No.F.29/1/2015-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi
Dated the 13th April, 2016

OFFICE MEMORANDUM

Subject : Amendment to the Rule 126 of General Financial Rule, 2005 – regarding.

Rule 126 of the GFR pertaining to the execution of the work by Public Works Organisations (PWOs) were last amended by this office O.M. No.15 (1)/E-II(A)/2010 dated 20th August, 2010.

2. This department has been receiving references from various Ministries/ Departments seeking clarifications, whether award of contract to PWOs/PSUs by the Government Ministries/ Department should be on the basis of competitive bidding among the PWOs/PSUs or on a nomination basis. Hence, it is decided that the existing provision of Rule 126 at Chapter 5 of General Financial Rule, 2005 which deals with "Works" shall be substituted by the provision indicated in the Annexure of this Office Memorandum.

3. This order will take effect from the date of issue of this Office Memorandum.

4. All Central Government Ministries/ Departments are requested to bring this amendment to the notice of all their attached and subordinate offices for their information.

5. This O.M. is also available on our website http:finmin.nic.in→Departments→Expenditure→Procurement Policy Division. Hindi version of this O.M. will follow.

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To
Secretaries & Financial Advisers of all Ministries/ Departments of the Government of India.

ANNEXURE

AMENDMENT TO GENERAL FINANCIAL RULE, 2005

CHAPTER – 5 - The existing provision of Rule 126(1) to (4) may be replaced by the following.

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

Rule 126(2):- A Ministry or Department may, at its discretion, assign repair works estimated to cost above Rupees thirty Lakhs and original works of any value to any Public Works Organisation (PWO) such as Central Public Works Department (CPWD), State Public Works Department, others Central Government organisations authorised to carry out civil or electrical works such as Military Engineering Service (MES), Border Roads Organisation (BRO), etc. or Ministry/ Department's construction wings of Ministries of Railways, Defence, Environment & Forests, Information & Broadcasting and Departments of Posts, and Space etc.

Rule 126(3) - As an alternative to 126(2), a Ministry or Department may assign repair works estimated to cost above Rupees thirty Lakhs and original works of any value to any Public Sector Undertaking set up by the Central or State Government to carry out civil or electrical works or to any other Central/ State Government organisation /PSU which may be notified by the Ministry of Urban Development (MoUD) for such purpose after evaluating their financial strength and technical competence.

However, for the award of work under this sub-rule, the Ministry/ Department shall ensure competition among such PSUs/ organizations. This competition shall be essentially on the lump sum service charges to be claimed for execution of work.

Rule126(4):- Delete

(Min. of Fin.(Exp.) O.M. No. F.29/1/2015-PPD dated the 13th April, 2016)