

**No. 470/Dir(Acq)/07  
Government of India  
Ministry of Defence  
New Delhi  
Dated 12<sup>th</sup> September 2007**

To:

**The Chief of Army Staff  
The Chief of Naval Staff  
The Chief of the Air Staff  
Chief of Integrated Staff Committee**

**DELEGATION OF FINANCIAL POWERS FOR CAPITAL EXPENDITURE**

Sir

I am directed to refer to the following letters of the Ministry of Defence

- (a) A/89591/FP-1/1974/2006/D(GS-1) dated 26 July 2006
- (b) PL/3221/NHQ/486-S/2006/D(N-IV) dated 19 July 2006 as amended vide  
Corrigendum No. PL/3221/NHQ/486-S/2006/D(N-IV) dated 25 July 2006
- (c) Air HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 dated 14 July 2006,  
Air HQ/95378/1/Fin P/2520/US(RC)/Air/II/06 dated 20 July 2006  
And Corrigendum No. Air HQ/96378/1/Fin P/2321/SO(S)/Air-II/06 dated 18  
October 2006.
- (d) FP/20135/HQIDS/2350/2006/D(GS-I) dated 8 September 2006

regarding delegation of financial powers to various authorities in the Services for revenue and capital expenditure and to convey the sanction of President to enhancement of powers of the Vice Chief of Army Staff/Vice Chief of Naval Staff/Deputy Chief of Air Staff/CISC from Rs. 10 Crores to Rs. 30 Crores for sanctioning capital acquisition schemes for procurement of equipment and stores. These powers will be exercised with the concurrence of the Integrated Financial Advisers. The relevant schedules will be deemed to have been amended accordingly. All provisions of MoD Finance letters No. Misc/Addl.FA(M)/06 dated 26.7.2006 and 16.1.2007 would continue to be followed except as amended by this letter.

2. I am also directed to convey the sanction of the President to the following change in the procedure with immediate effect.

- (a) SCAPCHC will be competent to grant Acceptance of Necessity (AON), categorization and Quantity vetting in respect of procurement proposals up to the delegated powers of the Services HQrs. provided such proposals are included in the Five Year Plan. Any change there from would need the approval of the DPB.
- (b) Participation of Adviser (Cost) would be on actual requirement basis.
- (c) The Chairman of the CNC in the Services, to be nominated by the CFA, will not be below the level of Brigadier/equivalent rank. The level of the Finance and other members of the CNC will be decided by the IFA and other agencies concerned.
- (d) Where the CNC is attended by Jt. IFA/DY. IFA or any other representative of Integrated Finance, the recommendations of the CNC will be sent for approval with the concurrence of the IFA.

3. It is also clarified that procurement proposals of items up to Rs. 30 Crores which have been approved on the basis of estimated prices as part of the procurement proposal of a main weapon system/platform will be negotiated by CNCs under the delegated powers and provided the cost is within the ceiling limit approved for the item(s) no fresh CFA approval will be required. Acceptance of CNC recommendations and expenditure clearance in such cases will be done by the CFA under the delegated powers. The linkage to the main proposal should be brought to the notice of the CFA under delegated powers.

4. The exercise of the financial powers is also subject to availability of funds in the sanctioned budgetary allotment under the relevant Budget Head.

5. The delegated powers also include procurement from foreign sources provided full rupee backing for the amount is available. Separate approval for release of FFE will not be required and release of FFE will only be noted by the respective Financial Planning Directorates after expenditure angle approval for the purchase has been given by the CFA.

6. Directorates of Financial Planning will keep a record of expenditures incurred under the delegated powers. Financial Planning division of HQIDS will be the nodal agency for compiling data of the three Services. HQIDS as nodal agency will submit the monthly expenditure report to FA(Acq)&AS.
7. All provisions of DPP 2006 not affected by the decisions mentioned above and other orders/instructions/procedures concerning capital procurement will continue to be applicable to procurements under the delegated powers.
8. A flow chart highlighting the various stages of the Acquisition process indicating the concomitant responsibility in respect of Service HQrs. for exercising delegated powers is also enclosed.
9. The procedure set out in this letter will apply to all pending procurement proposals that have not already been approved by the DPB/DAC.
10. This issues with the concurrence MoD (Fin) vide ID No. 1310/FM/LS/07 dated 3.8.2007.

Yours faithfully,  
sd/-

(K.K. Kirty)  
Director (Acquisition)

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CGDA-20 copies (including an ink signed copy) for circulation  
DGADS-5 copies  
SO to Defence Secretary  
PS to Financial Adviser(Defence Services)  
PS to Secretary(Defence Production)  
PSs to SA to RM, SS(J),DG(Acq),FA(Acq),AS(N),AS(DP)  
All Joint Secretaries in the MoD  
All addl FAs & JS in MoD(Fin)  
All JS & Ams, FMs, TMs,  
All IFAs in the Service Hqrs  
ADG(WE),ACNS(P&P),ACAS(Plans)

## FLOW CHART FOR PROPOSED CAPITAL ACQUISITION

Stage	Responsibility
QR Formulation	Service HQ/Joint Staff
Categorization/AON/Qty.Vetting	SCAPCHC-For schemes included in 5 Years Capital Plan Any change therefrom-DPB
RFP	*Collegiate Vetting by TM SHQ and IFA *Issue of RFP by TM after approval of DCAS/VCNS/VCOAS/CISC
TEC ) Field Trials ) Staff Evaluation) CNC	Approval through TM by VCOAS/VCNS/DCAS/CISC  Not below the level of Brigadier

### Composition

	Maj Gen/Equivalent-Chairman IFA, TM, Rep ADGWE/ACNS(P&P)/ACAS(P&P), Reps DGQA Repair Agency, Contract Management Branch at SHQ. For CNCs at Brig level (Reps of IFA & TM)
CFA approval	VCOAS/DCAS/VCNS/CISC with concurrence of IFA
Contract monitoring	Service HQ/Joint Staff/IFA