidelines for its running shall be approved by the Administrative Department as per norms.

- 6. Fines.** - (1) Every authorized officer having the power to impose and/ or realize a fine shall ensure that the money is realized, duly checked and deposited into a Treasury or Bank, as the case may be.
- (2) Every authorized officer having the power to refund fines shall ensure that the refunds are checked and no refunds of fines not actually paid into a Treasury or Bank, are made.
- (3) All refunds shall be processed by the Treasury and cleared after applying usual checks specified in the Treasury Rules.
- 7. Miscellaneous Demands.** – Every Head of the Department shall ensure the realization of miscellaneous demands of the Government, not falling under the ordinary revenue administration, such as contributions from State Governments, Local Funds, contractors and others, towards establishment charges.
- 8. Remission of Revenue.** - (1) Ordinarily, a claim to revenue shall not be remitted or abandoned.
- (2) Finance Department may from time to time delegate powers for the remission and abandonment of irrecoverable revenue and the Departments may lay down suitable guidelines to be followed in this behalf.
- (3) Every Department shall submit an annual statement to the Accountant General showing the remission of revenue and abandonment of claims to revenue, sanctioned during the preceding Financial Year by the Competent Authority in exercise of their powers.
- 9. Handling of cash and recording of transactions connected therewith.** - (1) Finance Department may, -
- (a) lay down procedure and/or issue instructions for handling of cash and maintenance of accounts thereof;
- (b) delegate powers, subject to such conditions as it may deem proper, generally or specially to Heads of the Departments for drawing advances from the Treasury;
- (c) issue instructions regarding preparation of bills on which different classes of charges are drawn and the methods of obtaining money from the Treasury, whether by bills or by cheques and issue of cheques and maintenance of accounts thereof; and
- (d) lay down time limits for the presentation of different classes of claims in the Treasury and procedure to be adopted for payment of claims so becoming time barred.
- (2) Administrative Department may lay down limits of imprest amounts to be maintained by various subordinate officers under its control and issue instructions relating thereto, enabling the latter to make payments for expenditure before they can replace the funds by drawing bills on the Treasury, for recoument of the imprest

amount.

(3) All Government transactions shall be rounded off to the nearest rupee, 50 paisa and above to the next higher rupee and less than that to the lower rupee.

10. Standards of financial propriety. - (1) Every officer incurring or authorizing expenditure from public moneys shall be guided by high standards of financial propriety. Every officer shall also enforce financial order and strict economy and see that all relevant rules and regulations are observed by his own office and by the Drawing and Disbursing Officers. Among the principles on which emphasis is to be generally laid shall be the following, namely:-

(a) every officer shall 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;

(b) the expenditure shall not be prima facie more than the occasion demands;

(c) no authorized officer shall exercise its powers of sanctioning expenditure, to pass an order which will be directly or indirectly to his own advantage;

(d) expenditure from public moneys shall not be incurred for the benefit of a particular person or a section of the people, unless, -

(i) a claim for the amount could be enforced in a Court of Law; or

(ii) the expenditure is in pursuance of a recognized policy or custom; and

(e) the amount of allowances granted to meet expenditure of a particular type shall be so regulated that the allowances are not on the whole a source of profit to the recipients.

(2) Finance Department may from time to time lay down additional standards to be followed by officers incurring or authorizing expenditure from public moneys.

(3) Instructions regarding the preparation and payment of establishment and travelling allowance bills are contained in the Treasury Rules which shall be carefully observed by all the Drawing and Disbursing Officers.

(4) Drawing and Disbursing Officers shall be responsible for seeing that pay bills are checked and initialed by a responsible Government servant and that the checks shall always include verification of the total amount entered in the bills. Failure to observe these precautions as well as those regarding disbursement of moneys drawn, shall render them liable for making good any loss that may occur thereby.

11. Expenditure from public funds. - No authorized officer shall 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.

- 12. Delegation of Financial Powers.** – (1) Finance Department generally or specifically may, from time to time, delegate/revise financial powers to various authorities and may also issue instructions for the exercise of such powers.
- (2) The residual financial powers of the Government shall rest with the Finance Department.
- (3) Heads of the Departments may delegate or re-delegate financial powers to their subordinate officers, from time to time, subject to the condition that they shall remain responsible for the expenditure incurred by them or by their authorized officers.
- 13. Provision of funds for sanction.** – (1) All sanctions to incur or authorize expenditure shall indicate the details of the provisions in the relevant grant or appropriation, from where such expenditure are to be met.
- (2) All proposals for sanction to expenditure shall indicate whether such expenditure can be met by valid appropriation or re-appropriation.
- (3) Finance Department shall issue and revise guidelines from time to time for the accord of sanctions.
- 14. Responsibility of the Controlling Officer in respect of budget allocation.** - The duties and responsibilities of a Controlling Officer in respect of funds placed at his disposal shall be to ensure, -
- (a) that the expenditure does not exceed the budget allocation;
- (b) that the expenditure is incurred for the purpose for which funds have been provided;
- (c) that the expenditure is incurred in the public interest;
- (d) that adequate control mechanism exists in his office for prevention, detection of errors and irregularities in the financial activities of his subordinate offices and to guard against waste and loss of public money; and
- (e) that mechanism or checks contemplated in this rule are effectively applied.
- 15. Date of effect of sanction.** – (1) All sanctions or orders shall come into force from the date of issue unless any other date from which they shall come into force is specified therein.
- (2) Orders sanctioning the creation of temporary posts in addition to the duration for which the same are sanctioned, shall invariably specify the date from which those are created.
- 16. Powers with regard to certain special matters.** – (1) A Department or its subordinate office(s) shall not, without the previous concurrence of the Finance Department, issue an order which, -
- (a) involves any grant of land, or assignment of revenue, or concession, grant, lease

or licence of mineral or forest rights, or rights to water power or any easement or privilege of such concessions; or

(b) involves relinquishment of revenue in any way.

(2) Nothing contained in sub-rule (1) of this rule shall prohibit the issue of orders if such orders are made under specific provisions of certain Acts or rules or in pursuance of general or specific delegation made by the Finance Department.

17. Procedure for communication of sanctions. - All financial sanctions and orders issued by a Competent Authority shall be communicated to the Accountant General and the Treasury Officer concerned, duly signed in ink. The procedure to be followed for communication of financial sanctions and orders shall be as under:-

- (a) all financial sanctions issued by a Department which relate to matters concerning the Department and on the basis of which payments are to be made or authorized by the Treasury Officer, shall be addressed to him and original sanction shall be attached with the bill;
- (b) all other sanctions shall be accorded in the form of an order, which need not be addressed to any authority, however, a copy each thereof shall be endorsed to the Accountant General and the Treasury Officer concerned;
- (c) 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;
- (d) all orders conveying sanctions to expenditure shall be expressed both in words and figures;
- (e) sanctions accorded by Head of the Department shall be communicated to the Accountant General and the concerned Treasury Officer duly signed by him or by a duly authorized officer of his office;
- (f) all orders conveying sanctions to the grant of additions to pay such as Special Allowance and Personal Pay shall contain a brief summary of the reasons for the grant of such additions to pay so as to enable the Accountant General and the concerned Treasury Officer to see that it is correctly termed as Special Allowance and Personal Pay;
- (g) copies of all financial orders and sanctions issued by the Government shall be supplied to the Accountant General; and
- (h) sanctions accorded by Competent Authority to grant 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 Officer and the Accounts Officer, in a consolidated monthly return, giving the necessary details.

- 18. Lapse of sanctions.** – (1) 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, -
- (a) when the period of currency of the sanction is specified in the departmental regulations or in the sanction itself, it shall lapse on the expiry of such periods; or
 - (b) when there is a specific provision in a sanction that the expenditure would be met from the budget provision of a specified Financial Year, it shall lapse at the closing date of that Financial Year.
- (2) Finance Department may prescribe different date(s) other than 31st March of the relevant Financial Year, to be the closing date(s) of a Financial Year for different purposes.
- 19. Remission of disallowance by Audit and writing off of overpayment made to Government servants.** - Finance Department by assigning reasons may remit the disallowances by Audit and/or write off overpayments made to Government servants on reference of the matter to it, by the concerned Administrative Department.
- 20. Report of Losses.** - (1) 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 authority concerned to the next higher authority even when such loss has been made good by the party responsible for it. However, the following losses need not be reported: -
- (a) cases involving losses of revenue due to, -
 - (i) mistakes in assessments which are discovered too late to permit a supplementary claim being made;
 - (ii) under assessments which are due to the interpretation of law by the Local Body being overruled by any Government authority after the expiry of the time-limit specified under law; and
 - (iii) refunds allowed on the ground that the claims were time-barred.
 - (b) petty losses of value not exceeding two thousand rupees or as may be prescribed.
- (2) Cases involving serious irregularities shall immediately be brought to the notice of the Finance Department and the Accountant General by the concerned authority through the Administrative Department.
- (3) Report of loss contemplated in sub-rules (1) and (2) of this rule shall be made at following two stages :-
- (a) an initial report shall be made as soon as a suspicion arises that a loss has taken place; and

(b) the final report shall be sent to authorities indicated in sub- rules (1) and (2) of this rule after investigation, indicating nature and extent of loss, errors or neglect of regulations which caused the loss and the prospects of recovery.

(4) The complete report contemplated in sub-rule (3), shall reach through proper channel(s) to Head of the Department, who shall finally dispose off the same as per delegation of powers. The reports, which Head of the Department cannot finally dispose off under the delegated powers, shall be submitted to the Government.

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

(6) In cases of loss to the Government on account of culpability of Government servants, the loss shall be borne by the Department concerned with the transaction(s). If any recoveries are made from the erring Government officials in cash, the receipt shall be credited to the Government which sustained the loss.

(7) All cases involving loss of Government money arising from erroneous or irregular issue of cheques or irregular accounting of receipts shall be reported to the Finance Department by the concerned Administrative Department along with the circumstances leading to the loss, for taking remedial steps to remove the defects in rules or procedures, if any, connected therewith.

21. Loss of Government property due to fire, theft, robbery, extortion and fraud. –

(1) Departmental Officers shall, in addition to taking action as specified in the rule 20, follow the provisions laid down in sub-rules(2) and (3) of this rule and rules 23 to 25 of these rules in cases involving material loss or destruction of Government property as a result of fire, theft, robbery, extortion and fraud.

(2) All losses above the value of ten thousand rupees due to suspected fire, theft, robbery, extortion and fraud shall immediately be reported to the police for investigation.

(3) Once the matter is reported to the police authorities, all concerned shall assist the police in their investigation. A formal investigation report shall be obtained from the police authorities in all cases.

22. Loss of immovable property by natural calamity.- All losses exceeding fifty thousand rupees of immovable property, such as land, buildings, communications, or other works, caused by fire, flood, cyclone, earthquake or any other natural calamity, shall be reported at once by the Subordinate Authority concerned to the Government through proper channel for appropriate action. Any other loss shall immediately be brought to the notice of Head of the Department for appropriate action.

23. Report of loss. – (1) A detailed enquiry by the concerned authority on the cause of loss of moveable and immoveable property, as the case may be, shall be conducted.

(2) After a detailed enquiry under sub-rule (1) has been completed, the

detailed report shall be sent by the concerned authority to the Government through proper channels for appropriate action with a copy to the Accountant General.

- 24. Responsibility of Losses.** – (1) An officer shall be held responsible personally or vicariously for any loss sustained by the Government on account of causes mentioned in rule 21 of these rules due to any omission or commission or negligence, whether intentional or unintentional, on his part.

(2) The departmental proceedings for assessment of loss and fixing of responsibility shall be conducted according to the relevant rules and instructions issued thereunder.

- 25. Prompt disposal of cases of losses.** – Action at each stage of detection, reporting, writing off, final disposal, of losses including action against delinquents shall be completed promptly. Remedial measures, wherever practicable, shall also be taken to strengthen the control system to avoid recurrence of incidents of losses.

- 26. Demand for information by Audit.** – (1) Head of the Department or an authority subordinate to him shall afford all reasonable facilities to the Audit Officer or Accounts Officer for the discharge of his functions, and furnish complete information required by him for the preparation of any official account or report.

(2) Head of the Department or an authority subordinate to him shall not withhold any information, books or other documents required by the Audit Officer or Accounts Officer.

- 27. ‘Secret’ or ‘Top Secret’ Files.** - If the contents of any file are categorized as 'Secret' or 'Top Secret', the file may be sent personally to the Accountant General specifying this fact, who shall deal with it in accordance with the standing instructions for handling and custody of such classified documents.

CHAPTER-3

BUDGET FORMULATION AND IMPLEMENTATION

- 28. Presentation of Budget to State Legislature.** - (1) The Governor shall cause to be laid before the State Legislature, an Annual Financial Statement also known as the 'Budget' showing the estimated receipts and expenditure of the State Government in respect of a Financial Year, before the commencement of that year in accordance with the provisions of article 202 (1) of the Constitution.
- (2) The budget to the State Legislature shall be processed keeping in view the provisions contained in articles (202 – 206) of the Constitution.
- (3) Finance Department shall issue guidelines for preparation of budget estimates from time to time. All the Departments shall comply with those guidelines.
- 29. Contents of Budget.** – The budget shall contain the following essentials, namely: -
- (a) estimates of all revenue expected to be raised during the Financial Year;
 - (b) estimates of all expenditure for each programme and project;
 - (c) estimates of all interest and debt servicing charges and any repayments on loans;
 - (d) medium term fiscal plan in terms of the provisions of Fiscal Responsibility and Budget Management Act, 2005; and
 - (e) any other information as may be prescribed from time to time.
- 30. Receipt Estimates.** - The detailed estimates of receipts shall be prepared by the concerned authorities separately for each Major Head in the prescribed form giving thereunder the break up of the Minor and Sub-Head wise estimates alongwith actuals of the past three Financial Years. Where necessary, itemwise break up shall also be furnished highlighting individual items of significance. Any major variation in estimates with reference to past actuals and/or budget estimates shall be supported by cogent reasons.
- 31. Expenditure Estimates.** - (1) The expenditure estimates shall show separately the sums required to meet the expenditure charged on the Consolidated Fund under article 202 (3) of the Constitution and sums required to meet other expenditure for which a vote of the State Legislature is required under article 203(2) of the Constitution.
- (2) The estimates shall also distinguish provisions for expenditure on revenue account from other expenditure including expenditure on capital account, on loans by the Government and for repayment of loans, treasury bills and ways and means advances.
- (3) The detailed estimates of expenditure shall be prepared by the concerned

authorities for each unit of appropriation (Sub or Detailed or Standard Objects of Expenditure) under the prescribed Major and Minor Heads separately for Plan and Non-Plan expenditure. Estimates shall include suitable provision for liabilities of the previous Financial Years left unpaid during the relevant Financial Year.

(4) The revised estimates of both Plan and Non-Plan expenditure and budget estimates for Non-Plan expenditure, after being scrutinized and approved by the Administrative Department concerned shall be forwarded to the Finance Department in such manner and forms as may be prescribed.

32. Demands for Grants. - (1) The estimates for expenditure for which vote of State Legislature are required shall be in the form of Demand for Grants.

(2) One Demand for Grant shall be presented in respect of each Department; provided that more than one demand may be presented in respect of major Departments.

(3) Each demand shall include provisions required for a service such as provisions on account of revenue expenditure, capital expenditure, grants to the Local Bodies and other institutions eligible by law and Loans and Advances relating to the service.

33. Form of Annual Financial Statement and Demands for Grants. - (1) The form of the Annual Financial Statement and Demands for Grants shall be laid down by the Finance Department and no alteration of arrangement or classification shall be made without the approval of said Department.

(2) The Sub-Heads under which provisions for expenditure are to be made in the Demands for Grants or Appropriation shall be such as may be prescribed in consultation with the Administrative Department. The authorized Sub-Heads for expenditure in a Financial Year shall be as shown in the Detailed Demands for Grants passed by State Legislature and no change shall be made therein without the approval of the Finance Department.

(3) Detailed instructions for preparation of the budget shall be such as may be prescribed.

34. Acceptance and inclusion of estimates. - (1) The estimates of receipts and expenditure of each Department shall be scrutinized in the Finance Department. The Finance Secretary or his nominee may hold meetings with Administrative Departments or Heads of the Departments to discuss the totality of the requirements of funds for various programmes and schemes, alongwith receipts of the Departments.

(2) The estimates initially submitted by the Departments may undergo some changes as a result of scrutiny in the Finance Department.

35. Vote on Account. - Pending the completion of the procedure specified in article 204 of the Constitution for the passing of the Budget, the Finance Department may arrange to obtain a 'Vote on Account' to cover expenditure for one month or such longer period as may be necessary in accordance with the provisions of article 206 of the Constitution. Funds made available under Vote on Account shall not to be utilized for expenditure on a new service.

36. Communication and distribution of grants and appropriations. - After the Appropriation Bill relating to Budget is passed, the Finance Department shall communicate Budget provisions to the Administrative Departments with a copy to the Accountant General which, in turn, shall distribute the same to their Subordinate Authorities. The distribution made shall also be communicated to the respective District Treasury Officers/Treasury Officers who shall exercise checks against the allocation to each Subordinate Authority.

37. Responsibility for control of Expenditure. - (1) Administrative Departments shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through Heads of the Departments and other Controlling Officers, if any, and Drawing and Disbursing Officers subordinate to them.

(2) A Grant or Appropriation shall be utilized only to cover the charges including liabilities, if any, of the past Financial Year which are to be paid during the current Financial Year. No charges against a Grant or Appropriation shall be authorized after the expiry of the Financial Year.

(3) No expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by State Legislature by law for a Financial Year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund. Voted and charged portions and also the revenue and capital sections of a Grant or Appropriation are distinct and reappropriation *inter se* shall not be permissible.

(4) To have effective control over expenditure by the Departments, the Controlling and the Drawing and Disbursing Officers shall follow the following procedures, namely:-

(a) for drawal of money, the Drawing and Disbursing Officer shall, -

(i) prepare and present bills for "Charged" and "Voted" Expenditure separately;

(ii) enter on each bill the complete accounts classifications from Major Head down to the object head of account. When a single bill includes charges falling under two or more object heads, the charges shall be distributed accurately over the respective heads; and

(iii) enter on each bill, the progressive total of expenditure up-to-date under the primary unit of appropriation to which the bill relates, including the amount of the bill on which the entry is made;

(b) (i) all Drawing and Disbursing Officers shall maintain a separate expenditure register in the prescribed form for allocation under each Minor or Sub-Head of account with which they are concerned; and

(ii) on the tenth day or the following day if it happens to be a holiday 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 Head of the Department or other

designated Controlling Officer, after getting the expenditure details verified from the Treasury. If there are no entries in the register in any month, a 'nil' statement shall be sent;

- (c) (i) the Controlling Officer shall maintain a broadsheet in the prescribed form to monitor the receipt of the return as specified in the foregoing sub clause;
 - (ii) on receipt of returns from the Drawing and Disbursing Officers, the Controlling Officer shall examine them and satisfy himself that, -
 - (aa) the accounts classification has been properly made;
 - (bb) progressive expenditure has been properly noted and the available balances worked out correctly;
 - (cc) expenditure up-to-date is within the grant or appropriation; and
 - (dd) the returns have been signed by the Drawing and Disbursing Officers; and
 - (iii) where the Controlling Officer finds defects in any of these respects, he shall take steps to rectify the defect;
 - (d) when all the returns from the Drawing and Disbursing Officers for a particular month have been received and found to be in order, the Controlling Officer shall compile a statement, in which he shall incorporate, -
 - (i) the totals of the figures supplied by the Drawing and Disbursing Officers;
 - (ii) the totals taken from his own registers; and
 - (iii) 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 Drawing and Disbursing Officers;
 - (e) if any adjustment communicated by the Accountant General affects the appropriation at the disposal of a subordinate Drawing and Disbursing Officer, the fact that the adjustment has been made shall be communicated by the Controlling Officer to the Drawing and Disbursing Officer concerned; and
 - (f) on receipt of all the necessary returns, Head of the Department shall prepare a consolidated account in the prescribed form, showing the complete expenditure from the grant or appropriation at his disposal up to the end of the preceding month.
- (5) Head of the Department shall be responsible for the monthly reconciliation of the figures given in the accounts maintained by him with those appearing in the books of the Accountant General. The procedure for reconciliation shall be as follows: -

- (a) the Drawing and Disbursing Officer shall maintain a bill register in the prescribed form, and note all bills presented for payment to the Treasury Officer in the register. As soon as the bills are received and presented for payment, the same shall be noted in the appropriate column of the bill register and the Drawing and Disbursing Officer shall ensure that the amounts received tally with the net amount of the bills presented;
 - (b) the Treasury Officer shall furnish to each of the Drawing and Disbursing Officer 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 and Detailed Head of Accounts;
 - (c) on receipt of the extracts under clauses (a) and (b) from the Treasury Officers, the Drawing and Disbursing Officer shall tally the figures received, excluding book adjustments, with the expenditure worked out for the month in the relevant register. Discrepancies, if any, between the two sets of figures shall be promptly investigated by the Drawing and Disbursing Officer in consultation with the Treasury Officer. He shall also note in the prescribed register the particulars of book adjustments as advised by the Treasury Officer through monthly statement(s). Thereafter, the Drawing and Disbursing Officer shall furnish to the Treasury Officer a certificate of agreement of the figures as per his books with those indicated by the Treasury Officer, by the last day of the month following the month of accounts; and
 - (d) the Accountant General shall send a monthly statement showing the expenditure vis-à-vis the budget provision under the various heads of accounts, in the prescribed proforma, to Heads of the Departments responsible for overall control of expenditure, against grant of the Department as a whole. The figures so communicated by the Accountant General shall be compared by Heads of the Departments with those consolidated in the prescribed form and differences, if any, shall be taken up by Heads of the Departments with the Accountant General for reconciliation. Head of the Department shall furnish a quarterly certificate to the Accountant General certifying the correctness of the figures for the quarter by the 15th of the following month after the end of quarters April-June, July-September, October-December and January-March.
- (6) The Administrative Departments shall obtain from their Heads of the Departments and other officers under them, the departmental figures of expenditure in the prescribed form by the 15th of the month, following the month to which the returns relate. The figures relating to Plan and Non-Plan expenditure shall be separately shown in these returns. The information so obtained shall be posted in register(s) kept for watching the flow of expenditure against the sanctioned grant or appropriation. Progressive totals of expenditure shall be worked out for the purpose. If the departmental figures obtained in the prescribed form and posted in the register(s), require correction in a subsequent month, Heads of the Departments or other officers shall make such corrections by making plus or minus entries in the progressive totals. In case the figures in the office of Accountant General which subsequently become available are found to be higher than the departmental figures, the former shall be assumed to be the correct figures, as appropriation accounts are prepared on the basis

of the figures booked in the accounts of the Accountant General.

(7) The Administrative Departments shall also obtain from Heads of the Departments and other authorities under them, statements showing the details of the physical progress of the schemes for which they are responsible. This statement shall 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 shortfall or excess, both against physical and financial targets.

(8) A broadsheet shall be maintained by the Administrative Departments or each Head of the Department and other authorities subordinate to them, to ensure the prompt receipt of the various returns mentioned in this rule from month to month and to take necessary measures for rectifying any defaults noticed.

- 38. Maintenance of liability register for effecting proper control over Expenditure.** - In order to maintain proper control over expenditure, whenever Head of the Department or the Administrative Department so direct, a Controlling Officer shall obtain from the spending authorities, liability statements every month, starting from the month of October in each Financial Year. The Controlling Officer shall also maintain a liability register in the prescribed form which shall reflect all such liabilities.
- 39. Personal attention of Head of the Department or Controlling Officer required to estimate savings or excesses.** - Head of the Department or Controlling Officer shall foresee the likelihood of savings or excesses every month and to regularize them in accordance with the instructions laid down in rule 41 of these rules.
- 40. Control of expenditure against grant or appropriation and ultimate responsibility of the authority administering it.** - The Accountant General shall report to Head of the Department concerned, immediately on the first appearance of any disproportionate expenditure, particularly in respect of recurring expenditure under any grant or appropriation or a primary unit of appropriation thereof. However, the authority administering a grant or appropriation shall ultimately be responsible for the control of expenditure against the grant or appropriation and not the Accountant General.
- 41. Surrender of Savings.** - (1) Heads of the Departments through their Administrative Departments shall surrender to the Finance Department, by the dates prescribed before the close of the Financial Year, all the anticipated savings noticed in the Grants or Appropriations controlled by them. Finance Department shall communicate the acceptance of such surrenders as are accepted by them to Heads of the Departments, before the close of the Financial Year. The funds provided during the Financial Year and not utilized before the prescribed date(s) shall stand lapsed at the close of the Financial Year or on the prescribed date, whichever is earlier.
- (2) The savings as well as provisions which cannot be utilized shall be surrendered to the Government immediately when they are foreseen, without waiting for the end of the Financial Year. No savings shall be held in reserve for future excesses.
- (3) Rush of expenditure, particularly in the closing months of the Financial Year shall

be avoided. Finance Department may issue guidelines to avoid rush of expenditure in the closing months of the Financial Year.

42. Expenditure on New Service. - No expenditure shall be incurred during a Financial Year on a new service or new scheme not contemplated in the annual budget for that Financial Year except after obtaining a supplementary grant or an approval of the Finance Department or the Planning Department, as the case may be.

43. Additional Allotment for excess Expenditure. - (1) A Subordinate Authority incurring the expenditure shall obtain additional allotment before incurring the excess expenditure over the allocated funds.

(2) A Drawing and Disbursing Officer may not, on his own authority, authorize any payment in excess of the funds placed at his disposal. If the Drawing and Disbursing Officer is required to honour a claim, which is certain to produce an excess over the allotment or appropriation at his disposal, he shall take the orders of the administrative authority to which he is subordinate before authorizing payment of the claim in question and the administrative authority shall arrange to provide funds either by re-appropriation or by obtaining a supplementary grant or appropriation after approval of the Finance Department.

44. Re-appropriation of Funds. - (1) Subject to instructions issued and such other general or specific restrictions as may be imposed by the Finance Department in this behalf, no re-appropriation of funds shall be made without prior approval of the Finance Department.

(2) Re-appropriation of funds may be made with the approval of the Finance Department only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred cannot be utilized in full or that savings can be affected in the appropriation for the said unit.

(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 Financial Year.

(4) An application for re-appropriation of funds shall be made in the prescribed manner.

45. Inevitable Payments. – (1) Subject to the provisions of article 204 (3) of the Constitution, money indisputably payable by the Government shall not be left unpaid.

(2) Suitable provisions for anticipated liabilities shall invariably be made in the Demands for Grants to be placed before the State Legislature.

46. Communication of appropriation of funds. - Head of the Department shall communicate Drawing and Disbursing Officer wise appropriation of funds under each object, to the concerned District Treasury Officer/Treasury Officer and the latter shall also exercise pre-check of bills against the provision of funds.

47. Duties and Responsibilities of the Administrative Department. - Secretary of the Administrative Department shall, -

- (a) be responsible and accountable for financial management of his Department;
- (b) ensure that the public funds allocated to the Department are used for the purpose for which they were allocated;
- (c) be responsible for the effective, efficient, economical and transparent manner of use of the funds of the Department in achieving the stated objectives of that Department, while complying with performance standards;
- (d) appear before the Committee on Public Accounts and any other Legislative Committees for examination;
- (e) review and monitor regularly the performance of the programme and projects assigned to the Department to determine whether stated objectives are achieved;
- (f) be responsible for preparation of expenditure and other statements relating to the Administrative Department as required by regulations, guidelines or directives issued by the Finance Department;
- (g) ensure that the Administrative Department maintains full and proper records of financial transactions and adopts systems and procedures that at all times afford internal control;
- (h) ensure that the Department follows the Government procurement procedure for procurement of goods and services and for execution of works and implement it in a fair, equitable, transparent, competitive and cost-effective manner; and
- (i) take effective and appropriate steps to ensure that the Department, -
 - (i) collects all moneys due to the Government;
 - (ii) accounts for all moneys collected; and
 - (iii) avoids unauthorized, irregular and wasteful expenditure.

CHAPTER-4

GOVERNMENT ACCOUNTS

PART - A - GENERAL PRINCIPLES

- 48. Preparation and presentation of Accounts.** - Accounts of the State Government shall be prepared in every Financial Year showing the receipts and disbursements for the Financial Year, surplus or deficit generated during the Financial Year and changes in the Government assets and liabilities. The accounts so prepared shall be certified by the Accountant General. The report of the Accountant General relating to these accounts shall be submitted to the Governor, who shall cause them to be laid before the State Legislature.
- 49. Form of Accounts.** - As per the provisions of article 150 of the Constitution, the accounts of the State Government shall be kept in such form as may be specified by the Government of India on the advice of Comptroller and Auditor General of India.
- 50. Principles of Accounting.** - The accounts of the Departments of the State Government shall be maintained according to the respective Code(s), rules, Manuals and departmental regulations, of the Department concerned.
- 51. Cash based Accounting.** - Government accounts shall be prepared on cash basis or on such basis as may be prescribed as per advice of Accountant General.
- 52. Period of Accounts.** - The annual accounts of the State Government shall record transactions which take place during a Financial Year running from the 1st April to 31st March.
- 53. Main Divisions and Structure of Accounts.** - (1) The accounts of Government shall be kept in three parts, namely Consolidated Fund (Part-I), Contingency Fund (Part-II) and Public Account (Part-III).

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

(3) In Part-II, transactions of Contingency Fund set up under article 267 (2) of the Constitution shall be recorded.

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

- 54. Classification of transactions in Government Accounts.** - The transactions in Government accounts shall be classified as per rules of classification of accounts representing six-tier classification by a unique fifteen digit numeric code.
- 55. Authority to open a new Head of Account.** - Finance Department may allow opening of Major, Sub-Major and Minor Heads of Accounts and Sub-Heads and Detailed Heads as may be required by various Departments in consultation with the Accountant General. The power to amend or modify the Object Heads and to open new Object Heads shall rest with the Finance Department.
- 56. 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.
- 57. Responsibility of Departmental Officers.** - Every officer responsible for the collection of Government dues or incurring of expenditure of Government money shall ascertain that proper accounts of the receipts and expenditure, as the case may be, are maintained in such form as may be prescribed for the financial transactions of the Government with which he is concerned and shall tender accurately and promptly all such accounts as may be required by the Government, the Controlling Officer or the Accounts Officer, as the case may be.
- 58. Classification to be recorded in all the bills and challans by the Drawing and Disbursing Officers.** - Suitable classification shall be recorded by the Drawing and Disbursing Officers on all bills drawn by them. Similarly, classification on challans crediting the Government money into the Bank and the Treasury shall be indicated or recorded by the Departmental Officers responsible for the collection of the Government dues. In cases of doubt regarding the Head under which a transaction is to be accounted, the matter shall be referred to the Finance Department and to the Accountant General, if necessary, for clarification.
- 59. Charged or Voted Expenditure.** - The expenditure covered under article 202(3) of the Constitution shall be charged on the Consolidated Fund of the State and shall not be subject to vote by the State Legislature. All other expenditure met out of the Consolidated Fund of India shall be treated as Voted Expenditure. Charged and Voted Expenditure shall be shown separately in the accounts as well as in the budget documents.
- 60. Plan or Non-Plan Expenditure.** - Plan expenditure representing expenditure on Plan outlays approved for each scheme or organization, indicating the extent to which such outlays are met out of budgetary provisions, shall be shown distinctly from the other expenditure in the accounts as well as in the budget documents.
- 61. Capital or Revenue Expenditure.** - (1) Capital expenditure shall be those expenditure which are 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. Revenue expenditure shall be incurred on maintenance, repair, upkeep and working expenses on assets, which are required to maintain the assets in a running order, as well as all other expenses incurred for the day to day running of the organization, including establishment and administrative expenses.

(2) Expenditure on a temporary asset shall not be considered as a capital expenditure, except in cases specifically authorized by the Governor as per advice of the Accountant General.

(3) Capital expenditure shall be 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; provided that the Finance Department may authorize to meet capital expenditure from ordinary revenues, if there are sufficient revenue resources to cover this liability.

62. Banking Arrangements. – (1) The banking arrangements shall be such as may be prescribed and the bank(s) approved thereunder shall provide banking facilities to the Departments of the State Government.

(2) The detailed procedure laid down in the Memorandum of instructions issued by the Reserve Bank of India shall be followed by the banks for remittance of Government receipts into Government cash balance and reimbursement of payments made on behalf of the Government.

PART - B - ANNUAL ACCOUNTS

63. Appropriation Accounts. - Appropriation Account of the State Government shall be prepared by the Accountant General.

64. Finance Accounts. - Annual accounts of the State Government called Finance Accounts showing the respective Heads, the annual receipts and disbursements for the purpose of the State Government, shall be prepared by the Accountant General.

65. Presentation of Annual Accounts. - The certified annual accounts and the reports relating to the accounts shall be prepared and submitted by the Accountant General to the Governor on the prescribed dates and in accordance with the provisions of section 11 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and clause (2) of article 151 of the Constitution, who shall cause them to be laid before the State Legislature.

PART - C - PROFORMA ACCOUNTS

66. Subsidiary Accounts of Government Departments undertaking commercial activities. - Where the operations of certain Government Departments working on a commercial or semi-commercial basis such as an industrial factory or a store cannot be suitably brought within the cash based Government accounting system, Head of the Department shall maintain such subsidiary proforma accounts in commercial form as may be prescribed. This shall include the maintenance of suitable Manufacturing,

Trading, Profit and Loss Account/Income and Expenditure Account and Balance Sheet.

- 67. Methods and principles of keeping subsidiary accounts in commercial form.** - The methods and principles of keeping subsidiary and proforma accounts in commercial form shall be such as may be prescribed.

Note-1. Proforma accounts of regular Government Workshops and Factories shall be kept in accordance with the detailed rules and procedures specified in the departmental regulations. Proforma accounts relating to Public Works shall be prepared in accordance with the instructions contained in Account Code of the Accountant General.

Note-2. The Heads of Account shall be selected with due regard to the principles of Governmental and Commercial accounting so that the monthly classified account of income and expenditure of the Department may be prepared readily from the General Ledger maintained by it.

Note-3. Where commercial accounts are maintained for the purpose of assessment of cost of article or service, Head of the Department shall ensure that adequate regulations are framed with the approval of the Government in order to ascertain that the cost deduced from the accounts is accurate and true.

- 68. Maintenance and submission of subsidiary accounts and statements by Departments carrying commercial activities.** - Head of the Department(s) shall arrange to obtain the orders of the Government regarding the nature and form of subsidiary accounts and statements, if any. Such accounts and statements shall be submitted to the Accountant General on such date as may be specified by him.

PART - D - PERSONAL LEDGER ACCOUNT

- 69. Personal Ledger Account.** - Personal Ledger Account is a device intended to facilitate the authorized officer thereof to credit receipts into and effect withdrawals directly from the account, subject to an overall check being exercised by the bank in which the account is authorized to be opened. The authorized officer shall ensure that no withdrawal shall result in minus balance therein. Only Government officers acting in their official or any other capacity shall be the authorized officer.

- 70. Authority to open Personal Ledger Account.** - (1) The Personal Ledger Account shall be authorized to be opened by an order of the Finance Department in consultation with the Accountant General. Such special order or permission shall be issued or granted by the Finance Department after it is satisfied that the initial accounts of the moneys to be held in a Personal Ledger Account and disbursed are maintained properly and the same are subject to audit. Every Personal Ledger Account so authorized to be opened, shall form part of the Public Account of the Government.

(2) Personal Ledger Account shall be authorized to be opened in the following types of cases, namely:-

- (a) in favour of a authorized officer appointed for the purpose of administering

moneys tendered by or on behalf of wards and attached estates under the Government management. It shall also be ensured that proper arrangements are made for the maintenance and audit of connected initial accounts;

- (b) in relation to Civil and Criminal Courts' deposits, in favour of the Chief Judicial Authority concerned;
- (c) where, under certain regulatory activities of the Government, receipts are realized and credited to a Fund or Account under the provisions of an Act to be utilized towards expenditure thereunder and no outgo from the Consolidated Fund is involved;
- (d) where a Personal Ledger Account is required to be created by law or rules having the force of law and certain liabilities devolve on the Government out of the special enactments;
- (e) in favour of officers of commanding units and others concerned in the administration of public funds in the Civil Defence and Police Departments; and
- (f) in any other case of exceptional character.

PART - E - CAPITAL AND REVENUE ACCOUNTS

71. General. - Expenditure of a capital nature shall be distinguished from revenue expenditure both in the budget estimates and in the Government accounts.

72. Principles for allocation of expenditure between capital and revenue in the Government accounts. - The main principles governing the allocation of expenditure between capital and revenue in the Government accounts shall be the following:-

- (a) capital expenditure shall include all charges for the first construction and procurement of equipments of a project as well as charges for intermediate maintenance of the work not yet opened for service. It shall also include charges for such further additions and improvements, which enhance the useful life of the asset;
- (b) subject to clause (c) below, revenue expenditure shall include subsequent charges for maintenance and all working expenses. These include all expenditure on the working and upkeep of the project, renewals, replacements, additions, improvements or extensions that are revenue in nature;
- (c) in 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 expenditure debited on account of all wastage or depreciation of property are treated as revenue expenditure. Only the cost of genuine improvements, which enhance the useful life of the asset in the manner as may be prescribed, may be debited to capital expenditure. Where under special orders of the 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 over-capitalization on the one hand and excessive withdrawals from the Fund on the other; and
- (d) expenditure on account of reparation of damage caused by natural calamities

shall be charged to capital, or to revenue, or divided between them, depending upon whether such expenditure results in creation or acquisition of new assets or whether it is only for restoring the condition of the existing assets.

- 73. Allocation between capital and revenue expenditures on a capital scheme.** - The allocation between capital and revenue expenditures 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 after consultation with the Accountant General.
- 74. 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 shall be such as may be prescribed.
- 75. 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 Capital Major Head concerned, except where, under the rules of allocation as may be prescribed and made applicable to a particular Department, such receipts shall be taken to revenue.
- 76. Capital cost of non-productive work to be met from ordinary revenues.** - Capital cost of works which are non-productive in nature shall be met from ordinary revenues. Borrowed moneys and other resources outside the revenue account shall not be spent for non-productive purposes unless the following conditions are fulfilled:-
- (a) the objects for which the money is required are so urgent and vital that the expenditure can neither be avoided nor postponed or distributed over a series of years; and
 - (b) the amount is too much to be met from current revenues.

PART - F - ADJUSTMENTS WITH OTHER GOVERNMENTS DEPARTMENTS

- 77. Adjustments with State Governments.** - Subject to the relevant provisions of the Constitution or of any law for the time being in force or any orders issued thereunder, adjustments in respect of financial transactions with Central and State Governments shall, unless otherwise provided for, be made in such manner, and to such extent as may be prescribed and mutually agreed upon.
- 78. When adjustment necessary.** - Adjustment shall always be made unless otherwise agreed upon, -
- (a) if a transaction takes place amongst a Department of the State Government or a

public sector enterprise or a regularly organized store Department or store section of a Department, as the case may be; and

- (b) if the nature of a particular transaction between the Central or the State Government or between two or more State Governments is such as if it is a transaction between two Departments of the State Government.

- 79. Date of closure of Inter-Government adjustments.** - The last date for closure of Inter-State Governmental adjustments shall be 15th April of the following Financial Year.
- 80. Adjustments with foreign Governments or Non-Government foreign bodies.** - Unless exempted in whole or in part by the State Government by general or special orders, services shall not be rendered to any foreign Government or Non-Government body or institution, except on payment.
- 81. Recoveries of expenditure for services rendered to NonGovernment parties.** - Recoveries of expenditure for services rendered or supplies made to Non-Government parties or other Governments (including Local Funds and Governments outside India), shall in all cases, be classified as receipts of the State Government.
- 82. Recoveries of expenditure for services rendered by the State Government as an agent.** - When the Government undertakes a service merely as an agent of a private body, the entire cost of the service shall be recovered from that body.

PART - G - INTER-DEPARTMENTAL ADJUSTMENTS

- 83. Inter-Departmental Adjustments.** – (1) For the purposes of inter-departmental payments, the Departments of the State Government shall be divided into Service Departments and Commercial Departments or Public Sector Enterprises according to the following principles:-
- (a) the Service Departments shall be established for the discharge of those functions which either form part of the policies of the State Government or are necessary for the general conduct of the business of Government; and
- (b) the Commercial Departments or Public Sector Enterprises shall be 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.
- (2) 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 Public Sector Enterprises shall ordinarily charge and be charged for any supplies made and services rendered to, or by, other Departments of Government.
- (3) The procedures for settlement of inter-departmental adjustments shall be such as may be prescribed.

CHAPTER-5

WORKS

- 84. Original works and Repair works.** – (1) The works shall be divided into following two categories, namely:-
- (a) original works ; and
 - (b) repair works.
- (2) Original works shall include all new constructions, fittings and fixtures, installations, substantial additions and alterations to existing works, special repairs to newly purchased or previously abandoned buildings or structures, including remodeling or replacement.
- (3) Repair works shall be the works undertaken to maintain buildings and fixtures and any other work of a routine nature.
- 85. Powers to sanction works.** – (1) The powers delegated to the Administrative Departments, Heads of the Departments and Subordinate Authorities to accord administrative approval and expenditure sanction and to re-appropriate funds for works shall be regulated in the manner as may be prescribed and by such other provisions contained in the respective departmental regulations or other regulations being followed by the Department concerned in the execution of works.
- (2) A group of works which forms one project shall be considered as one work and a single administrative approval and expenditure sanction of such project shall invariably be obtained from the Competent Authority and not in parts.
- (3) For original works entrusted to a Department as mentioned in rule 84 (2) of these rules, administrative approval and expenditure sanction shall be accorded and funds allotted by the Competent Authority in accordance with the delegation of financial powers as may be prescribed.
- 86. Execution of works.** - (1) A Department may execute works either at its own level or through Himachal Pradesh Public Works Department or any other Department and agency within prescribed limits. Subject to the observance of provisions of rule 87 of these rules, the initiation, authorization and execution of works shall be regulated by detailed rules and regulations of the concerned Department or in any other manner as may be prescribed.
- 87. Procedure for execution of works.** - (1) No work shall be commenced or liability incurred relating thereto, until, -
- (a) estimates containing the detailed specifications and quantities of various items have been prepared on the basis of the Schedule of Rates maintained by Himachal Pradesh Public Works Department or any other authority as may be prescribed;

- (b) a properly detailed design has been sanctioned;
- (c) administrative approval has been obtained from the Competent Authority in each case;
- (d) sanction to incur expenditure has been obtained from the Competent Authority;
- (e) funds to cover the charge during the Financial Year have been provided by the Competent Authority;
- (f) tenders have been invited and processed in accordance with rules; and
- (g) the work has been awarded.

(2) For execution of works, the following broad procedures shall be followed, namely:-

- (a) the detailed procedure relating to expenditure on works shall be specified by departmental regulations in the manner as may be specified;
- (b) preparation of detailed design and estimates shall precede any sanction for works;
- (c) no work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the Competent Authority on the basis of estimates framed;
- (d) open tenders as well as limited tenders shall be called for works upto the limits as may be prescribed; and
- (e) award of work and execution of Contract Agreement shall be completed before commencement of the work.

(3) The executing officer may execute a work on his own judgment and responsibility, under unavoidable circumstances or otherwise, if the provisions of sub-rules (1) and (2) cannot be complied with. Simultaneously, he shall initiate action to obtain approval of the Competent Authority and also take other appropriate action in relation to execution of that work.

(4) The executing officer shall obtain the approval of the Competent Authority by submitting revised estimates, if any deviation or alteration is considered necessary while the work is in progress.

(5) The provisions of Punjab Public Works Account Code as adopted by the State Government, Central Public Works Account Code and any other Public Works Account Code as approved by the Government shall be followed by the authorities executing the works.

- 88. Payment for works.-** No payment for work shall be made unless the executing officer furnishes a certificate 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”.

- 89. Utilization of savings. -** Any anticipated or actual savings from a sanctioned estimate for a particular project, shall not, without the approval of the Competent Authority be utilized for carrying out additional work not included in the original project.
- 90. Review of Major Projects. –** The Department executing the project shall constitute a review committee consisting of the Executing Agency, Head of the Department and a representative each from the Administrative Department and the Finance Department to review the progress of the works costing five crore rupees and above or as may be prescribed.

CHAPTER – 6

PROCUREMENT OF GOODS AND SERVICES

PART - A - PROCUREMENT OF GOODS

- 91. Fundamental principles of public buying.** – (1) Every authorized officer delegated with the financial powers of procuring goods in public interest shall be responsible and accountable to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.
- (2) In making public procurement the following procedures shall be followed, namely:-
- (a) the specifications in terms of quality, type and quantity of goods to be procured, shall be clearly spelt out keeping in view the specific needs of the Procurement Entity. The specifications shall meet the basic needs of the Procurement Entity. Purchases shall not be made in excess of requirement to avoid inventory carrying costs;
 - (b) offers shall be invited by adopting a fair, transparent and reasonable procedure;
 - (c) the Procurement Entity shall satisfy itself that the selected offer adequately meets its requirement in all respects;
 - (d) the Procurement Entity shall satisfy itself that the price of the selected offer is reasonable and as per specified quality; and
 - (e) at each stage of procurement, the concerned Procurement Entity shall place on record, in precise terms, the points taken into consideration by it at the time of taking the procurement decision.
- 92. Authorities competent to purchase goods.**- A Competent Authority which is empowered to incur contingent expenditure may sanction the purchase of goods required for use in public service, in accordance with delegation of powers as may be prescribed.
- 93. Powers for procurement of goods.** - The single user Department shall be delegated full powers to make their own arrangements for procurement of goods. In case, a Department does not have the required expertise, it may project its indent to the Controller of Stores or any other Procurement Entity with the approval of the Government.
- 94. Rate Contract.** - The Controller of Stores shall conclude rate contracts with the registered suppliers, for goods and items of standard type, which are identified as common user items and are needed on recurring basis by various State Government Procurement Entity (s). The Controller of Stores shall furnish and update all the

relevant details of the rate contracts in its web site and the Procurement Entity (s) shall follow those rate contracts.

95. Registration of Suppliers. - (1) With a view to establish reliable sources for procurement of goods commonly required for Government use, the Controller of Stores shall prepare and maintain item-wise lists of eligible and capable suppliers. They shall be termed as “Registered Suppliers” on the deposit of requisite registration fee fixed by the Controller of Stores subject to fulfillment of other terms and conditions as may be specified by the State Government. The registration shall be renewed from time to time by the Controller of Stores on the deposit of renewal fee fixed by him subject to fulfillment of other terms and conditions as may be specified for renewal. All Procurement Entity (s) shall utilize these lists as and when required. Such registered suppliers shall be prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry. They shall be exempted from furnishing bid security/earnest money along with their bids. On similar lines a Procurement Entity may also register suppliers of goods which are specifically required by that entity.

(2) Credentials, manufacturing capability, quality control systems, past performance, after-sales service and financial background of the supplier shall be carefully verified before registration.

(3) The supplier(s) shall be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier(s) willing to continue with registration shall apply afresh for renewal of registration. New supplier(s) may also be considered for registration at any time, provided they fulfill all the required conditions.

(4) Performance and conduct of every registered supplier shall be watched by the Procurement Entity. The registered supplier(s) shall be removed from the list if they fail to abide by the terms and conditions of the registration or fail to supply the goods in time or supply substandard goods or make any false declaration to any Procurement Entity or for any ground which, in the opinion of the said entity, is not in the public interest:

Provided that no registered supplier who is registered by the Controller of Stores shall be removed from the list except by or with prior approval of the Controller of Stores.

(5) The directory of the registered suppliers shall be hosted on the web site, if any, of the registering authority and a link shall also be provided in the web site of the Controller of Stores for use by any other Procurement Entity.

96. Enlistment of Indian Agents. - As per the compulsory enlistment scheme of suppliers, the Controller of Stores shall act as Registrar of Firms. It shall be compulsory for Indian agents, who desire to quote directly on behalf of their foreign principals, to get them enlisted with the Controller of Stores. However, such enlistment shall not be equivalent to registration of supplier as mentioned under rule 95.

- 97. Purchase of goods without quotation.** – (1) Purchase of goods up to monetary value not exceeding Rs.3000/- (three thousand rupees) only on each occasion subject to a maximum of Rs.50,000 (fifty thousand rupees) in a Financial Year, may be made by Head of the Department, Controlling Officer and Drawing and Disbursing Officer without inviting quotations or bids, on the basis of a certificate to be recorded by the authorized officer in the following format:-

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

(2) The above monetary limit(s) may be revised by the Finance Department from time to time generally or specifically.

(3) The concerned procuring officer shall keep a record of goods purchased without inviting quotations and on each such occasion, shall work out the cumulative total of such purchases made during the Financial Year.

- 98. Purchase of goods by the Purchase Committee.** - (1) Purchase of goods costing above Rs. 3,000/- (three thousand rupees) only and up to Rs.1,00,000/- (one lac rupees) 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 may be decided by Head of the Department. The said committee shall survey 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 shall jointly record a certificate as under.

“Certified that we, the following 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”.

(2) The above monetary limits may be revised by the Finance Department from time to time generally or specifically.

- 99. Purchase of goods directly under rate contract.** - (1) In case a Procurement Entity directly procures rate contracted goods from suppliers, decided by the Controller of Stores or approved Public Sector Enterprises, 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 shall be in line with those specified in the rate contract. The Procurement Entity shall make its own arrangement for inspection and testing of such goods where required.

(2) The Controller of Stores shall host the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the web site for use by any Procuring Entity.

- 100. Avoiding of piecemeal purchases.** - A demand for goods shall not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of the Competent Authority required with reference to the estimated value of the total demand.
- 101. Purchase of goods by obtaining bids.** – Except in cases covered under rules 97 to 99, Procurement Entity shall procure goods under the powers referred to in these rules by following the standard method of obtaining bids in, -
- (a) Advertised Tender System;
 - (b) Limited Tender System; and
 - (c) Single Tender System.
- 102. Advertised Tender System.** - (1) Subject to exceptions under these rules, this method shall be used for procurement of goods of estimated value of Rs. 10 lacs (ten lacs rupees) and above or such limit as may be prescribed. Advertisement in such cases shall be given in the Official Gazette of Himachal Pradesh and at least in two leading daily news papers having wide circulation.
- (2) A Procurement Entity having its web site shall also publish all its advertised tender enquiries on the web site and provide a link with web site of the Controller of Stores. It shall also give its web site address in the advertisements in the Official Gazette of Himachal Pradesh and newspapers as mentioned in sub-rule (1).
- (3) The Procurement Entity shall also post the complete tender documents in its web site and permit prospective bidders to make use of the documents downloaded from the web site. Specific mention shall be made in the tender documents for comprehensive maintenance contract where ever required. If such a downloaded tender documents are priced, there shall be clear instructions for the bidder to pay the amount along with the bid.
- (4) The minimum time to be allowed for submission of bids shall be three weeks from the date of publication of the tender notice or availability of the tender documents for sale, whichever is later. Where the Procurement Entity contemplates obtaining bids from abroad, the minimum period shall be four weeks for both domestic and foreign bidders.
- (5) Highly valuable plant and machinery of a complex and technical nature, bids shall be procured in the following manner, namely:-
- (a) technical bid consisting of all technical details along with commercial terms and conditions and financial bid indicating item-wise prices for the items mentioned in the technical bid shall be submitted separately by the bidders;
 - (b) the technical bid and the financial bid shall be sealed by the bidder in separate covers duly super-scribed. Both these sealed covers shall be put in a bigger cover which shall also be sealed and duly super-scribed. The technical bids shall be opened by the Procurement Entity at the first instance and evaluated by

a committee constituted by Head of the Department; and

(c) at the second stage financial bids only of the technically acceptable offers, shall be opened for further evaluation and ranking before awarding the contract.

(6) All the terms, conditions, stipulations and information to be incorporated in the tender documents shall contain instructions to bidders, conditions of contract, schedule of requirements, specifications and allied technical details, price schedule (to be utilized by the bidders for quoting their prices), contract form and other standard forms, if any, to be utilized by the Procurement Entity and the bidders.

(7) The bids received after the date and time specified for their receipt shall not be considered.

103. Limited Tender System. – (1) Limited Tender System shall be adopted when estimated value of the goods to be procured is upto Rs. 10 lacs (ten lacs rupees) or such limit as may be prescribed. Preference shall be given to the supplier having depot or dumps within the territory of Himachal Pradesh. Copies of the tender documents shall be sent directly by speed post or registered post or courier or e-mail to the firms dealing in required goods to obtain more responsive bids on competitive basis. The number of firms in Limited Tender System shall not be less than three.

(2) Purchase through Limited Tender System may be adopted even where the estimated value of the procurement is more than the limit specified under sub-rule (1), in the following circumstances, if, -

(a) the Head of the Department certifies that the demand is urgent and procuring of goods through limited tender system is justified in view of urgency, indicating therein reasons why the procurement could not be anticipated for resorting to advertisement tender system;

(b) there are sufficient reasons to be recorded in writing by the Procurement Entity that it shall not be in the public interest to procure the goods through advertised tender enquiry; and

(c) the sources of supply are definitely known and possibility of fresh source(s) beyond those being resorted to, is remote.

104. Single Tender System. - (1) Single Tender System shall be adopted in case of articles of proprietary nature, which are available from single source.

(2) Articles of proprietary nature shall be purchased, after obtaining a certificate from the manufacturers or sole agents, as the case may be, to the effect that the rates quoted by them are identical to those approved by the Director General of Supplies and Disposals and / or Comptroller of Stores, Himachal Pradesh or the rates quoted by them are similar to those quoted in any other state in the country.

(3) Single Tender System shall also be resorted to for additional purchase of goods from the original suppliers, which are intended either as part replacement of existing

goods, services or installations or the extension of existing goods, services or installations, where such additional purchase of equipments and services shall meet the requirements of Procurement Entity for utilizing the already existing equipments or services.

Note: A certificate in the following form shall be provided by the Procurement Entity before procuring the goods from a single source:

(a) The indented goods are manufactured by

M/s.....

(b) No other make or model is acceptable for the following reasons:

.....
.....

(c) Approval of Competent Authority has been obtained vide
.....

(Signature with date and designation of the
procuring officer)

105. Maintenance Contract. - Depending on the cost and nature of the goods to be purchased, the Procurement Entity may enter into maintenance contract (s) of suitable period either with the supplier of the goods or with any other firm. Such maintenance contracts are especially needed for sophisticated goods such as costly equipment and machinery (ies). It shall be mandatory that the equipment or machinery is maintained free of charge by the supplier during its warranty period as per terms of the contract.

106. Earnest Money. – (1) In the case of advertised or limited tender system, Earnest Money shall be obtained from the tenderer (s), who shall furnish the same alongwith the tenders in the shape of Accounts Payees Bank Draft or duly pledged Fixed Deposit Receipts. Amount of Earnest Money shall be between two percent to five percent of the estimated value of goods to be procured as determined by the Procuring Department and indicated in the tender documents. The Earnest Money of unsuccessful tenderer (s) shall be refunded to them at the earliest after the expiry of final validity period of the tender as stipulated in the tender documents and the Earnest Money of successful tenderer shall remain in the custody of Procuring Department till the entire supply of goods has been made by the contractor to the best of satisfaction of Procuring Department; provided that the Procuring Department may retain the Earnest Money of the contractor supplying goods till further period depending upon the nature of contract.

(2) The Earnest Money deposited by the tenderer (s) shall be forfeited in the following events, namely:-

(a) a modification or withdrawal of tender after the deadline for submission of tenders and during the validity period;

- (b) refusal by the tenderer to accept an arithmetical error or otherwise appearing on the face of tender;
- (c) failure on the part of the successful tenderer to sign the contract in accordance with the terms and conditions stipulated in the tender documents;
- (d) failure on the part of the successful tenderer to provide performance security under rule 107 for the execution of the contract; and
- (e) failure on the part of the successful tenderer to execute the contract as per terms and conditions stipulated in the tender documents.

107. Performance Security. – (1) Performance Security shall be obtained from the successful contractor on the award of the contract irrespective of his registration status, which shall be for an amount between five to ten percent of the value of the contract. Such security shall be furnished in the form of an Account Payee Demand Draft or duly pledged Fixed Deposit Receipt or Bank Guarantee from a commercial bank, as the case may be, in an acceptable form with a view to safeguard the interest of Procuring Department.

(2) Performance Security shall remain valid for a period of sixty days from the date of completion of contract including warranty and guarantee period to the best of satisfaction of Procuring Department.

108. Advance or On Account payment to supplier. - (1) Payment for services rendered or supplies made shall be released only after the services have been rendered or supplies made; provided that Advance or On Account payments may be made in the following cases, namely: -

- (a) to the contractors executing maintenance contracts for servicing of machinery and electronic equipments; and
- (b) to the contractors executing fabrication contracts, or turn-key contracts.

(2) Where it is essential to make advance payment under sub-rule (1), the amount shall not exceed the following limits, namely: -

- (a) thirty percent of the contract value to the private contractors; and
- (b) forty percent of the contract value to a State or Central Government Organization or a Public Sector Undertaking;

(3) Pro-rata on account payment upto 80% of the supplies made or service rendered may be made pending completion of contract, after assessing the same.

(4) The Government may relax, the ceilings (including percentage laid down for advance payment) mentioned under sub-rules (2) and (3). While making any advance payment, adequate safeguards in the form of bank guarantee shall be obtained from the contractor.

(5) Part payment to contractors may be released after he dispatches the goods from his premises depending upon the terms and conditions of the contract.

109. Transparency, fair competition and elimination of arbitrariness in the procurement process. - All Government contracts for procurement of goods shall be made in a transparent, competitive and fair manner. The following are some of the measures for achieving these purposes,-

- (a) the text of the tender documents shall be self-contained and comprehensive without any ambiguities. All essential information shall be clearly spelt out in the tender documents in simple language. The tender documents shall contain, inter alia, -
 - (i) the criteria for eligibility of the tenderer (s) such as minimum level of experience, past performance, registration status, manufacturing, supplying, technical, professional and financial capabilities;
 - (ii) eligibility criteria for goods indicating any legal restrictions or conditions regarding manufacturing and supplying of goods which may be required to be met by the successful tenderer;
 - (iii) the procedure for submitting the tenders;
 - (iv) the date, time and place of opening of the tenders;
 - (v) terms of delivery; and
 - (vi) any other terms for performance of contract, as may be prescribed.
- (b) provision shall be made in the tender documents to enable a tenderer to make queries about the conditions, processes and / or rejection of the tender;
- (c) provision for settlement of any dispute emerging from the contract, shall be made in the tender documents;
- (d) the tender documents shall indicate clearly that the contract shall be interpreted under Indian Laws and in case of a legal dispute the same shall be subject to local or pecuniary jurisdiction of the Courts of Himachal Pradesh;
- (e) the tenderer (s) shall be given reasonable time to send their tenders;
- (f) the tenders shall be opened in the presence of tenderer (s) or their authorized representatives, if present at the time of opening of tenders;
- (g) the standard specifications of the goods shall be broad based and clearly stated without any ambiguity so as to attract sufficient number of tenderer (s) with a view to safeguard the interest of State Government;
- (h) prior to inviting of tender for procurement of costly goods of highly technical

nature involving latest technology or execution of costly turn-key contract(s), a conference of prospective tenderer (s) may be convened in the manner as may be prescribed for clarification of doubts and settlement of issues relating to minimum acceptable level of specifications;

- (i) factors to be taken into account for evaluating the tenders and the criteria for awarding the contract to the lowest tenderer shall be clearly indicated in the tender documents;
- (j) the evaluation of tenders shall be made strictly in accordance with terms and conditions of tender documents;
- (k) where the price quoted by the lowest tenderer is highly excessive as compared to prevalent price justification, negotiation may be held with lowest tenderer to bring the price below justification. If the negotiation with lowest tenderer fails to result in an acceptable contract, Procurement Entity may proceed to hold negotiation with the next ranked tenderer and so on;
- (l) contract shall be awarded to the lowest tenderer; provided that where the lowest tenderer is not in a position to supply the full quantity required, the remaining quantity may be ordered to the next higher tenderer at the rates offered by the lowest tenderer on the same terms and conditions; and
- (m) where the rates of more than one firm have been approved for the same item, time and cost effectiveness may be kept in view.

110. Efficiency, Economy and Accountability in Procurement System. - To ensure efficiency, economy and accountability in the procurement system, the following factors shall be taken into account:-

- (a) for avoiding delay, appropriate time frame for each stage of procurement shall be specified by the Department;
- (b) for minimizing the time needed for decision making and implementation of contract, the Department shall act as per delegation of financial powers as may be prescribed; and
- (c) the Department shall award the contract within the validity period stipulated in the tender documents; provided that extension in time period in the validity period may be allowed by the Competent Authority only in exceptional circumstances for which reasons shall be recorded in writing.

111. Buy Back Offer. - The Department may decide with the approval of the Competent Authority to replace existing old goods with new goods of better version from the contactor by adjusting the cost of existing old goods as per mutual agreement for which a clause shall be inserted in the tender documents in the prescribed manner.

PART - B - CONTRACTING AND OUTSOURCING OF SERVICES

- 112. Outsourcing of Services.** – A Department may outsource certain services in the interest of economy and efficiency and the detailed procedures and instructions for this purpose shall be such as may be prescribed.
- 113. Preparation of Tender enquiry documents.** - The Department shall prepare tender enquiry documents containing, *inter alia*, -
- (a) the details of the work or service to be done or rendered by the contractor;
 - (b) the facilities and inputs which shall be provided to the contractor by the Department;
 - (c) eligibility criteria for performing the contract;
 - (d) statutory and contractual obligations to be complied with by the contractor;
 - (e) contractor's past experience in similar work or service; and
 - (f) any other condition which the Department concerned may deem fit.
- 114. Identification of prospective contractors.** – The Department shall prepare a list of prospective contractors on the basis of formal or informal enquiries from other Departments and Public Sector Undertakings of the Central and State Governments involved in similar activities, scrutiny of trade journals and web sites.
- 115. Invitation of bids through advertised tender system.** - (1) Subject to exceptions under these rules, this method shall be used for outsourcing of services of Rs. 10 lacs (ten lacs rupees) and above or such limit as may be prescribed. Advertisement in such cases shall be given in the Official Gazette of Himachal Pradesh and at least in two leading daily news papers having wide circulation.
- (2) A Department having its web site shall also publish all its advertised tender enquiries on the web site. It shall also give its web site address in the advertisements in the Official Gazette of Himachal Pradesh and newspapers as mentioned under sub-rule (1).
- (3) The Department shall also post the complete tender documents in its web site and permit prospective bidders to make use of the documents downloaded from the web site. If such a downloaded tender documents are priced, there shall be clear instructions for the bidder to pay the amount along with the bid.
- (4) The minimum time to be allowed for submission of bids shall be three weeks from the date of publication of the tender notice or availability of the tender documents for sale, whichever is later.
- (5) The bids shall be procured in the following manners, namely:-
- (a) technical bid consisting of all technical details of services to be provided by

the contractor along with commercial terms and conditions and financial bid indicating the cost of services mentioned in the technical bid shall be submitted separately by the bidders;

(b) the technical bid and the financial bid shall be sealed by the bidder (s) in separate covers duly super-scribed. Both these sealed covers shall be put in a bigger cover which shall also be sealed and duly super-scribed. The technical bids shall be opened by the Department at the first instance and evaluated by a committee constituted by Head of the Department; and

(c) at the second stage financial bids only of the technically acceptable offers, shall be opened for further evaluation and ranking before awarding the contract.

(6) The bids received after the date and time specified for their receipt shall not be considered.

116. Invitation of bids through limited tender system. – (1) Limited Tender System shall be adopted when estimated cost of contract for outsourcing of services is upto Rs. 10 lacs (ten lacs rupees) or such limit as may be prescribed. Preference shall be given to the contractor(s) belonging to Himachal Pradesh. Copies of the tender documents shall be sent directly by speed post or registered post or courier or e-mail to the contractor(s) which deal in providing the required services to obtain more responsive bids on competitive basis. The number of contractors in Limited Tender System shall not be less than three.

(2) Outsourcing of services through Limited Tender System may be adopted even where the estimated value of the contract is more than the limit specified under sub-rule (1), in the following circumstances, if, -

(a) the Head of the Department certifies that the outsourcing of services through limited tender system is justified in view of urgency, indicating therein reasons why the requirement of outsourcing of services could not be anticipated for resorting to advertisement tender system;

(b) there are sufficient reasons, to be recorded in writing by the Department that it shall not be in the public interest to outsource the services through advertised tender enquiry; and

(c) the sources of providing services are definitely known and possibility of fresh source(s) beyond those being resorted to, is remote.

117. Bid Security. – (1) In the case of advertised or limited tender system, bid security shall be obtained from the bidder (s), who shall furnish the same alongwith the bids in the shape of Accounts Payees Bank Draft or duly pledged Fixed Deposit Receipts. Amount of bid security shall be between two percent to five percent of the estimated cost of contract for outsourcing of services as determined by the Department and indicated in the tender documents. The bid security of unsuccessful bidder (s) shall be refunded to them at the earliest after the expiry of final validity period of the bid as stipulated in the tender documents and the bid security of successful bidders shall

remain in the custody of Department till the completion of contract of outsourcing of services by the contractor to the best of satisfaction of Department.

(2) The bid security deposited by the bidder (s) shall be forfeited in the following events, namely:-

- (a) a modification or withdrawal of bid after the deadline for submission of bid (s) and during the validity period;
- (b) refusal by the bidder (s) to accept an arithmetical error or otherwise appearing on the face of bid (s);
- (c) failure on the part of the successful bidder to sign the contract in accordance with the terms and conditions stipulated in the tender documents;
- (d) failure on the part of the successful bidder to deposit performance security under rule 120 for the execution of the contract; and
- (e) failure on the part of the successful bidder to execute the contract as per terms and conditions stipulated in the tender documents.

118. Evaluation of Bids Received. - The Department shall evaluate the bids received as per eligibility criteria specified in the tender enquiry documents under rule 113 and select the successful contractor for awarding the contract.

119. Outsourcing by Choice. - Where it becomes necessary, in an exceptional situation to outsource services from a specific contractor, Head of the Department may do so in consultation with the Finance Department through the Administrative Department by giving the detailed justification specifying therein the circumstances leading to the outsourcing by choice and the special interest or purpose it may serve.

120. Performance Security. – (1) Performance Security shall be obtained from the successful bidder on the award of the contract irrespective of his registration status, which shall be for an amount between five to ten percent of the value of the contract. Such security shall be furnished in the form of an Account Payee Demand Draft or duly pledged Fixed Deposit Receipt or Bank Guarantee from a commercial bank, as the case may be, in an acceptable form with a view to safeguard the interest of Department.

(2) Performance Security shall remain valid for a period of sixty days from the date of completion of contract to the best of satisfaction of Department.

121. Monitoring the Contract. - The Department shall continuously monitor the performance of the contract.

PART - C - HIRING OF CONSULTANCY SERVICES

122. Engagement of Experts. – A Department may hire professionally qualified persons, consultancy firms or consultants having specific technical expertise

(hereinafter referred to as ‘consultant (s)’) for specialized services, in which the concerned Department does not have requisite expertise, on such terms and conditions as may be mutually agreed upon.

123. Preparation of Tender enquiry documents. - The Department shall prepare tender enquiry documents containing, *inter alia*, -

- (a) the details of the services to be rendered by the consultant (s);
- (b) the facilities and inputs which shall be provided to the consultant (s) by the Department;
- (c) eligibility criteria for rendering the consultancy services;
- (d) statutory and contractual obligations to be complied with by the consultant (s);
- (e) consultant’s past experience in similar work or service; and
- (f) any other condition which the Department concerned may deem fit.

124. Identification of consultant (s) through advertised tender system. - (1) Subject to exceptions under these rules, this method shall be used for identification of consultant (s) for hiring of services of Rs. 10 lacs (ten lacs rupees) and above or such limit as may be prescribed. Advertisement in such cases shall be given in the Official Gazette of Himachal Pradesh and at least in two leading daily news papers having wide circulation.

(2) A Department having its web site shall also publish all its advertised tender enquiries on the web site. It shall also give its web site address in the advertisements in the Official Gazette of Himachal Pradesh and newspapers as mentioned under sub-rule (1).

(3) The Department shall also post the complete tender documents in its web site and permit prospective bidders to make use of the documents downloaded from the web site. If such a downloaded tender documents are priced, there shall be clear instructions for the bidder to pay the amount along with the bid.

(4) The minimum time to be allowed for submission of bids shall be three weeks from the date of publication of the tender notice or availability of the tender documents for sale, whichever is later.

(5) The bids received after the date and time specified for their receipt shall not be considered.

125. Identification of consultant (s) through limited tender system. – (1) Limited Tender System shall be adopted for identification of consultants (s) for hiring of services costing upto Rs. 10 lacs (ten lacs rupees) or such limit as may be prescribed. Preference shall be given to the consultant (s) belonging to Himachal Pradesh. Copies of the tender documents shall be sent directly by speed post or registered post or courier or e-mail to the bidders which deal in providing the

required services to obtain more responsive bids on competitive basis. The number of bidders in Limited Tender System shall not be less than three.

(2) Identification of consultant (s) for hiring of services through Limited Tender System may be adopted even where the estimated value of hiring such consultancy service is more than the limit specified under sub-rule (1), in the following circumstances, if, -

- (a) the Head of the Department certifies that identification of consultant (s) for hiring of services through limited tender system is justified in view of urgency, indicating therein reasons why the requirement of consultancy services could not be anticipated for resorting to advertisement tender system;
- (b) there are sufficient reasons, to be recorded in writing by the Department that it shall not be in the public interest to identify the consultant (s) for hiring the services through advertised tender enquiry; and
- (c) the sources of providing consultancy services are definitely known and possibility of fresh source(s) beyond those being resorted to, is remote.

126. Short-listing of consultants. - After complying with procedure laid down in rules 124 and 125, the consultant (s) offering for rendering services shall be short listed by the Department as per criteria laid down in rule 123.

127. Bid Security. - (1) In the case of advertised or limited tender system, bid security shall be obtained from the bidder (s), who shall furnish the same alongwith the bids in the shape of Accounts Payees Bank Draft or duly pledged Fixed Deposit Receipts. Amount of bid security shall be between two percent to five percent of the estimated cost of contract for hiring of consultancy services as determined by the Department and indicated in the tender documents. The bid security of unsuccessful bidder (s) shall be refunded to them at the earliest after the expiry of final validity period of the bid as stipulated in the tender documents and the bid security of successful bidder shall remain in the custody of department till the completion of contract of hiring of consultancy services by the successful bidder to the best of satisfaction of Department.

(2) The bid security deposited by the bidder (s) shall be forfeited in the following events, namely:-

- (a) a modification or withdrawal of bid after the deadline for submission of bid (s) and during the validity period;
- (b) refusal by the bidder (s) to accept an arithmetical error or otherwise appearing on the face of bid (s);
- (c) failure on the part of the successful bidder to sign the contract in accordance with the terms and conditions stipulated in the tender documents;
- (d) failure on the part of the successful bidder to provide performance security under rule 132 for the execution of the contract; and

(e) failure on the part of the successful bidder to execute the contract as per terms and conditions stipulated in the tender documents.

128. Preparation of Terms of Reference. – The terms of reference for hiring consultancy services shall include the following: -

- (a) precise statement of objectives;
- (b) outline of services to be rendered;
- (c) time schedule for completion of services;
- (d) the support or inputs to be provided by the Department to facilitate the consultant (s);
- (e) the final outputs required from the Consultant (s);
- (f) the time, date and place where the bids shall be submitted by the bidder (s) and
- (g) any other condition which the Department concerned may deem fit.

129. Invitation of Offers. – The Department shall invite offers from short listed consultant (s) to submit their bids by taking into account the terms of reference. The bids shall be invited in the following manners, namely:-

- (a) technical bid consisting of all technical details of consultancy services to be provided by the consultant (s) along with commercial terms and conditions and financial bid indicating the cost of services mentioned in the technical bid shall be submitted separately by the bidders;
- (b) the technical bid and the financial bid shall be sealed by the bidder in separate covers duly super-scribed. Both these sealed covers shall be put in a bigger cover which shall also be sealed and duly super-scribed. The technical bids shall be opened by the Department at the first instance and evaluated by a committee constituted by Head of the Department; and
- (c) at the second stage financial bids only of the technically acceptable offers, shall be opened for further evaluation and ranking before awarding the contract.

130. Evaluation of Technical Bids. - The Department shall evaluate the bids received as per eligibility criteria specified in the tender enquiry document under rule 123 and as per terms of reference under rule 128 and select the successful contractor for awarding the contract.

131. Hiring by Choice. - Where it becomes necessary, in an exceptional situation to hire consultancy services from a specific consultant, Head of the Department may do so in consultation with the Finance Department through the Administrative Department by giving the detailed justification specifying therein the circumstances leading to

the hiring of services by choice and the special interest or purpose it may serve.

132. Performance Security. – (1) Performance Security shall be obtained from the successful bidder (s) on the award of the contract irrespective of his registration status, which shall be for an amount between five to ten percent of the value of the contract. Such security shall be furnished in the form of an Account Payee Demand Draft or duly pledged Fixed Deposit Receipt or Bank Guarantee from a commercial bank, as the case may be, in an acceptable form with a view to safeguard the interest of Department.

(2) Performance Security shall remain valid for a period of sixty days from the date of completion of contract to the best of satisfaction of Department.

133. Monitoring the Contract. - The Department shall continuously monitor the performance of the consultant(s).

CHAPTER – 7

INVENTORY MANAGEMENT

- 134. General.** – Every Department shall specify the detailed procedure relating to Inventory Management in its regulations after obtaining the approval of the Government in consultation the Finance Department.
- 135. Receipt of goods from private suppliers.** – (1) The officer-in-charge of stores of the concerned Department shall follow the terms and conditions of the contract at the time of receiving goods from the supplier(s).
- (2) All goods shall be counted, measured or weighed and inspected at the time of receipt with a view to ascertain the quality, quantities and specifications. Technical inspection where required shall be carried out by technical committee constituted by the Competent Authority.
- (3) Details of goods received shall thereafter be entered in the stock register. The officer-in-charge of stores of the concerned Department shall certify that he has actually received the goods and recorded it in the stock registers maintained by the Department according to the regulations made by them with the approval of the Government in consultation the Finance Department.
- 136. Receipt and issue of goods from internal divisions of the Department.** – (1) The indenting officer requiring goods from internal division(s) of the Department, shall place an indent in the prescribed form. The indenting officer shall examine, count, measure or weigh the goods with a view to ascertain the quality, quantities and specifications and he shall issue receipt of goods received by him.
- (2) If the officer-in-charge of the stores is not in a position to supply the full quantity of goods mentioned in the indent due to non availability of sufficient goods in the stores, he shall make the supply to the extent available and make suitable entry to this effect in all the copies of the indent.
- (3) In respect of goods issued to a contractor, the cost of which is recoverable from him, all relevant particulars, including the recovery rates and the total value chargeable from the contractor shall be got acknowledged from him duly signed and dated. Entries shall also be recorded in the contractor ledger maintained in the Department to ensure the recoveries from the running and final bill of the contractor.
- 137. Safe custody of goods.** (1) The officer-in-charge of stores having custody of goods shall take appropriate steps for arranging their safe custody, proper storage and accommodation including arrangements for maintaining required temperature, dust free environment of required specification depending upon the nature of goods.
- (2) The officer-in-charge of stores shall take special care for the safe custody of combustible and explosive goods as per provisions contained in the Explosives Act, 1884 and rules framed thereunder.

- 138. Lists and Accounts.** – (1) The officer-in-charge shall be responsible for maintenance of suitable item-wise lists and accounts and preparation of accurate returns in respect of the goods in his charge with a view to ensuring proper checks and reconciliation of actual balances with the book balances. The form of the store accounts shall be determined with reference to the nature of the goods and materials, the frequency of the transactions in the prescribed manner.
- (2) Separate accounts shall be kept for fixed assets, consumables and dead stock or unserviceable items in the manner as may be prescribed.
- 139. Hiring out of Fixed Assets.** - When a fixed asset is hired to local bodies, contractors or others, proper record in relation thereto shall be kept and the hire and other charges as specified under regulations of the concerned Department shall be recovered from them regularly as per terms and conditions mutually agreed upon.
- 140. Physical Verification.** - (1) The officer-in-charge of the stores shall cause to maintain the inventory for fixed assets, consumable goods and dead stock or unserviceable items.
- (2) Head of the Department shall conduct the physical verification of fixed assets, consumable goods and dead stock or unserviceable items or cause it to be conducted through his subordinate officer (s) or through a committee constituted either by him or by the State Government, at least once in a year.
- 141. Procedure for Verification.** – (1) Physical Verification shall always be conducted in the presence of the officer (s), responsible for the custody of the inventory.
- (2) A certificate of verification along with the findings shall be recorded in the stock register by the officer (s) or the committee conducting the physical verification.
- (3) Discrepancies, including shortages, damages and dead stock items, unserviceable goods, if any identified during verification, shall immediately be brought to the notice of the Competent Authority by the officer (s) or the committee conducting the physical verification for taking appropriate action in accordance with the provisions of departmental regulations or any other rules framed by the State Government in this behalf.
- 142. Buffer Stock.** – Every Department shall maintain an optimum level of buffer stock as per their day to day requirements so that there are neither excessive nor inadequate goods being stocked.
- 143. Special Procedure for Library Books.** - The following procedures shall be observed for purchase, disposal, physical verification and write off of library books maintained in the libraries of various Government Departments:-
- (a) the library books for libraries of various Government Departments shall be purchased in the prescribed manner;
- (b) library books in Government libraries which are mutilated or damaged or have become obsolete shall be disposed off on the recommendation of the committee

constituted for this purpose by the Competent Authority;

- (c) physical verification of library books shall be conducted every year in case of libraries having not more than 20,000 books by qualified library staff or any other officer authorized by the Competent Authority;
- (d) physical verification of library books at intervals of not more than three years shall be conducted in case of libraries having more than 20,000, but not more than 50,000 books by qualified library staff;
- (e) sample physical verification of library books at intervals of not more than five years shall be conducted in case of libraries having more than 50,000 books by qualified library staff. If such a sample verification reveals unusual or unreasonable shortages, complete verification shall be conducted;
- (f) (i) in case of libraries having more than 50,000 books, loss of upto five books per one thousand books issued or consulted in a year shall be taken as reasonable;

(ii) in case of other libraries the quantum of loss of library books shall be determined by the concerned Departments within the limit mentioned under clause f(i);

Provided that such loss shall not be attributed to dishonesty or negligence on the part of librarian;

(iii) loss of library books including books of special nature and rarity shall invariably be investigated and consequently action taken in the prescribed manner; and

- (g) any other matter regarding proper maintenance of library books in the libraries of various Government Departments shall be dealt with in the prescribed manner.

144. Handing over of charge of goods. - In case of transfer of official-in-charge of the goods, the relieved official as well as the relieving official shall ensure that the goods are correctly handed over and taken over by the relieved official and relieving official respectively and a statement showing all the relevant details of the goods so handed over and taken over shall be prepared and signed by the relieved official and the relieving official with a view to enable the Competent Authority to fix the responsibility in case of any loss of goods.

145. Disposal of Goods. - (1) A Department shall declare the goods as surplus or obsolete or unserviceable and dispose off the same in the prescribed manner.

(2) While declaring the goods as surplus or obsolete or unserviceable for disposal of the same, the Head of the Department or the authorized officer shall generally follow the following principles:-

- (a) he shall record the detailed reasons in writing in this regard;

- (b) he may constitute a committee at appropriate level for such declaration;
- (c) he shall prepare a report of goods to be disposed off on the prescribed Proforma;
and
- (d) before disposing off the goods, he shall cause to work out the book value, guiding price and reserved price of the goods to be disposed off:

Provided that where the book value, guiding price and reserved price cannot be worked out, the original price of the goods shall be deemed to be the book value, guiding price and reserved price.

- (3) When goods are sold to the public or any other Department or authority at their full value, a suitable percentage as determined by the Competent Authority shall be added to the book value to cover the charges on account of supervision, storage and contingencies:

Provided that this addition may be waived off by the Competent Authority if in its opinion the goods are likely to remain unsold.

- (4) In case goods are declared surplus in a Department, the same may be transferred to another Department of the Government, at book value, for utilization.
- (5) In case goods become unserviceable due to negligence, fraud or mischief on the part of the Government servant, responsibility for the same shall be fixed.

146. Modes of Disposal. - Surplus or obsolete or unserviceable goods shall be disposed off in prescribed manner by ,-

- (a) obtaining bids through advertised tender; or
- (b) public auction; or
- (c) any other mode.

147. Disposal through Advertised Tender. - (1) The following broad steps shall be adopted in case of disposal of surplus or obsolete or unserviceable goods through advertised tender: -

- (a) preparation of tender documents;
- (b) invitation of tender for the surplus, obsolete or unserviceable 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 sold goods to the selected bidder; and
- (i) return of bid security to the unsuccessful bidders.

(2) The following important aspects shall be kept in view while disposing off the surplus, obsolete or unserviceable goods through advertised tender, namely:-

- (a) for ensuring transparency, competition, fairness and elimination of discretion, wide publicity shall be made;
- (b) all the required terms and conditions of sale shall be incorporated in the tender documents in plain and simple language and applicability of relevant taxes, shall be clearly stated in the said documents;
- (c) the tender documents shall also indicate the location of the surplus, obsolete or unserviceable goods to be sold for inspection by the bidders before bidding;
- (d) the bidders shall furnish bid security along with their bids which shall not be less than ten percent of the assessed or reserved price of the goods. The amount of bid security shall be indicated in the tender documents;
- (e) the bid of the highest responsive bidder shall be accepted and if the price offered by that bidder is not acceptable, negotiation may be held with that bidder. In case such negotiation does not provide the desired result, the reasonable or acceptable price may be counter-offered by the concerned Department to the next highest responsive bidder(s);
- (f) in case the total quantity to be disposed off cannot be taken up by the highest bidder, the remaining quantity may be offered to next higher bidder(s) at the price offered by the highest bidder;
- (g) full payment after adjusting the bid security shall be obtained from the successful bidder before releasing the goods; and
- (h) in case the selected bidder does not lift the goods within stipulated time, the bid security shall be forfeited and other actions be initiated including re-sale of said goods at his risk and cost.

(3) Bids received after the specified date and time of receipt shall not be considered.

148. Disposal through Auction. – (1) A Department may undertake auction of surplus, obsolete or unserviceable goods to be disposed off either directly or through approved auctioneers and shall ensure transparency, competition, fairness and elimination of discretion.

(2) The auction plan including details of the surplus, obsolete or unserviceable goods to be auctioned and their location, terms and conditions of the sale shall be widely circulated.

(3) Head of the Department shall constitute an auction committee comprising of three members.

(4) During the auction process, acceptance or rejection of a bid shall 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 shall immediately be taken on the spot from the successful bidder in cash. The goods shall be handed over to the successful bidder only after receiving the balance payment.

149. Disposal by other modes. – (1) If a Department is unable to dispose off surplus or obsolete or unserviceable goods in spite of its attempts through advertised tender or auction, it may dispose off the same at its scrap value with the approval of the Government. In case the Department is unable to dispose off the goods even at its scrap value, it may adopt any other mode of disposal including destruction of the goods in an eco-friendly manner after constituting a committee of departmental officers who are not directly dealing with the store.

(2) Expired medicines, food grain, ammunition, which are surplus or obsolete or unserviceable and are hazardous or unfit for human consumption, shall be disposed off or destroyed immediately by adopting suitable mode so as to avoid any health hazard or environmental pollution and also the possibility of misuse of such goods.

(3) Negotiable instruments, receipt books, stamps, equipments and documents, which involve security concerns and are surplus or obsolete or unserviceable, shall be disposed off or destroyed in an appropriate manner to ensure compliance with the rules relating to official secrets as well as to improve the financial prudence.

150. Preparation of sale account. - A sale account shall be prepared for surplus, obsolete or unserviceable goods disposed off in the prescribed Proforma duly signed by the officer or committee supervising the sale or auction.

151. Powers to write off. - All profits and losses due to revaluation of stock taking or other causes shall be duly recorded and adjusted. Sanction of the Competent Authority shall be obtained in respect of losses, even though no correction or adjustment in the Government accounts is involved. Power to write off of losses shall be exercised by the Competent Authority in accordance with the instructions as may be prescribed.

CHAPTER-8

CONTRACT MANAGEMENT

- 152. General.** - (1) All contracts and assurances of property shall be made by such person authorized to do so under article 299 (1) of the Constitution in such manner as may be prescribed.
- (2) The various kinds of contracts and assurances of property, which may be executed by different persons shall be such as may be prescribed.
- (3) The powers of various authorities, the conditions under which such powers shall be exercised and the general procedure specified with regard to various classes of contracts and assurances of property shall be such as may be prescribed.
- 153. Basic principles for contract.** - The following basic principles shall be observed while entering into contracts:-
- (a) the terms of contract shall be precise, definite and without any ambiguities. The terms shall not involve an uncertain or indefinite liability, except in the case of a cost plus contract or where there is a price variation clause in the contract;
- (b) standard forms of contracts shall be adopted, wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications shall be carried out only after obtaining advice of the Finance Department;
- (c) in cases where standard forms of contracts are not used, advice of the Finance Department shall be taken in drafting the clauses of the contract;
- (d) a Department may enter into any kind of contract containing basic terms and conditions;
- (e) no work of any kind shall be commenced without proper signing of contract documents;
- (f) contract documents, where necessary, shall be signed by both the parties within time limit as specified in the contract from the issue of letter of acceptance. Non-fulfillment of this condition of executing a contract by the contractor or supplier shall constitute sufficient ground for annulment of the award and forfeiture of Earnest Money Deposit;
- (g) cost plus contracts may be avoided. Where such contracts become unavoidable, full justification shall be recorded before entering into the contract. Where supplies or special work covered by cost plus contracts have to be continued over a longer duration even after the completion of period of contract, fresh contracts shall be made on a firm price basis after allowing a reasonable period to the

suppliers/contractors, to stabilize their production or execution methods and processes;

Explanation : *A cost plus contract means a contract in which the price payable for supplies or services under the contract is determined on the basis of actual cost of production of the supplies or services concerned plus profit either at a fixed rate per unit or at a fixed percentage on the actual cost of production;*

- (h) (i) a schedule of quantities shall form an essential part of the contract. Price variation clause shall be provided in long-term contracts, where the delivery or execution period extends beyond the limits specified in contract documents. In short-term contracts, firm and fixed prices shall be provided. Where a price variation clause is provided, the price agreed upon shall specify the base level viz. the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year;
- (ii) a formula for calculation of the price variations that have taken place between the base level and the scheduled delivery date shall be included in this clause. The variations shall also be calculated by using indices published by the Governments periodically. Formula for calculation of price variations shall be specified in contract documents;
- (iii) the price variation clause shall also specify cut off dates for material and labour to be used for execution of the contract;
- (iv) the price variation clause shall provide for a ceiling on price variations, particularly where escalations are involved. It may be a percentage per annum or an overall ceiling or both. There shall be a provision in the contract for any reduction in the price in terms of the price variation clause provided in the contract;
- (v) the clause shall also stipulate a minimum percentage of variation of the contract price above which price variations shall be admissible. Where resultant increase is lower than percentage as specified in the contract documents, no price adjustment shall be made in favour of the supplier or contractor;
- (vi) where advance or stage payments are made, there shall be a further stipulation in the contract that no price variation shall be admissible on such portions of the price, after the dates of such payment;
- (vii) no price variation shall be admissible beyond the original scheduled date for execution of contract due to defaults solely on the part of the contractor;
- (viii) price variation may be allowed beyond the original scheduled date, in cases of Force Majeure or defaults on the part of the Government. In such cases extension of time for execution of contract may be granted to the contractor after affording him an opportunity of being heard;
- (ix) where deliveries are accepted beyond the scheduled delivery date subject to

levy of liquidated damages as provided in the contract, liquidated damages which are determined as percentage basis shall be applicable on the price as varied by the operation of the price variation clause;

(x) where contracts are for supply of equipments and goods imported (subject to customs duty and foreign exchange fluctuations) and/ or locally manufactured (subject to excise duty and other duties and taxes), the percentage and element of duties and taxes included in the price shall be specifically stated, along with the selling rate of foreign exchange element taken into account in the calculation of the price of the imported item. The mode of calculation of variations in duties and taxes and foreign exchange rates and the documents to be produced in support of claims for such variation shall also be stipulated in the contract; and

(xi) the price variation clause shall also contain the mode and terms of payment of the price variation admissible;

(i) contracts shall include provision for payment of all applicable taxes by the contractor or supplier;

(j) "lumpsum' contracts shall not be entered into except in cases of unavoidable circumstances for which full justification shall be recorded. The contracting authority shall ensure that conditions in the lumpsum contract adequately safeguard and protect the interests of the Government;

(k) departmental issue of material shall be avoided as far as possible. Where it is decided to supply material departmentally to execute the contract work, such material shall be incorporated in the schedule of quantities, tender documents with the issue rates of each item of material and it shall form an essential part of the contract;

(l) (i) in contracts where Government property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding such Government property, including insurance cover and for regular recovery of hire charges, shall be included in the contracts; and

(ii) provision shall be made in the contract for periodical physical verification of the number and the physical condition of the items at the site of work and outcome of such verification shall be recorded and appropriate action shall be taken, where necessary;

(m) (i) the terms of a contract, including the scope and specifications entered into, shall not be materially varied;

(ii) where material variation in any of the terms or conditions in a contract becomes unavoidable, the financial and other effects involved therein shall be examined and recorded and specific approval of the Competent Authority shall be obtained, before varying the conditions; and

- (iii) all such changes shall be in the form of an amendment to the contract duly signed by all parties to the contract;
- (n) no extension of the scheduled delivery or completion dates shall be granted except in the events of force majeure, as provided in the contract or where the terms and conditions include such a provision for any other reason. Extensions as provided in the contract may be allowed through formal amendments to the contract duly signed by parties to the contract;
- (o) all contracts shall contain a provision for recovery of liquidated damages for defaults on the part of the contractor to execute the contract;
- (p) a warranty clause shall be incorporated in every contract, requiring the supplier to repair or rectify defective goods or to replace such goods with similar goods free of cost. Any goods repaired or replaced by the supplier shall be delivered at the buyer's place without costs to the buyer;
- (q) all contracts for supply of goods shall reserve the right of the Government to reject goods which do not conform to the agreed specifications; and
- (r) proper procedure for monitoring and safe custody of bank guarantees or other instruments shall be laid down in the contract.

154. Management of Contracts. - (1) The concerned authority shall take effective steps for implementation of the contract and in case of breach of any of the terms and conditions of the contract, it shall issue notice(s) to the contractor from time to time.

(2) Wherever disputes arise during implementation of a contract, legal advice shall be sought before initiating action to refer the dispute to conciliation or arbitration as provided in the contract or to file a suit, as the case may be. The draft of the plaint for arbitration shall be got vetted by obtaining legal and financial advice. Documents to be filed in the matter of resolution of dispute shall be carefully scrutinized before filing, to safeguard the Government interest.

CHAPTER – 9

GRANTS-IN-AID, LOANS AND GOVERNMENT GUARANTEES

PART - A - GRANTS-IN-AID

- 155. General.** - Grants-in-aid may be sanctioned by the Government as per prescribed guidelines and instructions to a person or a public body or an institution having a distinct legal entity, which may include the following:-
- (a) institutions or organizations set up by the Government as Autonomous Bodies either under an Act, Statute or as a society registered under the Himachal Pradesh Societies Registration Act, 2006 or Himachal Pradesh Co-operative Societies Act, 1968 or Indian Trusts Act, 1882 or otherwise;
 - (b) voluntary organizations or Non Government Organizations selected on the basis of well defined criteria and carrying out activities which promote the welfare schemes and programmes of the Government;
 - (c) educational and other institutions by way of scholarships, stipends to the students, Local Bodies and Co-operative Societies; and
 - (d) societies or clubs set up by the Government servants to promote amongst themselves social, cultural and welfare activities as a measure of recreational avenue.
- 156. Audit of Accounts of Grants-in-aid.** - Institutions or Organizations receiving grants shall, irrespective of the amount involved, maintain subsidiary accounts of the Government grant and these accounts shall be audited by the Accountant General, Himachal Pradesh and/or a Department of the State Government.
- 157. Utilization Certificate.** - Institutions or Organizations receiving grants shall furnish audited utilization certificate to the Government after utilization of grant-in-aid.
- 158. Discretionary Grants.** - When under the orders of a Competent Authority, an allotment for discretionary grants is placed at the disposal of a particular authority, the expenditure from such grants shall be regulated by general or special orders of the Competent Authority specifying the object for which the grants may be made and any other condition(s) that shall apply to them. Such discretionary grants shall be non-recurring and not involve any future commitment.
- 159. Other Grants.** - Grants, subventions other than those dealt with in rules 155 and 158, shall be made under special orders of Government.

PART - B - LOANS

- 160. General.** - Finance Department shall make provision in the budget for loans and

advances to be sanctioned to Government servants, Local and Autonomous Bodies, Public Sector Enterprises, private individuals and others, the recoveries to be effected in respect of said loans and advances during the ensuing year.

- 161. Powers and Procedure for sanction of loans.** – (1) The powers of the Government to sanction loans shall be such as may be prescribed.
- (2) The provisions of the rate of interest on the loan, number of installments in which loan shall be repaid and the period of its repayment to be included in all sanctions of loans shall be such as may be prescribed.
- (3) The detailed procedure and term and conditions relating to all kinds of loans shall be such as may be prescribed.
- 162. Accounts and Control.** - Subject to such general or specific directions as may be prescribed in this behalf, the detailed accounts of loans sanctioned by the Government shall be maintained by the concerned officer who shall watch their recovery and ensure that the terms and conditions attached to each loan are fulfilled.
- 163. Review of annual statements of loans and interest by the Government.** – The Government shall monitor the receipt of the annual statements regularly from its departmental officer (s) and conduct a close review of the cases of defaults in repayment of the installments of principal and interest due, as revealed from these annual statements and take suitable measures for enforcing repayments of the same. If these statements are not received in time, the concerned officer shall be reminded promptly. To facilitate a proper review of the position of outstanding loans, the Government may also maintain a list of all sanctions of loans accorded by it.
- 164. Utilization Certificate.** - A certificate of utilization of the loan shall be furnished by the loanee to the Government. The due dates for submission of utilization certificate shall be specified by the Government in the letter of sanction of loan.
- 165. Irrecoverable Loans.** - A Competent Authority may remit or write off any loans owing to their irrecoverability or otherwise.

PART - C - GOVERNMENT GUARANTEES

- 166. Power of the State Government to give Guarantee.** - The power of the State Government to give guarantees shall be subject to such limits as may be fixed in terms of article 293 of the Constitution, Himachal Pradesh Fiscal Responsibility and Budget Management Act, 2005 and rules framed thereunder.
- 167. Guidelines for grant of Government of Himachal Pradesh Guarantee.** - Powers to grant Government Guarantee shall vest with the Finance Department. The Government shall follow the following guidelines for recommending guarantee or counter guarantee: -
- (a) a proposal for guarantee by the Government shall be justified by the public interest

such as in the case of borrowings by public sector institutions for approved development purposes or borrowings by public sector undertakings from banks for working capital and other purposes;

- (b) the Government shall examine the proposal in the same manner as a proposal for loan. While examining the proposal the following considerations shall be kept in view: -
 - (i) public interest which the guarantee is expected to serve;
 - (ii) credit worthiness of the borrower to ensure that no undue risk is involved;
 - (iii) terms of the borrowing; and
 - (iv) the terms and conditions to be specified in the guarantees regarding credit worthiness of the borrower;
- (c) after examination by the Government, all proposals for extending guarantees shall be referred to the Finance Department for approval. No guarantees shall be given by the Government without the approval of the Finance Department;
- (d) the Government guarantees shall not be provided to the private sector; and
- (e) the Government guarantees may not be extended for external commercial borrowings.

168. Levy of Guarantee Fees. - The rates of fee on guarantees shall be such as may be prescribed.

169. Review of Guarantees. - (1) All Administrative Departments shall ensure that all guarantees are reviewed by them in consultation with the Finance Department every quarter. The Administrative Departments while monitoring or reviewing the Government guarantees shall ensure that the borrower is discharging repayment obligations or interest obligations as per terms of the loan agreement.

(2) Finance Department shall ensure that the periodical reviews are carried out by the Administrative Departments concerned. The Administrative Departments shall ensure that a register of guarantees is maintained: -

- (a) to keep a record of guarantees;
- (b) to retain information required from time to time in respect of guarantees;
- (c) to keep record of the periodical reviews to ensure that these are carried out regularly;
- (d) to keep record of levy and recovery of guarantee fee; and
- (e) to send data, duly updated every quarter to the Finance Department by tenth of the month following the quarter.

CHAPTER -10

MISCELLANEOUS SUBJECTS

PART - A - ESTABLISHMENT

- 170. Proposal for additions to Establishment.** - (1) All proposals for additions to establishment shall be submitted to the Competent Authority in accordance with Rules of Business of the Himachal Pradesh Government and instructions issued by the Finance Department or any other authorized Administrative Department in the Government, or other such instructions which may be issued in this behalf from time to time.
- (2) All proposals for creation of a new office or a revision of staff in an existing establishment, whether temporary or permanent shall 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 proposals; and
 - (d) details as to how the expenditure is proposed to be met including proposed re-appropriations.
- (3) A full review of the justification for continuation or conversion of temporary posts into permanent posts shall be conducted in consultation with the Finance Department.
- (4) All proposals for increase in emoluments for existing post(s) shall be referred to the Finance Department for approval.
- (5) The Competent Authority shall not be at liberty to readjust the pay of Government servants by giving one Government servant more and another less than the sanctioned pay of his post; nor the said authority shall distribute the pay of an absentee otherwise than as provided in the rules governing the service to which the Government servant belongs. There is, however, no objection to excess appointments being made in a lower grade or cadre against an equal or greater number of vacancies left unfilled in the higher grade. This liberty shall not be used for the purpose of increasing the numerical strength of an office. For each vacancy in a higher grade or cadre only one extra post in a lower grade or cadre is admissible.
- 171. Transfer of Charge.** - (1) A report of transfer of Gazetted Government servants duly made in the prescribed form and signed both by the relieved and the relieving Government servants, shall be sent immediately to Head of the Department or other Controlling Officers concerned and to the bank and the treasury to which they are related, except in the following types of cases, in respect of which, report of transfer of

charge need not be signed both by the relieved and the relieving Government servants simultaneously and may be sent independently:-

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

(2) In cases in which the transfer of charge involves assumption of responsibility for cash and stores, the following instructions shall be observed: -

- (a) the cash book or imprest account shall be closed on the date of transfer and a note be recorded in it with 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, handed over and received by them respectively;
- (b) the relieving Government servant shall bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He shall examine the accounts, count, weigh and measure the articles, as applicable, in order to test the accuracy of the returns; and
- (c) 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 shall at once report the circumstances to his nearest departmental superior and obtain orders as to the cash in hand, if any.

172. Date of Birth. - Every person newly appointed to a service or a post under the Government shall, at the time of the appointment, declare the date of birth by the Christian era with confirmatory documentary evidence such as Matriculation Certificate, where essential qualification for appointment is Matriculation or above. In other cases, Municipal or Panchayat Birth Certificate or Certificate from the recognized school last attended, shall be treated as a valid document.

173. Service Book. - (1) Detailed rules for maintenance of Service Books are contained in rules 196 to 203 of the Supplementary Rules. Service Books maintained in the establishment shall be verified every year by the Head of Office who, after satisfying himself that the services of Government servant concerned are correctly recorded in each Service Book shall record a certificate to the effect that "Service verified upto (date) from the record from which the verification is made".

(2) Instructions may be issued by the Government regarding maintenance of Service Books, from time to time, in the interest of efficiency and better record keeping in the Government offices.

- 174. Due date of Travelling Allowance Claim.** – (1) Travelling 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 travelling allowance claim within one year of its becoming due, failing which it shall stand forfeited.
- (2) Retired Government servants shall become eligible for reimbursement of travelling expenses in respect of travel(s) for appearing in court of law for defending themselves only when the judgment relating to their acquittal is pronounced by the court. In such cases, the date of pronouncement of the judgment shall be the reference point for submission and forfeiture of the travelling allowance claim.
- (3) The Drawing and Disbursing Officer shall present to the treasury the travelling allowance claim within six months from the date of its submission by the claimant.
- 175. Due date of Medical Re-imbusement Claim.** – (1) Medical reimbursement claim of a Government servant shall fall due for payment on the date succeeding the date of completion of treatment. He shall submit the medical reimbursement claim within 90 days of its becoming due failing which it shall stand forfeited.
- (2) The Drawing and Disbursing Officer shall present to the treasury the medical reimbursement claim within three months from the date of its submission by the claimant.
- 176. 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: -
- (a) within one month of the due date, if advance has been drawn; and
- (b) within three months of the due date, if advance has not been drawn.
- In case of clause (a) 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 per clause (b) 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.
- 177. Arrear Claims.** - Any arrear claim of a Government servant shall be presented to the treasury within one year of its becoming due, by the Drawing and Disbursing Officer after usual checks.
- 178. Procedure for dealing with Time Barred Claims.** – (1) The procedure for dealing with time barred claims of Government servants shall be as under: -
- (a) a travelling allowance claim which has been submitted by the claimant after one year of its becoming due shall be investigated by Head of the Department or any other officer authorized by him in this behalf. If Head of the Department or the authorized officer is satisfied about the genuineness of the claim on the basis of

supporting documents and he considers that there are valid reasons for the delay in preferring the claim, he may order the Drawing and Disbursing Officer to make payment of the claim, after usual checks;

- (b) a travelling allowance claim which has not been presented by the Drawing and Disbursing Officer to the treasury within six months from the date of its submission by the claimant, it shall be investigated by the Administrative Department. Such claims shall be entertained by the Administrative Department if the said authority is satisfied that the Drawing and Disbursing Officer was prevented from submitting the claim to the treasury within specified time limit on account of causes and circumstances beyond his control;
- (c) a medical reimbursement claim which has been submitted by the claimant after 90 days of its becoming due shall be investigated by Head of the Department or any other officer authorized by him in this behalf. If Head of the Department or the authorized officer is satisfied about the genuineness of the claim on the basis of supporting documents and he considers that there are valid reasons for the delay in preferring the claim, he may order the Drawing and Disbursing Officer to make payment of the claim, after usual checks;
- (d) a medical reimbursement claim which has not been presented by the Drawing and Disbursing Officer to the treasury within three months from the date of its submission by the claimant, it shall be investigated by the Administrative Department. Such claims shall be entertained by the Administrative Department if the said authority is satisfied that the Drawing and Disbursing Officer was prevented from submitting the claim to the treasury within specified time limit on account of causes and circumstances beyond his control; and
- (e) an arrear claim of a Government servant which has not been presented by the Drawing and Disbursing Officer to the treasury within one year of its becoming due, it shall be investigated by the Head of the Department concerned or any other officer authorized by him in this behalf. Such claims shall be entertained by Head of the Department or any other authorized officer, if the said authority is satisfied that the Drawing and Disbursing Officer was prevented from submitting the claim to the treasury within specified time limit on account of causes and circumstances beyond his control; and

(2) For the purpose of the sub-rule (1), the date on which the claim is presented at the office of disbursement shall be considered to be the date on which it is preferred.

(3) The provisions of this rule shall apply mutatis mutandis to arrear and other claims preferred against Government by persons not in Government service.

179. Retrospective Sanction. – (1) Retrospective effect shall not be given by the Competent Authorities to sanction relating to revision of pay or grant of concessions to Government servants, except in very special circumstances with the previous consent of the Finance Department.

(2) In the case of sanction accorded with retrospective effect, the time-limit shall be reckoned from the date specified in the sanction order and not from the date on which the sanction is accorded.

- 180. Lapse of sanction of Provident Fund Advance and Withdrawal.** - A sanction to an advance or a non-refundable withdrawal from Provident Fund shall, unless it is specifically renewed, lapse on the expiry of a period of three months from the date of sanction. This shall, however, not apply to withdrawals effected in installments. In such cases the sanction accorded for non-refundable withdrawals from Provident Fund shall remain valid upto a particular date to be specified by the sanctioning authority in the sanction order itself.
- 181. Due date of a withheld increment.** - In the absence of any specific order withholding an annual increment under rule 24 of the Fundamental Rules before the date on which it falls due for payment, the period of one year shall be counted from the date on which it falls due and the time-limit shall be reckoned from the date on which it falls due after taking into account the period for which it is withheld.

PART - B - REFUND OF REVENUE

- 182. Sanctions of refund of revenue.** - All sanctions to refunds of revenue, shall be regulated in the manner as may be prescribed.
- 183. General Procedure for refund of revenue.** - (1) The sanction to a refund of revenue may either be given on the bill itself or quoted therein and a certified copy of the same shall be attached to the bill in the latter case.
- (2) Before a refund of revenue is made, the original demand or realization, as the case may be, shall be linked and a reference to the refund shall be recorded against the original entry in the vouchers or other documents so as to eliminate the chances of erroneous payment being made.
- (3) Remissions of revenue allowed before collection shall be treated as reduction of demand(s).
- (4) Refunds of revenues shall not be regarded as expenditure for purposes of grants or appropriation.
- (5) In cases where revenue is credited to a wrong Head of Account or credited inadvertently, the authority competent to order refund of revenue shall, in such cases, be the authority to whom the original receipts actually pertain.

PART - C - COMPENSATION FOR ACCIDENTAL LOSS OF PROPERTY OF GOVERNMENT SERVANT

- 184. Payment of Compensation.** - Compensation may not be granted to a Government servant for any loss to his property which is caused by natural calamity or otherwise even if he is living in Government accommodation or any other place while discharging

his duties, except with the approval of the Finance Department.

PART - D - SECURITY DEPOSITS

185. Furnishing of security by Government servants handling cash. - (1) Subject to any general or special rules or instructions prescribed in this behalf, every Government servant, who actually handles cash shall furnish security bond of such amount, in such manner and in such form as may be prescribed.

(2) The amount of security to be furnished by a Government servant handling cash shall be determined on the basis of actual cash handled which shall not include account payee cheques and drafts.

(3) A Government servant who is officiating against the post of another cash handling Government servant shall furnish the full amount of the security prescribed for the post:

Provided that the Department may exempt a Government servant officiating for a short-term vacancy from furnishing security in the following circumstances, namely: -

(a) the Department is satisfied that there is no risk involved;

(b) exemption may be granted only in the case of a quasi permanent or permanent Government servant; and

(c) the period of officiating arrangement does not exceed four months.

186. Retention of Security. - A security bond taken from Government servant shall be retained for at least six months from the date he vacates his post or till such time as the Department may deem fit.

PART - E - DESTRUCTION OF RECORDS CONNECTED WITH ACCOUNTS

187. General Procedure. - Government record connected with accounts shall be destroyed in accordance with the general procedure being followed in the State Government Departments.

PART - F - CONTINGENT & MISCELLANEOUS EXPENDITURE

188. General. - (1) Subject to the sanction of the Competent Authority for incurring of contingent expenditure and the provisions of these rules, a Drawing and Disbursing Officer may draw money from the treasury for contingent expenditure, within the amount allotted to him in the budget estimates or otherwise:

Provided that no pay of any kind and no addition to pay shall be charged as contingent expenditure.

(2) The detailed procedure for incurring contingent expenditure under various Standard Objects of Expenditure (SOE's) shall be such as may be prescribed.

189. Advances for Contingent and Miscellaneous purpose. - (1) Head of the Office or any other authorized officer may sanction advances to a Government servant for purchase of goods or for hiring services or for any other special purpose, as the case may be, in the manner as may be prescribed for the management of the office affairs, subject to the following conditions:-

- (a) that the amount of expenditure to be incurred is higher than the permanent advance available;
- (b) that the purchase or other purpose can not be managed under the post-procurement payment system; and
- (c) that the amount of advance shall in no case exceeds the limits for which he is empowered to accord the sanction.

(2) Head of the Office or any other authorized officer in sub-rule (1) shall be responsible for timely recovery or adjustment of the advance as per sub-rule (3) below.

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

(4) Second advance shall not be granted until the concerned Government servant has submitted the adjustment account of the first advance:

Provided that the further advance (s) may be sanctioned by Head of the Office or any other authorized officer even if the concerned Government servant has not submitted the adjustment account of the earlier advance (s) under unavoidable circumstances.

(5) The drawal of advances and their adjustment shall be submitted by the Drawing and Disbursing Officer to the treasury through abstract contingent and detailed contingent bills as specified in the Treasury Rules.

PART - G - OTHER MISCELLANEOUS PROVISIONS

190. Inter-Departmental Consultations. – Every case in which a decision, if taken in one Department is likely to affect the transactions of business allotted to another Department, shall be treated as a case concerning more than one Department and in such cases inter departmental consultations among themselves shall be carried out, where necessary.

191. Departmental Regulations of financial character. – All departmental regulations, in so far as they embody orders or instructions of a financial character or have an important bearing, shall be made by or with the approval of Finance Department.

- 192. Power of Industry Department to issue detailed instructions and guidelines for procurement of goods and services and proper Inventory Management.** - The Controller of Stores in the Industry Department in consultation with the Government may issue detailed instructions and guidelines for procurement of goods and services and proper Inventory Management from time to time for implementation by different Departments of the State.
- 193. Power to remove difficulties.** - If there arises any difficulty (ies) or doubt (s) in implementation of any of the provisions of these rules, the same shall be dealt with in the prescribed manner.
- 194. Repeal and Savings.** – (1) The Himachal Pradesh Financial Rules, 1971, volume I and II issued vide notification number 15/4 (1971) R&EI, dated 10th May, 1971 and published in the Rajpatra, Himachal Pradesh dated 15th July, 1971 are hereby repealed. The Himachal Pradesh Budget Manual, 1971 is also hereby repealed.

(2) Notwithstanding such repeal, any form(s), instructions(s), notification(s), office order(s), circular(s), letter(s), office memoranda, delegation(s), clarification(s), codes(s), manual(s) or any other correspondence of any type issued or made under the rules so repealed, so far as they are not inconsistent with these rules, shall remain in force until superseded under these rules:

Provided that anything done or action taken under the provisions of rules so repealed, shall be deemed to have been validly done, taken under the corresponding provisions of these rules.

BY ORDER
Sd/-

(ARVIND MEHTA)
**Principal Secretary(Finance) to the
Government of Himachal Pradesh.**

No. Fin(C)A(3)5/2005 Shimla- 171002 Dated 12th Augst,2009

Copy forwarded to:-

- 1.All the Principal Secretaries & Secretaries to the Govt.of H.P. Shimla-2
- 2.Accountant General, H.P.Shimla-3.
- 3.Sr.Dy.Accountant General(A&E)H.P.Shimla-3
3. Registrar General, Hon'ble High Court of H.P. Shimla-1
4. Secretary, H.P.Vidhan Sabha, Shimla-3
5. Director General of Police, H.P. Shimla-2
6. Director of Education(Secondary/ Elementary)H.P.Shimla-1
7. Director of Social Justice & Empowerment, H.P.Shimla-1
8. Engineer-in-Chief, H.P.P.W.D Shimla-2
9. Engineer-in-Chief, H.P.W.D.Shimla-1
10. Director of Health Services, H.P.Shimla-171009
11. Director of Medical Education, H.P.Shimla-171009
12. Director of Industries, H.P.Shimla-1
13. Principal Chief Conservator of Forests, H.P.Shimla-1

**Special.Secretary(Finance)to the
Govt.of Himachal Pradesh.**

