

Government of India  
Ministry of Defence  
New Delhi  
dated 19 Jul 2006

To  
The Chief of the Naval Staff

**ENHANCEMENT OF DELEGATED FINANCIAL POWERS OF  
NAVAL AUTHORITIES**

Sir,

1. **I am directed to convey the sanction of the President for delegation of financial powers to the Naval Authorities as contained in the Annexures to this letter.**
2. The delegated financial powers in respect of the authorities specified in the Annexures will supersede the powers laid down in respect of the authority for the specific purpose in Annexures to MoD letter PL/3221/NHQ/4459/D (N-IV) dt 23 Dec 03 as amended. Any delegated powers conferred by Regulations other than Financial Regulations or Government or Navy 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 exercise of the financial powers will be governed by existing orders and instructions, as amended by the Government from time to time, and instructions /guidelines contained in the enclosed **Enclosure 1 as also those given in Remarks in the Annexures at Enclosure 2**. Certain key areas that require close monitoring have been identified and are placed at **Enclosure 3**. 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.**
4. The expenditure in exercise of financial powers contained in the Annexures will be debited to Major Head 2077, and relevant Minor Heads under this Major Head i.e. the expenditure covered by the delegated financial powers relates to Revenue Expenditure of the Navy. The exercise of the financial powers is also subject to availability of funds in the sanctioned budgetary allotment under the relevant head.
5. The requirement of Purchase Committee does not apply to procurement of equipment/items made against DG S & D Rate Contracts or Rate Contracts finalised by the nominated Naval authorities

under their delegated powers. All CFAs delegated financial powers to incur expenditure as indicated in the Annexures 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.

6. The financial powers to be exercised with consultation of CDA/ IFA shall be exercised by authorities in Naval Headquarters in consultation with the IFAs. The authorities at lower formations would exercise "with consultation" powers in consultation with accredited PCsDA/CsDA/ officers specified by CGDA till dedicated IFAs are available and the requisite structure for rendition of financial advice is created.

7. Financial advice/ consultation 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 CDA/IFA 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 CDA/IFA for rendition of financial advice in the proper perspective.

8. **Conflict Resolution/Difference of Opinion.** Conflict resolution mechanism as envisaged in the IFA system recognizes the position of the CFA as the ultimate decision maker. The mechanism for the purpose shall be as follows:-

(a) **Individual CFA.** In case of disagreement with the IFA, the CFA can overrule IFA and send a report to the next higher CFA as well as the IFA giving intimation along with reasons for overruling the financial advice. In such a situation, it would be open to the IFA to take up matter with higher IFA and CFA or drop it.

(b) **Committee CFA.** In the case of Committee CFAs, detailed minutes will be recorded leading upto the final decision. Accordingly, there would be no necessity for specific overruling of IFA in writing in the event of difference of opinion with the IFA.

9. The financial powers contained in the Annexures are in respect of per item per transaction. Further the purchase orders will not be split up in order for the sanction 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.

10. A periodic review of the working of the enhanced delegation of financial powers both in the Services and the MoD will be carried out by the MoD (Finance) annually to ensure:-

- (a) Appropriate linkage between the budget and improvement in targets/ operational efficiency envisaged.
- (b) Restricting the number of Single Tender and PAC cases sanctioned under delegated powers of Services to exceptional circumstances in tune with recommendations made by the Standing Committee on Defence (2005) in Para 7.5 of its Sixth Report.
- (c) Ensure that the elaborate checks and balances as envisaged in the enclosed guideline at **Enclosure 1** being followed.

11. **The financial powers contained in the Annexures will take effect from the date of issue of this letter. However, in respect of powers for 'Write off of Losses' given in Annexure 3 and 'Regularisation of Audit Objections' given in Annexure 3, the cases / objections outstanding as on date of issue of this letter may be settled under the enhanced financial powers conferred herein.** Regularisation will be subject to the rendition of an audit report by the concerned CDA to the CFA as per existing norms.

12. This issues with the concurrence of Ministry of Defence (Fin) vide their UO No. 2228/Addl FA (A) dated 14 Jul 2006.

Yours faithfully,



(VK Tiwary)  
Director

**Encls.**

- 1. Detailed Guidelines for Exercise of Delegated Financial Powers
- 2. Annexures 1-8
- 3. Key areas of monitoring.

**Copy of the above forwarded to :-**

The Director of Audit, Defence Services, New Delhi

The Sr. Dy Director of Audit, Defence Services, Mumbai

The Principal Controller General of Defence Accounts, New Delhi

The Controller of Defence Accounts (Navy), Mumbai (with a copy signed in ink)

The Integrated Financial Advisor (Navy)

PL/3221/NHQ/486-S/2006/D(N-IV)  
Government of India  
Ministry of Defence  
New Delhi  
dated 25 Jul 2006

To  
The Chief of the Naval Staff

**CORRIGENDUM**

**NI 1/S/2006 – DELEGATION OF FINANCIAL POWERS TO NAVAL AUTHORITIES**

Sir,

1. Reference MoD ID No. PL/3221/NHQ/486-S/2006/D(N-IV) dated 19 Jul 06.
2. Annexure 1 of NI 1/S/2003 may be amended to the extent as indicated below:-
  - (a) **Para 4 of GoI Letter**
    - (i) After Major Head 2077 **add** 'and Major Head 4076-02'.
    - (ii) After Revenue Expenditure in fourth line **add** 'and Capital Expenditure respectively'.
  - (b) **List of Encls in GoI Letter**
    - (i) In Sl 2 **Read** Annexures 1-8 **as** 'Annexures 1-9'.

Yours faithfully,

  
(VK Tiwari)  
Director

**Copy to:-** The CGDA, New Delhi

2. The Principal Dir of Audit, AF&N, New Delhi
3. The Jt DADS, Mumbai
4. The CDA HQ, New Delhi
5. The CDA(Navy), Mumbai
6. IFA(Navy)
7. Dir Naval Plans, Naval HQ

## DETAILED GUIDELINES FOR EXERCISE OF DELEGATED FINANCIAL POWERS

### General

1. The Committee on Defence Expenditure in 1990 had recommended substantial delegation of financial powers to the Services in a number of areas of functioning. In line with these recommendations, the New Management Strategy was implemented in the Navy during the period 1993 to 1997 and the concept of Authority, Responsibility cum Budget Centres introduced selectively for the ships and establishments. Subsequently, a major review of the financial powers of the three Services was undertaken by the Committee on Delegation of Financial Powers set up in 2001, based on the recommendations of the Group of Minister (GoM) Report on Higher Defence Management. **The outcome of their recommendations was the Govt of India, Min of Def letter issued on Enhanced Delegation of Financial Powers to Naval Authorities vide MoD letter No PL/3221/NHQ/4459/D (N-IV) dt 23 Dec 03.** With a view to further decentralize the process of decision making, remove any anomalies and inadequacies to make the system more effective, the powers delegated vide the above orders and other Govt letters delegating financial powers to the Services CFAs, as amended to date, have been reviewed.

2. The Revised Delegation of Financial Powers is based on the recommendations of the Committee set up by the RM under FA (DS) in Dec 2005, as a sequel to the PMOs directions to Review the Delegation of Financial Powers to the three Services/ Joint Staff. The general principles and policy guidelines given by this Committee have been kept in view while further enhancing the financial powers of various CFAs, as well as delegating powers to authorities who were overlooked in the earlier review. The provisions of DPM 2005 and GFRs 2005 have also been kept in mind.

3. Delegation emphasizes '**Value for Money**' which encompasses economy, efficiency and effectiveness. The above concern will be reflected by the budget allottees by preparation of suitably prioritized Annual Procurement Plans on the Revenue side, through more detailed planning and the establishment of priorities, supplemented by proper and planned utilisation of allocated resources. The enhanced delegation of financial powers has linkage with the budget allotment, placed with the respective CFAs and would optimize its utilisation.

### Budget Management

4. The Vice Chief of the Naval Staff are the Top Level Budget Holder (TLBH) of the Services and HQ IDS/Jt Staff under the New Financial Management Strategy. The Revenue budget of the Service/ Jt Staff will be allocated by Vice Chief of Service among the Authority-cum-Accountability Centres (High Level Budget Holders), who at the IHQ of MoD(Navy) are VCNS, DCNS, COP, COM, COL and CWP&A. The HLBHs will allocate funds to the Intermediate Level Budget Holders (ILBH) i.e. would be APSOs like ACOM (IT&S), ACOM(D&R), ACOM etc. and Staff Officers like COS, CSO(P&A) etc. at Commands who will in turn sub-allot funds to the budget centres. The allocated budget will be used as a tool for monitoring the performance of such centres.

## Budget Centres

5. The present management of Revenue budget places emphasis on centralised control of expenditure or resource inputs. To fit in with the outcome-oriented budgetary system of New Management Strategy, Budget Centres will acquire the management responsibility for the whole range of expenditure and receipts that fall within their areas. Within the limits of their delegated authority, budget centres will have the freedom to manage their budgets so that objectives and targets are achieved in the most economic, efficient and effective manner.

## Financial Powers

6. **Capital.** The powers for capital procurement are listed at Annexure 9.

(a) The delegation of financial powers for capital procurement is to be exercised as per the procedure 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 Naval HQ with the approval of MoD.

(b) Naval HQ will render a quarterly report to MoD (Acquisition Wing) on the progress of various Capital schemes under delegated powers, indicating the actual cash outgo against the budgetary projections.

7. **Revenue.** Annexures 1-8 (Navy/ IDS) enclosed with the Govt Letter stipulate the financial powers and other instructions/restrictions that have to be followed by the CFAs with reference to the particular purpose for which the powers stand delegated therein under the Revenue Head. The broad areas and purposes covered in the respective Annexures are listed in **Enclosure 2**.

## Integrated Financial Advice

8. The Integrated Financial Advisors are available at Services HQrs and HQ IDS to provide financial advice to TLBH and HLBHs at Army / Naval/Air Force Headquarters/ Jt Staff. As such, their advice/ expertise should be sought for ensuring that:-

(a) Appropriate financial accounting systems as well as procedures have been established and are functioning properly in accordance with the accounting procedures laid down by the Government.

(b) Instructions and guidance on financial matters are issued to all concerned.

(c) Lower Level Budget Holders receive guidance in the preparation of budgetary estimates.

9. The IFAs are primarily accountable to the HLBHs for advice given or action taken on their behalf on expenditure proposals or budget management that is needed by the former to meet his objectives. In addition, they are accountable to the MOD (Finance) and to the CGDA for the integrity of the financial system in respect of areas of their responsibility.

## **Manner of Exercise of Financial Powers**

10. The financial powers delegated in the Annexures are personal to the officer and cannot be delegated to any subordinate officer except as indicated in Para 13 below, in terms of Rule 65 (a) and (b), FR Pt I, 1983 Edition.

11. (a) The officer possessing financial powers is personally and unreservedly responsible for any orders purporting to be issued in accordance with the degree of relaxation permitted by this paragraph whether the communication conveying the orders is signed by himself or by an officer subordinate to him.

(b) On the strict understanding that the sole responsibility rests on him, an officer possessing financial powers may authorise a staff officer to sign communication and documents of a financial character on his behalf, provided that the name of the officer who is authorised to sign is communicated to the audit officer concerned and that concurrent authorization to several officers to the full limit of powers is not made. In such cases, it shall not be necessary for the officer possessing financial powers himself to sanction each item personally.

(c) When an officer possessing financial powers is absent on leave and no officer has been formally appointed in his place, financial responsibility will rest on the officer actually performing his duties who will for the time being exercise the full powers of the absentee. The subordinate officer's signature in these cases should, however, indicate that he signs "for ..... absent on .....".

(d) When an officer possessing financial powers is absent on temporary duty or tour, he may permit in writing another officer to sign letters on his behalf. An audit office will accept the subordinate officer's signature as implying that the orders have been approved by the superior officer, provided that the signing officer signs for ..... absent on tour/ temporary duty".

(e) When an officer possessing financial powers has been posted out and no officer has been formally appointed in his place, financial responsibility will rest on the officer actually performing his duties who will for the time being exercise the full powers of the appointment.

**Note:** - Group 'A' Civilian Staff Officers in Naval Headquarters, Inter-Services/Jt Staff Organisations and HQ IDS may also be treated as "Staff Officers" for the purpose of signing communications of a financial character on behalf of the Competent Financial Authority in terms of Para (b) above.

12. **Monetary Limits.** 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 proposal and no proposal which requires the sanction of higher authority shall be sanctioned by a lower authority in installments.**

## **Purchases/ Mode of Tendering**

13. **Open / Limited Tendering.** Open Tender Enquiry / Limited Tender Enquiry (OTE/LTE) upto laid down financial limits of respective CFAs will be resorted to in consultation with IFA as per norms laid down in Chapter IV, Para 4.3 of DPM 2005. There is a need to make broad based specifications to ensure competition for common user items. Vendor registration and Vendor Listing should be availed for issue of LTE. Vendor registration should be periodically updated and such data base shared both intra-service and inter-services. Towards this end, electronic networking of such data base between the Services CFAs, IFAs, the MoD and MoD (Fin) needs to be established, in a time bound manner.

14. **Single Tender Purchases.** Keeping in view the fact that procurements should ideally be through competitive bids with broad-based QRs, **greater care needs to be exercised in regard to Single Tender and PAC purchase cases.** The **Sixth Report of the Standing Committee on Defence (Dec 2005)** mentions that **single tender and PAC purchases should be resorted to only as an exception.** Single tendering for non-PAC items is to be resorted to only on grounds of urgency or operational or technical requirements. The reasons for single tender enquiry (STE) and selection of a particular firm must be recorded and approved by the CFA prior to single tendering as stipulated in Chapter 4.2 of DPM 2005. **Further, purchase on STE basis should be made from reputed firms after determining the reasonableness of rates.**

15. **PAC Procurements.** PAC status will be assigned as per procedure laid down in the DPM 05 (Para 4.1.1 & 9.7 refers) in consultation with the IFA. The powers to purchase items on PAC basis will be the same as provided to CFAs in the respective Schedules. The PAC Certificate is however not to be given at a level below that of PSO / APSO / DG at Service HQ/ HQ IDS and not normally below the level of Commanders-in-Chief / Comdts of Est/Formations or units of the rank of Maj Gen or equivalent. CFAs in the Commands unless specifically provided for will keep the following in mind:-

(a) **Bought Out Item Analysis.** PAC bestows a monopoly status on the Supplier and reduces the Buyer's leverage. In order to minimise the disadvantage, PAC status should be awarded with great care. Where possible, PAC should be restricted to critical parts of a system, thereby widening the scope for plural bidding. However care must be taken to ensure the quality aspects in such cases.

(b) **Availability.** No other manufacturer is available.

(c) **Standardisation.** The need to minimise spares support problems.

(d) **Price Analysis.** In some cases, PAC items could be bought cheaper from distributors, stockiest and trade than from OEMs. However, in such cases the former may be asked to show necessary authorization/ certification from the OEM with regard to quality of the items.

16. **Items Developed by Defence PSUs.** When Defence PSUs / OFB have specifically developed an item for the Department of Defence or have taken TOT, such sources could be treated at par with the PAC firms.

17. **Rate Contracts.** Rate Contracts may be concluded by CFAs to whom powers have been delegated in this regard for items required by several users on recurring basis within the Service/Jt Staff Organisation or for the three Services/ including HQ IDS/JS Orgs as per provisions of Chapter VIII of DPM.

18. **Release of FFE.** In the case of Import purchases under various Annexures, the powers for approving release of FFE will coincide with the delegated powers of the CFA to sanction procurements ex-import indicated in the Annexures enclosed.



19. **Post Contract Management.** Post Contract Management is a neglected area and must be undertaken carefully in consultation with the respective IFA. **In particular the following aspects need to be watched closely:-**

- (a) Extension of Delivery Period.
- (b) LC Extension.
- (c) Waiver of Liquidated Damages.

#### **Issue of SOPs**

20. **Powers during Hostilities /War/Special Operations.** Powers delegated to specified Service Authorities for exercise during war, hostilities and special operations without consultation of IFAs will become operative only on the issue of a Govt orders declaring such a situation or ordering a Special Operation by a particular Service/ Services or the Integrated Forces, inter alia indicating the overall ceiling of funds for this purpose. **Detailed procedural guidelines will be evolved for the Services for procurement of stores/equipment to meet such operational requirements, by way of a Fast Track Procedure (FTP) to be put in place in consultation with the Min of Defence (Finance).**

21. **Powers to NAs/ DAs for Urgent Procurements from Abroad.** An SOP will be put in place for the three Services for procurement of stores/spares by MAs/DAs/NAs/Air Attaches ex-import under their delegated powers to meet operational/technical requirements on grounds of urgency with appropriate checks and balances as regards initial grant of Acceptance of Necessity by the Vice Chief / concerned PSO in the Service HQrs / CISC (HQ IDS).

#### **Rules / Manuals**

22. The powers contained in the Annexures will be exercised as per provisions/principles given in the following Manuals, as updated from time to time:-

- (a) FR Part I & II.
- (b) DPM 2005.
- (c) GFR 2005.
- (d) Instructions issued by Govt Deptts like Deptt of Public Sector Enterprises e.g. Purchase Price Preference for PSUs and Small Scale Industries (SSIs) and other guidelines issued by the Min of Finance.

23. **CVC Guidelines.** 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.**

#### **Endorsement of Sanction to CDA**

24. A copy of every sanction issued by the CFA shall be forwarded to the concerned PCDA/CDA quoting the authority under which such sanction has been accorded.

## GENERAL FINANCIAL POWERS - NAVAL HEADQUARTERS

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
		<b>STORES</b>		
1. TO PROCURE FROM INDIGENOUS SOURCES STORES/SPARE PARTS/EQUIPMENT				
(A) NON WEAPON STORES	COM/COL-NLC1 ACOL- NLC2	- -	1500 lakhs 700 lakhs	MT/ Specialist Vehicles such as Cranes, Ambulance, DFT, CFT, MHE, Mobile Plants, MGSE, Aircraft Handling Equipment, Torpedo Trolley, Missile Specialist Vehicle etc on replacement basis.
(B) WEAPON STORES	COM-WPC1 ACOM-WPC2	- -	1500 lakhs 700 lakhs	
(C) AIR STORES	DCNS-ASPC1 ACNS(Air)-ASPC2	- -	1500 lakhs 700 lakhs	
(D) ARMAMENT STORES	VCNS-APC1 DGONA/ DGNAI-APC2	- -	1500 lakhs 700 lakhs	
2. TO PROCURE IMPORTED STORES/ SPARE PARTS/EQUIPMENT AND TO RELEASE FFE.				
(A) NON WEAPON STORES	COM/COL-NLC1 ACOL-NLC2	- -	1200 lakhs 600 lakhs	
(B) WEAPON STORES	COM-WPC1 ACOM-WPC2	- -	1200 lakhs 600 lakhs	
(C) AIR STORES	DCNS-ASPC1 ACNS(Air)-ASPC2	- -	1200 lakhs 600 lakhs	
(D) ARMAMENT STORES	VCNS-APC1 DGONA/ DGNAI-APC2	- -	1200 lakhs 600 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
3 (a). TO PROCURE OFFICE EQUIPMENT INCLUDING STATIONERY/UNDERTAKE PRINTING.	VCNS COM COL DOA	– – – –	300 lakhs 200 lakhs 200 lakhs 30 lakhs	(a) Single tendering power with concurrence of IFA will be Rs 20 lakhs for VCNS/COM/COL and Rs 10 lakhs for DOA.  (b) For NHQ requirements CFAs shall be VCNS & DOA.
3(b). TO PROCURE IT RELATED EQUIPMENT AND SERVICES.	VCNS COM COL ACOM(IT&S) DOA	– – – – –	300 lakhs 200 lakhs 200 lakhs 50 lakhs 30 lakhs	(a) To include turn key projects, IT hardware, networking components, peripherals, ancillaries, system and application software, security overlay, internet, training, consultancy, maintenance and repairs, upgradation and consumables; IT Stationery etc.  (b) Single Tendering powers with concurrence of IFA will be Rs 20 lakhs for VCNS/COL/COM; and Rs 10 lakhs for ACOM(IT&S)/DOA.  (c) For NHQ requirements CFAs shall be VCNS & DOA.
4. TO APPROVE PAC PURCHASE AND PAC STATUS FOR EQUIPMENT/ STORES/ SPARE PARTS (BOTH INDIGENOUS AND EX IMPORT).				(a) PAC Tendering - PAC, in the approved form in respect of the equipment concerned, should be issued by VCNS/DCNS/COM/COL at NHQ before resorting to PAC tendering for equipment or spare parts. In the case of naval stores, PAC should be issued in respect of each item. Where the PAC route is followed, the equipment concerned is purchased from only one source. Conditions prescribed in DPM/GFR to be met. The reasons for the award of PAC could be one or more of the following:-
(A) NON WEAPON STORES	COM/COL-NLC-1 ACOL-NLC-2	– –	1000 lakhs 500 lakhs	(i) Fit - The requirement of fitting an equipment in a certain space and interfacing with other equipment.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(B) WEAPON STORES	COM-WPC1 ACOM-WPC2	– –	1000 lakhs 500 lakhs	(ii) Availability - No other known manufacturer is available. (iii) Standardisation - The need to minimise spares support problems. (iv) Reasonableness of Rates has been determined.
(C) AIR STORES	DCNS-ASPC1 ACNS(Air)-ASPC2	– –	1000 lakhs 500 lakhs	(b) Bought Out Item Analysis - PAC bestows a monopoly status on the supplier and reduces the buyer's leverage. In order to minimise the disadvantage, PAC status should be awarded with great care. Where possible PAC should be restricted to critical parts of a system thereby widening the scope for plural bidding.
(D) ARMAMENT STORES	VCNS-APC1 DGONA/ DGNAI-APC-II	– – –	1000 lakhs 500 lakhs	(c) Price Analysis - In some cases, PAC items could be bought cheaper from distributor, stockist and trade than from OEMs. Guidelines for the purchase of PAC items based on best value analysis will be laid down by Level-I Committees. (d) Long-Term Price Fixation - Rate contracts for PAC spares should be concluded, as far as possible, to ensure long term price fixation and continued availability of the item. For this, intimating the requirements for the next two or three years may be necessary and a memorandum of understanding or a letter of intent may be executed.
5. TO APPROVE SINGLE TENDERING FOR NON PAC ITEMS.				
(A) NON WEAPON STORES	COM/COL ACOL	– –	200 lakhs 100 lakhs	(a) Purchases to be made from reputed firms after determining reasonableness of rates.
(B) WEAPON STORES	COM ACOM	– –	200 lakhs 100 lakhs	(b) Criteria as laid down in DPM-2005 and GFR-2005 is to be followed.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(C) AIR STORES	DCNS	–	200 lakhs	
	ACNS(Air)	–	100 lakhs	
(D) ARMAMENT STORES	VCNS	–	200 lakhs	
	DGONA/ DGNAI	– –	100 lakhs	
6. TO APPROVE LIMITED TENDERING.				
(A) NON WEAPON STORES	COM/COL ACOL DOA	– – –	1500 lakhs 700 lakhs 25 lakhs*	The provisions contained in DPM-2005/ GFR-2005 will be applicable. * This is in accordance with GFR-2005.
(B) WEAPON STORES	COM ACOM	100 lakhs 50 lakhs	1500 lakhs 700 lakhs	
(C) AIR STORES	DCNS ACNS(Air)	– –	1500 lakhs 700 lakhs	
(D) ARMAMENT STORES	VCNS DGONA/DGNAI	– –	1500 lakhs 700 lakhs	
7. TO APPROVE STAGE / ADVANCE PAYMENTS.				
(A) NON WEAPON STORES	COM/COL-NLC1 ACOL-NLC2	Upto Respective Limits as per DPM 05		(a) Generally stage payment is involved in consultancy contracts, repair to equipment/ stores or items which are being manufactured. Percentage of stage payment will depend on the terms and references of supplier and could be decided by Procurement committees taking into account merits of each case and the price advantages offered by the supplier.
(B) WEAPON STORES	COM-WPC1 ACOM-WPC2			(b) Criteria for stage payments as laid down in DPM-05 is to be followed.
(C) AIR STORES	DCNS-ASPC1 ACNS(Air)-ASPC2			
(D) ARMAMENT STORES	VCNS-APC1 DGAS-APC2			

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
8. TO PROCURE STORES/ SPARE PARTS/ EQUIPMENT INCLUDING IMPORTED AND THOSE ACCORDED PAC STATUS ON GROUNDS OF URGENCY OR OPERATIONAL OR TECHNICAL REQUIREMENTS				
(A) NON WEAPON STORES	VCNS COM/COL NA/DA	20 lakhs – 2 lakhs	100 lakhs 50 lakhs –	(a) Purchases to be made from reputed firms after determining reasonableness of rates.
(B) WEAPON STORES	VCNS COM NA/DA	20 lakhs – 2 lakhs	100 lakhs 50 lakhs –	(b) Administrative approval for raising of indent as per approved plan may be issued by DCNS/ DGONA/COM/COL.
(C) AIR STORES	VCNS DCNS NA/DA	20 lakhs – 2 lakhs	100 lakhs 50 lakhs –	(c) Procedure as prescribed by MEA will be followed by NA/DA.
(D) ARMAMENT STORES	VCNS DGONA NA/DA	20 lakhs – 2 lakhs	100 lakhs 50 lakhs –	

#### DISPOSAL

9. TO DISPOSE SHIPS, VESSELS, AIRCRAFT AND STORES				
(a) THROUGH PUBLIC SECTOR DISPOSAL ORGANISATIONS.	VCNS-APC1 COL-NLC1 COM-WPC1 DCNS-ASPC1	}	Full powers	(a) After obtaining CFA approval and fixing the reserve price in advance.
	ACOL-NLC2 ACOM-WPC2 ACNS(Air)- ASPC2 DGONA-APC2	}	300 lakhs	(b) Provisions of Rule 196-201 of GFR to be adhered to.
(b) TO DISPOSE THROUGH TRADE.	VCNS-APC1 COL-NLC1 COM-WPC1 DCNS-ASPC1	}	Full powers	(c) Disposal should normally be done through authorised auctioneer. However where it is not possible, reasons for the same to be recorded in writing. Reserve price to be fixed in advance after obtaining CFA approval.
	ACOL-NLC2 ACOM-WPC2 ACNS(Air)- ASPC2 DGONA-APC2	}	100 lakhs	(d) This includes disposal of Armament Stores by dumping in the sea.
		–	200 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(c) TO DECLARE AND DISPOSE LIFE EXPIRED UNSERVICEABLE AND OBSOLETE STORES INCLUDING ARMAMENT/EXPLOSIVE STORES.	VCNS COM (for Weapon Stores) COL / DGONA (for Armament Store) DOA	– – – –	300 lakhs 100 lakhs 100 lakhs 2 lakhs	
<b>CLOTHING AND VICTUALLING</b>				
10. POWER TO SANCTION CONTRACTS FOR SEWING OF UNIFORMS, CLOTHING AND INITIAL ADDITION/ALTERATION, WASHING, REPAIRING & RESTUFFING TROOPS, BEDDING, COBBLER CONTRACTS, PRESERVATION OF EQUIPMENT/ STORES MACHINERY.	VCNS COL	– –	Full Powers 75 lakhs	With respect to scales and limits as on the Army side.
11. LOCAL PURCHASE OF CLOTHING AND MESS TRAPS.	VCNS COL	4 lakhs –	100 lakhs 50 lakhs	<p>(a) Articles so purchased shall be those authorised for use in the service and shall be for measures already sanctioned or approved by competent authority.</p> <p>(b) Local purchase will be resorted to only after obtaining non-availability certificate from the nearest store Depot.</p> <p>(c) The local purchase is to be confined only to minimum urgent requirements and not for stock purpose, except in the case of Store Depots which may stock upto 6 months requirement.</p> <p>(d) The purchase is to be restricted only to those consumable items which are already authorised for use in the service.</p> <p>(e) The purchase will be on "Cash and carry basis" over the counter direct from the trade.</p> <p>(f) (i) Articles of different sizes or specification or pattern/ identification number/ Part No. will be treated as different articles provided they do not serve the same purpose.</p> <p>(ii) Articles of different makes and pattern serving the same purpose should be treated as similar articles.</p>

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
12. POWER TO SANCTION GALLEY EQUIPMENT	VCNS COL	1 lakh –	50 lakhs 30 lakhs	
13. LOCAL PURCHASE OF VICTUALLING STORES.	VCNS COL	100 lakhs –	300 lakhs 100 lakhs	(a) To purchase those items authorised by scale and not supplied by the source of supply.  (b) These will also include purchases at foreign ports and at such Indian ports / stations where no IN (or ASC) organisation exists.
14. POWER FOR SANCTIONING THE CONTRACTS FOR SUPPLY OF PROVISION TO BV YARDS ESTABLISHMENTS AND OUTLYING UNITS.	VCNS COL	100 lakhs –	200 lakhs 100 lakhs	For items authorised as per scale and not provided by ASC.
15. POWER TO SANCTION EXPENDITURE ON SIEVING/ FUMIGATION, CLEANING OF INFESTED STOCKS OF MILLED PRODUCTS, CLEANING OF RICE ETC.	VCNS COL	– –	100 lakhs 50 lakhs	
16. POWER TO SANCTION DESTRUCTIONS OF CATEGORY 'G' FOODSTUFFS.	VCNS COL	50,000 –	1 lakh 50,000	
17. POWER TO REGULARISE OVER ISSUE OF RATIONS BY SHIPS/ ESTABLISHMENTS.	VCNS COL	20,000 –	2 lakhs 1 lakh	For authorised items only.



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
	MAINTENANCE, REPAIR AND REFIT			
A. SHIPS AND SUBMARINES				
18. OFFLOADING REPAIR AND REFITS OF I.N.SHIPS/ CRAFTS/ VESSELS/ FLOATING DRY DOCK INCLUDING THEIR MACHINERY/ EQUIPMENT BY OUTSIDE AGENCIES INCLUDING OEMs ABROAD.				
(a) THROUGH PSU/PORT TRUST AUTHORITY.	VCNS COM	– –	1500 lakhs 1000 lakhs	(a) These powers are to be exercised only when capacity for repair is not available with Navy's Workshops /Dockyards at the ports and only when such work is essential for operational fighting and sea going efficiency of ships. Preference will be given to Public Sector Organisations or Port Trust Workshops. While entrusting the work to private firms provisions of Regulations 4411 of Regulations (Navy) Part-I Non-statutory are to be adhered to.
(b) THROUGH TRADE.	VCNS COM	– –	1000 lakhs 300 lakhs	(b) These powers will be exercised when such repair/ refits can not be under taken by Naval Dockyards and NSRY. (c) Annual ceiling for Dockyards will be laid down by the NHQ.
(c) ABROAD WHEN SHIPS ARE IN FOREIGN WATERS.	VCNS	–	300 lakhs	(d) These powers also include offloading of repair / AMC on limited/ Single Tender basis to OEM/PAC/PSO/Trade. (e) Progressive stage payment based on work actually completed duly certified by the overseer may be affected by respective CFAs. (f) In case the total amount of initial and supplementary sanction exceeds the Power of CFA, sanction of higher CFA to be issued for the supplementary work. (g) Off loading may be resorted to, by the CFA of the AA under whose operational command the ship operates.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
19. POWER TO SANCTION DRY DOCKING & BERTHING OF I.N. SHIPS / CRAFT VESSEL IN COMMERCIAL YARDS/PORT TRUST/PSUs.	VCNS	100 lakhs	700 lakhs	Remarks as at Serial 18 ibid.  Note:- On each occasion of docking/berthing per ship. To cover all bills of dry docking/ alongside berthing of a ship, bottom cleaning, painting and attendant charges for services supplied (ie electricity, water, drainage, removal of garbage, arranging of blocks, etc.) on each occasion dry docking and/ or alongside berthing in commercial yards/ berths is to be authorised only when facilities cannot be provided by the Navy at the ports concerned.
20. POWER TO SANCTION EMERGENCY REPAIR OF I.N. SHIPS/ EQUIPMENT/ VESSELS/ CRAFT IN CASES WHERE FIGHTING OR SEAGOING EFFICIENCY IS IMPAIRED.				
(a) THROUGH PSUs/PORT TRUST AUTHORITIES.	VCNS	200 lakhs	700 lakhs	These powers also include repair on OEM/PAC/Single tender basis.
(b) ABROAD WHEN SHIPS ARE IN FOREIGN WATER.	VCNS	–	500 lakhs	
21. EXPENDITURE ON ACCOUNT OF EACH ALTERATION, ADDITION AND MODIFICATION TO ITEMS AFFECTING AN INDIVIDUAL I.N. SHIP/VESSEL/ CRAFT AND THEIR MACHINERY/ EQPT / ARMAMENT INCLUDING DEVELOPMENT OF DOCUMENTATION, SOFTWARE VALIDATION AND DIAGNOSTIC SOFTWARE.				
(a) ADDITION AND ALTERATIONS.	VCNS COM	1 lakh –	200 lakhs 150 lakhs	(a) The estimates of cost of additions and alterations, should include the cost of labour and material and over heads.
(b) MODIFICATIONS TO MACHINERY / EQUIPMENT INCLUDING PURCHASE OF MOD KITS/SOFTWARE UPGRADES.	VCNS COM	50,000 –	50 lakhs 25 lakhs	(b) For each alteration.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
<b>B. AIRCRAFT AND AEROENGINES</b>				
22. OFFLOADING SURVEY, REPAIR AND OVERHAUL OF AIRCRAFT, UAV DRONE, PTA ETC. INCLUDING THEIR ENGINES EQUIPMENT COMPONENTS BY OUTSIDE AGENCIES INCLUDING OEMs ABROAD.				(a) These powers are to be exercised only when defective equipment and stores cannot be repaired in Naval Aircraft Yard / Base Support Facilities owing to limited capacity.
(a) THROUGH PSU/ CIVIL AVIATION AUTHORITY.	VCNS DCNS	200 lakhs –	1000 lakhs 700 lakhs	(b) These powers also include off loading of repair on Limited/Single Tender basis to OEM/PAC/PSU/ Trade.
(b) THROUGH TRADE.	VCNS DCNS	100 lakhs –	1000 lakhs 700 lakhs	(c) Progressive stage payment based on work actually completed duly certified by the overseer may be affected by respective CFAs.
(c) ABROAD WHEN SHIPS ARE IN FOREIGN WATER	VCNS DCNS	100 lakhs –	300 lakhs 200 lakhs	
(d) AUTHORISING SURVEY OF AIRCRAFT THROUGH PSU.	DCNS	100 lakhs	700 lakhs	(d) In case the total amount of initial and supplementary sanction exceeds the power of CFA, sanction of higher CFA to be issued for the supplementary work.
(e) AUTHORISING FOR SURVEY OF AIRCRAFT BY FOREIGN MANUFACTURE.	VCNS DCNS	– –	100 lakhs 75 lakhs	
23. EXPENDITURE ON ACCOUNT OF EACH ALTERATION, ADDITION AND MODIFICATION TO ITEMS AFFECTING AN INDIVIDUAL AIRCRAFT UAV, DRONE, PTA ETC. AND THEIR EQUIPMENT/ COMPONENTS.				
(a) ADDITION AND ALTERATIONS.	VCNS DCNS	10 lakhs –	300 lakhs 200 lakhs	1. All As&As shall be approved by NHQ.  2. Includes development, modification for import substitution & trials of new equipment on aircraft.
(b) MODIFICATIONS TO EQUIPMENT/ COMPONENTS INCLUDING PURCHASE OF MOD KITS/ SOFTWARE UPGRADES.	VCNS DCNS	5 lakhs –	300 lakhs 200 lakhs	
24. REPAIR TO STORES, EQUIPMENT / COMPONENTS AND MACHINERY FITTED/HELD IN SHORE ESTABLISHMENTS/DOCKYARDS/ REPAIR YARDS/ORGANISATIONS/ UNITS INCLUDING OFFICE EQUIPMENT ETC.	VCNS COM DCNS CH HYDRO	– – – –	100 lakhs 75 lakhs 75 lakhs 10 lakhs	1. These powers can be exercised provided it is not economical to get the stores/equipment repaired through the nearest Naval Repair Organisation.  2. Expenditure not exceeding original cost.
25. REPAIR/PRESERVATION OF STORES, EQUIPMENT AND MACHINERY HELD IN STOCK OR FITTED IN MOS/ DEPOTS INCLUDING REPAIR ABROAD.	VCNS COM DCNS	– – –	200 lakhs 150 lakhs 150 lakhs	Only when defective equipment and stores cannot be repaired in the Naval Dockyard workshops NAYS owing to limited capacity.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
26. REPAIR, REMOVAL, REPLACEMENT AND MAINTENANCE CONTRACTS FOR YARD/REPAIR FACILITIES EG. CRANES, FORKLIFTS, MATERIAL HANDLING EQUIPMENT, ELECTRICAL TRANSMISSION EQUIPMENT INSTALLATIONS, PIPELINES AND OTHER INSTALLATIONS ETC IN SHORE ORGANISATIONS WHICH REQUIRE PERIODICAL / REGULAR MAINTENANCE. RENEWAL & REPLACEMENT OF MACHINERY / EQUIPMENT/ ELECTRICAL AND OTHER SERVICES ETC. FOR DOCKYARDS / REPAIR YARDS / WORKSHOP / REPAIR ORGANISATIONS.	VCNS COM DCNS	5 lakhs – –	200 lakhs 150 lakhs 150 lakhs	(a) As per planned replacement for maintenance of (existing capacity level) current requirement as recommended by a board of officers.  (b) Limited tendering may be resorted in urgent operational cases.
<b>MT/SPECIALIST VEHICLES</b>				
27. POWER TO SANCTION REPAIR/ MODIFICATIONS TO MT/ SPECIALIST VEHICLES INCLUDING EQUIPMENT FITTED THEREIN.	VCNS COL	– –	5 lakhs 2 lakhs	Subject to the condition that the expenditure will not involve foreign exchange and the total cost of all modifications sanctioned in a financial year does not exceed Rupees 20 lakhs. For assessing the cost in the case of each equipment the entire quantity or number required to be modified irrespective of whether the modification is carried out within the financial year or otherwise should be taken into account.
<b>OUTSOURCING OF SERVICES</b>				
28. HIRING OF SERVICES / EQUIPMENT/ FACILITIES ETC.	VCNS DOA	2 lakhs –	30 lakhs 15 lakhs	In so far as outsourcing of services is concerned provisions of GFR are to be followed.
28 (a). HIRING OF SERVICES FOR OPERATION AND MAINTENANCE OF EQUIPMENT, YARDCRAFT, FACILITIES ETC.	VCNS COM	– –	Full Powers 15 lakhs	
29. POWER TO SANCTION OFFICIAL TELEPHONE CONNECTIONS TO ENTITLED OFFICERS.	VCNS	–	–	As per guidelines laid down.
30. DREDGING OF NAVAL AREA.	VCNS DCNS	100 lakhs –	1000 lakhs 700 lakhs	(a) Operational requirement.  (b) To cover all bills in regard to hire and use of dredging equipment to clear approaches to Naval areas on each occasion.  (c) Subject to availability of funds.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
31. POWER TO ENGAGE GOVT/PVT COUNSEL FOR GOVT LITIGATION AND SANCTION EXPENDITURE ON FEES FOR LEGAL SERVICES RENDERED.	VCNS	–	–	As per guidelines of the Ministry of Law, Justice and Company affairs.
<b>TRANSPORTATION</b>				
32. POWER TO INCUR EXPENDITURE ON THE CONVEYANCE OF STORES BY OTHER THAN THE CHEAPEST MODE OF CARRIAGE INCLUDES ROAD, SEA, COURIER AND AIR WITHIN INDIA AND FROM / TO ABROAD.	VCNS COL	1 lakh –	100 lakhs 50 lakhs	(a) When it is inescapable by virtue of abnormal size of equipment or material.  (b) When urgency is involved and transportation by other means is faster.  (c) Damage or loss is likely if transported by cheapest mode.
33. POWER TO SANCTION DEMURRAGE / WHARFAGE / WAREHOUSING AND OTHER ALLIED CHARGES ON STORES.	VCNS COL	5 lakhs 2 lakhs	– –	(a) Amount paid through Imprest.  (b) Includes insurance premium handling charges etc.
34. POWER FOR HIRING OF ROAD TRANSPORT FROM CIVIL SOURCES.	VCNS COL DOA	50,000 – –	400 lakhs 100 lakhs 25 lakhs	
<b>OFFICE CONTINGENCIES &amp; MISC. EXPENDITURE</b>				
35. EXPENDITURE REQUIRED FOR RUNNING OF ESTABLISHMENT.	VCNS DCNS/COM/ COP DOA	5 lakhs – –	25 lakhs 15 lakhs 10 lakhs	(a) These will include introduction/modification of forms and binding charges/printing jobs for NHQ, casual labour, conveyance charges, purchase of technical journals and periodicals of Indian/Foreign origin, measures for improvement of productivity, test equipments, administrative support services, band and other office contingencies including Amenities and minor repairs to bicycles etc.
36. EXPENDITURE REQUIRED FOR RUNNING OF ESTABLISHMENT ON CASH AND CARRY BASIS.	VCNS DOA	1 lakh 15,000	– –	As per GFR-2005

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
37. NON RECURRING EXPENDITURE ON AMENITIES	CNS VCNS	1 lakh 50,000	10 lakhs 5 lakhs	<p>(a) Donation when visiting Training Establishments, Boys' Training Units etc.</p> <p>(b) Provision of trophies, flags etc for presenting to Training Establishments.</p> <p>(c) Provision of amenity articles when visiting hospitals, welfare centres etc.</p> <p>(d) Similar Grants.</p> <p>(e) Miscellaneous expenditure incurred by the CNS / VCNS while on tour for which no specific provision exists in the Regulations.</p> <p>(f) No sanction accorded should involve an express contravention of any existing rule contained in the authorised codes or regulations nor should grants be made for services or individual projects on which the Government of India have definitely refused previously to incur expenditure.</p> <p>(g) Annual ceiling of Rs. 50 lakhs.</p> <p>(h) Amenities as authorised by GOI.</p>
38. POWER TO SANCTION DEMOLITION OR SALE OF BUILDING ETC. FOR DEMOLITION	VCNS	–	25 lakhs	<p>(a) Demolition will be approved on a demolition statement IAFW 1819 by the CFA, provided the book value of the building does not exceed the limits given.</p> <p>(b) The demolition or sale of any building etc. for demolition, will be approved by the authorities mentioned without financial concurrence.</p> <p>(c) The book value of each building (including ancillary buildings) will be taken up separately and not the total book value of all the buildings in a demolition statement (in order to determine the authority competent to sanction its demolition).</p> <p>(d) The cost of demolition will be dealt with as a work, any proceeds from the sale or demolition being dealt with as laid down in Serial 693 MES Regulations.</p> <p>(e) In an estimate for reconstruction, administrative approval to the execution of the service is authority for any demolition involved irrespective of the value of the buildings to be demolished.</p> <p>(f) A demolition certificate on IAFW-2201 will be submitted in support of bills in which charges for demolition appear.</p>

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
39. POWER FOR SANCTIONING HIRING AND REQUISITIONING OF IMMOVABLE PROPERTIES	VCNS	–	5 lakhs Per Property	The administrative authorities as mentioned in Part III may sanction requisitioning of properties including immovable property for office required in connection with the operations or other similar emergent needs which cannot be postponed and for which obtaining of Govt, sanction may delay matter to such an extent as to defeat the project in view and for meeting shortages as per scale. In the remaining cases where requisitioning of immovable property is desired to be resorted to prior approval of the Govt. should be obtained.
40. POWER TO SANCTION CASH ASSIGNMENT	VCNS	–	Full power	(a) Unit is sanctioned by the Government. (b) Officer holding charge is not below the rank of Commander. (c) Unit has sufficient infrastructure and exposure in operating the cash assignment.
41. POWER TO SANCTION IMPREST.	VCNS	–	1 lakh	(a) Unit is sanctioned by the Government. (b) Officer holding charge is not below the rank of Lieutenant Commander. (c) Frequent requirement exist for procurement of petty stores, repair, contingent and postal charges.
42. POWER FOR ENHANCEMENT OF IMPREST.	VCNS	–	1 lakh	(a) Unit is sanctioned by the Government. (b) Officer holding charge is not below the rank of Lieutenant Commander. (c) Frequent requirement exist for procurement of petty stores, repair, contingent and postal charges.
<b>TRAINING, SYMPOSIA &amp; CONFERENCES</b>				
43. EXPENDITURE IN CONNECTION WITH HOLDING SYMPOSIA / SEMINAR / CONFERENCES / WORKSHOP ETC. INCLUDING ADVANCE PAYMENT UPTO 25%	VCNS	25,000	20 lakhs	Subject to general instructions of MHA(DOPT) / Min of Finance.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
44. DEPUTATION OF SERVICE/ CIVILIAN PERSONNEL FOR SPECIAL COURSES OF TRAINING AND FOR ATTENDING SEMINAR/ SYMPOSIA/ CONFERENCE/ WORKSHOPS IN INDIA.	VCNS COP/DCNS/ COM	8,000 –	Full power 5 lakhs	For moves within India subject to availability of funds.
45. SANCTION OF EXPENDITURE FOR INVITING GUEST LECTURE FOR TRAINING COURSES.	VCNS COP/DCNS/ COM	2,500 (per head)	Full Powers 2 lakhs	As per Govt of India Rules and budgetary allocation.
46. PROCUREMENT OF TRAINING MATERIAL.	VCNS	25,000	10 lakhs (per item subject to max of 100 lakhs PA).	(a) Training aids, projection equipment for training purposes, equipments, stores, tools, electronic hardwares, Books, stationery required for training including expenses in connection with technical tests and exercises.  (b) Subject to availability of funds.
	COP	–	5 lakhs (per item subject to max of 50 lakhs PA)	
	COL/DGONA	25,000	3 lakhs (per item subject to max of 50 lakhs PA)	
47. POWER TO SANCTION EXPENDITURE ON SPORTS AND ADVENTURE ACTIVITIES/ EQUIPMENT INCLUDING IMPORT OF SPORTS EQUIPMENT / SPORT ARMS AND ARMAMENT	VCNS COP	– –	Full powers 20 lakhs	Amount payable through Imprest upto Rs. 25,000/- on cash and carry basis.

#### RESEARCH & DEVELOPMENT

48. POWER TO SANCTION EXPENDITURE ON ACCOUNT OF RESEARCH AND DEVELOPMENT ACTIVITIES FOR THE BENEFIT OF THE NAVY.	VCNS	–	50 lakhs (Per item subject to max of 2 crs PA)	(a) Open a separate Budget Head  (b) Expenditure should not overlap with DRDO Project or Project formed out of Joint Operations with DRDO.  (c) Stage payment may be permitted as per Conditions of Contract as prescribed by DPM-2005
	COM/COL/ DCNS/DGONA/ DGNAI	–	10 lakhs	



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
49. POWER TO INCUR EXPENDITURE ON MANUFACTURE, FABRICATION, PURCHASE OR ISSUE OF STORES/ SPARES/ EQPT/ OTHER ARTICLES FOR EXPERIMENTAL PURPOSES COVERING ESSENTIAL APPLIED RESEARCH WHICH ARE OF INTEREST TO OR ARE IN USE IN THE NAVY, OR FOR EXPEDITING PRODUCTION/ DEVELOPING INDIGENOUS SOURCE, ETC.	VCNS  COL	50,000  –	5 lakhs (Subject to a max of 100 lakhs PA). 2 lakhs	This will include offloading Research work/project to Academic Institution/ Research Lab.
50. POWER TO SANCTION EXPENDITURE IN CONNECTION WITH WARSHIP/AIRCRAFT DESIGN AND DEVELOPMENT ACTIVITIES.				These will include the following:-
(a) MODEL TESTS ANALYSIS AND CONSULTANCY SERVICES.	VCNS COM/CWP&A	– –	500 lakhs 100 lakhs	(a) Hydro Dynamic Model tests  (b) Wind Tunnel Tests.  (c) Model tests for uptake and down takes.
(b) SOFTWARE DEVELOPMENT AND PROCUREMENT FOR TESTS	VCNS COM/CWP&A	– –	500 lakhs 100 lakhs	(d) System Integration
(c) WEAPON SYSTEM INTEGRATION OF NAVAL AIRCRAFT	VCNS DCNS	– –	100 lakhs 50 lakhs	(e) Structural analysis  (f) Purchase and development of Normative and software to update technology.  (g) Shock & vibration studies.  (h) Other consultancy services related to ship design / development.  (j) Stealth studies:- (i) RCS (ii) Acoustic (iii) IR  (k) EMI/EMC studies.  (l) Test Drop Firing including Telemetered firings.  (m) Ground and Flight trials.
<b>AWARDS</b>				
51. POWER TO SANCTION CASH AWARDS FOR INVENTIONS/ INNOVATIONS.	VCNS	–	50,000	(a) Subject to general order of MOD.  (b) To include cash awards for innovativeness, originality of approach, outstanding inventions, improvement in manufacturing process/special repair, innovations and productivity.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
52. POWER TO SANCTION REWARDS.	VCNS	2,500	5,000	<p>(a) For information leading to the conviction of incendiaries or for information leading to prevention of thefts from the Dockyards / Depots / Estb. TPs vide clause (iii) of Rule 58(B) of FR Pt I 1983 Edn.</p> <p>(b) For specially prompt and meritorious action in connection with the extinguishing of fires and saving of life and property from damage arising there from and</p> <p>(c) Rewards for information leading to the conviction of personnel accused of bribery and corruption vide clause (iv) and (v) of Rule 58(B) of FR Pt I 1983 Edn.</p>

#### LOANS

53. POWER FOR ISSUE OF STORES ON LOAN. (a) TO ARMY, AIR FORCE AND OTHER CENTRAL/STATE GOVT ORGANISATIONS.	VCNS	2 years	–	
(b) WITHIN NAVY	VCNS	2 years	–	
(c) WAIVING OF TIME BAR CLAIMS IN RELATION TO STORES	VCNS/COM/ DCNS/COL	2 years	–	
54. ISSUE OF MT/SPECIALIST VEHICLES ON LOAN.	VCNS	18 months	–	

#### PERSONNEL

<b>(A) SANCTIONED STRENGTH</b>				
55. POWER TO SANCTION EMPLOYMENT OF TEMPORARY ESTABLISHMENTS OR LABOUR IN EXCESS OF FIXED SCALES (INDUSTRIAL AND NON INDUSTRIAL).	VCNS	1 lakh	2 lakhs	<p>1. For industrial as well as non-industrial, in excess of fixed scale, it shall be in concurrence of IFA.</p> <p>2. The financial limits are in respect of each sanction. The expenditure on account of exercise of these power for industrial establishments will be met from within the budget allocation. All such sanctions for temporary establishments should be deemed to expire on the close of the financial year.</p>
	COP	–	1,50,000	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
				<p>3. The sanction can be given even where no scales of temporary establishment exist or have been prescribed. Such sanctions cannot however be extended to cases of establishments containing new class of personnel or on special rates of pay which are not recognised by Govt. The incumbents of such appointments should, however, be restricted to the scales of pay and allowances laid down by Government for similar appointments already sanctioned.</p> <p>4. The employment will not include the categories banned and will be subject to existing instructions on the subject as amended from time to time.</p> <p>5. The sanctions so accorded should not result in permanent absorption. In such cases where it is likely to involve the absorption, the job should be carried out by resorting to a contract for such a service to avoid future litigations.</p> <p>6. Power of creation of such posts shall be restricted to Gp 'D' employees only. However, in exceptional cases sanction for Gp 'C' posts which are tenable to be filled in by direct recruitment. No sanction shall be issued for any promotional posts.</p>
56. POWER TO CREATE TEMPORARY POSTS OF SERVICE PERSONNEL.	VCNS	–	–	As per existing instructions of delegation of Financial Power Rules.
57. LIEN ON CONVEYANCE FAMILY AND BAGGAGE ON PERMANENT TRANSFER BEYOND ONE YEAR.	COP	upto 2 years	–	
58. TRANSPORTATION OF PRIVATE CONVEYANCE ON PERMANENT TRANSFER BEYOND SIX MONTHS FROM THE DATE OF MOVE OF SERVICE PERSONNEL.	COP	upto 18 months	–	
59. LIEN ON TRAVEL CONCESSIONS ON RETIREMENT/DEATH OF GOVT SERVANTS.	COP	upto 18 months	–	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
60. POWER TO INCUR EXPENDITURE IN RESPECT OF TRAVELING CLAIMS INCLUDING USE OF WARRANTS AND CONVEYANCE OF STORES ON CREDIT NOTES IN ANY CASE WHICH IS CONSIDERED TO BE A HARD ONE AND SELF EVIDENT EXCEPTION TO THE RULES IN THE TRAVEL REGULATION.	VCNS	2,000	1 lakh	<p>All doubtful cases must be referred to the Govt of India. The power shall not be exercised in the following cases:-</p> <p>(i) Over issue of traveling allowance and erroneous issue of warrants and credit notes due to culpable negligence which fail to be dealt with in Annexure for Losses.</p> <p>(ii) Travel by class higher than that allowed by the rules.</p> <p>(iii) Conveyance of luggage in excess of maundage authorised as distinct from conveyance of the authorised quantity by passenger train instead of by goods train.</p> <p>(iv) Grant of daily allowance in excess of daily rates authorised.</p>
<b>(B) MEDICAL</b>				
61. ADMITTANCE OF FULL PAY AND ALLOWANCES TO SERVICE PERSONNEL UNDERGOING MEDICAL TREATMENT IN MILITARY HOSPITALS ON ACCOUNT OF INJURIES SUSTAINED DURING WAR.	VCNS/COP	6 months (excluding A/L)	—	
62. EMERGENT MEDICAL TREATMENT TO SERVICE PERSONNEL AND THEIR FAMILIES AFFORDED TREATMENT IN GOVT./PRIVATE HOSPITALS AS A LIFE SAVING MEASURE.	DGMS (N)	Full powers	-	
(a) MEDICAL FACILITIES TO SERVICE PERSONNEL OF VARIOUS FOREIGN GOVERNMENT ON COURTESY VISITS.	COP	Full powers	-	
(b) CASES OF MEDICAL TREATMENT OF FOREIGN NAVY PERSONNEL IN SERVICE HOSPITALS UNDER RECIPROCAL ARRANGEMENTS WITH RESPECTIVE GOVERNMENT.	COP	Full powers	-	
<b>63. MEDICAL EQUIPMENT</b>				
(a) REPAIR, SERVICING, MAINTENANCE INCLUDING AMC OF MEDICAL/ DENTAL INSTRUMENTS, EQUIPMENT AND SYSTEMS ETC.	COP	2 lakhs	25 lakhs	Subject to existing Power of DGAFMS.
(b) REPLACEMENT AND RENEWAL OF MEDICAL/DENTAL INSTRUMENTS, EQUIPMENT AND SYSTEMS ETC.	COP	3 lakhs	25 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
<b>(C) CLAIMS/COMPENSATIONS</b>				
64. WAIVING OF TIME-BAR CLAIMS INCLUDING THOSE WHICH CANNOT BE INVESTIGATED BY AUDIT AUTHORITIES DUE TO NON-AVAILABILITY OF RECORDS.	COP	Full powers	–	
65. POWER IN RESPECT OF COMPENSATION FOR LOSS OF KIT AND TOOLS.	VCNS	5,000 (Officers) 2,000 (Sailors)	–	(a) In respect of establishments directly under control of Naval Headquarter.
	COL	5,000 (Officers) 2,000 (Sailors)	–	(b) Detailed rules are contained in Regulations 209 to 220 of Pay and Allowance Regulations for the Navy (1966 Edition). Vide Regulations 184 of P&A Regs Navy Part I (Statutory).
66. PILOTAGE CLAIMS OF NAVAL OFFICERS.	DCNS	Full powers	–	Vide Regs 184 P&A Regs (Navy) P-I (statutory).
67. POWER TO SETTLE CIVIL COMPENSATION CLAIMS ARISING OUT OF TRAFFIC ACCIDENTS  (a) COMPENSATION CLAIMS ORIGINATING ON OR AFTER 15 AUG 47 IN RESPECT OF LOSS OF LIFE OR INJURY, OR DAMAGE TO PRIVATE PROPERTY (INCLUDING PROPERTY OF STATE GOVT, SEMI GOVT, BODIES, CORPORATIONS ETC.) ARISING OUT OF ACCIDENTS CAUSED BY NAVAL PERSONNEL.	COP	25,000	5 lakhs	(a) Each case shall be considered on its merits.  (b) Compensation shall be offered without prejudice and purely as an act of grace as Govt. cannot be held liable for damages if the object that caused the damage or injuries, is maintained by Govt. in the exercise of their sovereign rights.  (c) No compensation shall be offered where the claimants are departments of the Govt. of India.  (d) Claims by State Governments, semi Govt.bodies, corporations etc., may be considered on their merits. Any case of difference of opinion between the state Govt. and the authorities mentioned in column 1 will be referred to Government of India.  (e) Subject to revisions of motor vehicle act and as per “Solatium Fund” regulated there under.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(b) INTERIM RELIEF TO THE FAMILIES/DEPENDENTS OF CIVILIANS KILLED IN FLYING ACCIDENTS CAUSED BY NAVAL AIRCRAFT.	COP	–	2 lakhs	<p>(a) Interim relief will be admissible only if preliminary enquiry by the Administrative Authority it is clear that loss of life was not due to the fault of the individual.</p> <p>(b) The criteria followed by claim commission will be borne in mind by the Administrative Authority while making preliminary enquires.</p> <p>(c) Amount paid on account of relief will be set off against any amount of compensation that may ultimately be sanctioned by the competent authority under normal rules in final settlement of the claims preferred by the parties concerned.</p> <p>(d) In cases where the deceased is covered by Workmen's Compensation Act, 1923, payment will be made through the Commissioner of Workmen's Compensation concerned.</p>
(c) FINAL CLAIMS FOR LOSS OF LIFE/INJURY/PERMANENT DISABLEMENT TO CIVILIANS FROM AIR ACCIDENTS BY NAVAL AIRCRAFTS.	CNS		3.5 lakhs	<p>(a) The power is in respect of individual claim subject to a maximum of 20 lakhs in any one accident.</p> <p>(b) As per guidelines of the Govt Orders on the subject.</p>
(d) FINAL CLAIMS FOR DAMAGE TO CIVILIAN PROPERTY DUE TO ACCIDENTS INVOLVING NAVAL AIRCRAFTS.	CNS		2 lakhs	<p>(a) The power is in respect of each individual claim subject to a maximum of 20 lakhs in any one accident.</p> <p>(b) As per guidelines of the Govt Orders on the subject.</p>
68. POWER IN RESPECT OF SMALL CLAIMS FOR COMPENSATION FOR DAMAGE DONE BY IN SHIPS (AND HIRED TRANSPORTS) TO PRIVATE SHIP IN EACH CASE	VCNS	10,000	50,000	<p>(a) When there is the least doubt as to the liability of the Government or where the circumstances under which the damage occurred are of an unusual character, a full report of the case with the opinion of the transmitting authorities should be submitted for the order of the Government of India.</p>

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
				<p>(b) Local settlement shall be limited to cases in which the following conditions are fulfilled:</p> <p>(i) The liability of Indian Naval Ship is clearly established;</p> <p>(ii) The damage has been duly surveyed and the cost involved does not exceed the financial Power of the competent authority.</p> <p>(iii) The claim does not include items for personnel injury or for loss of use of detention.</p> <p>(iv) The payment in settlement does not exceed the maximum sum for which a private ship owner would be liable under the Merchant Shipping Act.</p>
69. POWER FOR INCURRING EXPENDITURE FOR REPAIRS OF DAMAGE TO HIRED TRANSPORT/ MOBILE YARD EQUIPMENT HIRED FOR THE USE IN DOCKYARD/ DEPOTS/ REPAIR YARDS INCLUDING NAY.	VCNS COL	– –	25,000 10,000	Where the liability of Government for damages incurred is not in question and the circumstances are not of such a nature, as to require report, bills on this account may be sanctioned by these authorities in each case. In cases in which the cost of repairing the damage is estimated to exceed . 5 lakhs and where there is the least doubt as to the liability of the Government, or where the circumstances in which the damage occurred are of an unusual character, however small the amount involved, a full report of the case with the opinion of the transmitting authorities should be submitted for the order of the Government of India.
<b>INDIGENISATION</b>				
70. POWER FOR INCURRING EXPENDITURE FOR INDIGENISATION (INCLUDING PROVISIONING AND PROCUREMENT) OF MAINTENANCE STORES/EQUIPMENT/SPARES AND TO ACCORD NECESSITY / EXPENDITURE ANGLE APPROVAL PER TRANSACTION	VCNS/COM PDOI	1 lakh 10,000	200 lakhs 25 lakhs	Expenditure includes development and generation of paper particulars and test/trials subject to compliance of DPM provisions.

## GENERAL FINANCIAL POWERS - COMMANDS &amp; LOWER FORMATIONS

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
STORES				
1. TO PROCURE FROM INDIGENOUS SOURCES STORES / SPAREPARTS / EQUIPMENT. (A) NON WEAPON STORES	COS-NLC-3 MS-NLC-4 CMP/CPRO	—	600 lakhs 400 lakhs 100 lakhs	(a) MT/ Specialist Vehicles such as Cranes, Ambulance, DFT, CFT, MHE, Mobile Plants, MGSE, Aircraft Handling Equipment, Torpedo Trolley, M, Missile Specialist Vehicle etc on replacement basis.  (b) To cater for provisioning powers for Armament and ammunition stores including test, inspection and installation NAI equipment.
(B) WEAPON STORES	Controller, WED-WPC-3	—	400 lakhs	
(C) AIR STORES	FONA/ MSs-ASPC-3	—	400 lakhs	
(D) ARMAMENT/AMMUNITION STORES	CGM/GM- NAD-APC-3	—	400 lakhs	
2. TO PROCURE IMPORTED STORES / SPARE PARTS/EQUIPMENT. (A) NON WEAPON STORES	COS-NLC-3 MS-NLC-4 CMP/CPRO	— — —	400 lakhs 200 lakhs 50 lakhs	
(B) WEAPON STORES	Controller, WED-WPC-3	—	200 lakhs	
(C) AIR STORES	FONA/ MSs-ASPC-3	—	200 lakhs	
(D) ARMAMENT/AMMUNITION STORES	CGM/GM-NAD- APC-3	—	200 lakhs	
3 (a). TO PROCURE OFFICE EQUIPMENT INCLUDING STATIONERY AND PRINTING	C-in-C COS ASD/Ch Hydro MS/NSRY/NAY/ NAD/WED/FMU/ NAI CABS CLOGO Flag Officers Naval Area / DGNP Fleet Commander/ FOSM/NOI/C CO/Oi/c	— — — —  — — —  25,000  10,000	100 lakhs 20 lakhs 10 lakhs 50 lakhs  5 lakhs 10 lakhs 10 lakhs  5 lakhs 1 lakh	(a) Single Tendering Powers With Concurrence of IFA will be Rs 1 lakh.



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
3 (b). TO PROCURE IT RELATED EQUIPMENT AND SERVICES.	C-in-C	–	100 lakhs	(a) Single Tendering Powers With Concurrence of IFA will be Rs 1 lakh.
	COS	–	20 lakhs	
	ASD/Ch Hydro	–	10 lakhs	
	MS/NSRY/NAY/	–	50 lakhs	
	NAD/WED/FMU/			
	NAI/Oi/c			
	CABS	–	5 lakhs	
	CLOGO	–	10 lakhs	
	Flag Officers	–	10 lakhs	
	Naval Area /			
4. TO APPROVE PAC PURCHASE AND PAC STATUS FOR WEAPON EQUIPMENT STORES AND SPARE PARTS (INDIGENOUS AND IMPORT)  (A) NON WEAPON STORES	DGNP			(a) PAC Tendering - PAC, in the approved form in respect of the equipment concerned, should be issued by COS/Controller WED/ FONA/ CGM/ GM NAD before resorting to PAC tendering for equipment or spare parts. In the case of naval stores, PAC should be issued in respect of each item. Where the PAC route is followed, the equipment concerned is purchased from only one source. Conditions prescribed in DPM/GFR to be met. The reasons for the award of PAC could be one or more of the following:-  (i) Fit - The requirement of fitting an equipment in a certain space and interfacing with other equipment.  (ii) Availability - No other known manufacturer is available.  (iii) Standardisation - The need to minimise spares support problems.  (iv) Reasonableness of Rates has been determined.
	Fleet	25,000	5 lakhs	
	Commander/			
	FOSM/NOI/C			
	CO/Oi/c	10,000	1 lakh	
	COS-NLC-3			
	Indigenous	–	400 lakhs	
	Import	–	300 lakhs	
	MS-NLC-4			
	Indigenous	–	300 lakhs	
	Import	–	200 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(B) WEAPON STORES	Controller, WED( WPC 3)			(b) Bought Out Item Analysis - PAC bestows a monopoly status on the supplier and reduces the buyer's leverage. In order to minimise the disadvantage, PAC status should be awarded with great care. Where possible PAC should be restricted to critical parts of a system thereby widening the scope for plural bidding.
	Indigenous	–	300 lakhs	
	Import	–	200 lakhs	
(C) AIR STORES	FONA/MSs (ASPC 3)			
	Indigenous	–	300 lakhs	(c) Price Analysis - In some cases, PAC items could be bought cheaper from distributor, stockiest and trade than from OEMs. Guidelines for the purchase of PAC items based on best value analysis will be laid down by NLC1.
	Import	–	200 lakhs	
(D) ARMAMENT/AMMUNITION STORES	CGM/GM-NAD/ (APC-3)			
	Indigenous	–	300 lakhs	
	Import	–	200 lakhs	(d) Long-Term Price Fixation - Rate contracts for PAC spares should be concluded, as far as possible, to ensure long term price fixation and continued availability of the item. For this, intimating the requirements for the next two or three years may be necessary and a memorandum of undertaking or a letter of intent may be executed.
5. TO APPROVE SINGLE TENDERING FOR NON PAC ITEMS.				
(A) NON WEAPON STORES	C-in-C	–	50 lakhs	(a) Purchases to be made from reputed firms after determining reasonableness of rates.
	ASD	–	50 lakhs	
	COS	–	40 lakhs	
	MS	–	20 lakhs	
	Oi/cDepots	–	1 lakh	
(B) WEAPON STORES	C-in-C	–	50 lakhs	(b) Criteria as laid down in DPM-2005 and GFR-2005 is to be followed.
	ASD	–	25 lakhs	
	Controller, WED	–	25 lakhs	
	MS/GM/	–	5 lakhs	
	Oi/c Depots			
(C) AIR STORES	C-in-C	–	50 lakhs	
	FONA/	–	25 lakhs	
	MS/GM/			
	Oi/c Depots			
(D) ARMAMENT/AMMUNITION STORES	C-in-C	–	75 lakhs	
	CGM/GM-NAD	–	50 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
6. TO APPROVE LIMITED TENDERING.				
(A) NON WEAPON STORES	C-in-C COS MS CMP/CPRO	– – – –	600 lakhs 500 lakhs 400 lakhs 100 lakhs	As per criteria in DPM(R)/GFR.
(B) WEAPON STORES	C-in-C ASD Controller, WED	– –	500 lakhs 200 lakhs 400 lakhs	
(C) AIR STORES	C-in-C FONA	– –	500 lakhs 300 lakhs	
(D) ARMAMENT/AMMUNITION STORES	C-in-C CGM/GM-NAD	– –	500 lakhs 300 lakhs	
7. TO APPROVE STAGE/ADVANCE PAYMENTS.				
(A) NON WEAPON STORES	C-in-C COS (NLC-III)			(a) Generally stage payment is involved in consultancy contracts, repair to equipment/ stores or items which are being manufactured. Percentage of stage payment will depend on the terms and references of supplier and could be decided by NLC3/NLC4 and other Procurement Committees taking into account merits of each case and the price advantages offered by the supplier.  (b) Criteria for stage payments as laid down in DPM-05 is to be followed.
	MS-NLC4 CMP/CPRO		Upto Respective Limits as per DPM 05	
(B) WEAPON STORES	Controller WED			
(C) AIR STORES	FONA MS/GM/ ND(MB/V)/O/C			
(D) ARMAMENT/AMMUNITION STORES	CGM/GM-NAD/ (APC-3)			
<b>DISPOSAL</b>				
8. TO DISPOSE SHIPS, VESSELS AIRCRAFT AND STORES				
(a) THROUGH PUBLIC SECTOR DISPOSAL ORGANISATIONS.	C-in-C ASD/FONA/ Ch Hydro / DGNP MS-NLC4	– – –	200 lakhs 100 lakhs 50 lakhs	(a) After obtaining CFA approval fixing the reserve price.  (b) Provisions of Rule 196-201 of GFR to be adhered to.
(b) TO DISPOSE THROUGH TRADE.	C-in-C ASD/FONA MS-NLC4 DEPOTS Ch Hydro / DGNP	– – – – –	100 lakhs 50 lakhs 50 lakhs 4 lakhs 4 lakhs	(c) Disposals should normally be done through authorised auctioneers. However where it is not possible, reasons for the same to be recorded in writing.  (d) Ch Hydro In respect of stocks held at NHO, DehraDun only

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
CLOTHING AND VICTUALLING				
9. POWERS TO SANCTION CONTRACTS FOR SEWING OF UNIFORMS, CLOTHING AND INITIAL ADDITION/ ALTERATION, WASHING, REPAIRING & RESTUFFING TROOPS, BEDDING, COBBLER CONTRACTS, PRESERVATION OF EQUIPMENT/ STORES MACHINERY	C-in-C	—	50 lakhs	Scales & limits as on Army side.
	CLOGO	—	10 lakhs	
	Fleet Commander	1 lakh	-	For ASD/Repair Yard-civilians only.
	Flag Officers	—	20 lakhs	
	Naval Area	—	—	
	ASD	—	30 lakhs	
	AGM(P&A)/	—	2 lakhs	
	ND	—	—	
BVO	—	5 lakhs		
COs of Ships / Estb	50,000	5 lakhs		
10. LOCAL PURCHASE OF CLOTHING AND MESS TRAPS.	C-in-C	—	20 lakhs	(a) Articles so purchased shall be those authorised for use in the service and shall be for measures already sanctioned or approved by competent authority.
	CLOGO	—	5 lakhs	
	Fleet	—	4 lakhs	
	Commander/ ASD	—	—	(b) Local purchase will be resorted to only after obtaining non-availability certificate from the nearest store Depot.
	GM/ND(MB/V)	—	1 lakh	
	Flag Officers	—	2 lakhs	
	Naval Area	—	—	(c) The local purchase is to be confined only to minimum urgent requirements and not for stock purpose, except in the case of Store Depots which may stock upto 6 months requirement.
	BVO/MS	6,000	5 lakhs	
	CO, Basic	2,000	50,000	
	Training Est. (INS Chilka, INS Mandovi, INS Zamorin)	—	—	(d) The purchase is to be restricted only to those consumable items which are already authorised for use in the service.
		—	—	
		—	—	
		—	—	(e) The purchase will be on “Cash and carry basis” over the counter direct from the trade.
		—	—	
	—	—		
	—	—	(f) (i) Articles of different sizes or specification or pattern/ identification numbers/ Part No. will be treated as different articles provided they do not serve the same purpose.	
	—	—		
	—	—		
	—	—	(ii) Articles of different makes and pattern serving the same purpose should be treated as similar articles.	
	—	—		
	—	—		
11. POWERS TO SANCTION GALLEY EQUIPMENT.	C-in-C	75,000	20 lakhs	
	CLOGO/Flag Officer Naval Area	—	5 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
12. LOCAL PURCHASE OF VICTUALLING STORES.	C-in-C CLOGO Flag Officers Naval Area / Fleet Commander Ch Hydro BVO/MS COs of Ships/Estb	2 lakhs – 1 lakh – 50,000 20,000	20 lakhs 5 lakhs 5 lakhs 50,000 5 lakhs 2 lakhs	(a) To purchase those items authorised by scale and not supplied by the source of supply.  (b) These will also include purchases at foreign ports and at such Indian ports/stations where no IN (or ASC) organisation exists.  (c) Supply of fresh water to IN Ships and Establishments.
13. POWERS FOR SANCTIONING THE CONTRACTS FOR SUPPLY OF PROVISION TO BV YARDS ESTABLISHMENTS AND OUTLYING UNITS.	C-in-C CLOGO Flag Officers Naval Area Ch Hydro BVO/MS	50 lakhs – – – 2 lakhs	100 lakhs 30 lakhs 60 lakhs 20 lakhs 5 lakhs	For items authorised as per scale.
14. POWERS TO SANCTION EXPENDITURE ON SIEVING/ FUMIGATION, CLEANING OF INFESTED STOCKS OF MILLED PRODUCTS, CLEANING OF RICE ETC.	C-in-C CLOGO Flag Officers Naval Area Ch Hydro BVO COs of Ships/Estb	– – – – 5,000 5,000	2 lakhs 1 lakh 1 lakh 10,000 50,000 50,000	
15. POWERS TO SANCTION DESTRUCTION OF CATEGORY 'G' FOODSTUFFS.	C-in-C CLOGO Flag Officers Naval Area/ Fleet Cdr Ch Hydro BVO	40,000 – – 2,000 20,000	80,000 25,000 60,000 – –	
16. POWERS TO REGULARISE OVER ISSUE OF RATIONS BY SHIPS/ESTABLISHMENTS.	C-in-C CLOGO Flag Officers Naval Area/ Fleet Commander Ch Hydro NOsIC COs of Ships/ Estt. Cdr & above Lt Cdr & below	15,000 – 5,000 3,000 3,000 3,000 1,000	50,000 10,000 10,000 5,000 5,000 – –	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
OPERATIONAL REQUIREMENTS				
17. TO PROCURE OPERATIONALLY NEEDED STORES/SPARE PARTS/ EQPT FROM INDIGENOUS SOURCES INCLUDING THOSE ACCORDED PAC STATUS.	C-in-C	10 lakhs	50 lakhs	Operational requirements include mandatory replacement items including full assemblies for units under refit, non-availability of which effects the sea going efficiency and refit completion.
	COS		20 lakhs	
	Fleet	2 lakhs	20 lakhs	
	Commander/ Flag Officer			
	Naval Area/ FOSM			
	ASD	5 lakhs	30 lakhs	
	MS/WED/ NAD/NAI	2.5 lakhs	15 lakhs	
	Oi/c Depots/ NSRY/NAY	–	7 lakhs	
	Ch Hydro/CPRO	–	15 lakhs	
	Oi/c / GM-ND	1 lakh	5 lakhs	
	NOICs	1 lakh	10 lakhs	
	COs Ships / Estt	1 lakh	3 lakhs	
18. TO PROCURE OPERATIONALLY NEEDED IMPORTED STORES/ SPARE PARTS/ EQUIPMENT INCLUDING THOSE ACCORDED PAC STATUS AND RELEASE OF FFE.	C-in-C	10 lakhs	100 lakhs	(a) No replacement of Dockyard machinery equipment.  (b) Naval/Defence Attache based on LPO orders placed by NHQ/ C-in-C
	COS	–	50 lakhs	
	Fleet Cdr/ FONA/FOSM	–	20 lakhs	
	ASD	2 lakhs	20 lakhs	
	Ch Hydro/CPRO	–	50 lakhs	
	MS	–	50 lakhs	
	Oi/c Depots / NSRY / NAY / WED / NAD	–	20 lakhs	
LOCAL PURCHASE				
19. LOCAL PURCHASE OF STORES/ SPARE PARTS/EQUIPMENT.	C-in-C	2 lakhs	20 lakhs	(a) Articles so purchased shall be those authorised for use in the service and shall be for measures already sanctioned or approved by the competent authority.  (b) Local purchase will be resorted to on indication of non-availability from the nearest Store/Armament/ WE Depot except MT Spares.  (c) The local purchase is to be confined only to minimum urgent requirements and not for stock purpose, except in the case of store Depots who can stock upto 6 months requirements.
	CLOGO	–	5 lakhs	
	Flag Officers	–	5 lakhs	
	Naval Area / FOSM			
	ASD	50,000	10 lakhs	
	GM/ND	–	5 lakhs	
	Ch Hydro / DGNP	10,000	5 lakhs	
	MS	2 lakhs	15 lakhs	
	Oi/c/GM-NADs/ WEDs/NSDs/ NAY/NSRY/ NHO/FMU/NAI	50,000	5 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
	NOIC COs Ship/Estt Cdr & above COs Ship/Estt Lt Cdr & below	50,000 20,000 10,000	5 lakhs 1 lakh 30,000	(d) (i) Articles of different sizes or specification or pattern/ identification numbers/ Part No. will be treated as different articles provided they do not serve the same purpose.  (ii) Articles of different make and pattern serving the same purpose should be treated as similar articles.  (e) These include inter alia local purchase of MT and specialist vehicle spares, medical stores, Hydrographic stores, Naval Armament stores, Weapon stores and Inspection equipment etc.  (f) For LP at units and lower formations the provisions of GFR-2005 to be followed.
20. LOCAL PURCHASE OF STORES/ SPARE PARTS ON CASH AND CARRY BASIS.	C-in-C COS ASD Ch Hydro/ NOIC/DGNP COs Ship/Estt MS WED/NAD/ NSRY/NAY/ NHO/FMU/ NAI/Oi/c	– – – 15,000 50,000 20,000	2 lakhs 1 lakh 2 lakhs 2 lakhs 50,000 1 lakh 1 lakh	(a) The purchase will be resorted to on indication of non-availability from the nearest store depot except MT Spares for spares for installed machinery / material handling equipment of the yard and consumables used in the production / repair process carried out by the yard.  (b) The purchase is to be confined only to minimum urgent requirement and not for stock purposes.  (c) The purchase is to be restricted only to the consumable items which are already authorised for use in the service.  (d) The purchase will be on cash and carry basis over the counter direct from the trade.  (e) Payment towards such local purchases can be made from the imprest.  (f) (i) Articles of different sizes or specification or pattern / identification numbers / Part No. will be treated as different articles. provided they do not serve the same purpose.  (ii) Articles of different makes and patterns serving the same purpose should be treated as similar articles.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
				(g) These include interalia local purchase of MT and specialist vehicle stores/spares.  (h) For LP at units and lower formations the provisions of GFR-2005 to be followed.

#### MAINTENANCE, REPAIR AND REFIT

<b>(A) SHIPS &amp; SUBMARINES</b>				
21. POWERS TO SANCTION AND PASS DEFECT LISTS AND ESTIMATES ON ACCOUNT OF REPAIRS AND REFIT IN SHIPS, SUBMARINES AND VESSELS AND CRAFT.	C-in-C	Full powers	–	As per approved refit plan by NHQ.
22. OFFLOADING REPAIRS AND REFITS OF I.N. SHIPS/CRAFTS/ VESSELS/ FLOATING DRY DOCK INCLUDING THEIR MACHINERY/ EQUIPMENT BY OUTSIDE AGENCIES.				
(a) THROUGH PSU/PORT TRUST AUTHORITY.	C-in-C CSO(Tech) FONA/FOSM/ NOIC ASD GM/ND/ Ekshila NSRY/FMU Ch Hydro	50 lakhs – – – – – –	1200 lakhs 800 lakhs 300 lakhs 600 lakhs 100 lakhs 100 lakhs 50 lakhs	(a) These powers are to be exercised only when capacity for repairs is not available and only when such work is essential for operational fighting and sea going efficiency of ships. Preference will be given to Public Sector Organisations or Port Trust Workshops. While entrusting the work to private firms provisions of Regulations 4411 of Regulations (Navy) Part-I Non-statutory are to be adhered to.
(b) THROUGH TRADE.	C-in-C CSO(Tech) FO Naval Area/ FOSM/NOsIC Fleet Cdrs GM/ND(MB/V)/ Ekshila ASD/NSRY/ FMU Ch Hydro	– – – – – – –	500 lakhs 300 lakhs 300 lakhs 300 lakhs 150 lakhs 200 lakhs 30 lakhs	(b) These powers will be exercised when such repairs/AMC/ refits can not be under taken by naval Dockyards and NSRY.  (c) Annual ceiling for Dockyards will be laid down by the NHQ.  (d) These powers also include offloading of repairs on limited/ Single Tender basis to OEM/PAC/ PSO/ Trade.  (e) Progressive stage payment based on work actually completed duly certified by the Overseer may be affected by respective CFAs.



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
23. POWERS TO SANCTION DRY DOCKING & BERTHING OF I.N. SHIPS/CRAFTS VESSEL IN COMMERCIAL YARDS/PORT TRUST/PSUs.	C-in-C CSO (Tech) Fleet Cdrs Flag Officers Naval Area ASD GM/ND NSRY Ch Hydro	50 lakhs — 5 lakhs 10 lakhs  — — — —	400 lakhs 300 lakhs 100 lakhs 100 lakhs  200 lakhs 25 lakhs 50 lakhs 20 lakhs	Remarks as at Serial 22 ibid.  <b>Note:-</b> On each occasion of docking / berthing per ship. To cover all bills of dry docking / alongside berthing of a ship, bottom cleaning, painting and attendant charges for services supplied (i.e. electricity, water, drainage, removal of garbage, arranging of blocks, etc.) on each occasion dry docking and/or alongside berthing in commercial yards/ berths is to be authorised only when facilities cannot be provided by the Navy at the ports concerned.
24. POWERS TO SANCTION EMERGENCY REPAIRS OF I.N. SHIPS/EQUIPMENT/VESSELS/ CRAFT IN CASES WHERE FIGHTING OR SEAGOING EFFICIENCY IS IMPAIRED.				
(a) THROUGH NAVAL DOCKYARDS AND REPAIR YARDS	C-in-C	300 lakhs	—	These powers are to be exercised in cases of extreme operational exigency when the fighting / seagoing efficiency of the ship is seriously affected.
(b) THROUGH PSUs/PORT	C-in-C Flag Officers Naval Area NOIC ASD GM/ND NSRY/FMU	— —  5 lakhs — — —	500 lakhs 200 lakhs  200 lakhs 300 lakhs 150 lakhs 100 lakhs	These powers also include repairs on OEM/PAC/Single tender basis.
(c) THROUGH TRADE.	Fleet Commander ASD GM/ND NSRY/FMU COs ships	— — — — 1 lakh	150 lakhs 100 lakhs 50 lakhs 20 lakhs 5 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
25. EXPENDITURE ON ACCOUNT OF EACH ALTERATION, ADDITION AND MODIFICATION TO ITEMS AFFECTING AN INDIVIDUAL I.N. SHIP/VESSEL/ CRAFT AND THEIR MACHINERY/ EQPT/ARMAMENT INCLUDING DEVELOPMENT OF DOCUMENTATION, SOFTWARE VALIDATION AND DIAGNOSTIC SOFTWARE				
(a) ADDITION AND ALTERATIONS.	C-in-C CSO(Tech) Fleet Cdrs / Flag Officer Naval Area ASD/NSRY/NAD GM/ND	– – –   – –	100 lakhs 50 lakhs 30 lakhs   30 lakhs 20 lakhs	All cases of As&A would be approved by Naval Headquarters. The estimates of cost of additions and alterations, should include the cost of labour and material and overheads.
(b) MODIFICATIONS TO MACHINERY / EQUIPMENT INCLUDING PURCHASE OF MOD KITS/SOFTWARE UPGRADES.	C-in-C Fleet Commander / Flag Officer Naval Area ASD/NSRY/NAD GM/ND	– –    – –	200 lakhs 40 lakhs    40 lakhs 20 lakhs	
<b>(B) AIRCRAFT AND AERO ENGINES</b>				
26. OFFLOADING SURVEY, REPAIRS AND OVERHAUL OF AIRCRAFT, UAV DRONE, PTA ETC. INCLUDING THEIR ENGINES EQUIPMENT COMPONENTS BY OUTSIDE AGENCIES INCLUDING OEM ABROAD.				(a) These powers are to be exercised only when defective equipment and stores cannot be repaired in Naval Aircraft Yard/ Base Support Facilities owing to limited capacity.
(a) THROUGH PSU/ CIVIL AVIATION AUTHORITY.	C-in-C COS Flag Officers Naval Area / Flag Officer Naval Aviation / NAY	100 lakhs – –    –	1000 lakhs 400 lakhs 400 lakhs    400 lakhs	(b) These powers also include off loading of repairs on Limited/ Single Tender basis to OEM/PAC/ PSU/Trade.
(b) THROUGH TRADE.	C-in-C COS Fleet Commanders / Flag Officers Naval Areas / Flag Officer Naval Aviation / NAY	– – –    – – –	400 lakhs 200 lakhs 200 lakhs    400 lakhs 200 lakhs 200 lakhs	(c) Progressive stage payment based on work actually completed duly certified by the overseer may be affected by respective CFAs.  (d) In case the total amount of initial and supplementary sanction exceeds the powers of CFA, sanction of higher CFA to be issued for the supplementary work.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(c) AUTHORISING SURVEY OF AIRCRAFT THROUGH PSU.	C-in-C COS Flag Officers Naval Areas / Flag Officer Naval Aviation / NAY COs of Naval Air Stations	50 lakhs —   — —	100 lakhs 100 lakhs   50 lakhs 15 lakhs	
27. EXPENDITURE ON ACCOUNT OF EACH ALTERATION, ADDITION AND MODIFICATION TO ITEMS AFFECTING AN INDIVIDUAL AIRCRAFT UAV, DRONE, PTA ETC. AND THEIR EQUIPMENT/ COMPONENTS.				
(a) ADDITION AND ALTERATIONS.	C-in-C Flag Officers Naval Areas / Flag Officer Naval Aviation / NAYs	—  —	200 lakhs  50 lakhs	(a) In case of capital equipment the case is to be referred to NHQ.  (b) Includes development, modification for import substitution & trials of new equipment on aircraft.
(b) MODIFICATIONS TO EQUIPMENT/ COMPONENTS INCLUDING PURCHASE OF MOD KITS/SOFTWARE UPGRADES.	C-in-C Flag Officers Naval Areas / Flag Officer Naval Aviation / NAYs/NASDO	—  —	100 lakhs  25 lakhs	
(c) INDIGENISATION OF AIRCRAFT SPARES AND DEVELOPMENT OF MOD KITS/SOFTWARE UPGRADES.	C-in-C Flag Officers Naval Areas / Flag Officer Naval Aviation/ NAYs/NASDO	— —	50 lakhs 25 lakhs	
28. REPAIR TO STORES, EQUIPMENT AND MACHINERY FITTED/ HELD IN SHORE ESTABLISHMENTS / DOCKYARDS REPAIR YARDS / ORGANISATIONS / UNITS INCLUDING OFFICE EQPT ETC	C-in-C CLOGO Fleet Commanders / FONAs / Flag Officers Naval Aviation / ASD / NSRY / FMU / Oi/c CABS	— — —     —	10 lakhs 2 lakhs 7 lakhs     1 lakh	(a) These powers can be exercised provided it is not economical to get the stores / equipment repaired through the nearest Naval Repair Organisation.  (b) Expenditure not exceeding original cost.  (c) Only when defective equipment and stores cannot be repaired in the Naval Dockyard workshops NAY(C)/NAY(G) owing to limited capacity.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
29. REPAIR/PRESERVATION OF STORES, EQUIPMENT AND MACHINERY HELD IN STOCK.	C-in-C CLOGO Flag Officers Naval Area / Flag Officer Naval Aviation ASD/NSRY GM/ND MS/WED/NAY/ NAD/FMU/NAI/ Oi/c Ch Hydro CO Cat 'A' Establishments, Technical position & Technical Establishments	1 lakh — 50,000   25,000 — 25,000  — 25,000	50 lakhs 20 lakhs 4 lakhs   5 lakhs 1 lakh 10 lakhs  2 lakhs 1 lakh	
30. (a) REPAIR AND MAINTENANCE CONTRACTS FOR YARD MARINE ASSETS/REPAIR FACILITIES EG CRANES, FORKLIFTS, MATERIAL HANDLING EQUIPMENT, ELECTRICAL TRANSMISSION EQUIPMENT, INSTALLATIONS, PIPELINES AND OTHER INSTALLATIONS ETC. IN SHORE ORGANISATIONS WHICH REQUIRE PERIODICAL/REGULAR MAINTENANCE.	C-in-C Flag Officers Naval Area / Flag Officer Naval Aviation ASD/NSRY/NAY GM/ND MS/WED/ NAD/NAI CO Cat 'A' Establishments, Technical position & Technical Establishments Oi/c, FMU	— —   5 lakhs — —  —  —	150 lakhs 75 lakhs   50 lakhs 5 lakhs 20 lakhs  10 lakhs	(a) As per planned replacement for maintenance of (existing capacity level) current requirement as recommended by a board of officers.  (b) Limited tendering may be resorted to in urgent operational cases.
(b) RENEWAL & REPLACEMENT OF MACHINERY/EQUIPMENT/ELECTRICAL AND OTHER SERVICES ETC. FOR DOCK YARDS/REPAIR YARDS/MARINE ASSETS/WORKSHOPS/REPAIR/ ORGANISATIONS	C-in-C ASD/NSRY/NAY GM/ND MS	— — —	150 lakhs 50 lakhs 20 lakhs 20 lakhs	
(c) PROCUREMENT OF SPARES/ STORES FOR YARD EQUIPMENT	C-in-C ASD/NSRY/NAY GM/ND Oi/c, FMU	— — — —	100 lakhs 25 lakhs 10 lakhs 50,000	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
MT/SPECIALIST VEHICLES				
31. SANCTION REPAIRS/SERVICING TO MT VEHICLES INCLUDING SPECIALIST VEHICLES.	C-in-C	50,000	5 lakhs	(a) Sanction for each vehicle.
	CLOGO	—	2 lakhs	
	ASD/NSRY/NAY/WED/Oi/c	—	2 lakhs	(b) May be offloaded to OEMs and authorised dealer/ reps subject to full capacity utilisation.
	GM/ND(MB/V)	—	50,000	
	Ch Hydro/MS/NAD/DGNP	—	1 lakh	(c) NAC/No capacity certificate from Depot/dependent workshop exempted for repairs below Rs 5000/-
32. POWERS TO SANCTION MODIFICATIONS TO MT/ SPECIALIST VEHICLES INCLUDING EQUIPMENT FITTED THEREIN.	Oi/c Tpt Workshop/COs of ships/estt	50,000	2 lakhs	(d) NAC/No capacity certificate exempted for units where no Naval Tpt workshop exists. (e) Sanction repairs/servicing to MT vehicles including specialist vehicles on cash payment basis.
	C-in-C	—	5 lakhs	Subject to the condition that the expenditure will not involve foreign exchange and the total cost of all modifications sanctioned in a financial year does not exceed Rupees 20 lakhs. For assessing the cost in the case of each equipment the entire quantity or number required to be modified irrespective of whether the modification is carried out within the financial year or otherwise should be taken into account.
	CSO(Tech)	—	2 lakhs	
	Flag Officers	—	2 lakhs	
	Naval Area/Flag Officer			
Naval Aviation/FOSM				
ASD/NSRY/NAY	—	1 lakh		
MS/WED/NAD	—	50,000		
OUTSOURCING OF SERVICES				
33. POWERS TO INCUR EXPENDITURE IN RESPECT OF SERVICES RENDERED AND SUPPLIES MADE BY/TO OUTSIDE ORGANISATIONS				
	(a) BY/TO GOVERNMENT/PVT DEPARTMENTS/ORGANISATION/ AGENCIES IN INDIA.	C-in-C	—	(a) Includes charges and rentals connected with berthing /parking and for supplies of fuel oil and lubricants, water supplies, provisions, electricity and other stores. (b) In so far as outsourcing of services is concerned provisions of GFR are to be followed.
		CLOGO	—	
		Flag Officers	—	
		Naval Area	—	
	Ch Hydro	—		
(b) BY/TO FOREIGN SHIPS/AIRCRAFT ORGANISATION/ AGENCIES.	ASD/NSRY/NAY	—	5 lakhs	Subject to recovery of full amount.
			5 lakhs	
	C-in-C	—	Full powers	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
34. HIRING OF SERVICES/EQUIPMENT/FACILITIES/PORT CHARGES ETC.	C-in-C	–	50 lakhs	
	COS	–	30 lakhs	
	Flag Officers	–	10 lakhs	
	Naval Area			
	FOST/NOIC	50,000	5 lakhs	
	Ch Hydro/DGNP	–	5 lakhs	
	ASD	–	15 lakhs	
	GM/ND	–	10 lakhs	
	MS/NSRY/NAY/WED/NAD/FMU/NAI Oi/c	–	8 lakhs	
	COs Ships/Est	25,000	2 lakhs	
34 (a). HIRING OF SERVICES FOR OPERATION AND MAINTENANCE OF EQUIPMENT, YARDCRAFT,FACILITIES ETC.	C-in-C	–	100 lakhs	
	Flag Officers	–	20 lakhs	
	Naval Area			
	Ch Hydro	–	10 lakhs	
	ASD	–	50 lakhs	
	GM/ND(MB/V)	–	15 lakhs	
	MS/NSRY/NAY/WED/NAD/FMU/NAI/Oi/c	–	10 lakhs	
	COs Ships/Est	–	5 lakhs	
35. DREDGING OF NAVAL AREA.	C-in-C	50 lakhs	1000 lakhs	(a) Operational requirement.
	CSO(Ops)	–	200 lakhs	
	ASD	–	200 lakhs	(b) To cover all bills in regard to hire and use of dredging equipment to clear.
	Flag Officer		250 lakhs	
	Naval Area			(c) FONA added enabling Area Commander to off-loading of harbours under their jurisdiction. approaches to Naval areas on each occasion.
36. SURVEY CONTINGENCY	Officer in-charge Detached Survey party from: (a) Survey Ships (b) Surveying Units (c) National Hydrographic School	10,000	–	(i) Local purchase of dry and fresh provisions and fuel. (ii) Expenditure on Jeep, i.e. POL Servicing and repairs etc. (iii) Hiring of transport both surface and sea borne (iv) Telephone charges including STD calls. (v) Hiring of photographic services/ equipment, developing and printing. (vi) Clearing of survey sites, digging of snake pits around the field tents, hiring of coolie/labour. (vii) Purchase of consumable spares to meet immediate operational requirements

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
				(viii) Hiring of office accommodation where available. Electricity, Water and rent charges, installation of temporary telephone connection etc. (ix) Charges for photocopying and blue printing (x) Clearing of helicopter landing sites. (xi) Charges for battery charging. (xii) Water carrier charges. (xiii) Faxing/Speed Post / Courier service charges. (xiv) Bank charges. (xv) Hiring of Survey / Processing equipment/services where not provided by parent ships/units. (xvi) Miscellaneous and contingent expenditure other than above. (xvii) Provisioning of field Hydrographic software.

#### TRANSPORTATION

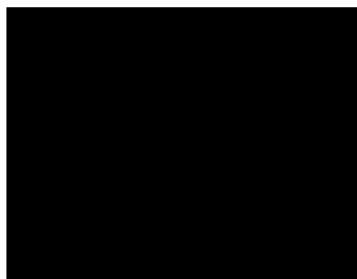
37. POWERS TO INCUR EXPENDITURE ON THE CONVEYANCE OF STORES BY OTHER THAN THE CHEAPEST MODE OF CARRIAGE INCLUDES ROAD, SEA , COURIER AND AIR WITHIN INDIA AND FROM/TO ABROAD	C-in-C	75,000	75 lakhs	(a) When it is inescapable by virtue of abnormal size of equipment or material.
	CLOGO	–	10 lakhs	
	Flag Officers	–	25 lakhs	
	Naval Area			(b) When urgency is involved and transportation by other means is faster.
	ASD	25,000	15 lakhs	
	Ch Hydro /	–	3 lakhs	
	DGNP			(c) Damage or loss is likely if transported by cheapest mode.
	NOIC	25,000	2 lakhs	
38. POWERS TO SANCTION DEMURRAGE / WHARFAGE / WAREHOUSING AND OTHER ALLIED CHARGES ON STORES.	WED / NAD /	–	2 lakhs	
	NSRY / NAY /			
	NSD, Goa / NAI			
	MS	75,000	10 lakhs	
	C-in-C	25,000	1 lakh	(a) Amount paid through Imprest.
	CLOGO	–	30,000	(b) Includes insurance premium handling charges etc.
	ASD	–	50,000	
	Flag Officers	–	50,000	
	Naval Area			
	MS / WED /	10,000	50,000	
	NAD / NAY /			
	NSD, Goa /			
	FMU/ NAI			
	Ch Hydro	–	25,000	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
39. POWERS FOR HIRING OF ROAD TRANSPORT FROM CIVIL SOURCES.	C-in-C CLOGO ASD GM / ND Flag Officers Naval Area Ch Hydro/DGNP NOICs MS / NSRY / WED / NAD / NAY / FMU / NAI / BVO COs Ships / Est	20,000 — 10,000 — — — — 10,000 — — — — 5,000	200 lakhs 5 lakhs 1 lakh 30,000 2 lakhs  1 lakh 75,000 75,000   50,000	
<b>OFFICE CONTINGENCIES &amp; MISC. EXPENDITURE</b>				
40. ESTABLISHMENT RUNNING COST				
(a) EXPENDITURE REQUIRED FOR RUNNING OF ESTABLISHMENT.	C-in-C CLOGO Fleet Commander Flag Officers Naval Area / FOSM ASD AGM / ND (MB / V) (P&A) / Naval Dockyards Ch Hydro/DGNP NOIC COs Ships / Estb MS / COMCOS NSRY / WED / NAD / NAY / FMU / NAI / Oi/c CABS	1 lakh — — 50,000   50,000 —   — 50,000 25,000 — 25,000  —	20 lakhs 6 lakhs 5 lakhs 5 lakhs  5 lakhs 1 lakh   5 lakhs 2 lakhs 1 lakh 5 lakhs 1 lakh  2 lakhs	These will include introduction / modification of forms and binding charges, casual labour, conveyance charges, purchase of technical journals and periodicals of Indian / Foreign origin, measures for improvement of productivity, test equipment, administrative support services, band and other office contingencies including Amenities, minor repairs to bicycles and expenditure on Passing out Parades etc..
(b) EXPENDITURE REQUIRED FOR RUNNING OF ESTABLISHMENT ON CASH AND CARRY BASIS	C-in-C COs of Ships / Est / Oi/c	50,000 20,000	— —	



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
41. POWERS FOR SANCTIONING HIRING AND REQUISITIONING OF IMMOVABLE PROPERTIES	C-in-C  CSO(P&A)  Flag Officers Naval Area	–  –	4 lakhs (Per property per annum). 2 lakhs (Per property per annum). 3 lakhs (Per property per annum).	The administrative authorities as mentioned in Part III may sanction requisitioning of properties including immovable property for office / Residential / Mess accommodation required in connection with the operations or other similar emergent needs which cannot be postponed and for which obtaining of Govt. sanction may delay matters to such an extent as to defeat the project in view and for meeting shortages as per scale. In the remaining cases where requisitioning of immovable property is desired to be resorted to prior approval of the Govt. should be obtained.
42. POWERS TO SANCTION CASH ASSIGNMENT	C-in-C	–	Full Powers	(a) Unit is sanctioned by the Government.  (b) Officer holding charge is not below the rank of Commander.  (c) Unit has sufficient infra-structure and exposure in operating the cash assignment.  (d) After consultation with CDA(N).
43. POWERS TO SANCTION IMPREST.	C-in-C	–	50,000	(a) Unit is sanctioned by the Government.  (b) Officer holding charge is not below the rank of Lieutenant Commander.  (c) Frequent requirement exist for procurement of petty stores, repairs, contingent and postal charges.
44. POWERS FOR ENHANCEMENT IMPREST.	C-in-C	–	50,000	(a) Unit is sanctioned by the Government.  (b) Officer holding charge is not below the rank of Lieutenant Commander.  (c) Frequent requirement exist for procurement of petty stores, repairs, contingent and postal charges.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
TRAINING, SYMPOSIA & CONFERENCES				
45. EXPENDITURE IN CONNECTION WITH HOLDING SYMPOSIA / SEMINARS / CONFERENCES / WORKSHOP ETC.	C-in-C COS Fleet Commander Flag Officers Naval Area / FOST / FODAG / FONA / FOSM ASD Ch Hydro / DGNP NOIC MS /NSRY / NAD / WED / NAY / FMU / NAI / Oi/c	5,000 — —  —   — —  5,000 —	15 lakhs 2 lakhs 2 lakhs  2 lakhs   1 lakh 20,000  15,000 1 lakh	Subject to general instructions of MHA (DOPT).
46. DEPUTATION OF SERVICE / CIVILIAN PERSONNEL FOR SPECIAL COURSES OF TRAINING AND FOR ATTENDING SEMINARS / SYMPOSIA / CONFERENCE/ WORKSHOPS.	C-in-C CSO(P&A) Fleet Commander Flag Officers Naval Area ASD CH / MS / NSRY / NAD / WED/ NAY / NAI / COs Cat 'A' Training Establishments / Dir (CNW)	— — —  —  —    —	Full powers 20,000 20,000  20,000  20,000    10,000	Per Head / with an annual ceiling of Rs 2 lakhs.
47. SANCTION OF EXPENDITURE FOR INVITING GUEST LECTURERS FOR TRAINING COURSES.	C-in-C COS Flag Officers Naval Area ASD CH / MS / WED / COs Trg Establishment / Oi/c Trg schools / Depots / NSRY / NAY / NAI / NAD / Dir (CNW)	5,000 — —  — —	Full Powers 25,000 25,000  25,000 25,000	Per Annum



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
48. PROCUREMENT OF TRAINING MATERIAL.	C-in-C CLOGO Fleet Commander Flag Officers Naval Area ASD NOsIC Ch Hydro/DGNP MS / NSRY / NAD / WED/ NAY / FMU / NAI / Oi/c / COs Training Establishments / Oi/c of Schools / Dir (CNW)	— — — — — — 20,000 — — 2,500	10 lakhs 4 lakhs 5 lakhs  5 lakhs  5 lakhs 3 lakhs 2 lakhs 2 lakhs	Training aids, projection equipment for training purposes, equipment, stores, tools, electronic hardware, Books, stationery required for training including expenses in connection with technical tests and exercises.
49. POWERS TO SANCTION EXPENDITURE ON SPORTS / ADVENTURE ACTIVITIES AND EQUIPMENT.	C-in-C COS Fleet Commander Flag Officers Naval Area NOsIC ASD MS NSRY / NAD / WED / FMU / NAI / Oi/c CO, Ships/Estt	— — — —  — — — —  10,000	100 lakhs 50 lakhs 20 lakh 20 lakh  2 lakhs 10 lakhs 2 lakhs 50,000  1 lakh	Amount payable through Imprest upto Rs. 5000/- on cash and carry basis.     Per Annum
RESEARCH & DEVELOPMENT				
50. POWERS TO SANCTION EXPENDITURE ON ACCOUNT OF RESEARCH AND DEVELOPMENT ACTIVITIES FOR THE BENEFIT OF THE NAVY.	C-in-C	—	5 lakhs	This will include offloading Research work / project to Academic Institution / Research Lab to a maximum annual limit of Rs 10 lakhs.
51. POWERS TO INCUR EXPENDITURE ON MANUFACTURE, FABRICATION, PURCHASE OR ISSUE OF STORES / SPARES / EQPT / OTHER ARTICLES FOR EXPERIMENTAL PURPOSES COVERING ESSENTIAL APPLIED RESEARCH WHICH ARE OF INTEREST TO OR ARE IN USE IN THE NAVY, OR FOR EXPEDITING PRODUCTION / DEVELOPING INDIGENOUS SOURCE, ETC.	C-in-C COS Flag Officers Naval Area ASD Fleet Commander NOsIC MS / NAD / WED / NSRY / NAY/ FMU / NAI / Oi/c	—   — —  — —	20 lakhs 5 lakhs 6 lakhs  4 lakhs 4 lakhs  2 lakhs 2 lakhs	This will include offloading Research work / project to Academic Institution / Research Lab per annum in each case.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
AWARDS				
52. POWERS TO SANCTION CASH AWARDS FOR INVENTIONS.	C-in-C Fleet Commander Flag Officers Naval Area Ch Hydro / DGNP ASD MS / NSRY / NAD / NAY / FMU / NAI / Oi/c COs of ships / Estt	20,000 – – – 5,000 2,500 As per FR 83	45,000 25,000 10,000 10,000 10,000 10,000 3,000	To include cash awards for innovativeness, originality of approach, outstanding inventions, improvement in manufacturing process/special repairs, innovations and productivity per annum in each case.
53. POWERS TO SANCTION REWARDS.	C-in-C Fleet Commander Flag Officers Naval Area ASD Ch Hydro/DGNP MS / NSRY / NAD / NAY / FMU /NAI NOIC	– – – – – – – 5,000	45,000 10,000 10,000 10,000 5,000 10,000 10,000	(a) For information leading to the conviction of incendiaries or for information leading to prevention of thefts from the Dockyards / Depots TPs vide clause (iii) of Rule 58(B) of FR 1983.  (b) For specially prompt and meritorious action in connection with the extinguishing of fires and saving of life and property from damage arising there from and  (c) Rewards for information leading to the conviction of personnel accused of bribery and corruption vide clause (iv) and (v) of Rule 58(b) of FR 1983.
LOANS				
54. POWERS FOR ISSUE OF STORES ON LOAN				
(a) WITHIN NAVY	C-in-C CLOGO Flag Officers Naval Area Fleet Commander Ch Hydro NOIC MS / NSRY / NAD / NAY / NAI /Oi/c	– – – – – – – –	24 months 12 months 6 months 6 months 12 months 6 months 3 months	
(b) TO ARMY, AIR FORCE AND OTHER CENTRAL/STATE GOVT ORGANISATIONS.	C-in-C CLOGO Flag Officers Naval Area Fleet Commander	– – – –	12 months 6 months 6 months 6 months	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
55. ISSUE OF MT/ SPECIALISTS VEHICLES ON LOAN.	C-in-C	–	12 months	

**PERSONNEL**

<b>(A) SANCTIONED STRENGTH</b>				
56. POWERS TO SANCTION EMPLOYMENT OF TEMPORARY ESTABLISHMENTS OR LABOUR IN EXCESS OF FIXED SCALES (INDUSTRIAL AND NON INDUSTRIAL).	C-in-C	–	1 lakh	<p>1. The financial limits are in respect of each sanction. The expenditure on account of exercise of these powers for industrial establishments will be met from within the budget allocation. All such sanctions for temporary establishments should be deemed to expire on the close of the financial year.</p> <p>2. The sanction can be given even where no scales of temporary establishment exist or have been prescribed. Such sanctions cannot however be extended to cases of establishments containing new class of personnel or on special rates of pay which are not recognised by Govt. The incumbents of such appointments should, however, be restricted to the scales of pay and allowances laid down by Government for similar appointments already sanctioned.</p> <p>3. The employment will not include the categories banned and will be subject to existing instructions on the subject as amended from time to time.</p> <p>4. The sanctions so accorded should not result in permanent absorption. In such cases where it is likely to involve the absorption, the job should be carried out by resorting to a contract for such a service to avoid future litigation.</p> <p>5. Powers of creation of such posts shall be restricted to Gp 'D' employees only. However, in exceptional cases sanction for Gp 'C' posts which are tenable to be filled in by direct recruitment. No sanction shall be issued for any promotional posts.</p>
	CSO(P&A)	–	50,000	
	Flag Officers	–	50,000	
	Naval Area			
	ASD	–	50,000	
	Ch Hydro	–	25,000	
	MS / NSRY /	–	50,000	
	NAD / NAY /			
	FMU / NAI / Oi/c			

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
57. POWERS TO CREATE TEMPORARY POSTS OF SERVICE PERSONNEL.	C-in-C	Lt Cdr & below	1 year	Temporary post may be sanctioned under these delegated powers subject to the stipulation that total authorised establishment in a particular rank is not exceeded. Orders creating temporary appointments carrying similar rank will be corresponding period.
58. POWERS EXERCISABLE IN RESPECT OF INDUSTRIAL EMPLOYEES	Head of Industrial Establishment			<p>1. Employment on Sundays or other public holidays.</p> <p>2. Remission, at the discretion, deductions imposed on the employees for late attendance in case where it is clearly proved that such late attendance is due to causes or circumstances beyond their own control and not to any fault of their own, e.g. breakdown of train, tram or bus services etc, general dislocation of traffic due to floods, riots etc.</p> <p>3. On engagement, an employee's pay should be fixed by the head of the department concerned and approved by the ASD/MS/NSRY/Oi/c Depot with reference to the qualifications of the employee and with due regard to the rate of wages paid to similar classes of labour in other industrial concerns in the respective area, to be ascertained in April each year, by the ASD/MS/NSRY/Oi/c Depot, from the Labour Commissioner under whose jurisdiction the area falls.</p> <p>4. Employees may be authorised to act for, and perform the duties, of other workmen on leave without pay, at the lowest rate of the trade or class in which they are temporarily employed provided that the rate is not less than the rate.</p>

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
				<p>5. Prior sanction shall be obtained for necessity for working extra time provided:-</p> <p>(i) The system of working extra hours shall not be resorted to except in cases of great emergency and absolute necessity;</p> <p>(ii) Extra labour shall, when possible, be employed during the ordinary working hours; and</p> <p>(iii) No employee shall be required to work more than twelve hours in any one day, except under extreme circumstances, and team only with the special and previous permission of the Admiral Superintendent.</p> <p>6. The ADS/MS/Oi/cs of Depots/ Oi/cs/NSRY is authorised, on the representation of the professional officer concerned, to fine any employee guilty of insubordination, sleeping, loitering, smoking or otherwise neglecting his work during working hours upto half a days' pay.</p> <p>7. An employee causing loss or damage to Government property expressly entrusted to him for custody through willful carelessness or neglect or defective workmanship may be required to make good the loss or be dismissed from the service at the discretion of the ASD/MS/ Appointing authority.</p> <p>8. All entries in the register showing employees engaged, granted leave, discharged, promoted, reduced, fined, injured on duty etc. notified in other than Engagement, Discharge and fine Book shall be approved by the ASD/MS/Appointing authority.</p>

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
<b>(B) TRAVEL</b>				
59. POWERS TO INCUR EXPENDITURE IN RESPECT OF TRAVELING CLAIMS INCLUDING USE OF WARRANTS AND CONVEYANCE OF STORES ON CREDIT NOTES IN ANY CASE WHICH IS CONSIDERED TO BE A HARD ONE AND SELF EVIDENT EXCEPTION TO THE RULES IN THE TRAVEL REGULATION.	C-in-C	5,000	10,000	<p>All doubtful cases must be referred to the Govt of India. Sanction to be accorded with the prior consultation of respective Financial Advisers. The powers shall not be exercised in the following cases:-</p> <p>(i) Over issue of traveling allowance and erroneous issue of warrants and credit notes due to culpable negligence which fall to be dealt with in Annexure Losses.</p> <p>(ii) Travel by class higher than that allowed by the rules.</p> <p>(iii) Conveyance of luggage in excess of maundage authorised as distinct from conveyance of the authorised quantity by passenger train instead of by goods train.</p> <p>(iv) Grant of daily allowance in excess of daily rates authorised.</p>
<b>(C) CLAIMS/COMPENSATIONS</b>				
60. WAIVING OF TIME-BAR CLAIMS INCLUDING THOSE WHICH CANNOT BE INVESTIGATED BY AUDIT AUTHORITIES DUE TO NON-AVAILABILITY OF RECORDS.	C-in-C	Full powers	–	
61. POWERS IN RESPECT OF COMPENSATION FOR LOSS OF KIT AND TOOLS.	C-in-C  Fleet Commander Flag Officers Naval Area ASD  MS / NSRY / NAY / NAD / WED / COs of Ships	– – – – – – – – –	5,000 (Officers) 2,000 (Sailors) 2,000 (Officers) 1,000 (Sailors) 2,000 (Officers) 1,000 (Sailors) 3,000 (Officers) 2,000 (Sailors) 1,500 (Officers) 1,000 (Sailors)	<p>(a) In respect of establishments directly under control of Naval Headquarters.</p> <p>(b) Detailed rules are contained in Regulations 209 to 220 of Pay and Allowance Regulations for the Navy (1966 Edition). Vide Regulations 184 of P&amp;A Regs Navy Part I (Statutory).</p>



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
62. POWERS TO SETTLE CIVIL COMPENSATION CLAIMS ARISING OUT OF TRAFFIC ACCIDENTS				
(A) COMPENSATION CLAIMS ORIGINATING ON OR AFTER 15 AUG 47 IN RESPECT OF LOSS OF LIFE OR INJURY, OR DAMAGE TO PRIVATE PROPERTY (INCLUDING PROPERTY OF STATE GOVT, SEMI GOVT, BODIES, CORPORATIONS ETC.) ARISING OUT OF ACCIDENTS CAUSED BY NAVAL PERSONNEL.	C-in-C Flag Officers Naval Area  ASD Ch Hydro/ DGNP NOIC MS / NAD / WED / NSRY / NAY COs of Establishments	– –  – – – – –	3 lakhs 1 lakh  1 lakh 50,000 50,000 50,000 15,000	(a) Each case shall be considered on its merits.  (b) Compensation shall be offered without prejudice and purely as an act of grace as Govt. cannot be held liable for damages if the object that caused the damage or injuries, is maintained by Govt. in the exercise of their sovereign rights.  (c) No compensation shall be offered where the claimants are departments of the Govt. of India.  (d) Claims by State Governments, semi Govt. bodies, corporations etc., may be considered on their merits. Any case of difference of opinion between the state Govt. and the authorities mentioned in column 1 will be referred to Government of India.
(B) INTERIM RELIEF TO THE FAMILIES / DEPENDENTS OF CIVILIANS KILLED IN FLYING ACCIDENTS CAUSED BY NAVAL AIRCRAFT.	C-in-C	25,000 (Adult) 2,500 (Child)	2 lakhs	(a) Interim relief will be admissible only if preliminary inquiry by the Administrative Authority it is clear that loss of life was not due to the fault of the individual.  (b) The criteria followed by claim commission will be borne in mind by the Administrative Authority while making preliminary Enquirer.  (c) Amount paid on account of relief will be set off against any amount of compensation that may ultimately be sanctioned by the competent authority under normal rules in final settlement of the claims preferred by the parties concerned.  (d) In cases where the deceased is covered by Workmen's Compensation Act, 1923, payment will be made through the Commissioner of Workmen's Compensation concerned.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(C) FINAL CLAIMS FOR LOSS OF LIFE / INJURY / PERMANENT DISABLEMENT TO CIVILIANS FROM AIR ACCIDENTS BY NAVAL AIRCRAFT.	C-in-C	–	2 lakhs	(a) The power is iro of each individual claim subject to a maximum of Rs 10 lakhs in any one accident.  (b) As per guidelines in Govt Orders.
(D) FINAL CLAIMS FOR DAMAGE TO CIVILIAN PROPERTY DUE TO ACCIDENTS INVOLVING NAVAL AIRCRAFT.	C-in-C	–	1 lakh	(a) The power is iro of each individual claim subject to a maximum of Rs 10 lakhs in any one accident.  (b) As per guidelines in Govt Orders.
63. POWERS IN RESPECT OF SMALL CLAIMS FOR COMPENSATION FOR DAMAGE DONE BY IN SHIPS (AND HIRED TRANSPORTS) TO PRIVATE SHIP IN EACH CASE	C-in-C	5,000	3 lakhs	(a) When there is the least doubt as to the liability of the Government or where the circumstances under which the damage occurred are of an unusual character, a full report of the case with the opinion of the transmitting authorities should be submitted for the orders of the Government of India.  (b) Local settlement shall be limited to cases in which the following conditions are fulfilled:  (i) The liability of Indian Naval Ship is clearly established;  (ii) The damage has been duly surveyed and the cost involved does not exceed the financial powers of the competent authority.  (iii) The claim does not include items for personnel injury or for loss of use of detention.  (iv) The payment in settlement does not exceed the maximum sum for which a private ship owner would be liable under the Merchant Shipping Act, i.e., an amount assessed at the rate of 8 Paise per tonne.

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
64. POWERS FOR INCURRING EXPENDITURE FOR REPAIRS OF DAMAGE TO HIRED TRANSPORT/ MOBILE YARD EQUIPMENT HIRED FOR THE USE IN DOCKYARD / DEPOTS/ REPAIR YARDS INCLUDING NAY.	C-in-C ASD MS/GM/ND/ NSRY / DGNP	– – –	3 lakhs 2 lakhs 1 lakh	Where the liability of Government for damages incurred is not in question and the circumstances are not of such a nature, as to require report, bills on this account may be sanctioned by these authorities in each case. In cases in which the cost of repairing the damage is estimated to exceed Rs. 25,000 and where there is the least doubt as to the liability of the Government, or where the circumstances in which the damage occurred are of an unusual character, however small the amount involved, a full report of the case with the opinion of the transmitting authorities should be submitted for the orders of the Government of India.

#### INDIGENISATION

70. POWER FOR INCURRING EXPENDITURE FOR INDIGENISATION (INCLUDING PROVISIONING AND PROCUREMENT) OF MAINTENANCE STORES / EQUIPMENT / SPARES AND TO ACCORD NECESSITY / EXPENDITURE ANGLE APPROVAL PER TRANSACTION	C-in-C ASD / CSO Tech Fleet Cdr Flag Officer Naval Area NOIC / MS / NAD / WED / NAY / NSRY Oi/c NIC	1 lakh 10,000 10,000 10,000  10,000  5,000	200 lakhs 100 lakhs 100 lakhs 100 lakhs  25 lakhs  10 lakhs	Expenditure includes development and generation of paper particulars and test/trials subject to compliance of DPM provisions.
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**POWERS TO WRITE OFF/REGULARISE LOSSES**

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
1. POWERS TO WRITE OF LOSSES OF STORES INCLUDING MT VEHICLES				
(A) DUE TO THEFT, FRAUD OR GROSS NEGLECT	VCNS COL Cs-in-C Fleet Cdr Flag Officers Naval Area / Flag Officers Naval Aviation AsSD Ch Hydro / CGM / GM NAD NOIC	50,000 – 25,000 10,000 10,000   10,000 –  1,000	3 lakhs 2 lakhs 1 lakh 25,000 25,000   25,000 10,000  5,000	Strict compliance of Govt. Instructions / GFR-2005 issued from time to time is to be ensured.
(B) NOT DUE TO THEFT, FRAUD OR GROSS NEGLECT	VCNS COL Cs-in-C Fleet Cdr Flag Officers Naval Area / Flag Officers Naval Aviation AsSD CH Hydro MS/NAY NOIC COs of ships / Estt /Oi/c Inspectorate Capt & above Cdr & below Oi/c Store Depots Oi/c Repair Yards Oi/c Inspectorates Oi/c Independent units	1 lakh 75,000 50,000 25,000 25,000   25,000 5,000 5,000 5,000   5,000 5,000 5,000 5,000  5,000 5,000  5,000	10 lakhs 5 lakhs 8 lakhs 2 lakhs 2 lakhs   2 lakhs 2 lakhs 2 lakhs 1 lakh    – – – –  – –	Strict compliance of Govt. Instructions from time to time is to be ensured

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(C) DUE TO DOWNGRADING OF STORES HELD IN DEPOT/BVY (i) IN RESPECT OF ATTRACTIVE STORES, VIZ. CLOTHING & MESSTRAPS	VCNS	1 lakh	5 lakhs	(a) For stores held on charge of MOs/ Depots/BVYs as serviceable are found to be Repairable / BER(C) / Scrap owing to deterioration while in stock, the change in condition shall be adjusted by MOs/ Depots/ BVYs provided defects are due to fair wear and not due to lack of suitable storage accommodation or failure to look after the articles properly in store. The change in condition to be certified by CTS/BVO or by his authorised representatives on the above lines.
	COL	75,000	2 lakhs	
	ACOL	–	1 lakh	
	C-in-C	50,000	2 lakhs	
	MS	25,000	1 lakh	
	CWH	10,000	50,000	
	BVO	10,000	50,000	
(ii) IN RESPECT OF STORES OTHER THAN CLOTHING & MESSTRAP	VCNS	1 lakh	5 lakhs	(b) In case value of total quantity to be downgraded of any single item is more than the financial limits i.e. Rs. 3 lakhs and Rs. 10 lakhs for clothing & messtraps and other than clothing & messtrap respectively, regularization of the loss due to down- gradation will be sanctioned by CFA based on the approved proceedings of Board of Officers constituted by AAs for downgrading, the condition of the stores.
	COL	75,000	3 lakhs	
	ACOL	–	2 lakhs	
	C-in-C	50,000	3 lakhs	
	MS	25,000	1 lakh	
	CWH	10,000	75,000	
	BVO	10,000	75,000	
2. POWERS TO WRITE OFF OF LOSSES PUBLIC MONEY				
(A) DUE TO THEFT, FRAUD OR GROSS NEGLECT	VCNS	25,000	80,000	These powers may also be exercised in respect of DSC personnel attached to units of Navy.
	COL	–	50,000	
	Cs-in-C	10,000	80,000	
	Fleet Cdrs	5,000	–	
	Flag Officers	5,000	50,000	
	Naval Area /			
	Flag Officers			
	Naval Aviation			
	AsSD	5,000	50,000	
	Ch Hydro	–	25,000	
NOIC	2,500	–		

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(B) NOT DUE TO THEFT, FRAUD OR GROSS NEGLECT	VCNS/COP	50,000	1 lakh	
	Cs-in-C	25,000	1 lakh	
	Fleet Cdr	5,000	–	
	Flag Officers	5,000	25,000	
	Naval Area /			
	Flag Officers			
	Naval Aviation			
	AsSD	5,000	25,000	
	Ch Hydro /	5,000	–	
	CGM /GM NAD			
	NOIC	2,500	–	
	MS	2,500	10,000	
	COs of ships/Estt	–	2,500	
	Oi/c Store Depots	–	2,500	
	Oi/c Repair Yards	–	2,500	
	Oi/c Inspectorates	–	1,000	
	Oi/c Independent units	–	1,000	
3. POWERS EXERCISEABLE BY OFFICERS IN CONSULTATION WITH THE CONTROLLER OF DEFENCE ACCOUNTS FOR REGULARISATION OF AUDIT OBJECTIONS ARISING OUT OF BREACHES OF RULES AND REGULATIONS WHEN THE MONETARY NATURE OF THE LOSS COULD BE ASSESSED.	PSO (VCNS / COP / COM / DCNS/ COL)	–	2.5 lakhs	<p>(a) In all cases of audit objections arising out of breaches of rules and regulations; efforts should be made to assess the loss / financial implication, if any, involved in the irregularity where the loss to the state or the financial implication involved can be computed the irregularity will be regularised in consultation with the CDA under the procedure prescribed in Annexure II to this NI. An illustrated list of the type of objections which may be regularised and this procedure is shown below :-</p> <p>(i) Irregularities connected with Railway Warrants and Military Credit Notes e.g irregular issue of warrants military credit notes.</p> <p>(ii) Non-production of receipted copies of issue vouchers of stores. Failure to trace in the ledgers credit in respect of receipt voucher.</p> <p>(iii) Loss of auditable documents like car diaries, ration strength statements where the ceiling of the value of transaction involved can be assessed with reference to other connected accounts, e.g. with reference to the total value of POL issued or rations drawn during the period to which lost documents pertain.</p>
	Cs-in-C	–	1 lakh	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
				<p>(iv) Irregularities connected with the use of M.T.</p> <p><b>Note. 1 :</b> In the case of objections which involve loss to the state, efforts will be made to assess the actual/approximate financial value of the loss on some.</p> <p>(b) These powers are to be exercised only if (i) the necessity for and the practicability of recovery has been considered by the CFA(ii) The irregularity does not disclose a defect in the rules or regulations the amendment of which requires the sanction of the Government vide Rule 157 FRPart I Col.I ad (iii) the authorities concerned (or their predecessors) are themselves not personally responsible for the loss/overpayment/irregularity. Prior approval of the next higher financial authority shall be obtained in respect of cases mentioned at (iii) above.</p> <p>(c) Objections, which do not involve any loss to the State or when the monetary loss is not assessable, be referred to the respective Administrative Authorities/Head of the Branch at Naval Headquarters for establishments under the direct administrative control of Naval Hqrs.</p> <p>(d) Copies of sanctions issued for the settlement of audit objections shall also be endorsed to the statutory Audit Officers concerned.</p> <p>(e) Controller of Defence Accounts (Navy) will report to the Govt of India cases in which the intention of this rule has been misapplied.</p>

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
4. POWERS TO REMIT OVER ISSUE OF PAY AND ALLOWANCES WHERE IRRECOVERABLE	VCNS	50,000	5 lakhs	
	COP	25,000	50,000	
	Cs-in-C	25,000	50,000	
	AsSD	5,000	10,000	
	MS / BVO / CWH	5,000	10,000	
	COs of ships/Estt (Cdr & above)	2,500	—	
	Oi/c Store	2,500	—	
	Depots			
	Oi/c Repair Yards	2,500	—	
	Oi/c Inspectorates	1,000	—	
	Oi/c Independent units	1,000	—	
5. POWERS TO REGULARISE DEFICIENCIES OF STORES REVEALED AT THE TIME OF STOCK TAKING	VCNS	3 lakhs	5 lakhs	
	COL	25,000	75,000	
	Cs-in-C	1 lakh	3 lakhs	
	Fleet Cdr	7,500	30,000	
	Flag Officers	7,500	25,000	
	Naval Area /			
	Flag Officers			
	Naval Aviation			
	AsSD	7,500	25,000	
	Ch Hydro /			
	CGM / GM NAD	5,000	10,000	
	NOIC	5,000	—	
	MS / CWH / BVO	5,000	10,000	
	COs of ships/estt (Cdr & above)	5,000	—	
	(Lt Cdr & below)	2,500	—	
	Oi/c Store depots	2,500	—	
	Oi/c Repair Yards	2,500	—	
	Oi/c Inspectorates	2,500	—	
	Oi/c Independent units	2,500	—	



Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
6. POWERS TO REGULARISE EXPENDITURE ON CONSUMABLE STORES IN EXCESS OF THE MONETARY ALLOTMENT IN RESPECT OF SHIPS / ESTABLISHMENTS	VCNS	Upto 50% of monetary allotment	-	(a) Subject to the condition that the overall allocation sanctioned by Government for all ships and establishments is not exceeded.
	Cs-in-C	Upto 25% of monetary allotment	-	(b) In respect of the ships and establishments under their control subject to the condition that the total allocation made to all ships and establishments under their control shall not exceed the overall allotment sanction under a particular head.
7. POWERS OF RE-APPROPRIATION	VCNS	Not exceeding 10% of the original budget provision, between the sub-heads within the same Minor Head.	-	However, the reappropriation pertaining to OT is to be resorted to as per existing order of Min. of Fin.
	VCNS	Ful powers within any Sub Head of Minor Heads	-	
	AsSD / MS / Depots	Not exceeding 5% of the original budget provision, between the Sub-Heads within the same Minor Head.	-	
8. WRITE OFF LOSSES OF MES STORES DUE TO THEFT, FRAUD AND NEGLECT	VCNS Cs-IN-C	50,000 25,000	2 lakhs 1 lakh	
9. WRITE OFF LOSSES OF MES STORES NOT DUE TO THEFT, FRAUD AND NEGLECT.	VCNS Cs-IN-C	2 lakhs 1 lakh	4 lakhs 2 lakhs	

**FINANCIAL POWERS - OPERATIONAL**

Item	Competent Financial Authority	Financial Powers	
		Without Consultation of IFA	With Consultation of IFA
OPERATIONAL/NATURAL CALAMITY/SPECIAL OPERATIONS			
1. SPECIAL FINANCIAL POWERS TO MEET OPERATIONAL REQUIREMENT DURING PERIOD PREPARATORY TO HOSTILITIES AND DURING HOSTILITIES.			
(A) LOCAL PURCHASE OF STORES	PSO/Controller/Cs-in-C	Full powers based on actuals	—
(B) LOCAL PURCHASE OF VICTUALS	PSO/Controller/Cs-in-C	Full powers	—
(C) EMERGENCY REPAIR & REFIT OF SHIPS AND AIRCRAFT	PSO/Controller/Cs-in-C	1000 lakhs	—
(D) HIRING OF MANPOWER	PSO/Controller/Cs-in-C	2 lakhs	—
(E) DESPATCH OF STORES	PSO/Controller/Cs-in-C	10 lakhs	—
(F) HIRING OF TRAWLERS/MERCHANT SHIPS/VESSELS BOATS & CRAFTS	PSO/Controller/Cs-in-C	100 lakhs	—
(G) CONSTRUCTION OF BOATS/ CRAFTS THROUGH TRADE	PSO/Controller/Cs-in-C	25 lakhs	—
(H) LOCAL PURCHASE OF MEDICAL STORES/EQUIPMENT	DGAFMS/C-in-C	Full Powers based on actuals	
(J) HIRING OF CRANES/MACHINERY/ EQUIPMENT	PSO/Controller/Cs-in-C	100 lakhs	
2. ALL MISCELLANEOUS CONTINGENT EXPENDITURE CONNECTED WITH EXERCISES WITH FOREIGN NAVIES AND VISIT OF FOREIGN SHIPS.	PSO/Controller/Cs-in-C	25 lakhs	—

**NOTE :** RECORD OF TRANSACTIONS BE MAINTAINED

**PROCEDURES FOR PROVISIONING,  
INDENTING AND PROCUREMENT**

**ITEMS IN ILMS INVENTORY**

1. New Management Strategy (NMS) emphasizes 'Value for Money' which encompasses economy, efficiency and effectiveness. The concern for 'Value for Money' leads to more detailed planning and the establishment of priorities, proper utilisation of resources and a hierarchical structure of budgetary control and management with emphasis on decentralisation. The start point of Inventory Control and management coupled with Logistics Planning commences with Reviews of Naval Inventory based on Indentable Demands, Forecasts and 'B' Forms. This forms the basis for detailed planning and the value of Indents raised based on these Reviews is the forecast for expenditure of Revenue Budget under Minor Head 110 each year.
2. This process thus becomes the core of the yearly Roll on Plan for expenditure under Revenue Budget for Stores and forms basis for Procurement. With the introduction and progressive operationalisation of the Integrated Logistics Management System (ILMS), it is now possible to carry out the Review process of the entire Naval Inventory on an annual basis as per centrally approved and promulgated Annual Review Plan (ARP). The priorities for Provisioning and Procurement are prescribed through classification of Indents as Normal, Urgent or Operational Indents. All resources like stock available (both Free and Committed), Dues-in, Dues-out, Annual Consumption Level, Forecast List, Shelf Life, Life Expectancy of an equipment, Life Time Spares and the technological updates made by the OEM are taken into consideration during the Review process. All of above factors known as Review Planning factors are taken in to account in a System driven Review Programme on the ILMS.
3. In keeping with the concept of Authority-Cum-Responsibility–Cum-Accountability and the ethos of decentralization in a hierarchical structure of Budgetary Control and responsibility, the power is vested in various authorities designated as the Naval Logistics Committee (NLC), which has four levels namely NLC I, II, III and IV as per the provisions made in the NI. These NLCs constituted under the NI are responsible and authorised to undertake Provisioning, Procurement and sanction of Stores other than Weapon Stores.
4. **NLC.** The Naval Logistics Committee is fundamentally different from Technical Negotiation Committee (TNC) or Price Negotiation Committee (PNC). In TNC, only technical negotiations and evaluations as per laid down specifications are carried out to determine the technical conformance of the Technical Bid with the SOR required/tendered and the capability and potential of the Vendors to execute the order. The PNC on the other hand, only deals with examination and finalisation of commercial terms offered by the Vendors and negotiation on prices, where considered necessary. However, neither the TNC nor the PNC has the authority to finally approve the purchase proposal or contract which power is vested with the Competent Financial Authority (CFA) as designated in the NI. The Role of NLCs, however is much more elaborate, extensive and broad based to cover the following aspects holistically:-

- (a) The powers of Provisioning, Procurement and Sanctions are vested in NLCs and not in any individual in his personal capacity. Therefore, the NLC working on a Committee format as a composite body is the CFA. Hence, cases approved by NLC require no further approval by any individual CFA.
- (b) NLC-I issues guidelines and instructions for the functioning of all the NLCs.
- (c) Based on the reports/returns rendered by NLC 4, NLC 3, NLC 2 and NLC 1 will review and monitor cases approved by the lower NLCs and institute corrective measures, where required.
- (d) Technical Evaluation Committee constituted by Technical or Professional Directorates functions as a Sub-committee of NLC for a specific procurement or purchase proposal.
- (e) NLCs are empowered to conduct price negotiations.
- (f) NLCs can conclude Rate Contracts.
- (g) Chairman, NLCs can accord extension of Delivery Period with or without imposing Liquidity Damages (LD). Concurrence of IFA(N) will be essential for according DP extension. Concurrence of IFA/FAs/CsDA will also be taken in all cases of post contractual changes/ amendments which have a financial bearing e.g. change in quantity, grant of extension of time with or without liquidated damages, risk purchase and repeat orders etc.
- (h) NLCs can reject a Tender even at price negotiation stage.

5. **Composition of NLC.** Procurement cases, except those under the financial powers of designated Competent Financial Authorities (CFAs) will be done by four Committees functioning at three levels as follows: -

- (a) Naval Logistics Committee for Non Weapon Stores (NLC).
  - (i) Chairman NLC-I - COL
  - (ii) Chairman NLC-II - ACOL
  - (iii) Chairman NLC-III - COS
  - (iv) Chairman NLC-IV - MSs
- (b) Weapon Procurement Committee for Weapon Stores (WPC).
  - (i) Chairman WPC-I - COM
  - (ii) Chairman WPC-II - ACOM
  - (iii) Chairman WPC-III - Os-IC, WED.
- (c) Air Store Procurement Committee for Air Stores (ASPC).
  - (i) Chairman ASPC-I - DCNS
  - (ii) Chairman ASPC-II - ACNS(Air)
  - (iii) Chairman ASPC-III - MS (Kochi)

- (d) Armament Purchase Committee for purchase of Armament Stores (APC).
  - (i) Chairman APC-I - VCNS
  - (ii) Chairman APC-II - DGONA
  - (iii) Chairman APC-III - CGM/GM, NAD

6. Each of the Procurement Committee will consist of the following members:-

- (a) Financial Advisor.
- (b) Technical Member.
- (c) Inspection Member.
- (d) Indentor.
- (e) Procurement Member.

7. **Role of Chairman NLC-I.** Chairman NLC-I is to issue guidelines and instructions for conduct of NLC meetings. Chairman NLC-I, is empowered in consultation with IFA to review all decisions of NLC-II, NLC-III and NLC-IV abinitio and to give final decision, which will be binding on NLC-II, NLC-III and NLC-IV. Chairman, NLC-I will also monitor working of NLC-II, NLC-III and NLC-IV and issue necessary guidelines as required.

8. All Finance members will be provided with ILMS connectivity and they will accord their concurrence or raise queries on the System only once ILMS is fully operational. Till such time, they would accord concurrence through noting on files. Assistance of SA (System Analyst), ILMS or his representative will be available for expert advice on ILMS. In NHQ switch over to ILMS will only be on confirmation of the system by a team including representatives of audit authorities. The audit of the ILMS System including development of audit modules at NHQ and MOs will be undertaken by a team of officers of Controllerates of logistics and the CGDA within six months of the system becoming operational. The audit module of FA to MS (MB) could be used as a guideline.

9. **Provisioning System.** In the context of Materials Management, Provisioning means authorisation to acquire an item through Indenting. Provisioning plans covering Minor Heads 110 which should be on a roll on basis for three years and linked to indicative budgets, are required to be coordinated by Chairman of various Committees, detailed headwise. This exercise will be initiated at MS level duly involving FA to MS. This would be scrutinised by IFA(N), confirmed by Vice Chief of the Naval Staff and accepted by MoD(Fin). The entire procurement exercise will follow from the accepted provisioning plan which will be revised every year as a pre budget exercise. The following steps must be taken before an Indent can be raised: -

- (a) Determination of need by means of Reviews as per ARP.
- (b) Determination of availability of Funds.
- (c) Import Clearance in the case of Foreign Procurement.
- (d) Vetting of Indent by Technical member as well as Finance member.
- (e) Approval of Indent.

10. **Review.** The Manual system of Inventory management suffered from various deficiencies such as follows: -

- (a) Manual method of Inventory Control not suitable for management of large Inventories.
- (b) Material Planning was ineffective for such a large Inventory in the Manual mode.
- (c) Quality of Manual Reviews and Base Demands were very poor.
- (d) Highly centralised Provisioning and Procurement procedure prior to introduction of NMS were concentrated mostly at the MoD level leaving little, if any, accountability and responsibility for the quality or resultant delays.

11. With the introduction of NMS and implementation of ILMS, the Reviews are carried out on the System except for the items which are not yet on the System like Clothing, victualling, Transport, Stores for Hydrographic Department and boats etc. The policy for System based Reviews is promulgated by NHQ/DLS in the form of the Annual Review Plan (ARP). The criteria adopted by DLS for the ARP to be implemented on a time bound manner as is given below. DLS is responsible for monitoring and ensuring that the Review is conducted by the MOs as per the ARP:-

- (a) **Selective Review.** Indicates the frequency and the Group of items which are to be Reviewed in the prescribed time frame.
- (b) **Consolidation.** Material Organisation (MOs) are assigned the job of consolidation based on specific items.
- (c) **Even Load Distribution.** The Review Cycle is prepared to distribute the work load of Provisioning and Procurement Officers evenly through out the year rather than greater accumulation towards the end of the Financial year.

12. **Firing of Review.** Date of Firing the Review is indicated in the ARP. However, before the Review is fired, the following are to be ensured by the under mentioned authorities: -

- (a) **Systems Administrator.** The concerned Systems Administrator (SA), located at each ILMS Centre, is to ensure the following prior to the date of Firing the Review :-
  - (i) The Annual Consumption Limits (ACLs) are re-calculated on the System as per Weighted Averages based on actual consumption of past three years as on date and updated in Item Table with ACLs and related columns.
  - (ii) Inter MO transactions for the items are not included in calculating the ACLs.
  - (iii) The Reviews are to be Fired as per the Review Serial indicated in the ARP Calendar.

(iv) Same item existing as duplicate in the Inventory due to comma, hyphen or dash in the Part No. should be declared substitute in the Substitute Table and Item Code to be declared as obsolescent.

(v) The Dues-out, Dues-in, Stock of the Substitute Item including repairables are to be considered against the new Item Code for calculation of Provisional Procurement Quantity (PPQ).

(vi) Dues-in created at NHQ is to be taken into account for calculating PPQ including Manual Order placed by DPRO.

(vii) No complete equipment or assembly is to be Reviewed. Provisioning is to be done based on BER and ABER Provisioning only or against special sanction of competent authority for maintaining a maximum Stock ratio of 1 : 4.

(viii) Refit Planning Process (RPP) forecast should not be treated as Firm Dues-out for calculation of PPQ and is to be used as input for converting PPQ into Final Procurement Quantity (FPQ) by the Provisioning Officer. Each Evaluation (EV) is to be specifically commented upon and justified in an Indent.

**(b) User Groups.** Concerned User Groups are to ensure that the following measures have been taken prior to Review process:-

(i) All Dues-in, for which items have been received are closed on the System.

(ii) Multiple demands or Dues-out are closed on the System.

(iii) Previously Reviewed Items, but not converted into Indents are closed.

(iv) All efforts should be made to include RPPs of Ships whose Refits have been scheduled to commence in next three years.

13. Controller Technical Services (CTS) and FA to MS are associated with the Review progress till the establishment of FPQ. This association is to be totally System based once the ILMS is fully operational. Both CTS and FA's are required to submit their observation, comments and concurrence normally within seven working days of completion of Review. Exceptional cases, where delay is unavoidable, are to be brought to the notice of Chairman, NLC and specific dispensation obtained. If no endorsement or exceptional report is received within seven working days then the Review would be deemed to have Technical and Financial concurrence thereafter.

14. **Review and Indenting Action.** Following action need to be taken once the Review is fired at respective MOs :-

- (a) Respective Provisioning Officer will carry out the Review for each item taking into account all parameters of Provisioning and applying EV where applicable. Each record is to be "Local Approved" on the System.
- (b) MS(K) to forward these "Local Approved" Review records to MO(MB) where  $PPQ + Qty\ EV > 0$  for Consolidation.
- (c) MS(MB) to consolidate the requirement including that of MS(K). One Officer from MS(K) is to be present at MO(MB) at the time of Consolidation and raising of Indents. MO(V) to consolidate Review independently.
- (d) CFI for the Imported Items to be obtained by respective CMPs. Separate DV Indents to be raised for the Items not cleared for Import by concerned CQAE. CFI data to be entered by CMPs in the relevant Table in ILMS.
- (e) Respective CMPs to raise Indents and process as per delegated financial powers indicating Ultimate Consignees on the Indents. MS(K) is to be indicated as a separate Consignee for his requirements.
- (f) Only Last Purchase Price (LPP) of the Items is to be indicated in the price column of the Indent. Where price is not available, Professional Officer's Valuation (POV) value of CTS is to be made to finalise the Indent.
- (g) The Indents under NHQ financial powers be endorsed to respective Section Groups on the System and intimation for the same be forwarded through e-mail along with a copy of CFI where applicable. CC of E-mail be addressed to DLS, DDLS in addition. Ink signed copy is to be sent to reviewing CDA.
- (h) All activities of Review to be completed as per the Review Schedule.

15. **Raising of Indents.** When FPQ is finalised after the Review, Draft Indents are revised by the Provisioning Officer in the ILMS. Similarly, Indents are to be raised by CMP/DLS for items which are not in Indian Navy Catalogue (INCAT) (non ILMS). Procedure for raising Indents is as follows :-

- (a) **For Imported Items.**
  - (i) The practice of obtaining Budgetary Quote (BQ) by any Directorate other than DPRO or CPRO is abolished.
  - (ii) Where a valid LPP is available, the Indent is to be raised in the normal manner at the level of the appropriate CFA, viz. the NLC, after vetting by CTS and the concerned FA.



(iii) Where LPP is not available/POV is not possible the Indent is to be raised in a draft form and forwarded to ACOL by the concerned MS or CMP after vetting of PQ by FA. ACOL would indicate his approval to raising of indent by assigning default value. On receipt of quotes, covering approval of appropriate CFA to be obtained and endorsed.

(iv) DPRO is to forward both the Procurement proposals as also the File dealing with raising of Indent to IFA(N) and subsequent approval for CFA (NLC).

(v) DPRO is to thereafter to float Tenders as per current regulations. On receipt of the Quotes, Procurement proposals is to be prepared.

**(b) For Indigenous Items.**

(i) Since Indents are based on FPQ's which have been vetted by CTS and the concerned FA at MO level, they are to be approved by MS, the Chairman NLC III.

(ii) For Indents which are forwarded to NHQ for approval will be routed through Professional Directorate and the IFA(N). The IFA(N) would offer remarks through noting on files till such time the ILMS connectivity is fully operational and system is confirmed as per para 8 above.

16. NLC as the CFA will approve the Indent (Indigenous and Imported). This approved Indent will be treated as Indent-cum-sanction, as the exact indent value is known from LPP or quote received. It would be a System generated document and the authority for Procurement. Hence no separate sanction or approval is required as the NLC itself is the CFA and comprises the Members of all disciplines including the Finance Member.

17. Besides the instruction stipulated above, following general points are to be observed while raising an Indent, particularly the import Indent:-

(a) Indents are to be raised Equipment-wise.

(b) Indents should be for Procurable Quantities in terms of Range and Scale, so as to facilitate positive response from the Vendors. Low value Indents and those with low Procurable Quantity (PQ) are to be populated at the Indenting stage itself to enable positive response and Value of Money.

(c) Separate Indents need to be raised for Engineering and Electrical items, relating to Original Equipment Manufacturer (OEM) based Procurement particularly for Russian Spares.

(d) Project and Equipment details need to be correctly incorporated at the Review and Indenting stage itself for proper identification before soliciting Commercial Quotes.

(e) Alteration of PQ and deletion should not be resorted to at NLC stage, as the Indents have been vetted by Technical and Finance Members. Any changes should be duly justified in detail and recorded accordingly.

(f) Budget Centre in the Indent should be clearly indicated.

(g) Variation in Part Nos. as given by the Vendor in their quotes should be promptly referred to indenter by the Procurement Agency namely DPRO or CPRO and the updated part number incorporated in INCAT in the shortest possible time so as to enable processing the Indent expeditiously.

(h) Priority of Indent and Indent value should be clearly marked with due care before seeking approval of CFA.

(j) Indent should clearly indicate the Procurement mode i.e. Open Tender Enquiry (OTE), Limited Tender Enquiry (LTE), Single Tender Enquiry (STE) or on the basis of Proprietary Article Certificate (PAC) etc. In case of STE and PAC, authority should be quoted and certificate or sanction must be enclosed.

18. **Procurement.** For initiation of Procurement, the following procedure is to be followed:-

(a) Wherever Two Bid TE is floated, the Technical Evaluations will be carried out by a Committee constituted by the Technical Member of the NLC who would be either the Professional Director or the CTS. The Technical Evaluation Committee (TEC) would comprise of at least two Officers, one of whom will not be lower than that of the rank of Commander. This Committee which is a sub-Committee of NLC, is to prepare a detailed report in relation to the Schedule of Requirements (SORs) laid down in the Tender and also mention specifically if any deviations are being recommended by the Committee. The Committee is to submit its report normally within seven days of receipt of Technical Bids. Extension of time, if any, would require approval of the NLC. This report is to be placed in the Procurement File of DPRO or CPRO. Commercial Quotes can be opened only after Technical Evaluation Report (TER) has been received by DPRO or CPRO and only for such Tenderers as recommended by the TEC, which would be approved by the CFA/NLC. The Tender Opening Committee (TOC) will be constituted by DPRO or CPRO and Tenders will be opened. TOC will submit its report to the NLC through the DPRO or CPRO.

(b) Procurement is carried out by CPRO or DPRO after approval by the appropriate NLC.

(c) The instructions promulgated by Chairman NLC-I with concurrence of IFA(N) for the conduct of NLC proceedings are to be followed.

(d) Purchase Orders or Contracts are to be placed on System for Indents raised on the System and for Manual Indents, orders may be placed out of ILMS.

- (e) The File along with CST and a brief for NLC should be sent to IFA sufficiently in advance.
- (f) Finalisation of Annual Maintenance Contract (AMC) wherever required should be part of the PNC or NLC discussions.
- (g) Minutes of NLC are to be prepared by the Secretary and concurred by IFA (N) before approval by the Chairman of the PNC or NLC.

19. **Changes in ILMS Software and Data Security.** Since the entire Provisioning, Indenting and Procurement is conducted on the ILMS, it is necessary to ensure that Data Security and operating Software is not compromised. The CSA, ILMS through the SA's at each ILMS Centre will be responsible for the integrity of the Software and changes thereto as well as and the security of Database. This is to be done as per following guidelines:-

- (a) Any change in ILMS will be carried out by CSA, ILMS by issue of Systems Integration and Maintenance Instructions (SIMIs).
- (b) SIMIs are to be ratified by NLC I.
- (c) CSA, ILMS who is responsible for integrity and security of the Data is to promulgate detailed orders regarding security and integrity of software and Database.
- (d) ACOL will be personally responsible for any changes being sought in ILMS or issue of SIMIs. If any change in ILMS being sought for has a financial aspect, concurrence of IFA(N) will be mandatory.

### **NON ILMS ITEMS**

20. Unlike items of Naval Stores and E&SP, which are on ILMS inventory, many types of other stores like Clothing, Victualling, Boats and Hull fittings, Hydrographic and Oceanographic stores, Weapon and Armament stores are not yet on Computerised Inventory Management system. Hence the detailed procedures outlined in preceding paragraphs may not be applicable in their totality. It is, therefore, essential to formulate additional guidelines to regulate Provisioning, Indenting and Procurement process in respect of such non ILMS items/stores.

### **Provisioning**

21. All items in the service which need replenishment must be reviewed at stipulated interval or at least once a year to assess the quantity to be procured to make good deficiency due to consumption, BER and ABER, obsolescence, reserves and special requirements warranted by specific security situation.

22. Whenever such a review throws up positive Procurement Quantity (PQ), the concerned agency responsible for the respective item must initiate prompt action to ensure that the required item is available at right time and right quantity/quality.

### Indenting

23. The agency responsible for a type of stores/spares/equipment is to initiate the replenishment procedure through one of the following methods:-

(a) **Statement of Case.** Whenever a new item is sought to be procured, a detailed Statement of Case must be prepared giving full details covering the need, justification, financial implication and concurrence of FA/IFA/CDA(N) should be obtained before the approval of the CFA is accorded.

(b) **Indent.** Directorates at NHQ who are not empowered to undertake procurement directly should raise indent on the procurement agency (DPRO) to initiate procurement process as per laid down norms. The procurement officer must check if the indent is proper and procurable. In addition, following should also be checked before accepting the indent for procurement:-

- (i) Indent number and date are indicated clearly.
- (ii) Indent type and priority are indicated.
- (iii) Item Identification number and Description are clear/complete.
- (iv) Quantity is shown with proper Denomination.
- (v) Specifications and drawing references are indicated.
- (vi) PAC reference, if applicable.
- (vii) DGQA import clearance reference, if applicable.
- (viii) Import expenditure clearance reference, if applicable.
- (ix) Provisioning approval reference, if applicable.
- (x) Govt. sanction reference, if applicable.
- (xi) Shelf life requirement, if applicable.
- (xii) Inspection agency is indicated.
- (xiii) Packing instructions.
- (xiv) Consignee-wise delivery schedule.
- (xv) Ultimate consignee-wise distribution, if applicable.
- (xvi) Indent Value and Budget Head are indicated.
- (xvii) Last CP price with date.
- (xviii) Officer initiating/approving the indent have signed.

## Vendor Evaluation

24. **Vendors.** For evaluation of capability and capacity, Vendor registration and classification is necessary. To undertake this process, Procurement Officers are to ensure the following:-

- (a) **Registration.** The Vendors or Contractors are registered by the MOs and the DGQA Organisation. While Procurement Organisations are to actively search for reputed and reliable sources of supply, the registration can be done only with the approval of NLCs which has IFA(N) or FA as a member or through DGQA/AHSP.
- (b) **Classification.** CPRO or DPRO is to undertake Vendor Classification based on the capability and performance of the Vendor.
- (c) **Evaluation.** Besides evaluation based on demonstrated performance or lack thereof as above, the Vendors are also to be assessed by a duly constituted Command Vendor Evaluation Committee with representatives from MOs, Technical Division, Dockyard, BVO and the Finance. The Committee will review the Vendors and decide about their status based on credentials and performance.

## Tendering

25. The following general norms for Tendering are to be observed:-

- (a) **PAC Tendering.** This is resorted to when the source is accorded PAC status by Competent Authority with IFA's consultation.
- (b) **Foreign Procurement.** As Foreign Procurement under Revenue Head is normally for Spares and Equipment required for Ships, Submarines and systems already inducted in the Service, these items will have to be procured either from the OEM or PAC Firm or the limited number of sources of supply in the respective Country or Region or global tendering. Hence, such procurement can be best done on either PAC basis, from State Agencies or on LTE basis from the known sources or global tendering. Non-OEM sources need to be authenticated by the Ambassador of the respective Country in India for having permission to export Defence goods and ability to do so through an arrangement with the OEM.
- (c) **Indigenous Procurement.**
  - (i) **Spares.** As most Spares for the Naval assets are sourced from PSUs or the Firms having arrangement with OEMs in the form of collaboration or Licence Production, the items are procured either on PAC basis or LTE basis to generate competition amongst the few known sources including Authorised Dealers or Distributors. OTE in such cases will be infructuous as these Spares are not commonly manufactured by several manufacturers and are not available in the open market on competitive basis.

(ii) **Naval Stores.** Naval Stores are required to be manufactured and supplied as per strict Naval Specification and most Items are not available as Commercial products in the market. Hence, LTE will be the normal mode of tendering. However, for items like Stationary, Clothing and commonly available Stores, OTE may be resorted to. Computers are to be procured on LTE basis with concurrence of IFA(N) from the list of Vendors approved by the Govt. from time to time. All items, which are available on DGS&D rate contract will be procured through rate contract and wherever PAC and LTE is being resorted to, it will be with the concurrence of IFA(N).

## **Procurement**

26. **Steps Involved in Procurement Activity.** Following main steps will be essential for processing procurement proposals :-

- (a) Statement of Case (SOC) along with the draft proposal giving all Qualitative and Operational Requirements in respect of new Items to be prepared at Indenting stage.
- (b) AIP by CFA.
- (c) Selection of Vendor List and mode of Tendering with the concurrence of IFA.
- (d) Issue of Tender Enquiry inviting Quotation in two parts whenever required, as follows :-
  - (i) Technical Bid.
  - (ii) Commercial Bid.
- (e) Opening of the Technical Bid by a Board of Officers and preparation of the Technical Compliance Statement.
- (f) Evaluation of the Technical Bid by the Technical Evaluation Committees (TEC) and preparation of Minutes with clear cut recommendation. TEC report to be approved by CFA. IFA need not be part of TEC.
- (g) Preparation of Comparative Statement of Tenders (CST) duly authenticated by the members of the Board, who open the Commercial Bids and its approval by the President of the Board.
- (h) Constitution of Tender Purchase Committee (TPC) or NLC/WPC/ASPC/APC for holding negotiations and approval.
- (j) Price reasonable is to be indicated in comparison with LPP where LPP is not available, POV rates are to be obtained from the concerned Professional/Technical Directorate.

(k) The File along with CST and a brief for NLC should be sent to IFA sufficiently in advance in case of NLC case. In non-NLC cases the proposal will be put up to IFA/CDA/FA for concurrence and vetting of draft supply orders, if there is any deviation from standard clauses. Supply order will have IFA UO No and date before the same is placed to the supplier.

(l) Finalisation of Annual Maintenance Contract (AMC) wherever required should be part of the PNC or NLC discussions.

(m) Minutes of NLC are to be prepared by the Secretary and concurred by IFA(N) before approval by the Chairman of the PNC or NLC.

27. The procedure outlined above would be applicable to all Directorates at NHQ as well as lower formations, *mutates-mutandis*.

## **SOP FOR OFFLOADING OF IN SHIPS/SUBMARINES AT INDIAN SHIPYARDS**

### **Introduction**

1. The Indian Navy has two primary Dockyards viz. Naval Dockyard, Mumbai and Naval Dockyard, Visakhapatnam besides two Naval Ship Repair Yards at Kochi and Port Blair to handle the maintenance support of the Fleets. The refits are scheduled in accordance with the Ops-cum-Refit cycles promulgated for each class of ship.
2. Owing to capacity constraints viz. on manpower, technical expertise/infrastructure and dry docking capacity, the refits of some ships are offloaded to PSUs as well as commercial shipyards based on their ability to undertake such work.

### **Background**

3. The guidelines/procedures for offloading of refits is governed by Navy Order 2/98 (NO 2/98). In keeping with the current norms and procedures, a two bid system is followed wherein the yards are required to submit their technical offers which cover the work package, yard services, tie-ups if any with the OEMs and dry dock capacity; and the second bid pertains to commercial aspects covering cost of refit, budgetary cost of spares, yard services, payment terms, other contractual obligations etc.

### **Present Status**

4. While guidelines for offloading refits of IN ships/submarines to Indian PSUs/Pvt Shipyards are governed by Navy Order 2/98 (NO 2/98), experience has brought out the need for a more formalised and streamlined procedure to handle certain issues not adequately covered in the existing NO 2/98. These issues are as follows:

- (a) Methodology for selection of L1 firm
- (b) Increasing the severity of existing LD clause
- (c) Penalty to be levied on shipyards expressing inability for completing jobs post refit commencement despite having quoted for the same
- (d) Allowance for growth of work as a percentage of the refit work package cost based on type of refit and vintage of the ship



5. The SOP for offloading of IN ships/submarines is highlighted in the succeeding paragraphs.

### **Refit Schedule**

6. The refit schedules for a two-year period are decided during the Annual Refit Conference chaired by the Chief of Material. The ships slated for offloading based on planned refit load of the Dockyards and capacity constraints are projected for approval of PSO and subsequent promulgation in the refit programme.

### **Offloading Plan**

7. The Administrative Authority will prepare offloading plan for ships & submarines for the respective Commands in consultation with the refitting authority with concurrence of FA and duly approved by NHQ. Offloading sanction is accorded by the concerned CFA at Command/NHQ/MOD level depending upon the financial implication.

### **Sequence of Actions**

8. The sequence of actions for offloading of ships are as follows:

(a) **Work package.** The work package will be formulated by ship staff based on routines falling due by time/running hours, defects in equipment/ship system and alterations/additions, if any. Work package will be submitted to Naval dockyards/Command Headquarters for scrutiny and inspection of all defect list items for correctness and completeness and the work package finalised.

(b) **Tendering.** Refitting authority will seek Tender Enquiries on limited tendering as per existing procedures, from all capable shipyards (Indian PSUs and Pvt Shipyards) with the concurrence of FA.

(c) **TNC.** The Tender Negotiation Committee will examine the technical capability of shipyards to undertake the work package as regards technical expertise and infrastructure. Complete nature of works to be undertaken as per technical documents and existing naval practices will be discussed and scrutinised. Firms will be short-listed based on their ability to undertake complete work package inclusive of dry-docking & services package. Supply of spares to undertake the work package being offloaded and not held with the Navy will be the responsibility of the shipyard.

A budgetary provision will be made to these on “not exceeding basis” to be paid on actuals plus handling charges as decided during the PNC. AA/refitting authority will obtain the ‘Q’ bid thereafter.

(d) **PNC.** 'Q' bids are required to be submitted by the shortlisted shipyards within the stipulated date. The bids will be opened by a Board of Officers with Finance rep as observer, though he will not be part of TOC, and CST prepared to decide the L1 firm based on the cost of refit work package, services and dry docking. L1 firm will be invited for a PNC with concerned FA as member, where required.

(e) Minutes of PNC will be forwarded to concerned agencies and Financial sanction obtained from concerned FA for issue of sanction letter.

(f) Concurrence of IFA/CsDA/FA will be taken in all cases of post-contractual changes/ amendments having financial bearing, eg change in quantity, grant of extension of time with or without recovery of LD, risk purchase, repeat orders etc.

(g) Various stages involved in off-loading of refits are as follows:-

Time in Weeks	Activity
D-38	Receive Defect List from ship
D-36	Examine Defect List
D-34	Seek Technical bids
D-30	Conduct TNC
D-28	Invite Q-bids
D-22	Receive Q-bids and Open Q-bids
D-20	Examine and prepare CST
D-18	Process case with CFA after Finance concurrence
D-12	Carryout PNC with L1 with Finance participation
D-11	Approval of PNC Minutes
D-10	Financial Sanction by CFA with Financial concurrence
D-09	Placement of order on Shipyard
D	Commencement of Refit

9. **Growth of work.** The permissible limit for growth of work as per NO 2/98 is presently 15% of the overall refit cost. This aspect will be subject to change based on fresh orders promulgated depending on the age of the ship and type of refit being undertaken.

### Payment Terms

10. The payment terms for "Refit Cost" are as follows:

(a) **Stage I** – On docking – 20% of the contracted refit cost or certified expenditure incurred towards completed offloaded work, whichever is less.

(b) **Stage II** – On final undocking and completion of all underwater work – 20% of the contracted refit cost or overall certified refit expenditure incurred towards completed work, minus payment already made, which ever is less.

(c) **Stage III** – On satisfactory completion of basin trials and harbour trials of all machinery/equipment – 20% of the contracted refit cost or overall certified refit expenditure incurred towards completed work, minus payments already made, whichever is less.

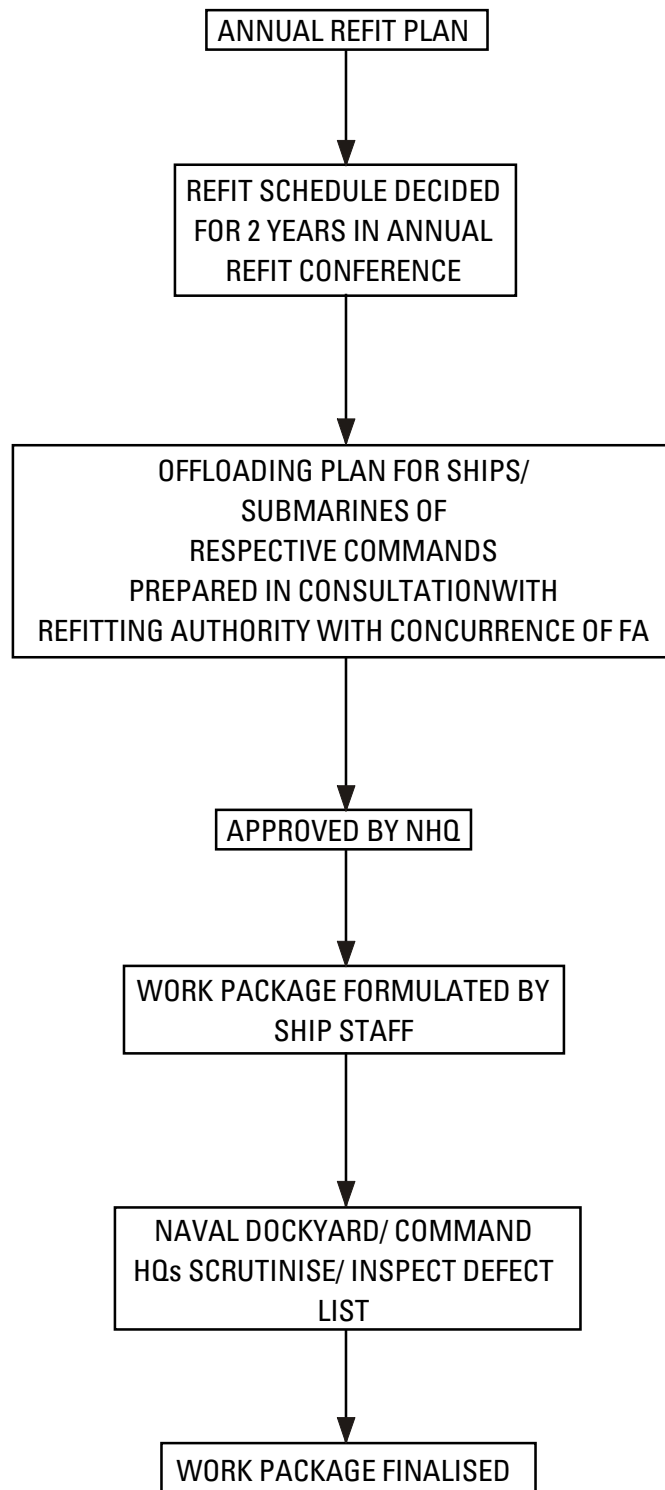
(d) **Stage IV** – On satisfactory completion of post refit trials and ship's departure - 20% of the contracted refit cost or overall certified refit expenditure incurred towards completed work, minus payments already made, whichever is less.

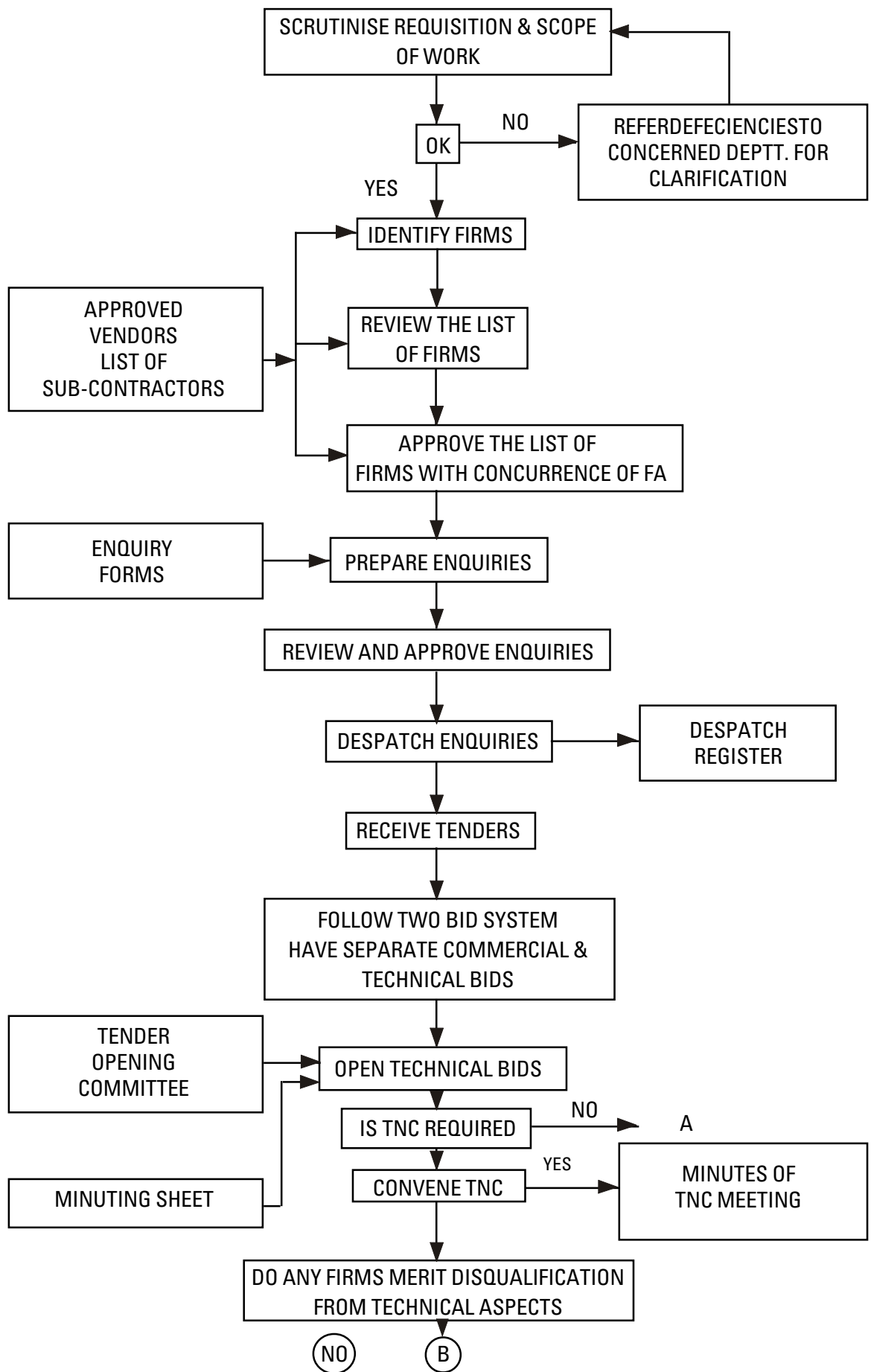
(e) **Final** – On submission of final bill, scrutiny of work completion on actuals minus payment already made.

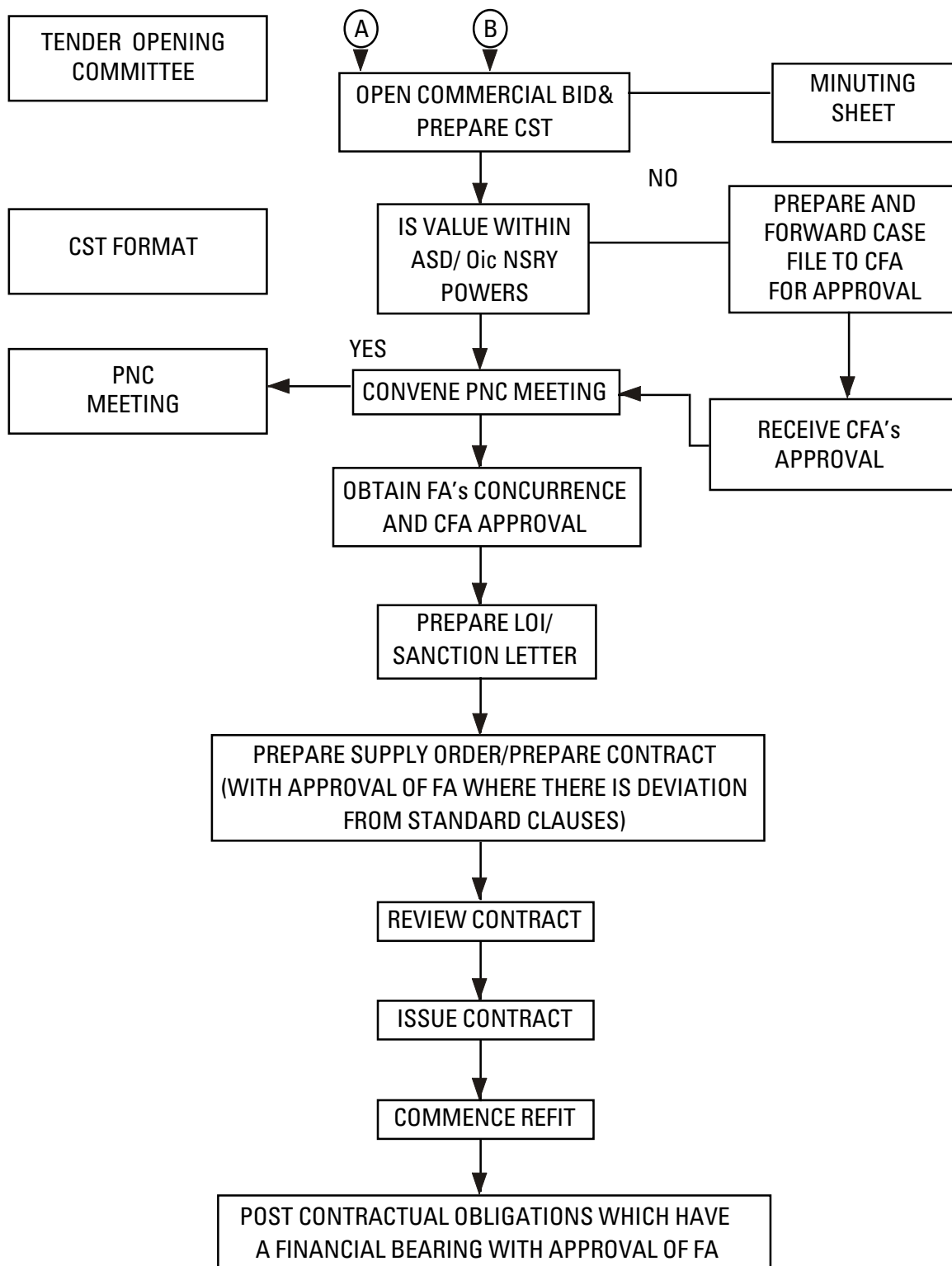
11. **Supplementary Sanctions.** CFA is empowered to issue supplementary sanction upto 25% of the original sanction. In case of a sanction required beyond 25% or the net amount exceeding the financial powers of the CFA, the case is to be referred to next higher CFA.

12. Flow Chart for off-loading of Refit, indicating the sequence of events to be invariably followed is as under

## FLOW CHART FOR OFFLOADING







## DELEGATED FINANCIAL POWERS

S.No.	Description	Financial Power for Navy	
		Without Consultation	With Consultation
1	<b>Misc and Contingent Grant</b> (a) Lt Gen & equivalent of Navy & Air Force (b) DGsMS for units under them (c) CO MHs - Maj Gen & Equivalent of Navy Air Force - Brig & Equivalent of Navy & Air Force - Col /Lt Col & Equivalent of Navy & Air Force	50000 50000 30000 25000 10000	600000 500000 250000 150000 100000
2	<b>Powers to sanction write off losses of stores</b> (a) Comdt Cat A Est (b) DGMS (Army) & equivalent of Navy & Air Force (c) DDsMS Command / CMOs (d) Brig & above and equivalent of Navy and Air Force (e) Lt Col & Above and equivalent of Navy & Air Force (f) DDsMS Command / CMOs (g) DGMS (Army) & equivalent of Navy & Air Force - Loss of sera and vaccines	<b>Not due to theft, fraud or neglect</b> 50000 50000 20000 10000 5000 20000 50000	<b>Due to theft, fraud or neglect</b> 100000 250000 - - - - 250000
3	<b>Local Purchase of Stationary</b> (a) DGMS (Navy) (b) Comdt Cat A Est. Brig & above and equivalent of Navy and Air Force	<b>Per transaction</b> 25000 25000	<b>Subject to per annum</b> 500000 500000
4	<b>Local Printing of Forms</b> (a) CO Units / Hospitals (b) Comdt Cat A	5000 10000	10000 20000
5	<b>Local Purchase of Rubber Stamp &amp; Seal</b> (a) OC Units /hospitals (b) Comdt Cat A	5000 10000	10000 25000
6	<b>Binding other than on Contracts</b> (a) OCs of Hospitals	15000	-
7	<b>Purchase of drugs and consumables both on PVMS NIV – Hospital Commanded by</b> (a) Maj Gen & Above & eqv & Comdt BHDC & MHCTC (b) Brig & Eqv (c) COs of INHS Kalyani & INHS Sanjivani	100000 50000 30000	1000000 500000 250000
8	<b>Purchase of PVMS drugs/expendables on indication of NA and NIV item without NA by CO of Hospitals</b> (a) Maj Gen & Equivalent of Navy and Air Force (b) Brig & Equivalent of Navy and Air Force (c) Col & Eqv of Navy & Air Force including PMO Angre, Venduruthy, ND (MB) & ND(V) (d) Lt Col & Equivalent of Navy and Air Force	100000 50000 30000 20000	1000000 500000 250000 100000

S.No.	Description	Financial Power for Navy	
		Without Consultation	With Consultation
9	<b>Dental Centres Commanded</b> (a) Maj Gen & Equivalent of Navy & Air Force (b) Brig & Equivalent of Navy & Air Force (c) Col & Equivalent of Navy And Air Force (d) Lt Col & Equivalent	20000 10000 5000 5000	50000 30000 20000 10000
10	<b>Repair / AMC of medical / dental equipment</b> (a) Repair, servicing, maintenance and AMC of medical / dental instruments, equipment and systems  (b) COs of rank of Col & below and equivalent in Navy and Air Force (c) Comdt. of rank of Maj Gen & Brig and equivalent of Navy and Air Force (d) Procurement, replacement and renewal of medical / dental instruments, equipment and systems	200000 CFA-DGMS (Navy) 50000 100000  300000 CFA-DGMS (Navy)	2500000  100000 200000  2500000
11	<b>Annual Training Grants</b> (a) Comdt Cat A Establishments (b) Unit Commanded by Maj Gen & Eqv (c) OC Units / hospitals - Brig & Eqv (d) Col & Eqv (c) Lt Col & equivalent	60000 50000 30000 20000 15000	500000 300000 150000 100000 100000
12	<b>Expenditure out of TTIEG</b> (a) DGMS (Navy)	100000	500000
13	<b>Medical</b> (a) Emergent medical treatment to service personnel and their families afforded treatment in Govt / Private Hospital as a life saving measure	DGMS (Navy) Full powers	—
14	<b>Hiring of Civil transport for use in the hospital when service transport is not adequate or not available</b> (a) Hospitals Commanded by Maj Gen & Eqv (b) Brig & Eqv  <b>Note</b> - Rates as finalised by Stn HQ / Fmn HQ will be used. These powers will be per transaction.	— —	100000 50000
15	<b>Hiring of various services</b> (a) DGMS (Navy) (b) CO's Maj Gen & Eqv (c) Brig & Eqv (d) COL & Below & Eqv <b>Note</b> - Any Service required by the hospitals which can not be met by authorised personnel can be hired. These powers will be per service per transaction.	— — — —	500000 200000 100000 50000



**LIST OF HEADS OF DEPARTMENTS**

PSOs/Controllers/DGMS(N)

Cs-in-C

Flag Officers Naval Area

AsSD

MS

CFAs in Establishments of the rank of Commodore/Captain

Oi/C Depots/Repair Yards, Units and Establishments

**GENERAL FINANCIAL POWERS - NAVAL HEADQUARTERS**

S. No.	Description	Competent Financial Authority	Financial Powers for Na vy	
			Without Consultation	With Consultation
1	TO INCUR EXPENDITURE ON ACCOUNT OF CAPITAL PROCUREMENT	VCNS	-	10 crores

## KEY AREAS OF MONITORING

1. In order to ensure that the enhanced delegation of financial powers does actually lead to better fiscal management in the Services, resulting in tangible benefits by way of timely procurements, time bound implementation of schemes / projects, improved availability and serviceability state of major weapon systems / platforms / equipment in the hands of the field functionaries and optimum utilization of in-house capabilities built up over the years, the following checks and balances are being instituted:-

(a) **Priority Procurement Plan.** The Services/Joint Staff will formulate a clear Revenue Priority Procurement Plan for their Service/Jt Staff Organisations in all major areas of procurement, to indicate the carry forward liabilities and new schemes during the FY, indicating those to be sanctioned under delegated powers of the Services/Jt Staff and under MoD powers separately. The progress of central purchase schemes under the delegated powers of the Services/ Jt Staff and those to be executed under MoD powers must be monitored separately on a monthly basis at the level of MOD to see the results achieved vis-à-vis targets set. **Funds are to be spent within the ambit of the overall prioritized plan and CFA at each level should have his plan for the budget allocation held by him as a subset of the overall plan for that purpose at the macro level.** These plans will be made both at Service HQ/HQ IDS level and in the Commands/ TSIs/Jt Staff Organisations for each budget holder and notified formally in consultation with their respective IFAs. These PPPs should be duly linked with the Key Performance Parameters, efficiency levels envisaged and budget involved.

(b) **Accountability.** Budget has to be an efficiency indicator and the enhanced financial powers should ensure higher efficiency level, in terms of serviceability and maintainability of equipment/machinery/platform/ weapon system. **Clear accountability norms must be established by delineating measurable performance parameters for each major area of expenditure** such as availability of major equipment/ weapon systems /aircrafts /ships, maintainability and serviceability aspects, Major Works Program, automation of Services, training etc. **Identification of these quantifiable targets is to be completed by the Services in six months time, with regular monitoring of performance against targets set,** in tune with the outcome budget which MoF has been advocating.

(c) **Use of In-house Capability.** The in-house capacity of Ordnance Factories, Army Base Workshops/Advance Base Workshops, Base Repair Depots, Naval Dockyards and Defence Shipyards must get utilised optimally.

(d) **Multiple Interface.** Revenue Procurements having diverse elements like Civil Works, manpower induction, testing and evaluation, erection and commissioning should be viewed as projects and monitored on a regular periodicity. Formal structure must be put in place for such procurements to review the major milestones with reference to CPM and PERT chart so that time and cost overruns are avoided.

(e) **Implementation of Transportation Model.** The **transportation model for direct dispatch of stores from the OFs /PSUs /Suppliers to the ultimate consignee must be implemented** to obviate central stocking to the maximum extent possible in the CODs / Depots, reduce transportation costs and ensure timely availability of equipment with the actual users.

2. **Inventory Holding.** There should be a periodic review of the inventory holding of the Navy. The Automation Programmes of the Navy viz. ILMS/ILMS (Air) etc. to inter-link all the inventory holding/ stores depots of the Service concerned should be urgently made operational.

## **MIS**

3. A MIS for Capital procurement will be maintained for MoD to review the performance/review.

4. A MIS for revenue expenditure at field level for IHQ MoD (Navy) to review the performance.

5. **Monitoring of Schemes.** For all significant value schemes under review, a PERT Chart is to be put in place for monitoring the progress of such schemes.

6. Naval HQ is also to put in place a system for data-sharing and data-networking both within the Navy and Inter-Services in order to widen the procurement sources and obviate differential being paid for the same items by the Naval Commands / different Services.