

General Financial Rules (GFRs) – Brief and certain exemptions

General Financial Rules (GFRs) are a compilation of rules and orders of Government of India to be followed by all while dealing with matters involving public finances. These rules and orders are treated as executive instructions to be observed by all Departments and Organisations under the Government and specified Bodies except otherwise provided for in these Rules. These rules can be accessed [here](#).

The following exemptions under GFRs maybe useful to be used for procuring innovative products created by startups:

- Rule 173 (i) of the GFRs exempts the startup from Prior Experience and Prior Turnover requirements for DPIIT Recognized Startups subject to meeting of quality & technical specifications and making suitable provisions in the bidding document.
- Rule 149 of the GFRs state the various procurement limits of goods that can be procured through GeM. The GeM portal shall be utilized by the Government buyers for direct online purchases as under:-
 - i. Up to Rs.25,000/- through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period
 - ii. Above Rs.25,000/- and up to Rs.5,00,000/- through the GeM Seller having lowest price amongst the available sellers (excluding Automobiles where current limit of 30 lakh will continue), of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority
 - iii. Above Rs.5,00,000/- through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM (excluding Automobiles where current limit of 30 lakh will continue).

The above-mentioned monetary ceiling is applicable only for purchases made through GeM. For purchases, if any, outside GeM, relevant GFR Rules shall apply.

- Rule 154 of the GFRs state the process of **procurement of goods without quotation**. Purchase of goods upto the value of Rs. 25,000 (Rupees twenty five thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format. “I, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”
- Rule 155 of the GFRs state the purchase of goods by Purchase Committee. In case a product is not available on the GeM portal, Purchase of goods costing above Rs. 25,000 (Rupees twenty five thousand only) and upto Rs.2,50,000/- (Rupees two lakh and fifty thousand only) on each occasion may be made on the

recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will 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 will jointly record a certificate as under. "Certified that we, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question, and it is not debarred by Department of Commerce or Ministry/Department concerned."