



सत्यमेव जयते

भारत सरकार
Government of India

रक्षा मंत्रालय
Ministry of Defence

रक्षा लेखा महानियंत्रक

Controller General of Defence Accounts

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(IFA WING)

E-Mail : cgdanewdelhi@nic.in & cgdaifa@gmail.com



Circular No. 05 of 2017

No. IFA/109

Dated: 01.08.2017

To.

All PIFAs/PCsDA/IFAs/CsDA
(Through CGDA Website)

Sub: Delegation of Powers for post-contract management of capital acquisition contracts.

In continuation of Hqrs. IFA Wing Circular No. 04 of 2017 issued vide IFA/109 dated 21.07.2017, a copy of Ministry of Defence Acquisition Wing ID No. 1(1)/D(Acq)/17 dated 15.06.17 wherein certain powers to deal with various aspects of management of contracts have been delegated among the CFAs with the approval of Raksha Mantri, is being uploaded on the Website of Hqrs. Office (www.cgda.nic.in) for information and necessary action please. These guidelines will be applicable only in Capital Acquisitions cases.

Encl: As above

(Hari Har Mishra)
Jt. CGDA (IFA)

947
7/7/17

रक्षा मन्त्रालय (वित्त प्रभाग)
(नौसेना 'डी' अनुभाग)

Subject: Delegation of Powers for post-contract management of capital acquisition contracts.

A copy of Office Order No. 1(1)/D(Acq)/17 dated 15.06.2017 regarding 'Delegation of Powers for post-contract management of capital acquisition contracts, is forwarded herewith alongwith relevant previous orders / rules on the subject with a request to circulate the same to all concerned Pr. IFAs / IFAs dealing with capital procurement matters.


(Shyam Singh Mahar)
AFA(ND)

Add CSPA (PNS)

~~CGDA~~

MoD(Fin) ID No. 25(7)2017 dated 05th July, 2017

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Pl circulate to all - IFAs & CDAs .


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JRCG(F)



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SAO(Fin)
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AFO(SJ)

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No.1(1)/D(Acq)/17
Government of India
Ministry of Defence
(Acq Wing Secretariat)

South Block, New Delhi
Dated:15.06.2017

OFFICE ORDER

Subject: Delegation of Powers for post-contract management of capital acquisition contracts.

In supersession of Order No. 1362/DG(Acq)/2011 dated 12 May 2011 and all previous orders on the issue of Delegation of Powers for Post-Contract Management of capital acquisition contracts, it has been decided that the delegation of powers to deal with various aspects of management of contracts concluded with the approval of Defence Secretary and higher Competent Authorities would be as follows:-

Sl. No.	Powers in respect of	Concurring Authority	Approving Authority
1.	Finalisation of contracts as per DPP provisions, where the CFA is the CCS/MOF/RM/Defence Secretary	Finance Manager	Acquisition Manager
2.	Amendment to contracts without financial implications. ¹	Paying Authority will verify	Service Hqrs (Vice Chief)
3.	Amendment to contracts involving substitution / changes in MRLS/ SMT/STEs, changes in deliverables involving replacement of brand/makes, within the total contracted value.	AS&FA (Acq)	DG(Acq)
4.	Amendment to contracts with financial implications. ²	SDF/FADS	CFA ³
5.	Extension of delivery period with imposition of liquidated damages.	Finance Manager	Acquisition Manager

6.	Extension of delivery period without imposition of liquidated damages/waiver of liquidated damages.	AS&FA(Acq)	DG(Acq)
7.	Authorisation of payments in foreign exchange as per the terms of the contract. ⁴	Concerned IFA	Service Hqrs

Note: If a proposal is not concurred by the designated authority in MoD(Finance), the case will be put up by the Approving Authority to the next higher level.

- ¹ Amendments which have financial implications in terms of payment of additional bank charges / LC charges / transportation charges, payments due to amendments in taxes and statutory levies, additional cost in opening of LC etc., without any change in the main contract value, are covered under this category
- ² Stipulations mentioned in MoF Guidelines issued vide their OM No.1(3)-PF-II/2001 dated 18.02.2002 and as amplified in Para 50 of Chapter-III of DPP-2011 in so far as CCS cases are concerned will be applied. (Annexure I)
- ³ As per powers delegated vide Office Order No.413/Dir(Acq)/07 dated 28.07.2008, MoD ID No.14(23)/2003/IFDP-II dated 30.07.2010, and LrNo.25(1)/2013-ND dated 08.02.2017 (Annexures II, III and IV)
- ⁴ SHQ shall in all payments, including FE payments, ensure observance of guidelines on DP extension, LD, etc.

2. This issues with the concurrence of MoD (Fin) and approval of RM.


(Praveen Kumar)
Director (Acq)
Telefax: 23792865

CISC / VCOAS / VCNS / VCAS / DG(CG)

AS&FA(Acq)

All AMs / FMs/ TMs

Copy to:-

- (i) Director, RM office
- (ii) SO to Defence Secretary
- (iii) PPS to Secretary(DP)
- (iv) PPS to Secretary(R&D)
- (v) PPS to FA(DS)
- (vi) PPS to CGDA
- (vii) PPS to AS(R)
- (viii) PS to DG(Acq)
- (ix) PPS to AS(J)
- (x) PPS to JS(Army)
- (xi) PPS to JS(Navy)
- (xii) PPS to JS(Air)

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fm (ms) 15/6/12

Am (fm/r-Acq) - 02

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15-6-2012
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CHAPTER-III OF DPP-2011

Approval of CFA for Revised Project Cost

50. After the project is approved by CCS as in Para 25-29 above, the MoD, IHQ/MoD(N), DDP and the shipyard will endeavour to ensure that the ship construction proceeds strictly as per the time schedule and cost approved by CCS. Since all the cost elements both fixed and variable including possible escalations on account of price, exchange rate variation, increase in statutory levies etc, are taken into consideration for estimating the project cost, there should not normally be any occasion/need for the project to slip either in time schedule or in cost. However, if due to any unavoidable circumstances, the project is likely to be delayed or the cost per ship as approved by CCS is likely to be exceeded, the following procedure is to be adopted for seeking approval of the Competent Authority for the revised cost:-

- (a) Increase in project cost, which arises entirely due to change in statutory levies, exchange rate variation and price escalation within the originally approved project time cycle will be submitted to RM for approval.
- (b) Increase in project cost up to 10% of the approved cost estimated by CCS (after excluding the increase due to statutory levies, exchange rate variation and price escalation within the originally approved project time cycle) will also be submitted to RM for approval.
- (c) Increase in project cost exceeding 10% but upto 20% of the approved cost estimated by CCS (after excluding the increase due to statutory levies, exchange rate variation and price escalation within the approved project time cycle) will be submitted to RM and FM for approval.
- (d) Increase in project cost exceeding 20% of the approved cost estimated by CCS (after excluding increase due to statutory levies, exchange rate variation and price escalation within the approved project time cycle) due to reasons such as time overrun, under estimation, change in scope etc will be submitted to CCS for approval.
- (e) 'Statutory levies' means State and Central Taxes, including import and export duties as notified by Govt of India and paid by the project authorities but excludes water, electricity charges and Petroleum, Oil & Lubricants (POL) price increases.
- (f) No expenditure beyond the existing sanction can be incurred unless the revised project cost is approved by the Competent Authority as indicated above. However, in exceptional cases, in the interest of the project, if such a necessity arises, the procedure set out at Para 54 shall be followed. Sub-paras (a) to (e) above are in line with the guidelines issued by Ministry of Finance vide O.M. No.1(3)/PF II/2001 dated 18.2.2002.
- (g) In all cases where the revised project cost overrun is over 20% and is accompanied by time overrun of over 10%, while seeking approval of CCS for the revised cost estimates and time schedule, accountability aspects for such cost and time overruns should be fixed and indicated in the CCS Note (in line with the guidelines of the Planning Commission issued vide letter No.)-14015/2/980PAMD dated 19th August, 1998).

Appendix - A1
(Refers to Para 18 of Chapter - I)

Government of India
Ministry of Defence
(Acquisition Wing Secretariat)

Dated 28th July, 2008

OFFICE ORDER No. 413/Dir(Acq)/07

Subject: Delegation of Financial Power to Defence Secretary for sanction of schemes/ projects/acquisition of non-scaled and new items under Capital budget.

In pursuance to the decision taken by the Defence Acquisition Council (DAC) under the Chairmanship of Raksha Mantri in its meeting held on 9th July, 2008, the revised Financial Power of Defence Secretary for sanction of schemes/projects/acquisition of non-scaled and new items from indigenous and foreign sources under Capital budget, will be above Rs. 50 crore and upto Rs. 75 crore. These orders will supercede all the existing orders/instructions on the above subject.

2. All cases will be submitted to Defence Secretary for financial approval accordingly with immediate effect.
3. These powers will be exercised in consultation with FA(DS).
4. This has the concurrence of MoD(Fin.) vide their ID No.3114 /FA(DS) dated 23 July, 2008.

(G.S. Arora)
Under Secretary(Acq)

To:

CISC/VCOAS/VCAS/VCNS
Addl. FA(A)/JS(E)/JS(G/Air)/JS(O/N)
All JS & AMs/FMs/TMs
CGDA
DGADS

MINISTRY OF DEFENCE

SUBJECT: ENHANCEMENT OF EXISTING DELEGATION OF FINANCIAL POWERS FOR SANCTION OF CAPITAL ACQUISITION PROPOSALS COVERED IN THE SERVICES CAPITAL ANNUAL ACQUISITION PLANS

In supersession of MOD ID NO. 14(23)/2005/IFDP-II dated 17.4.2006, the Cabinet Committee on Security (CCS) has approved the proposal of the Ministry of Defence for enhancement of financial powers of the Raksha Mantri and Finance Minister as follows:

- (i) Upto Rs. 500 crores - Raksha Mantri
- (ii) From Rs. 500 crores to Rs. 1000 crores - Finance Minister
- (iii) Beyond Rs. 1000 crores - CCS

2. The enhanced financial powers will apply to all capital acquisition cases included in the Services Capital Annual Acquisition Plans, except indents for ordnance factories, where, as per existing practice, approval of the Raksha Mantri would be sufficient. The CCS has further directed that the enhanced delegation of financial powers shall also be extended to capital projects/schemes pertaining to the Department of Defence Research and Development and the Department of Defence Production.

3. The enhanced delegation of financial powers will come into force with immediate effect.

Amit Cowshish

(Amit Cowshish)

Joint Secretary & Addl. FA (A)

Tel No.23012915

DG (Acq)
 29/7/10
 JS (Aerospace) ... in r/o DDP
 CCR&D (R) ... in r/o of DRDO
 JS (ESW) ... in r/o of DESW

MOD ID No. 14(23)/2003/IFDP II, Dated 30th July, 2010

Copy also to:

PS to RM / PS to RRM
 SO to Defence Secretary
 SO to Secretary (DR&D)
 PPS to DG (Acq) ✓
 PS to SS (DP)

PPS to Secretary (DDP)
 PS to Secretary (Defence Finance)
 PS to Addl. Secy. & Advisor to RM
 PS to CGDA

2/8/10
 So (Acq)

File No. 25(1)/2013-ND
Government of India
Ministry of Defence
(Finance Division)

South Block, New Delhi
Dated 8th February, 2017

Subject:- Delegation/enhancement of existing delegation of financial powers for sanction of capital acquisition proposals covered in the Services Capital Annual Acquisition Plans.


In modification of MoD (Fin) ID No 14(23)/2003/IFDP-II dated 30th July, 2010, the Cabinet Committee on Security (CCS) has approved the proposal of the Ministry of Defence for delegation of financial powers to Defence Secretary, and enhancement of existing delegation of financial powers of Raksha Mantri and Finance Minister for sanction of capital acquisition proposals covered in the Services Capital Annual Acquisition Plans, as follows:-

- (i) Above Rs. 150 crore and upto Rs 300 crore - Defence Secretary.
- (ii) Above Rs. 300 crore and upto Rs. 2000 crore – Raksha Mantri.
- (iii) Above Rs. 2000 crore and upto Rs. 3000 crore - Finance Minister.
- (iv) Beyond Rs. 3000 crore - CCS.

2. The enhanced financial powers will apply to all capital acquisition cases included only in the Services Capital Annual Acquisition Plans, except indents for Ordnance Factories, where, as per existing practice, approval of the Raksha Mantri would be sufficient. Accordingly, there will be no changes in the existing delegation for Land Acquisition/Works Proposals, Development Projects, Projects of DRDO/DDP. The enhanced financial powers will not be further delegated to the Services Headquarters.

3. The existing powers delegated to the VCOAS, VCNS and Deputy Chief of Air Staff, CISC and Director General (Coast Guard) for sanctioning Capital Acquisition proposals upto Rs. 150 crore vide MoD(Fin) ID of even No. dated 20th March, 2013 will continue unchanged.

4. The enhanced delegation of financial powers will come into force with immediate effect.


(K.V. Krishna Kumar) 08/02/17
Director(Fin/N. Acq.)
Tele. 2301 6303

To

VCOAS, VCNS, VCAS, CISC
All Additional Secretaries in Ministry of Defence including AS & FA (Acq)
DG(ICG)
All Joint Secretaries in the DOD/JS & Addl. FAs, FMs, TMs
JS(Pers), Department of Expenditure, M/o Finance – i/r/o enhancement of delegated power of Finance Minister.

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Copy also to:

- PS to FM
- PS to RM
- PS to RRM
- SO to Defence Secretary
- PPS to Secretary (DDP)
- SO to Secretary (DR & D)
- PPS to Secretary (ESW)
- PPS to FA(DS)
- PPS to DG (Acq)
- PS to Addl. Secy. & Advisor to RM
- PS to CGDA