

## Hon'ble Finance Minister releases the General Financial Rules (GFR) 2017

Hon'ble Finance Minister Shri Jaitley was addressing all the Financial Advisors in the different Central Ministries/Departments after releasing the Revised General Financial Rules (GFRs) – 2017 at the Conference of the Financial Advisors (FAs) in the national capital. The Conference of FAs was organised by the Department of Expenditure, Ministry of Finance, Government of India. The Finance Minister appreciated the role of Financial Advisors in the smooth implementation of Budgeting and Accounting reforms. Shri Jaitley stressed on the challenges lying ahead for the Government as a whole to ensure that expenditure on schemes and projects should start from the beginning of the financial year to leverage the early passing of the Budget. The Finance Minister also applauded the efforts that went into bringing- out the Revised GFRs within a very short span of time to meet the need of the changing environment.

The GFRs are rules and orders dealing with matters involving public finances. General Financial Rules were issued for the first time in 1947 bringing together in one place all existing orders and instructions pertaining to financial matters. These have subsequently been modified and issued as GFRs 1963 and GFRs 2005. The objective was to make the GFRs facilitate efficiency while following principles of accountability and procedures of financial discipline and administrative due diligence. New rules on non-tax revenues, user charges, e-receipts portal have been added in addition to the manner in which Autonomous Bodies are run. The introduction of the GFR 2017 is given below:

**Short Title and Commencement:** These rules may be called General Financial Rules, 2017 and they shall come into force at once and shall be applicable to all Central Government Ministries/Departments, attached and subordinate bodies. The provisions contained in GFRs are deemed to be applicable to Autonomous Bodies except to the extent the bye-laws of an Autonomous Body provides for separate Financial Rules which have been approved by the Government.

**Definition :** In these rules, unless the context otherwise requires-

“Accounts Officer” means the Head of an Office of Accounts or the Head of a Pay and Accounts Office set up under the scheme of departmentalization of accounts;

“Administrator” means Administrator of a Union Territory, by whatever name designated;

“Appropriation” means the assignment, to meet specified expenditure, of funds included in a primary unit of appropriation;

“Competent Authority” means, in respect of the power to be exercised under any of these Rules, the President or such other authority to which the power is delegated by or under these Rules, Delegation of Financial Power Rules or any other general or special orders issued by the Government of India;

“Comptroller and Auditor General” means the Comptroller and Auditor General of India;

“Consolidated Fund” means the Consolidated Fund of India referred to in Article 266 (1) of the Constitution;

“Constitution” means the Constitution of India;

“Contingency Fund” means the Contingency Fund of India established under the Contingency Fund of India Act, 1950, in terms of Article 267 (1) of the Constitution;

“Controlling Officer” means an officer entrusted by a Department of the Central Government with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term shall include a Head of Department and also an Administrator;

“Department of the Government of India” means any of the Ministries, Departments, Secretariats and Offices as notified from time to time and listed in the First Schedule to the Government of India (Allocation of Business Rules);

“Drawing and Disbursing Officer” means a Head of Office and also any other Gazetted Officer so designated by a Department of the Central Government, a Head of Department or an Administrator, to draw bills and make payments on behalf of the Central Government. The term shall also include a Head of Department or an Administrator where he himself discharges such function;

“Ministry of Finance” means the Ministry of Finance of the Central Government;

“Financial Year” means the year beginning on the 1st of April and ending on the 31st of March following;

“Government” means the Central Government;

“Government Account” means the account relating to the Consolidated Fund, the Contingency Fund and the Public Account; as defined in these rules;

“Head of the Department” means an authority or person (not below the rank of a Deputy Secretary to the Government of India), declared by the concerned Department in the Government of India as a Head of Department in relation to an identifiable establishment or establishments to exercise the delegated financial powers under these Rules;

“Head of Office” means (a) a Gazetted Officer declared as such in the Delegation of Financial Powers Rules and (b) any other authority declared as such under any general or special orders of the competent authority;

“Local Body” means an authority legally entitled or specially empowered by Government to administer a local fund;

“Local Fund” means a local fund as defined in Rule 652 of the Treasury Rules;

“Non-recurring expenditure” means expenditure other than recurring expenditure;

“President” means the President of India;

“Primary unit of appropriation” means a primary unit of appropriation referred to in Rule 8 of the Delegation of Financial Powers Rules;

“Public Account” means the Public Account of India referred to in Article 266 (2) of the Constitution;

“Public Works” means civil/ electrical works including public buildings, public services, transport infrastructure etc., both original and repair works and any other project, including infrastructure which is for the use of general public;

“Re-appropriation” means the transfer of funds from one primary unit of appropriation to another such unit;

“Recurring expenditure” means the expenditure which is incurred at periodical intervals for the same purpose. Expenditures other than recurring expenditure are nonrecurring expenditure;

OPEX model: In the OPEX model, the Seller provides the goods, maintains it and also provides the consumables as required and finally takes back the goods after useful / contracted life. The expenditure is made by the Buyer in a staggered manner as per the terms and conditions of the contract.

CAPEX model: In the CAPEX Model, Capital expenditures is used by the buyer to straightway purchase goods followed by procurement of consumables, arranging comprehensive maintenance contact after warranty period and finally disposing the product after useful life;

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

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

Removal of Doubts: Where a doubt arises as to the interpretation of any of the provisions of these Rules, the matter shall be referred to the Ministry of Finance for decision.

Modifications:

The systems and procedures established by these Rules are subject to general or special instructions/ orders, which the Ministry of Finance may issue from time to time

The systems and procedures established by these Rules may be modified by any other authority only with the express approval of the Ministry of Finance

**Please find below the link to access the detailed General Financial Rules (GFR) 2017 released by the Ministry of Finance, Government of India.**

[http://finmin.nic.in/the\\_ministry/dept\\_expenditure/GFRS/GFR2017.pdf](http://finmin.nic.in/the_ministry/dept_expenditure/GFRS/GFR2017.pdf)

Please contact for any query related to this mail to Ms. Surbhi Sharma, Senior Research Officer at surbhi@phdcci.in with a cc to Dr. S P Sharma, Chief Economist, PHD Chamber of Commerce & Industry.

Warm regards,

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