

No A/89591/FP-1/1974 /2006/D(GS-I)
Government of India
Ministry of Defence
New Delhi
dated 26 July 2006

To

The Chief of the Army Staff

**DELEGATION OF FINANCIAL POWERS TO ARMY AUTHORITIES
FOR REVENUE AND CAPITAL EXPENDITURE**

Sir,

I am directed to convey the sanction of the President for delegation of financial powers to the Army Authorities as contained in the Schedules to this letter for incurring expenditure under the Revenue and Capital heads of account.

2. The delegated financial powers in respect of the authorities specified in the Schedules will supersede the financial powers laid down in respect of the authorities for the specified purpose in the FRs and Schedules to MoD letter No A/89591/693/FP-1/2002/D (GS-I) dt 22 Apr 2002 or any other previous orders/ instructions on the subject. Any delegated powers conferred by Regulations other than Financial Regulations or Government or Army Instructions will, however, continue to remain in force. Powers conferred for Projects specifically sanctioned by the Government will also continue to be operative for the duration of such projects.

3. The delegation of financial powers for Capital procurements is to be exercised as per the procedures laid down in DPP 2005, as amended from time to time. The Competent authority to accord various stage approvals as per DPP procedure and the composition

of Contract Negotiation Committees will be laid down separately by Army HQ with the approval of MoD.

4. The exercise of the financial powers will be governed by existing orders and instructions on the subject, as amended by the Government from time to time, and instructions /guidelines contained in the enclosed Appendix as also those given in Notes in the Schedules. Standard Operating Procedures (SOPs) relating to the exercise of the financial powers as issued and amended from time to time will be strictly followed. However, where SOPs conflict with the Govt Rules / Instructions, the latter will prevail. Cases not covered by the delegated financial powers will be referred for sanction of the Ministry of Defence.

5. The expenditure incurred in exercise of financial powers contained in Schedules I to XXII (except for Capital Works) will be debited to Major Head 2076, and relevant Minor Heads under this Major Head i.e. the expenditure covered by the delegated financial powers in these Schedules largely relates to Revenue Expenditure of the Army. The delegation of financial powers to the Army CFAs and DGAFMS given in Schedule XXIII pertains to Capital acquisitions / procurements and expenditure thereon will be debited to Major Head 4076, Sub Major Head 01- Army and relevant Minor Heads thereunder.

6. All purchases exceeding Rs five lakhs in value will be made on the advice of the Tender Purchase Committee to be constituted by the CFA and will include the IFA or his rep as a member. The composition of the TPCs in conformity with the foregoing will be specified in relevant SOPs/AIs. Further, the TPC / PNC will only be a recommendatory body for procurements which will be sanctioned at

the next higher level by the CFAs in the Services, with the concurrence of respective IFA.

7. The requirement of TPCs does not apply to procurement of equipment/items made against DG S & D Rate Contracts or Rate Contracts finalised by the nominated Services authorities or DGAFMS under their delegated powers. All CFAs delegated financial powers to incur expenditure as indicated in the Schedules will be Direct Demanding Officers for placement of orders against DGS & D rate contracts to the extent of the respective financial powers and in respect of the items for which the financial powers have been delegated.

8. The powers to sanction indents, contracts and purchases in respect of central procurement of revenue stores on PAC basis and on non PAC single tender basis have been laid down in Schedule XIV C and D. The powers to purchase items/services on PAC basis in respect of Schedules I, XIX and XX will be 50 % of the powers provided to CFAs in the respective Schedules. The PAC certificate is, however, to be given at the level of PSO/APSO /DG /ADG at Army HQ and by the GOC-in-C/Corps Commander and Heads of Establishment /Formations or Units not below the rank of Maj Gen in the Commands. In the case of purchase on single tender basis for non-proprietary items, the financial limits in the Schedules (other than Schedule XIV) will be Rs 15,000/- per transaction without consultation of IFA and Rs 1,20, 000/- with the consultation of IFA.

9. Purchase of goods upto 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 in terms of Rule 145 of GFR 2005.

10. The financial powers to be exercised in consultation with CDA/ IFA shall be exercised by authorities in Army Headquarters in prior consultation with the IFAs and by authorities below Services Headquarters in prior consultation with accredited PCsDA/CsDA/ officers specified by CGDA till IFAs are placed in the Commands at the level of Corps Commanders and below and the requisite structure for rendition of financial advice is created.

11. Financial advice/ concurrence will be provided in writing and will be based on regular noting on file. However, in cases of extreme urgency, where time does not permit floating of regular files, decision could be taken in meetings/discussions for which detailed deliberations/minutes will be recorded. Proper briefing papers with the approval of the CFA will be made available to the IFA / CDA sufficiently in advance of the meeting/discussions. All such cases should be followed up immediately by regular noting on file where the decisions taken during meetings/discussions will be recorded and financial advice recorded in writing. With a view to avoid or reduce cross- noting and back references, the proposals initiated on files should be comprehensive and self contained and include all relevant facts and data pertaining to the case. The administrative authorities are required to make available any information, data or documents relevant to the case as asked for by the IFA / CDA for rendition of financial advice in the proper perspective.

12. In matters within the delegated powers, it is open to the CFA to overrule the advice of the CDA/IFA by an order recorded in writing containing a gist of the objection of CDA/IFA and reasons for overruling the advice. A copy of the order overruling the financial advice will be endorsed to the next higher CFA and the IFA. In such cases it will be open to the IFA to report the matter to the next higher

IFA for pursuing the matter further with the higher CFA or dropping it as deemed fit.

13. The financial powers contained in the Schedules are in respect of each transaction and may cover procurement of one or more items within the financial powers specified. Further the purchase orders will not be split up in order to bring them within the delegated financial powers of a lower CFA. The exercise of the financial powers is also subject to availability of funds in the sanctioned budgetary allotment under the relevant Budget Head.

14. Powers delegated to specified Army Authorities for exercise during war, hostilities and special operations without consultation of IFAs will become operative only on the issue of a Govt order declaring such a situation or ordering of a Special Operation by the Army HQ, inter alia indicating the overall ceiling of funds for this purpose.

15. 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 FFE will only be noted at Addl Directorate General of Financial Planning/FP-3 at Army HQ after expenditure angle approval for the purchase has been granted by the CFA.

16. CVC guidelines issued from time to time on purchase/procurements/other financial dealings by Central Govt Departments **will be strictly complied with while processing cases in exercise of the delegated financial powers.**

17. **The financial powers contained in the Schedules will take effect from the date of issue of this letter. However, in respect of powers for 'Write off of Losses' given in Schedules V, VI & VII and 'Regularisation of Audit Objections' given in Schedule XVI the cases / objections outstanding as on date of issue of**

this letter may be settled under the enhanced financial powers conferred herein. This will be subject to the concerned CDA submitting an audit report to the CFA.

18. Further amendments, if any, to the provisions of various Schedules will be processed by the concerned administrative sections in the MoD dealing with the subject matter.

19. This issues with the concurrence of Ministry of Defence (Fin) vide their Dy No 4894/ Addl FA (M) dated 18 Jul 2006.

Yours faithfully,

-sd-

(T Rajeswari)
Director

Encls. 1. Detailed Guidelines for Exercise of Delegated Financial Powers
2. Twenty three Schedules (Pages 1 to 76)

Copy to :-

CGDA – 20 copies including one ink signed copy for dissemination to CsDA

DG ADS - 5 copies

S.O. to Def Secy

PPS to Secy (Def Fin)

PPS to Spl Secy (Acq)

PPS to Addl Secy (P)/ Addl Secy (T)

All Joint Secretaries in MOD

All Addl FAs & JSs in MoD (Fin)

All IFAs

All HQ Commands

All PSOs