

F.No. Secy.(EF)/PPS/2011  
Ministry of Environment & Forests

Dated: 23.05.2011

Circular

**Subject: Outsourcing of Services – instructions under Rule 178 of GFR - regarding.**

As per Rule 178 of General Financial Rules, it has been stipulated that a Ministry or Department may outsource certain services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without contravening the basic guidelines enumerated in Rule 179 to 185 of General Financial Rules.

2. Rule 179 to 185 of the General Financial Rules prescribe the guidelines for identification of likely contractors, preparation of tender enquiries, invitation of bids, late bids, evaluation of bids received, outsourcing by choice and monitoring the contract, etc.

3. The instructions on Budget / Expenditure Management: Economy measures, rationalization of expenditure and measures for augmentation of revenue issued by the Department of Expenditure, Ministry of Finance so far, (OM No. 7(2)/E.Coord/2005 dated 23<sup>rd</sup> November, 2005) stipulate that

*"There shall be a ban on creation of new posts in all Ministries/Departments/Autonomous Institutions till further orders. Any unavoidable proposals for the creation of posts, including Group 'B' 'C' and 'D' posts, will continue to be referred to the Ministry of Finance (Department of Expenditure) for approval. The proposals would necessarily have to be based on 'new organization' and accompanied by matching savings from existing related establishment. Outsourcing of routine services such as cleaning, maintenance, moving papers/dak etc. may be encouraged."*

It has also been observed that as and when a reference is made to the Ministry of Finance for creation of the posts of LDC, DEO etc., the advice generally received is that the functions of these services may be outsourced. In keeping with the directions issued by Department of Expenditure, Ministry of Finance as mentioned above, outsourcing should be used only for routine services which are generic in nature. For specialized nature of work, instructions for engagement of consultants will be applicable.

4. The following procedure shall be followed by the Processing Division (PD) for identification of services to be outsourced:

(i) The PD should clearly indicate as to how the service was being managed prior to outsourcing.

(a) If it is a regular work, whether there is a sanctioned post which is lying vacant. If yes, then action taken and expected time to fill up the regular vacancies should be mentioned in the proposal based on which the expected time period for outsourcing of services should also be indicated.

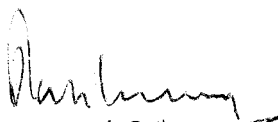
- (b) In case of temporary nature of service, the expected time for completion of service may be indicated.
- (ii) A copy of the recommendations of IWSU may also be placed on file.
- (iii) If the need for outsourcing has arisen due to a new activity being undertaken by the PD, whether process for creation of regular posts in consultation with IWSU has been started in case the new activity is permanent in nature. However, if the new activity is temporary in nature, the expected time for completion of the new activity needs to be indicated. In both the cases, the expected time period/duration of outsourcing of service should invariably be indicated.
- (iv) All proposals for outsourcing shall be routed to IFD through the Administration Division for further processing.

5. The Administration Division/IWSU will examine the proposal from following angles before sending the same to IFD for concurrence:

- (i) Whether the services which are proposed to be outsourced are routine in nature and can be outsourced in the interest of economy and efficiency.
- (ii) To ensure that there is parity in terms of educational qualifications/experience/remuneration etc. of the personnel deployed by the empanelled outsourcing agency for doing similar nature of work.
- (iii) In case outsourcing is proposed against regular work, it should be certified that there is a clear vacancy to establish the need for getting the work done by outsourcing of services. The report of IWSU in the matter should also be enclosed. Action taken/proposed to be taken to fill up the same should also be indicated along with likely time.

6. After approval of competent authority for outsourcing, the Administration Division shall undertake the process of identifying the outsourcing contractors and entering into a contract keeping in view the instructions contained in Rule 179- Identifying of likely contractors; Rule 180- Preparation of Tender Enquiries; Rule 181- Invitation of Bids; Rule 182- Late Bids; Rule 183- Evaluation of bids received; Rule 184- Outsourcing by choice; and Rule 185- Monitoring the contract.

7. Selection of personnel to be deployed by the empanelled outsourcing agency for carrying out the outsourced services should be undertaken by the Administration Division in consultation with the PD.

  
Secretary (E&F)

All Divisional Heads

CC: All Addl Secretaries and ADGs