

Air HQ/ 95378/1/Fin P/
2431/US (RC)/Air-II/06
Government of India
Ministry of Defence
New Delhi - 110011

Dated: 14 Jul 2006

To

The Chief of the Air Staff

Subject: - Delegation of financial powers to various Indian Air Force
authorities.

Sir,

1. I am directed to refer to Ministry of Defence letter No. 10(3)/02-D (Air-II) dated 01 Apr 2002 on the above mentioned subject, and to convey the sanction to the **delegation of Capital procurement power** to the extent mentioned in Annexure I of this letter and further enhancement/addition in the existing **delegated financial powers under Revenue** to various Air Force authorities as specified in schedules of FR Part-I, Vol. II, Revised Edition 1983, as given in Annexure II to XXI (viz Schedules I to XXII except Schedule X and XIV) to this letter. Relevant Schedules and connected rules of FR Part-I are to be amended accordingly.

2. The guidelines for exercise of delegated financial power will be as under:-

CAPITAL

(a) The delegation of financial powers for Capital procurement is to be exercised as per the procedures laid down in DPP 2005. The Competent authority to accord various stage approvals as per DPP procedure and the composition of CNCs will be laid down separately by Air HQ with the approval of MoD

(b) Air HQ has to render a Quarterly Report to MoD (Acquisition wing) on the progress of various Capital schemes under delegated powers, indicating the actual cash out go against the budgetary projections.

REVENUE

(c) Under Revenue, the enhancement of delegated financial powers to various functionaries should lead to better fiscal management resulting in tangible benefits by way of timely procurements, time bound implementation of schemes/projects, speedy disposal of cases contributing towards **enhanced fleet serviceability** and optimum use of in house capabilities built up over the years. All CFAs accordingly need to be aware of the same.

(d) A Revenue **Prioritised Procurement Plan** for centralised procurement will be drawn up taking into account carry over liabilities and the fresh procurement required ensuring **desired fleet serviceability levels**. Detailed instructions with regard to fleet/weapon system wise monitoring of serviceability levels linked to budgetary allotment will be laid down in a separate order by Air HQ.

(e) The DPB should preferably be apprised of the Revenue **Prioritised Procurement Plan** of Air HQ so that these are duly harmonised with the AAP for Capital Equipment and the maintenance requirements are duly factored into the budgeting process.

(f) Air HQ is to submit a **monthly return to MoD on the performance of the Prioritised Procurement Plan** and the progressive utilisation of revenue budget. Air HQ is also to lay down a **PERT chart** for all major schemes under revenue for close monitoring of the progress of such schemes.

(g) Air HQ is also to put in place a system for data sharing and data networking, both within the Air Force and Inter-Services in order to widen the procurement sources and obviate differential being paid for the same item by the Air Force Commands and different Services.

(h) Air HQ will make budget available to each budget holder/centre at the beginning of the financial year and monitor the extent of user satisfaction that has gone up as a result of delegation.

(j) The **monetary limit** which has been set in each case extends to each separate sanction. The criterion in every case is the total cost of a measure and no measure which requires the sanction of higher authority shall be sanctioned by a lower authority in instalments.

(k) **CVC guidelines** issued from time to time on purchases/procurement/other financial dealings by Central Govt Departments **will be strictly complied with while processing cases in exercise of the delegated financial powers.**

3. The enhanced/additional delegated financial powers under revenue will be exercised subject to fulfilment of the following conditions:

(a) The exercise of the financial powers will be governed by existing orders and instructions, DSRs, FR Part I & II, DPM 2005 (where applicable), GFR 2005, as amended by the Government from time to time, and general stipulations contained in subsequent paragraphs as also those contained in the notes to the Schedules. Standard Operating Procedure (SOPs) relating to the exercise of the financial powers as issued and amended from time to time are to be strictly followed. SOPs for financial powers delegated for the first time will be issued by Air HQ with the approval of MoD. Cases not covered by the delegated financial powers will be referred for sanction to the Ministry of Defence.

(b) All delegated financial powers referred to in Col. 3 of the schedules should be exercised by the CFAs in consultation with the accredited IFA. Financial advice/consultation will be provided in writing/through electronic media and will be based on regular noting on file. In case of an extreme urgency, decision could be taken in meeting/discussions for which details of deliberations/minutes will be recorded. All such cases should be followed up immediately by regular noting on the file where the decision taken during the meeting/discussions will be recorded and financial advice recorded in writing. In matter within the delegated powers, it is open to the CFA to overrule the advice of the IFA by an order recorded in writing containing the gist of objections of IFA and reason for overruling advice. A copy of

the Order overruling financial advice will be endorsed to the next higher CFA informing the IFA also simultaneously. In such cases, it will be open to the IFA to report the matter to the next higher IFA or dropping it as deemed fit.

(c) The financial powers as enumerated in Col. 2 of the schedules are to be exercised by the CFAs without having to refer to IFA at any stage of activity.

(d) The principles to be followed for determining the mode of tendering i.e. whether to go in for Open tender/Limited tender/Single tender/Proprietary Article Certificate tendering, will be as laid down in Chapter IV of DPM 2005 as amended from time to time.

(e) The powers to sanction indents, contracts and purchases in respect of central procurement of maintenance stores on PAC basis and on non PAC single tender basis have been laid down in Sch XII (L1 & L2). In respect of Schedules I, VIII, XI, XV, XVI, XIX, XX and XXII, the powers to purchase items on PAC basis will be the same as the powers provided to CFAs in the respective schedules. The PAC certificate is, however, to be given at the level of AOC/CO of a self accounting unit, CLMO at Command level and Principal Directors/Independent Directors at Air HQrs. In the case of purchases on single tender basis for non- proprietary items, the financial limits in the schedules (other than Sch XII and Sch 1 (C), (D) and (E)) will be Rs 15,000/- per transaction without the consultation of IFA and Rs 1,20,000/- with the consultation of IFA. The PSOs mentioned under Schedule 1 (C),(D) and (E) will have powers of purchase on non PAC single tender basis to the extent powers are available to them in schedule XII(L2)(i).

(f) Purchase of goods up to the value of Rs. 15,000/- (Rupees Fifteen 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 (Rule 145 of GFR 2005 refers).

(g) The CFAs should ensure that sanctions are not split so as to avoid seeking the consultation of Ministry/IFA.

(h) The financial powers at unit level are to be exercised only by the CFA of Self Accounting unit.

4. The powers delegated to AOsC-in-C under schedule XII (other than AOC-in-C, MC for fleets already decentralised) for procurement from indigenous sources will take effect only after specific orders are issued by Air HQ decentralising this responsibility for specific fleets. Provisioning and procurement responsibility of indigenous stores will be transferred to Command HQs in phases by AOM in consultation with the concerned AOC-in-C and IFA (Air HQ). Till then, CFAs at Air HQ and HQ MC will continue to exercise the powers in respect of the respective fleets. With decentralisation of responsibility to Commands, necessary budgetary allocation will be made by Air Headquarters to enable them exercise the delegated powers.

5. For purchases to be made under Schedule XIX and XX, Air HQs will lay down specifications of equipment to be procured in order to ensure standardisation across the Air Force.

6. Powers delegated to specified authorities for exercise during **war, hostilities, natural calamities/disaster management and special operations**, without consultation of IFA, will become operative only on issue of a Govt order declaring such a situation or ordering of special operation by Air HQ, inter alia indicating the overall ceiling of funds for this purpose. Detailed SOPs are to be laid down in consultation with MoD (Fin).

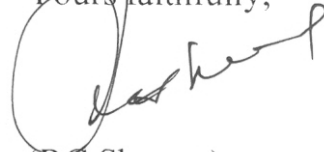
7. In the case of import purchases under various schedules (Capital and Revenue) separate approval for release of FFE will not be required and release of FFEs will only be noted at Directorate of Financial Planning/DMA at Air HQ after expenditure angle approval for the purchase has been granted by the CFA.

8. All previous Govt. letters/relevant rules of the FR on this subject stand amended to the extent of the enhanced financial powers indicated now. Other terms and conditions in the existing Govt. orders will continue to apply.

9. The financial powers contained in the Schedules will take effect from the date of issue of this letter.

10. This issues with the consultation of Ministry of Defence (Finance) vide their ID Note No 4786/Addl FA (M) dated 13 Jul 2006.

Yours faithfully,



(RC Sharma)

Under Secretary to the
Govt of India

Copy to:

MoD

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