

**Delegation of Financial Powers
To
ARMY, NAVY & AIR FORCE**

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REVISED
DELEGATED
FINANCIAL POWERS
JULY-2006

REPORT OF THE COMMITTEE &
SCHEDULE OF POWERS FOR
ARMY, NAVY & AIR FORCE



EXECUTIVE SUMMARY

REPORT OF THE COMMITTEE ON REVIEW OF FINANCIAL POWERS DELEGATED TO THE SERVICES 2006

Ministry of Defence (Finance)
Jun 2006

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POWERS DELEGATED TO THE SERVICES

Introduction

1. **General.** Based on the PMO's Directive to consider higher delegation of financial powers to the Defence Services, a Committee was set up by MoD under FA (DS) to review the financial powers of the three Services and IDS, last reviewed in Apr 2002. The Committee was tasked to examine the adequacy of delegated powers, suggest measures for improving the existing system and consider whether the Service HQs on the Capital Side are well equipped to take over some acquisition work from the Acquisition Wing. The review has been completed and projections of all major Budget Holders like the MGO, COM, AOM taken into account while finalizing the recommendations.

2. **Trend of Defence Budget since 2002.** The overall Defence Budget has grown from Rs 55,662 Crs in FY 2002-03 to Rs 89,000 Crs in BE 2006-07, a substantial increase of Rs 33,338 Crs (62.5%). A summary of the Revenue and Capital budget for the three Services and for Revenue Stores budget during the above period is given in Appendix 'A'. It would be seen there from that the increase in the Revenue Stores Budget is of the order of 16 % with reference to FY 2002-03. However, if we take into account the fact that the provision for 'A' vehicles supplied ex DGOF, which was included in the Revenue Budget in FY 2002-03 but transferred to Capital Budget wef 2004-05 onwards, the net increase in the Revenue Stores Budget is of the order of 25%.

Major Highlights

3. **Revenue Expenditure.**

(a) **Procurement Budget Utilisation.** The proposed delegation of financial powers vis-à-vis existing delegation, highlighting the percentage of budget utilisation by the Services and MoD before and after enhancement of powers, with break-up for major procurements from Trade, Defence PSUs/OFs and Imports is given at Appendix 'B'. It would be seen there from that the enhancement of procurement powers would result in 46 % of the overall procurement budget getting utilized under the delegated powers of the Services and balance 54 % by MoD, as against existing 30% utilisation by Service CFAs and 70 %

by MoD. Consequently, the number of low and medium value cases handled by the Services and lower echelons will go up from 82% to 85% and only about 15% high value procurements and majority of PAC / Single tender cases would still be referred to MoD.

(b) **Enhancement.** Substantial enhancement of financial powers of Services CFAs at all levels is recommended, linked with the Sub Head, detailed head-wise budgetary allocations with a mandate for concomitant improvement in efficiency and op preparedness. The ratio of Revenue Stores budget between the three Services is 52:15:33 for the Army, Navy and Air Force respectively. This aspect has also been kept in mind while proposing financial powers for the High Level Budget Holders (HLBHs) in the Services. Powers at a glance for HLBHs are shown in Appendix 'C'.

(c) **Decentralisation.** Decentralisation of powers is recommended not only to Service HQrs, but down the line to the field functionaries, to facilitate the operating levels to function smoothly within their budget allocations.

(d) **Special Operational Powers.** Powers exercisable during War, Hostilities and Special Operations without consultation of IFA, which were delegated to the PSOs / Commanders-in-Chief in the Navy in April 2002, have been now provided for the Army and IAF, to be invoked on issue of a Govt Notification declaring a state of ops.

(e) **Dispensation for Field CFAs.** Certain enhancement of financial powers has been considered for the CFAs to whom IFA cover has not been provided as in far flung and operational areas and for handling emergencies.

(f) **Scaled Items.** Enhancement of powers by 50-100% for the Top Level Budget Holders in the Services is recommended for procurements ex trade, for which deficiency is revealed in the provision reviews. The proposed powers for Procurements/Repairs/Overhauls ex PSUs/OFs and Govt Deptts in the Navy and Air Force are generally about 1.5 times those for trade.

(g) **Non Scaled Items.** Financial powers have been increased by 50-100%, to allow for induction of newer and more technologically advanced equipment to meet special requirements, for tests, trials and experimentation and to replace obsolete and obsolescent items.

Such powers have been confined to the top two tiers of hierarchy in the Services.

(h) **Imports.** Powers for imports have been enhanced to Rs 20 Crs for the highest CFAs in the Army/IAF and to Rs 12 Crs for the Navy as per their projections. This will also take care of the Army's requirement for Special Clothing and Mountaineering equipment for troops deployed in the Siachen Glacier. **The powers for purchases ex import include powers for release of FFE upto the limits of the delegated financial powers of various CFAs.** The enhanced powers will enable between 35-45% utilization of the import budget by the Services, as against existing 20-25%.

(i) **Rate Contracts.** Powers have been delegated to the Service HQs & DGAFMS to enter into **Rate contracts for common usage items/ stores / medicines with standard specifications and large annual turnover to enable users/ hospitals to make direct procurements based on rate contracts finalised centrally by the former.**

(j) **Type of Procurement.** In line with the MoF guidelines given in DFPRs, a clear distinction has been maintained between the powers proposed for sanctioning procurements on OTE/LTE basis and purchases on Single Tender and PAC basis. Further, no enhancement of financial powers for Single tender purchases have been recommended but certain high level CFAs who were omitted earlier in Apr 2002 e.g. VCOAS & VCAS, have been now included.

Institutional Safeguards

4. **Measures Suggested.** The following checks and balances are being instituted to ensure that the enhanced delegation of financial powers to the Services does actually lead to better fiscal management in the Services, resulting in tangible benefits by way of timely acquisitions, 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 :-

(a) **Priority Procurement Plan.** Formulation of a clear Revenue Priority Procurement Plan for each Service in all major areas of procurement, has been mandated to indicate the carry forward liabilities and new schemes during the FY, with periodical reviews to see the results achieved vis-à-vis targets set. **Funds are to be spent within the ambit of overall prioritized**

plan and CFA at each level should have his plan for the budget allocation held by him which dovetails into the overall plan for that purpose. These plans will be made both at HQ level and Command level in respect of various budget holders and notified formally in consultation with their respective IFAs.

(b) The progress of schemes under the delegated powers of the Services and those to be executed under MoD powers must be monitored separately on a monthly basis at the level of MOD. **The Revenue Procurement Plan must be correlated appropriately with the Capital Acquisition Plan to ensure that the linkage between the two is well taken care of.**

(c) **Accountability.** Clear accountability norms to be established by delineating measurable performance parameters for each major area of expenditure, such as availability of major eqpt / 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 sync with the outcome budget of MoF.**

(d) **Approval of Procurement.** The TPC / PNC will only be a recommendatory body for procurements which will be sanctioned at next higher level by the CFAs, both in Service HQrs and in MoD.

(e) **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.

(f) **Multiple Interface.** Revenue Procurements having Civil Works and manpower induction components should be reviewed as projects and monitored on a regular periodicity with reference to major milestones.

(g) **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.

5. **Capital Acquisitions.** The Service HQrs, DG (Acq) and Defence Secretary had specifically asked the FA (DS) Committee to consider delegation of financial powers to the Services for Capital schemes. Delegation of financial powers to the

Services at the level of Vice Chief/ Dy Chief is recommended for Capital Schemes/Projects costing upto Rs 10 Crs. The CFAs would be able to sanction approx 35% of the total Schemes and approx 1 % of the budget in the AAPs of the respective Services. Details are given in Appendix 'D'. Necessary checks and balances are being provided to ensure that the discipline that has been built up in the Acquisition Wing in regard to AON, Quantity Vetting, categorization and stipulations of DPP 2005 are duly factored in. A Quarterly Report should be rendered by the Services/HQ IDS to the DG Acq on the progress of various capital schemes under delegated powers, indicating the actual cash outgo against the budgetary projections in the AAPs. **A provision has been made for a review after one year.**

Allied Issues

6. **Powers Without Financial Advice.** The Services had asked for delegation of certain financial powers without consultation of IFA, to CFAs where IFAs have been provided. Enhanced delegation of financial powers without financial concurrence has not been considered in such cases, as this goes against the grain of financial advice system. Accordingly, they have been asked to process such proposals separately on file, with detailed supporting justification.

7. **Financial Powers of MoD.** Concomitant increase in the financial powers delegated to MoD functionaries in Jan 2003 would also need to be firmed up in consultation with the concerned JSs and Addl FAs. Similar principle for approving procurements as in case of Service HQrs will apply to TPCs concluded in MoD.

BUDGET SUMMARY FY 2002-03 TO 2006-07**OVERALL DEFENCE SERVICES**

(Rs in Crs)

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	38556.56	40501.24	41306.75	46112.44	49570.23
Capital	14111.80	15995.11	30510.85	30304.34	34833.82
Total	52668.36	56496.35	71817.60	76416.78	84404.05
Revenue Stores	15758.40	16849.17	16032.49	17702.55	18756.83

ARMY

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	26837.21	28026.68	27840.61	30683.14	32298.64
Capital	5290.57	5173.30	7411.79	9705.47	10399.47
Total	32127.78	33199.98	35252.40	40026.46	42316.61
Revenue Stores	9466.48	9796.93	8528.44*	9303.88*	9698.28*

* An amount of approx Rs 1483 Crs which is on account of transfer of budget for 'A' vehicles ex- DG OF from the Revenue Stores budget of Army Ordnance to the Capital Head is not included wef 2004-05.

NAVY

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	4350.62	4742.87	5213.90	6287.19	6713.18
Capital	3804.70	5366.48	8315.39	8489.70	9427.85
Total	8155.32	10109.35	13529.29	14776.89	16141.03
Revenue Stores	1808.80	2328.04	2486.56	2674.79	2790.00

AIR FORCE

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	7368.73	7731.69	8252.24	9142.11	9858.41
Capital	5016.53	5455.33	14783.67	12109.17	15006.50
Total	12385.26	13187.02	23035.91	21251.28	24864.91
Revenue Stores	4483.12	4724.20	5017.69	5723.88	6268.58

Type of Stores	Existing Delegation of Powers						Total		Proposed Delegation of Powers						Total		
	EX Trade		PSUs/OFs		Imports		Budget	%	EX Trade		PSUs/OFs		Imports		Budget	%	
	% Budget	% Cases	% Budget	% Cases	% Budget	% Cases			% Budget	% Cases	% Budget	% Cases	% Budget	% Case			
1. ARMY																	
(a) Delegated Powers	29 (625)	95	22 (996)	60	14 (65)	75	1686	24	44 (935)	97	60 (2702)	96	32 (155)	90	3247	46	
(b) MoD	70 (1510)	5	78 (3502)	40	86 (413)	25	5424	76	56 (1200)	3	40 (1796)	4	68 (323)	10	3863	54	
2. NAVY																	
(a) Delegated Powers	26 (233)	65	37 (765)	67	40 (367)	61	1365	35	33 (300)	70	43 (898)	72	46 (420)	67	1618	42	
(b) MoD	74 (665)	35	63 (1328)	33	60 (541)	39	2534	65	67 (599)	30	57 (1195)	28	54 (488)	33	2281	58	
3. IAF																	
(a) Delegated Powers	67 (119)	97	48 (62)	92	29 (438)	90	1071	39	100 (177)	100	100 (130)	100	41 (623)	94	1402	51	
(b) MoD	33 (58)	3	52 (68)	8	71 (1083)	10	1655	61	0	0	0	0	59 (898)	6	1324	49	
4. DGAFMS																	
(a) Delegated Powers	48% (47)	95	-	-	55 (29)	96	77	51	100 (98)	0	-	-	66 (35)	98	134	88	
(b) MoD	52% (51)	5	-	-	45 (24)	4	75	49	0	0	-	-	34 (18)	2	18	12	
Total Services							4199	30							6401	46	
Total MoD							9688	70							7486	54	
Overall Budget							13887								13887		

Note : Figures in brackets () indicate budgetary value of cases in Rs Crs

Appendix 'C'

POWERS AT A GLANCE FOR HIGH LEVEL BUDGET HOLDERS IN SERVICE HQrs : PROCUREMENTS

(Rs in Crs)

<u>Type of Stores</u>	<u>Army</u>		<u>Navy</u>		<u>Air Force</u>	
	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>
1. <u>Ordnance/Weapons/</u>	<u>VCOAS</u>		<u>VCNS</u>		<u>VCAS</u>	
<u>Stores (Scaled)</u>						
Ex-Trade	} 25	50	} 10	15	10	20
Ex PSU					15	30
Ex Import	-	-	-	-	8	20
PAC Basis (Trade)	3	10	10	10	10	10
Single Tender	-	3	2	2	-	2
	<u>MGO</u>		<u>COM/COL</u>		<u>AOM</u>	
Ex-Trade	} 10	30	} 10	15	10	20
Ex PSU					15	30
Ex Import	6	20	8	12	8	20
PAC Basis (Trade)	3	5	10	10	10	10
Single Tender	1	1	2	2	-	2
2. <u>Supplies</u>	<u>QMG</u>					
Fresh Supply	10	10				
STA(Milk)	Over 1.5	Over 3				
MF	1	3				
3. <u>Medical Eqpt/Stores</u>	<u>DGAFMS</u>					
NIV	20 Lakhs	1				
Scaled	1.50	5				
Rate Contract	-	5				
Capital	50 Lakhs	2				

(contd)

Appendix 'D'

AAPs : 2005 – 2007

Service	Total Cases (No)	Total Cost (Rs in Crores)	Cases upto 10 Crores (No)	Estimated Cost of Cases upto 10 Crores	Percentage of cases (Nos)	Percentage Cost
Army						
2005-06	480	80414.71	191	647.75	39.79	0.80
2006-07	190	39287.50	46	182.55	24.21	0.46
Total	670	119702.21	237	830.30	35.37	0.69
Navy						
2005-06	118	51147.83	43	177.87	36.44	0.34
2006-07	154	39256.41	53	237	34.42	0.6
Total	272	90404.24	96	414.87	35.29	0.45
Air Force						
2005-06	236	111605.33	81	285.18	34.32	0.25
2006-07	152	87976.23	46	180.72	30.26	0.21
Total	388	199581.56	127	465.90	32.73	0.23



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1. PREAMBLE

1.1 One of the target areas for MoD as per PMO's directives is to consider higher delegation of financial powers to the Defence Services. In pursuance thereof a Committee was formed vide MoD letter dated 27 Dec 2005 under the Chairmanship of FA(DS), with JS(O/N), JS&AM (MS), Addl FA (M), two star Service Officers from the three Services and CISC as Members and Principal IFA, JS (Air) & representative of DGAFMS as co-opted members to look into the following :-

(a) Adequacy of Financial powers presently delegated to Services.

(b) Measures for improving existing delegation of Financial Powers.

(c) Readiness of the Services to take up powers for Capital Acquisition, thereby sharing the burden of the Acquisition Wing.

1.2 The composition of the Committee and detailed terms of reference are given in **Appendix-A**.

2. DELEGATION OF FINANCIAL POWERS OVER THE YEARS

2.1 The scheme of delegation of financial powers had its origin in 1975 as per which, amongst other powers, MoD was vested with full powers for procurement of stores which are scaled and Rs.50 lakhs for items which are non-scaled. The single tender power was Rs 25 lakhs and PAC power was for Rs.10 lakhs.

2.2 A major step forward in this direction was taken by the Committee on Defence Expenditure constituted in 1990 which

recommended substantial delegation of financial powers to the Services except for creation of posts and import of stores and introduction of new scales. The Committee had recommended that while certain enhanced powers were immediately being delegated to the Services further delegation would have to be linked to the establishment of appropriate systems of financial advice and control.

2.3 The MoD at the time had mooted initiation of further studies on the concept of Authority cum Responsibility Centres on lines of those adopted by the UK Army, to be further validated in the base logistics units in peace areas since delineation of performance indicators in these units would be comparatively easier. These initiatives planted the seeds for formulation and implementation of the New Management Strategy (NMS) for the three Services, leading to substantial delegation of financial powers in Revenue Expenditure to the three Services during the period from 1996 to 2000, whereby a substantial portion of the Revenue budget came under the delegated powers of the Service HQrs. As per these delegations, the Services had powers of Rs 3-5 Cr for procurement of stores indigenously, Rs 3 Cr for imports, Rs 7 Cr for repairs and refits and Rs 3 Cr for release of FE. For procurement of IT systems, the Services were delegated powers upto Rs. 1 Cr. The powers were to be exercised in consultation with the Integrated Financial Advisers.

2.4 During October 1998, a Task Force was formed under the Chairmanship of Additional Secretary (Expenditure) with representatives from the three Services and Addl.FA(M), MoD as Members of the Committee to look into adequacy of financial powers of the Services and for simplification and streamlining of procedures. The objectives of fully decentralized resource management, coupled

with accountability, will be fully served only if there is further decentralisation of these powers to the level of Commands and lower formations. This, however, calls for a clear enunciation of authority and responsibility centre with clearly defined and measurable performance goals and resource needs. It is also essential that certain high value cases pertaining to Revenue expenditure continue to be dealt with in MoD in keeping with the different dimensions of these proposals such as import /indigenous, capacity utilisation vis-à-vis targets in repair depots / workshops / dockyards of the Services and Ordnance Factories and PSUs, interface with other government departments, foreign governments and strategic partners. This would provide the MoD an overview of maintenance and support requirements of the Defence Services which constitutes a sizable chunk of the total budget.

2.5 During the post Kargil period, a Group of Ministers was set up by the Govt to examine the National Security Environment and based on recommendation of the Task Force on Higher Defence Management, a Committee headed by the then Secretary Defence (Finance) undertook a comprehensive review of financial powers of the three Services which culminated in delegation of higher financial powers not only to the Services HQrs but also to Commands, formations down to the unit Commanders. Such delegation was, however, to be preceded by the provision of the mechanism to provide financial advice (IFA System) to the CFAs so that proper checks and balances are exercised and expert financial advice is available.

2.6 As a logical continuum, during September 2002 based on Adviser to MoD's recommendations, delegation of powers at various

levels of MoD were notified vide MoD/D (Coord) letter dated 16 Sep 2002 for Revenue Procurement for various types of financial transactions with corresponding MoD(Fin) interface.

2.7 Another offshoot of the GOM recommendations was setting up of the Acquisition Wing in 2002 to look into the whole gamut of processing new Capital acquisition proposals for the Services and creation of overarching decision structures like DAC & DPB. MoD issued a letter in January 2003, indicating powers at various levels in the Department of Defence for according necessity angle approval for Capital procurements. While RM has full powers for approving procurement of scaled items, his powers for non-scaled items was Rs 50 Crs which has since been enhanced to Rs100 Crs. For capital items under Fast Track Procedure, which are initiated by respective Services Chiefs in the event of operational requirement, the power of RM is Rs 300 Crs.

2.8 The present Committee under FA(DS) embarked upon its journey with the following methodology :-

3. METHODOLOGY

3.1 The thrust was to obtain as much data as possible from the Services HQrs, Commands / Formations/Ests of the three Services and HQrs IDS on the existing systems and extent of delegation of financial powers, the linkage of budget allocation to CFAs with performance and accountability, problems being faced by field functionaries in the exercise of delegated powers and to identify anomalies and any lacunae / omission in the existing delegation. To have the benefit of experience gained in the exercise of financial powers with IFAs, a Sub-Committee under the Chairmanship of Principal Integrated Financial Adviser was formed to deliberate in

detail on the proposals/suggestions of the Services HQrs and other Members of the Committee. The following broad parameters were laid down for this exercise -

- (a) CFA-wise, and budget holder-wise budget allocation against Minor Head, Sub Head and detailed heads and firm up accountability of each budget holder with reference to powers delegated for ensuring optimal utilization of budget allocated.
- (b) Budget has to be an efficiency indicator and any additional financial powers proposed to be vested should ensure higher efficiency level, in terms of serviceability and maintainability of equipment/machinery/platform/ weapon system. This has assumed importance in the context of outcome budget which MoF has been insisting upon.
- (c) The proposals for enhancement of financial powers by Service HQrs should bring out the quantum of likely budget utilization by the MoD, Services, HQrs Commands and echelons down below. For this purpose RE 2005-06/ BE 2006-07 could be the basis for working out budget utilization under present delegation and comparison with the likely budget utilization on proposed enhancement of powers.
- (d) Inter-services and intra-service rationalization of financial powers for comparable levels of functionaries, while taking care of service specific requirements.
- (e) Need for identifying right functionaries as CFAs and further delegation down the line from Service HQrs to Commands and to lower echelons based on functional requirements.
- (f) Drawing up Annual Prioritized Revenue Procurement Plan for each Service bringing out carry forward liabilities and new

schemes during the Financial Year against delegated powers and MoD powers separately and provisioning review to address desired serviceability, and fleet availability. . Appropriate MIS should be in place to review the results achieved vis-à-vis targets and time and cost overruns with reference to milestones set and under-utilization of budget.

(g) Need to put in place an institutional arrangement by which differential rates, inter & intra service, for the same items/products and by different levels within the same Service are minimized/avoided.

3.2 The Sub-Committee was also asked to look into the dichotomy in PAC/Single tender powers between the three Services, as also inadequacies in the annual ceiling for purchase of stationery in Army.

3.3 While examining the proposal of the Services for delegation of financial powers for Capital items it was impressed that the comprehensive procedures and systems put in place, after setting up of the Acquisition Wing in 2002, must not be diluted and checks and balances envisaged at each stage viz formulation of QRs, AON, Categorization. Quantity Vetting, detailed RFP formulation and Vetting, duly retaining the advantage of economy of scales by clubbing similar requirements of the Services, Joint Staff QR (JSQR) for common items are of paramount importance in case of Capital acquisition.

3.4 The Sub-Committee was asked to bring up data on budget utilization by the three Services and the proportion of cases handled under the present delegation vis-à-vis percentage of budget and cases that are likely to be handled under the proposed delegation.

4. RECOMMENDATIONS FOR ENHANCED DELEGATION OF FINANCIAL POWERS

4.1 The Services had asked for delegation of certain financial powers without consultation of IFAs in following circumstances :-

- (a) During War, Special Operations & emergencies.
- (b) CFAs located in far flung and operational areas where IFA cover is not available.
- (c) In certain cases where IFAs have been positioned/co-located in order to provide financial flexibility.

4.2. As regards War / hostilities / emergencies etc, financial powers without consultation of IFA have been agreed and included for the Services. In the case of CFAs located in remote areas where IFAs have not been provided/ co-located, certain enhancement/delegation of financial powers has also been considered for functional efficiency.

4.3 Enhancement of financial powers without financial concurrence has not been considered where IFAs have been positioned, as this goes against the grain of financial advice system. Accordingly, Services have been asked to process such proposals separately on file, with detailed supporting justification.

4.4 The Committee noted that the delegation should not be rank based but based on operational and functional requirements. As such, total parity between CFAs at various levels in the three Services cannot be achieved, as each Service has its unique functional requirements to necessitate delegation of financial powers to various authorities at different levels.

4.5 The financial powers have generally been recommended to be enhanced by 50-100% of existing levels and in some cases even higher, duly taking into account escalation in the interregnum. Some new CFAs have been introduced in the organizational interest.

Powers for Write-Off of losses were held in abeyance in the 2002 review and have now been recommended for Naval HQ and its lower formations. Due care has been taken that delegation is available down the line for quick decision-making.

4.6 The enhanced delegated powers are shown in the Schedules placed at Annexure 'A', 'B' 'C' and 'D' in respect of the Army, Navy, Air Force and Joint staff respectively.

4.7 As regards the procurement of major equipment / weapon systems for the Army, Navy, Air Force and Joint Staff, certain basic principles were followed for proposing the enhanced powers. Full powers are delegated for revenue procurements to the RM, which have in turn been delegated to MoD authorities and the Services, for various types of procurements. The present distinction enshrined by the MoF, in DFPRs, has generally been maintained while proposing enhanced powers, between the following type of purchases-

- (i) Scaled and Non - Scaled Items.
- (ii) Procurements from DGOF/ PSUs and Trade sources.
- (iii) Indigenous procurements and imports.
- (iv) Single Tender & PAC cases as distinct from OTE / LTE.

4.8 This distinction has been factored into the enhanced financial powers of the CFAs in the three Services. Thus, the procurement powers for scaled items are higher than those for non-scaled and for indigenous purchases higher than those for imports. **The powers for purchases ex-import include powers for release of FFE in consultation with IFA upto the limits of the delegated financial powers of various CFAs.** For indigenous purchases / repairs / overhaul in the Navy and IAF the powers of various CFAs is comparably higher for purchase/repairs through PSUs/OFs than those through Trade. Further, PAC and Single Tender cases should

be as few as possible and an effort be made to develop at least two established sources of procurement.

4.9 The trend of actual expenditure by the three Services against Revenue and Capital allocations and Revenue stores during the last 4 years including BE allocation for 2006-07 is placed at **Appendix-B**.

4.10 Budget utilization for procurements by the three Services with the present delegation is about 30% while the proportion of cases handled is around 82%. With the proposed enhancement in the delegated powers the overall budget utilisation percentage would go up to 46 % and percentage of cases dealt with by Service HQs would increase to about 87%. **Details of the above indicating Service-wise position are enclosed as Appendix-C.**

4.11 **Powers at a glance for higher level budget holders in Service HQs before and after enhancement of delegation are given in Appendix-D.** Almost all the suggestions of MGO, QMG, AOM, COM & DGAFMS have been factored in.

4.12 The rationale behind the increased delegation, service-wise, is given in the succeeding Paragraphs.

5. ARMY

5.1 Proposed enhancement / rationalization of powers in the major areas of expenditure and their overall impact, category-wise is explained below.

5.2 Improved Serviceability State of Stores / Eqpt/ Supplies.

5.2.1 Procurement of Ordnance Stores (Indigenous)

(a) Scaled Items-Purchases based on Provision Reviews:

With the enhancement in financial powers of the VCOAS/MGO and other functionaries down the line, more cases would get processed in Army HQ, reducing the processing time for

procurement. Overall the Army would be able to make improvement in the present availability state of major equipment and weapon systems. MGO will become responsible for spending upto 46 % of the overall budget for indigenous procurements as against existing 24%, while 90-95% of the total number of cases would be finalized within Army HQ and about 5% of the high value cases sanctioned in MoD.

(b) **Non-Scaled/NIV Items** :

(i) The major improvement effected is by empowering MGO for procurement of equipments/stores, both indigenous and ex-import, upto Rs 25 lakhs as samples for tests, trials and experimentation.

(ii) VCOAS Non-scale powers are being enhanced and will also cover items required urgently for Special Operations/Special Forces on lines of the Army Cdr's Special funds.

(c) **Import of Stores** : Financial Powers for imports for MGO are particularly recommended for substantial enhancement upto Rs 20 Crs to meet requirements of Special Clothing and Mountaineering equipment for Siachen Glacier. This will enable utilization of the budget provision for imports upto 35% in-house by the Army CFAs as against existing about 15%.

(d) **Siachen Clothing** : Enhancement of the financial powers of MGO for procurement of Special clothing and Mountaineering Equipment ex-import for the troops posted on the Glacier, is sought due to increase in the authorization and scales in April 2005 and the high rate of wear and tear of special clothing. The non-availability of items of personal

clothing causing hardship to soldiers in the Siachen Area has also been commented upon by the Standing Committee on Defence in their Sixth Report in Dec 2005, based on their study visit to forward areas. The present cost ex-import ranges between Rs 2 Crs to Rs 18 Crs per item for one year in respect of Cat I items. The enhanced powers will enable the MGO to provide for timely supply of the special clothing which is absolutely vital for the basic survival of troops in Siachen Glacier and other areas where these are authorized.

5.2.2 Enhancement of Financial Powers of EME.

(a) Improvement in Serviceability State : Enhancement of powers for Local Purchase / Local Repair Contracts will lead to improvement in the serviceability state of eqpt, since field workshops will be able to procure spares / stores locally or enter into local repair contracts for eqpt / vehicles when so justified on grounds of urgency or when repair capacity of own workshop is full or repair facility not available or when transportation of the eqpt/ vehicle to any other workshop is uneconomical / not feasible. Enhancement of powers will ensure that serviceability state of major war waging eqpt is always higher than the minimum desired threshold.

(b) Decrease in Mean Time to Repair (MTTR) : MTTR is a very important parameter for assessing the efficiency of engineering support set up. Often equipment remains out of action (EOA) due to non-availability of spares, due to processing time required for obtaining the necessary CFA sanction. With the proposed enhancement of financial powers, there should be a significant reduction in MTTR of equipment.

(c) **Powers for Modernization of Army Base Workshops sanctioned under Capital Budget** : The pace of existing modernization projects has been slow due to inadequate delegation of financial powers and also procedural bottlenecks. Accordingly, delegation of financial powers is recommended to the MGO, DGEME and CE/Comdts ATC / ABWs for execution and establishment of essential plant, machinery and infrastructure schemes within the umbrella sanction issued by MoD for such modernization projects. This would enable the operating level i.e. the Comdts of Advance/Army Base Workshops to execute some schemes within their delegated powers. **An SOP should be put in place for this purpose.**

(d) **Product Development & Indigenisation**: So far the Corps of EME was only responsible for Product Improvement. However, wef 01 Jul 06, the responsibility for indigenization too will be transferred from DGQA to them. Indigenization would be carried out in the Army Base Workshops by optimally utilizing and augmenting their capacity. Financial powers are proposed for the MGO & EME CFAs at par with the IAF to operationalise the activity and provide necessary impetus for such effort.

5.2.3 **ASC Supplies**. The financial powers of QMG for concluding contracts for provision review cases are not being enhanced though there is some increase in procurement powers of other CFAs. The following rationalization has been carried out :-

(a) The QMG had been unable to utilize his provisioning powers of Rs 40 Crs for scaled items as a large number of items are clubbed in MoD while determining the value of the procurement, as also the volumes involved are large. The

ambiguity is now being removed by an annotation that the value will be determined "on per item basis" rather than clubbing all items in a particular category.

(b) Financial powers delegated to the QMG for contracts for fresh supply beyond Rs 3 Crs are presently exercisable in consultation with MoD (Fin). As such, meat and other contracts exceeding value of Rs 3 Crs were going to MoD (Fin). The stipulation in this regard has now been deleted, thereby allowing QMG to sanction contracts within his delegated powers in consultation with the IFA.

(c) At present no Milk and DP contracts are being concluded under the delegated powers of Command CFAs. Enhancement in delegated powers of Army Cdrs upto Rs 3 Crs will enable large number of contracts to be finalized at the Command level.

5.2.4 Sanction of Works. There has been a successive erosion in the delegated powers of the Army CFAs for sanction of works due to steep increase in the prices of the steel, cement, timber and petroleum products (affecting transporting cost) since 2002. In 2002, 30% of the budget was getting utilized at the level of the MoD and 70% within powers of the Army. At present 60% of the Works budget is being sanctioned under the MoD powers and 40% within the powers of the COAS and lower CFAs, with consequential slowing down in progress of cases. Enhancement of powers of Army CFA is expected to restore the earlier ratio of budget utilization, to 75% in house by Army and 25% in MoD. This will lead to speedier processing of works proposals and improve the position with regard to maintenance and low budget works. Almost 60% of the schemes under the Major Works Programme (MWP) would get approved within

the delegated powers of COAS leading to timely utilization of funds. The saving in terms of time would be between 3 to 6 months.

5.2.5 Removal of Certain Anomalies/Bottlenecks.

(a) Non-inclusion of appropriate CFAs : Financial powers of authorities below the level of Army HQ for Technical Trg & Instructional Equipment Grant, available in extant Als/MoD letters, were not reviewed / enhanced nor included in the MoD order issued in Apr 2002, leading to considerable hardship to field functionaries who are authorized this grant. The powers given in earlier Als/Govt letters are very meager and unrealistic at current prices. These Command CFAs are recommended for inclusion factoring for inflation.

(b) Purchase of Stationery: As per extant Govt. orders since 2003 the Army units/fmns are purchasing stationery stores out of their ACG Budget upto a ceiling of 20% of the total allocation. The financial powers of various CFAs presently given in Schedule XI, are inadequate and much less than 20% of the annual allocation. It is recommended that financial powers of Army CFAs for purchase of Stationery should be the same as for other purchases from ACG and the annual limit for purchase of Stationery be enhanced from existing 20% to 30% of ACG allocation.

(c) Write off of Losses of Stores and Public Money: At present no financial powers have been conferred in this regard on higher functionaries at Army HQ for Units/Fmns/Ests other than those of Ord, MF, RVC & Emb HQ. Thus, in cases relating to the Fd Army when the amount of loss is beyond the powers of the highest Comd CFA, i.e. GOC-in-C Command, sanction of

the Govt. is reqd, which leads to delay in regularization of losses. The tardy settlement of cases related to write off of Losses has been adversely commented upon by the CGDA. The outstanding cases date as far back as 1970-71. Accordingly, VCOAS and AG have been recommended as higher CFA at Army HQ for Write off of Losses to enable early settlement of approximately 50% cases upto Army HQ level.

(d) **Other Omissions in Financial Powers** : Powers given in FRs / AIs /Govt Letters issued prior to 2002 for certain field functionaries, were missed out in the Apr 2002 letter, such as powers for sanction of Tests and Trials of Eqpt/ Systems to DCOAS (P&S)/ Hiring of services / manpower by Mil Farms, RVC, Purchase of Chemicals by Food Inspection Organisations, powers of Station Cdrs/ BROs for repair, Repair of Port Crafts by Engineers etc. These are recommended for inclusion as they will enable these functionaries to accomplish their day-to-day assigned tasks.

5.2.6 **Areas of Enhanced Activities of the Army**

(a) **R&D Projs by ATC/ABWs**: Need for Delegation of Powers for in-house Army R&D effort by ATC/ABWs to MGO, DGEME and Comdts ABWs is recommended.

(b) **Simulators** : Enhancement of financial Powers for Development of Simulators by SDD under GOC-in- ARTRAC is recommended. This will provide a boost to the Simulator Development Division under GOC-in-C ARTRAC to undertake projects of higher value.

(c) **Induction of Simulators**: Induction / Procurement of Training Simulators developed by SDD in Cat 'A' Ests for Trg Purposes from the Stores Procurement Head was proposed. At present there is no clear cut guideline on the induction of Simulators developed by the SDD. It is recommended that procurement of Simulators for training the troops be done from the ATG Grant for Revenue items and for Simulators costing over Rs10 Lakhs from the Capital Budget, under procedure to be included in DPP.

(d) **Powers for Access Networks**: Under IT head financial powers have been proposed for delegation to SO-in-C/CSO Comd/Corps for sanction of 'Access Networks and Media Connectivity' for executing the Network Projects for the Army.

5.2.7 **Important Recommendations for Field Army** .

(a) **Unit/Miscellaneous Grant**: Enhancement of financial powers of Field Functionaries for various Miscellaneous / Unit Grants will enable them to utilize their allocated grant efficiently and obviate the compulsions for resorting to splitting of orders due to inadequacy of powers

(b) **Stationery Stores**: Enhanced financial powers and annual ceiling of funds for purchase of Stationery stores through ACG, with commensurate powers as given in Schedule I, will provide much needed relief and reduce the number of audit objections due to units not being able to live within the ceiling restriction.

(c) **Repairs**: Enhancement of LP powers for purchase of spares/stores required for repair of eqpt / vehicles under

Schedule XII, thereby reducing the MTTR for eqpt / vehicles and enhancing the fitness of the field Army.

(d) **IT Powers**: Decentralisation and enhancement of financial powers for integrated IT projects, purchase of computer stationery and consumables and maintenance and repairs of IT equipment will facilitate rapid pace of automation and take care of day-to-day/ MIS needs of all units/estts, thereby enhancing their overall efficiency.

5.2.8 **Army Cdrs' Special Financial Powers (ACSFP) Related Issues.**

(a) **Ceiling for Emergent Repairs.** Existing ceiling for emergent repairs of equipment / vehicles through Ord / EME Local Purchase powers is proposed to be enhanced from existing 0.5% to 1% of total ACSFP allocation for Northern and Eastern Commands and from Rs 15 Lakhs to Rs 30 Lakhs per annum for other Commands. This will facilitate urgent repairs of eqpt / vehicles used for CI Ops/ IS Duties in adverse terrain and remote locations.

(b) **FOL.** Provision did not exist so far for drawal of FOL from ASC Depots for eqpt/machinery procured over and above PET/WET and held as Sector Stores nor was FOL authorised as an item to be procured out of ACSFP. This was causing a major problem in running of vehicles / eqpt purchased under ACSFP. Provision has been included to authorize drawal of FOL for such eqpt/ vehicles from ASC Supply Depots as a more cost effective option, which will enable HQ Commands to run this equipment / machinery.

5.2.9 Improvement in Op Preparedness

(a) Powers during Special Operations: No powers were delegated in the Apr 2002 letter for the Army CFAs, for procurement of stores/eqpt required urgently during war/hostilities/special operations (including disasters), though available to the Army Authorities in FRs, 1983. These are now recommended, as delegated to the Navy in 2003. The powers will become operative on the issue of a Govt. Order declaring a State of Ops, enabling the Army to meet all eventualities.

(b) Emergent Procurement of stores/spares from abroad: Delegation of powers to MAs for procurements of stores/spares upto Rs 15 lakhs to meet operational/technical requirements on grounds of urgency is recommended with appropriate checks and balances as regards initial grant of AON by MGO.

(c) Powers to VCOAS for Special Forces: Financial powers delegated to VCOAS for procurement of Non-Scale/NIV items (including ex-import) on lines of procurements being made under Army Commanders' Special Financial Powers, will give him the necessary flexibility to meet the requirements of Special Forces/special operations ordered by the Army.

5.2.10 DGOF Supplies. The indents of MGO for DGOF supplies on the Revenue side are of the order of Rs 4000 Crs annually. Before finalizing the pricing of such issues, approval of concerned Addl FA should be invariably taken as it will help in cost comparison with similar items from trade and ex-imports, measures taken by DGOF for reviewing the estimates, man-hour rates, reduce

overheads and rejection %. There is also a definite need for optimally utilizing the in-house capacity of Ordnance Factories. It would be necessary to critically examine actual consumption vs desirable norms for usage of ammunition of various types for training and operational needs, as ammunition constitutes nearly 40% of the value of issues. Further, the value addition by VFJ in case of 'B' Vehicles, keeping in view that TOT has been taken, needs close monitoring.

6 NAVY

6.1 The enhancement sought by the Navy in the existing financial powers is **primarily aimed at bringing about improved serviceability and availability of systems/platforms at their optimal and peak performance levels.** The focus, therefore, has been on revising the crucial powers relating to procurement of indigenous and imported stores, as well as offloading of ships for repairs and overhaul. **It is envisaged that with the enhancement in financial powers the serviceability and availability of these platforms would increase significantly as enumerated below:-**

(a) Indigenous Procurement. Procurement of Naval stores, spares and other equipment account for almost 43.5% of the Naval Revenue Budget. It is largely utilised to ensure operational availability of Naval equipment and platforms. Enhancement of financial powers for procurements by Naval functionaries will ensure speedy procurement and optimize operational efficiency. Accordingly, the following enhancement of delegation of powers is recommended -

(i) For procurement of Weapon/Non-Weapon stores ex-trade, the powers of COL and COM have been enhanced from Rs 10 crs to Rs 15 crs and those of ACOL/ACOM have been revised from Rs 5 crs to Rs 7 crs.

(ii) For purchase of Galley equipment, the powers of VCNS have been revised from Rs 10 lakhs to Rs 15 lakhs.

(iii) For offloading repair/refit of Ships etc, through PSUs/Port Trusts, VCNS is proposed to exercise powers up to Rs 15 crs as against earlier Rs 12 crs.

(iv) For purchase of office equipment, the powers of FOC-in-C are proposed to be enhanced from Rs 15 lakhs to Rs 20 lakhs in consultation with IFA.

(b) **Imported Stores.** The powers for procurements ex-import on grounds of urgency or operational or technical requirement are recommended for enhancement primarily to allow CFAs to procure equipment for urgent repairs, especially when afloat in foreign waters. The powers of NAs / DAs are also being substantially enhanced to speed up the process of procurement of stores from the OEMs located in foreign countries. It is expected that the enhanced powers would enable processing of about 61% cases under the delegated powers NHQ as against the present level of 20%.

(c) **Refit and Maintenance / Repair of Ships.** The powers for refits, maintenance and repair of ships are proposed for substantial enhancement as they have a direct impact on the availability of ships for operational commitments. Powers for offloading repairs of ships both to PSUs and trade are

recommended for enhancement. With this increase, the time taken for refits and dry docking of ships is expected to reduce by about 30%, leading to better availability of ships / platforms for meeting operational requirements and reduction in the backlog of refits. Provision has also been made to allow repair / AMCs of the onboard equipment in order to cut down delays by reducing the lead time for repairs. Another likely advantage is that the cost of off loading refits to trade would decrease substantially due to speedy processing and more realistic assessment of costs by the CFAs who are operational authorities themselves.

(d) **Hiring of Services.** The powers for Hiring of Services are being enhanced by 50% at NHQ and 150% at Command level. The primary aim is to provide necessary flexibility to the CFAs to ensure that the support services are in place at the right time and their non-availability is not an impediment to smooth operations.

(e) **Hiring of Transport.** Similarly powers for Hiring of Transport have been doubled for NHQ functionaries and the powers of Cs-in-C in the Commands enhanced from existing Rs 3 lakhs to Rs 200 lakhs. With such outsourcing, the focus of the Navy will be more on operational matters. **However, further guidelines need to be evolved keeping in view the audit inputs to ensure that rates finalised are reasonable and disparity between rates for the three Services in the same station are avoided.**

6.2 **Inclusion of New CFAs.** In consonance with the spirit of NMS and need for further decentralization of powers to the operating and

functional levels, a large number of CFAs have been added, like COM & ACOM, ACOL, DGONA/DGNAI at NHQ level and COS, CMP/CPRO, Chief Hydro, FOSM, NOICs, NAIs at Command level. The aim is to include all those authorities that have a bearing on the operational and combat efficiency of the Navy. The new CFAs are primarily at Command level and a few have been added at NHQ to provide impetus to and optimize speedy procurement.

6.3 Rationalisation of Existing Provisions. The provisions of the existing NI have been rationalized for better implementation. The number of Annexures have been reduced and Serials of the Annexures reduced / rationalized. This is aimed at optimizing use of the extensive powers delegated in this revision.

6.4 Power to Write Off Losses. Delegation of powers for write off of losses have been proposed, which had remained inoperative since 1981. This would enable the Naval authorities to settle a large number of the pending cases of losses in respect of the Commands, which are caused due to or not due to theft, fraud or neglect.

6.5 Overall Improvements: The significant improvements expected as a result of this delegation include -

- (a) Reduction in lead-time for procurement of critical spares/yard material which in turn will reduce the down time of Ships / Systems / Weapons / Sensors.
- (b) Reduction in delays and cost in off loading of refit of ships to trade due to quicker processing and more realistic assessment of costs.
- (c) Reduction in the backlog of refit of ships and equipment.
- (d) Reduction in the lead-time towards commencing and

executing emergency repairs of ships and submarines through trade.

(e) Increase fiscal awareness leading to better financial management of resources.

(f) Greater matrix units of refit work are completed due to quicker decision making at the Command level resulting in more efficient management of resources.

7. AIR FORCE

7.1 The enhancement of financial powers in the Air Force is **primarily aimed at bringing about improved serviceability and maintainability of Aircrafts/ Systems and cater appropriately for repair and overhaul of the ageing fleet of air crafts as also to cater spares support for recent additions to the transport fleet.** Proposed enhancement / rationalization of powers in the major areas of functioning and their overall impact on the above key result areas are amplified in the succeeding section.

7.2 **Maintenance of Air Crafts:** The serviceability of various types of aircrafts, particularly the transport fleet, would improve substantially and be around the desired levels. Since 94% of the import cases would be handled at Air HQrs with the proposed increase in import powers of VCAS/AOM from Rs.8 crs to Rs.20 crs, the serviceability norms and compliance with the same would have to be closely monitored so that AOG situation is avoided. Also need for augmenting repair and overhaul facility in BRD and HAL and its cost effectiveness vis-à-vis imports needs close examination.

7.3 Repairs and Overhaul: MoD should decide ROH cases, which involve long term requirements based on foreseeable needs by inviting tenders from as many OEMs as possible. The experience is that such bulking has been cost effective apart from ensuring assured availability of spares and critical lines on a long term basis.

7.4 Delegation to HQ Maintenance Command: The provisioning and procurement responsibility has been decentralized to HQ MC IAF, in phases, which had lead to enhanced efficiency and speedy procurement of spares. Due to rapid increase in prices of Aviation spares in recent years, the process has begun to slow down as a large number of cases now get referred to Air HQrs and MoD. Enhancement of powers for HQ MC IAF is therefore recommended to ensure timely availability of spares for the field units.

7.5 FOL Consumption: ATF constitutes 31 % of the Stores budget and 19 % of the Revenue Budget of IAF and is an important component of revenue expenditure. The escalating international crude prices require that a more effective control and monitoring system be put in place. Decentralisation of ATF payment will also be brought under the control of Commanders at Field level for cost consciousness and optimum usage, through innovative measures for achieving economy in expenditure.

7.6 Consumption Norms: It is also necessary to evolve consumption norms of various types of fleet, number of sorties made and sortie duration. As the squadron strength has come down and older generation aircrafts are being replaced by latest generation aircrafts, POL consumption in physical terms should come down. This is a major area for monitoring.

7.7 Enhancement of Financial Powers. The important recommendations for enhancement in powers of Air Force authorities are as follows: -

- (a) For procurement of stores from PSUs/Govt Departments, the powers of VCAS / AOM / AOC-in-C have been enhanced from Rs 15 crs to Rs 30 crs.
- (b) For procurement of stores ex-trade, the enhancement of powers of above CFAs is from Rs 10 Crs to Rs 20 Crs.
- (c) The powers of VCAS/AOM/AOC-in-C have been enhanced from Rs 8 Crs to Rs 20 Crs for procurement of stores ex-import and release of FFE to cater for the enhanced requirements for repairs and overhaul of ageing fleet of aircrafts and provide continued spares support for new inductions, completing their warranty.
- (d) Powers of VCAS/DCAS/AOM/AOC-in-C have been enhanced from Rs 25 lakhs to Rs 50 lakhs for procurement of stationery items.
- (e) Powers relating to Acceptance of Necessity and Administrative Approval for Works have been enhanced by approximately 50%, for all the CFAs.
- (f) Powers for Hiring of Civil Transport have been enhanced from Rs 1Cr to Rs 2 Crs due to increase in transportation cost on account of increase in FOL prices and increased movements.
- (g) Powers for Integrated IT Projects have been substantially increased from Rs 1 Cr to 4 Crs for the DCAS/VCAS and AOC-in-C in order to provide impetus to implementation of advanced automation projects of the Air Force.

7.8 **Overall Impact.** The benefits expected to accrue from enhanced delegation of financial powers to the Air Force field commanders are as follows :-

- (a) Expeditious conclusion of most procurement contracts at local level itself, which will reduce procurement cycle time.
- (b) This in turn will facilitate early materialisation of spares/services / resources which will consequently result in -
 - (i) Increased production at field units.
 - (ii) Enhanced aircraft serviceability and availability.

8. **Joint Staff**

8.1 The proposed delegation of financial powers to the Joint Staff utilizes NI 1/S/2003 as the base document duly supported by the financial powers proposed for the Army / Air Force which are not covered in the NI. Financial Powers for the Army elements at ANC / SFC have been added and powers delegated for write off of losses, regularization of audit objections and executing contracts as obtaining for the Army. The CISC and C-in-C, SFC have been equated with VCNS and COM/COL as per the Govt directive. Appropriate financial powers have been proposed for the CISC, keeping in view his status as Chairman, VCC. The existing financial powers of C-in-Cs have been enhanced as per the proposed powers for the Navy and the Army and Air Force elements.

8.1.1 **New CFAs:** Commandants TSIs have been included as new CFAs to facilitate smooth functioning. Powers have been delegated to Bde Cdrs, AOCs, Component Cdrs, COs / Sqn Cdrs of IDS units

based on powers proposed for equivalent functionaries in the Army / IAF Schedules.

8.1.2. **Tri Service Institutions (TSIs):** NDA Khadakvasla, DSSC Wellington and CDM Secunderabad, which were earlier under control of the Army, have been shifted under HQ IDS wef FY 2005-06 as independent self accounting establishments. Since NI 1/S.2003 did not cater any financial powers for TSIs, the Comdts TSIs are now being delegated financial powers appropriate to their status as proposed for equivalent authorities in the Army to enable them to operate the allocated Budget and obviate the need to refer cases to CISC, as being done presently.

8.2 **Enhancement of Powers.** The Schedules of proposed powers in respect of Joint Staff are placed at Annexure 'D', which has eight parts, as follows:-

- (a) **Annexure-1** contains the delegation of powers to CIDS and C-in-C (SFC), both of whom presently exercise powers equivalent to Vice Chief of the Naval Staff under NI/1/S /2003. The powers proposed in Annexure-1 are in line with those being proposed by Naval HQrs in their revised proposal.
- (b) In **Annexure-2**, the methodology adopted for Commands and their lower Formations as also for Tri-Service Institutes (TSI) is based on NI/1/S/2003 without any change except for use of corresponding designations for equivalent functionaries in the Army. Commandants of TSIs have been included in this exercise since they are now administratively and functionally under HQ IDS but function as independent entities and subject

to corresponding budget controls by this HQrs.

(c) The powers proposed for DDG Signal Intelligence (DDGSIs) in-charge of respective zones, are similar to those being considered for Naval Officers-In-Charge of stations functioning under the three Naval Commands. This is because the Signal Intelligence Organization has been placed under the Integrated Defence Staff (operating through the Directorate General Defence Intelligence Agency) and no longer covered by the delegated powers of the Cs-in-C in the area of their location.

(d) The remaining Annexures from Annexures 3 to 7 are on the lines of the NI/1/S of 2003 with appropriate changes in the designations including those for the SFC.

(e) In order to cater to the Army element within SFC and ANC and their onward deployment in operational areas, the relevant extracts of powers proposed for revision for the Army, have been incorporated in Annexure -8.

9. DGAFMS

9.1 Provisioning. DGAFMS is responsible for provisioning of medical stores and equipment for the Armed Forces. Existing powers of DGAFMS and other lower authorities were considered inadequate as many of the Rate Contracts (RCs) have to be finalized at MoD.

9.2 Rate Contracts. The budget handled by the AFMSDs is almost 60% of the total revenue budget for medical stores and there are inbuilt delays in the supply chain and problems of overstocking and life expiry of drugs.

9.2.1 Accordingly, it is recommended that rate contract powers for both PVMS and NIV drugs and consumables upto a value of Rs 5 Crs be delegated to DGAFMS and Rs1.5 Crs with Addl.DGAFMS which will hasten finalization of rate contracts of about 600 out of 650 items which have an annual turnover of Rs.20 lakh per annum for each item.

9.2.2 Hospitals commanded by Brig. and above and four other Hospitals of the Navy and Air Force commanded by Col and equivalent will be DDOs, which will enable them to obtain their supplies of drugs and consumables within allocated budget directly from vendor with whom RCs have been concluded by DGAFMS and not through AFMSDs. This should minimize the problems highlighted above.

9.2.3 Further, based on the experience gained, all hospitals can be made DDOs, thereby improving supply chain management significantly. With this, the DGAFMS would be fully vested with powers for utilization of the Revenue budget.

9.2.4 In addition, certain increase in powers down the line has been suggested so that the competent authorities in the hospitals are able to procure life saving drugs, consumables, anti cancerous medicines, cardiac drugs, stents and immune suppressive drug in time.

9.3 **Out-Sourcing of Services.** Delegation of financial powers for outsourcing of Conservancy Services and Waste Management for

Hospitals, which had been a problem area, has been made and will result in better sanitation and patient care in Hospitals.

9.4 **Capital Procurements.** The proposed increase in capital powers of DGAFMS from Rs.50 lakhs to Rs.2 crore would ensure 30% utilization of budget under delegated powers and would enable him to equip hospitals large number of hospitals with much needed diagnostic, surgical facilities and medical equipments.

10. DELEGATION OF FINANCIAL POWERS FOR PROCUREMENT OF 'CAPITAL' ITEMS

10.1 The Committee considered the proposed delegation of financial powers under the Capital Head of expenditure to the Services Headquarters. In the meanwhile, AS(I), DG(Acq) had made a strong case for delegating powers to Service HQrs upto Rs.10 crores with a view to mitigating problems regarding timely and optimal utilization of capital budget allocation and relieving the burden of large number of cases with the Acquisition Managers.

10.2 IFA (CISC) had brought out the dangers inherent in such delegation leading to uncoordinated procurement of small value equipment, causing problems subsequently in terms of interoperability and likely increase in inventory both in range, quantity, and ESP.

10.3 Commonality of equipment like communication systems, NVDs, Gen sets, UAVs, ALHs and IGLA would have to be carefully

examined by HQrs IDS before firming up necessity, evolving Jt.SQRs and assessing the possibility of indigenization through TOT route.

10.4 The Sub-Committee under Principal IFA has brought out that with a delegation of Capital acquisition powers upto Rs.10 Crs, roughly 35% in terms of numbers and 1% in terms of estimated cost of the capital schemes would be handled by the SHQrs. **The details of AAP-2005-06 and 2006-07 indicating the total number of cases and estimated cost thereof, and number of cases upto Rs 10 Crs and cost thereof is enclosed as Appendix 'E'.** This would allow the Ministry of Defence to concentrate on high value cases.

10.5 However, the checks and balances provided in DPP 2005 have to be followed. Thus, the existing procedure may continue to be followed for seeking initial in-principle approval of the DPB while the TPC/CNC and CFA's approval could be left to the Services HQ. These powers will be exercised in consultation with the IFAs at the respective Service HQ. **A flow chart of the proposed capital acquisition process to be followed by the Services under the delegated powers is placed at Appendix-F.**

10.6 There were suggestions that in place of TMs, PD(Plg) in the Service HQrs could initiate the RFP and be in the loop for Staff Evaluation. The Committee however felt that the data base of vendors maintained by TMs and their experience in floating comprehensive RFP would be extremely useful to the Services while trying out the proposed delegation. However, based on

experience gained by the Services, this can be reviewed. The Dy. Chief of Army Staff also made a suggestion regarding incorporating a provision in the recommendations for review of the delegated powers one year later. This has been agreed to. It was also a considered suggestion of Defence Secretary that FA(DS) should invariably be consulted in case of any doubt, ambiguity and clarification required for implementing the procedure under delegated powers.

10.7 A Quarterly Report should be rendered by VCOAS/ VCNS and DCAS respectively to the DPB through DG (Acq) regarding the progress of various schemes under delegated powers, inter alia indicating the time taken for acquisition and actual cash outgo against budget projected for each scheme. The present mechanism for expenditure monitoring on a monthly basis for carryover liability and new schemes under delegated powers would continue to be done by FA (Acq) to ensure that the consolidated position on monthly outgo against acquisition schemes get reported to DPB, as hitherto fore.

11. MAJOR RECOMMENDATIONS

11.1 The important suggestions consequential on enhanced delegation of financial powers to the Services are -

- (a) Since the suggested enhancement in the delegated financial powers of Service HQrs would take away some powers of various functionaries in the MoD/MoD (Fin), a suitable exercise is to be undertaken to rationalize the delegation within the Ministry of Defence for various functionaries. A Sub-Committee consisting of JS(Air), JS(O/N)

and Addl.FA(A) and Addl.FA(M) would come up with their recommendations in this regard.

(b) Both in the Services HQrs and MoD the TPC / PNC will only be a recommendatory body for purchases which will be sanctioned at next higher level by the CFA.

(c) The Services HQrs must undertake an exercise to rationalize the structure of delegation within their HQ/lower formations to suggest deletion of those CFAs who are not required to exercise financial powers vested in them and to ensure that suitable budgetary allocations are made to various CFAs.

(d) MGO and QMG have a Revenue Procurement Plan. Air HQrs and Naval HQrs also have a data base on committed liabilities and new schemes. The Revenue Prioritised Procurement Plan (PPP) must give details of carry over liabilities as also the new schemes to be concluded during the course of the Financial Year, indicating those to be sanctioned under delegated powers of the Services and under MoD powers separately.

(e) The PPP must be prepared at each level of CFA as a subset of the overall Procurement Plan for all major areas of procurement for each of the Services. These plans will be made both at HQ level and Command level in respect of various budget holders in consultation with respective IFAs and notified formally.

(f) The Budget allocation at various stages against Sub Heads and detailed heads should be formally notified after due consultation with respective IFAs so that there is proper linkage

between expenditure and budget available and timely reappropriation of allocation and optimal budget utilisation is ensured.

(g) It is recommended that these PPPs are duly linked with Performance Parameters, efficiency levels envisaged and budget involved. The DPB should preferably be apprised of these Priority Procurement Plans on the Revenue side so that they are duly harmonized with AAPs of Capital Acquisition schemes and the maintenance requirements are duly factored in our budgeting process, till we graduate to adopting life cycle costing in our Acquisition process.

(h) **A suitable MIS for reporting the expenditure outgo against Revenue Priority Procurement Plan vis-à-vis budgets allocated, on a monthly basis, through the concerned Addl FA & JS would have to be formalized, so that the FA (DS) / Defence Secretary and RM are apprised regularly about the progress of revenue expenditure and state of efficiency levels in maintenance consistent with the targets fixed by the Service HQrs.**

(i) The performance norms should be evolved in a clear timeframe by SHQrs in consultation with Joint Secretaries and Addl.FAs in distinct areas of revenue expenditure so that the budget holders are amenable to performance based budget monitoring and the mandate of MoF in regard to outcome budget gets implemented by the Service HQrs. There must be an in-house mechanism for monitoring actual performance against milestones.

(j) Revenue Procurement must be viewed as a Project Management where diverse elements like Civil Works, Manpower induction, Testing / Evaluation, Erection and commissioning are involved. Formal structure must be put in place for such procurements to review the major milestones with reference to PERT chart so that time and cost overruns are avoided.

(k) In-house capacity of OFs / ABWs / BRD / Naval Dockyards must be optimally utilized and emphasis should be on full capacity utilization. Offloading to trade / outsourcing could be an option for low-tech, cost ineffective items.

(l) Services are expected to conduct focused and time bound review of their PET / WET making full use of the ETRC inputs on the subject with a view to eliminating authorities of item of stock which have become redundant in the current operational milieu. Efficacy of such reviews would need to be periodically checked.

(m) A comprehensive review should also be undertaken urgently regarding the efficacy of the transportation model for direct dispatch of stores eqpt/items by the OFs/PSUs/Other Vendors directly to consignees, instead of following a circuitous route involving centralized stocking by CODs/ ODs and their re-issue to the DOUs / ultimate consignees , so that the inventory carrying costs, losses in transit, delays and inconvenience inherent in centralised stocking are avoided.

(n) The Parliamentary Standing Committee on Defence while reviewing the Procurement Policy and Procedure has advised in its Sixth Report, tabled in Parliament on 12 Dec 2005 that –

- DoD should make a clear distinction between defence equipment and other items such as telecom hardware, IT hardware, office equipment, spare parts etc. which do not strictly come under defence equipment and avoid complexity of procedures for the latter (Para 15.5).
- Time frame for procurement should be curtailed and time frame prescribed for getting delivery of items of the defence forces and the same should be strictly adhered to (Para 15.4).
- Single vendor situation should be applicable in exceptional circumstances and for exclusive weapon systems / items (Para 7.6).

In other words, the main thrust of the Parliamentary Committee recommendations is OTE for COTS items and avoidance of Single Vendor situation. There is a need, therefore, to make broad based specifications to ensure competition for common user items and to compress the timeframe for procurement.

(o) There is also a definite need to update vendor registration periodically and share such data base both intra service and inter service. Electronic networking of such data base between the Services CFAs, IFAs and MoD and MoD(Fin) would, therefore, need to be established in a time bound manner. Decision on suitable platforms and operating systems must co-opt in-house expertise so that there is smooth transition during operation of such system. Marketing intelligence has to be an important element before taking procurement decisions.

(p) The financial powers being delegated to the Services for exercise during War, Hostilities, Natural Calamities and Special Operations will get invoked on the issue of a Govt notification declaring such a situation. Since these powers are now being uniformly promulgated for all the three Services, there is need to evolve detailed procedural guidelines for procurement of such operational requirements, as has been done in the case of Capital Acquisitions, by way Fast Track Procedure (FTP). During the review of DPM-2005 this aspect should be kept in mind.

(q) An MIS should be maintained by the Services for disposal of stores and close monitoring of slow-moving and non-moving items. The inventory management packages of the three Services should address this concern in a time bound manner.

(r) Suitable MIS should also be instituted to have a feedback on audit paras etc., in the areas where higher delegations are now being proposed, so that the concerns of Statutory bodies and Parliamentary Committees are properly addressed by MoD.

11.2 Both the CNS and CAS have made a powerful case for connecting Service HQrs, Budget Centres, CGDA, MoD & MoD(Fin) to a shared data base and graduate to e-accounting and e-auditing with requisite checks and balances and security safeguards.

11.3 We have to remain strongly focused to devise ways to stem waste, abuse, professional neglect and inefficiencies in expenditure. Military requirements for confidentiality are legitimate so long as they relate to plans and capability. It is with the processes, procedures

and methods that deviations and inadequacies creep into the system, unless there is accountability. Given the diverse needs, perceptions and compulsions of the Defence Services and need for inter-services and intra-service rationalization and prioritization, the process of streamlining, often divergent view points, is only possible at the level of FA (DS) / Def Secy / RM who have a holistic view of the threat perceptions, defence goals and missions and combat imperatives. The capability of DRDO and Defence PSUs / OFs also need to be appropriately dovetailed into this process.

11.4 Accordingly, while delegating such large powers, the Ministry should not lose sight of its overarching role for long term planning of its Capital and Revenue requirements and the linkage between acquisition and operating and maintenance costs. Till we graduate to life cycle costing for all our systems, the Prioritized Revenue Procurement Plans for the three Services would need to be in sync with the AAPs of the three Services for new capital schemes and carry over capital schemes. Long term requirements, contracts with price escalation clauses, negotiations involving contracts for similar items with inter-service usage and contracts with foreign Governments and strategic parameters should be within the functional domain of the Ministry. The delegation of powers for capital acquisition schemes should be hedged with abundant caution.

11.5 Specific recommendations of the Committee for enhanced delegation of financial powers to the Army, Navy, Air Force and IDS placed at Annexures 'A', 'B', 'C' and 'D' respectively be approved.

11.6 The powers delegated vide the above Annexures on the Revenue side be in place for a period of four years i.e upto 30 Jun 2010. A review may be initiated, if required, in the third year so that further revision of powers can be instituted in a timely manner.

Sachin
(MAJ GEN SBS BAINS)
ADG FP ARMY HQ
MEMBER

Sachin
(REAR ADM RK DHOWAN)
ACNS (P&P) NHQ
MEMBER

[Signature]
(AVM VIJAYAKUMAR)
A.C.A.S. (FIN PLAN)
MEMBER

[Signature]
(CMDE KC CHOUDHURY)
DACIDS (BUDGET)
MEMBER

[Signature]
(MAJOR GEN. VP PATHANIA)
A.DG AFMS
CO-OPTED MEMBER
Brig. T. PRABHAKAR

[Signature]
(GAUTAM CHATTERJEE)
JOINT SECRETARY, MoD
MEMBER

[Signature]
AMIT COWSHISH
(ADDLFA & JS)
MoD(CFA)

[Signature]
(S.N. MISRA)
ADDL.F.A.(M) MoD(FIN)
MEMBER

[Signature]
(DR. THOMAS MATHEW)
JOINT SECRETARY & AM MoD
MEMBER

[Signature] 15/6/06
(BIMAL JULKA)
JOINT SECRETARY (AIR)
MoD
MEMBER

[Signature]
(D. LAHIRI)
PRINCIPAL IFA
OFFICE OF THE CGDA
CO-OPTED MEMBER

[Signature]
(V.K. MISRA)
FA (DS) MoD(FIN)
CHAIRMAN

LIST OF APPENDICES

Ser No	Refers to Para of Report	Details of Subject	Appendix
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2	4.9	Actual expenditure of Services during last 4 years including BE for 2006-2007	B
3	4.10	Summary of Procurement Data and Service wise position of Budget Utilisation	C
4	4.11	Powers at a Glance for High Level Budget Holders in Service HQrs before and after enhancement of Financial Powers	D
5	10.4	Annual Acquisition Plans of Services for FY 2005-06 & FY 2006-07	E
6	10.5	Flow Chart of Capital Acquisition Process	F

1. COMPOSITION OF THE COMMITTEE :

- (a) FA (DS) - Chairperson

Members :

- (b) JS & AM (MS)
(c) JS (O/N)
(d) Additional FA (M)
(e) Rep from IHQ - MoD (Army) (Two Stars)
(f) Rep from IHQ - MoD (Navy) (Two Stars)
(g) Rep from IHQ - MoD (Air Force) (Two Stars)
(h) Rep from HQ IDS (Two Stars)

Co-opted Members : Principal IFA, Office of the CGDA, JS (Air), Addl FA (A) & JS and a rep of DGAFMS were co-opted as Members of the Committee.

2. TERMS OF REFERENCE :

- (a) To review the adequacy of the Financial powers delegated under the Capital and Revenue Head vide Office orders No 01/2002/D (Coord) dated 16.09.2002 and No.2/2003/D (Coord) dated 7.1.2003 and
- (b) To suggest measures, if any, for improving the existing delegation of financial powers.
- (c) While considering this the Committee may also examine the following specific issues :-
- (i) Whether the delegation made in the year 2002 to the Service HQrs was appropriate;
- (ii) Whether the Services HQrs were well equipped with Financial Advice;

APPENDIX 'A' (CONTD)

- (iii) Whether the Service HQrs and IDS have sufficient staff to manage this delegation;
- (iv) Since the workload had been transferred to Services HQrs, was there a corresponding reduction in staff of the Ministry of Defence and Ministry of Defence (Finance);
- (v) Whether the Service HQrs on the Capital side are well equipped to take up additional powers for procurement from foreign and indigenous vendors and examine if the burden on the Acquisition Wing needs to be equally shared by the three Services.

BUDGET SUMMARY FY 2002-03 TO 2006-07**OVERALL DEFENCE SERVICES**

(Rs in Crs)

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	38556.56	40501.24	41306.75	46112.44	49570.23
Capital	14111.80	15995.11	30510.85	30304.34	34833.82
Total	52668.36	56496.35	71817.60	76416.78	84404.05
Revenue Stores	15758.40	16849.17	16032.49	17702.55	18756.83

ARMY

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	26837.21	28026.68	27840.61	30683.14	32298.64
Capital	5290.57	5173.30	7411.79	9705.47	10399.47
Total	32127.78	33199.98	35252.40	40026.46	42316.61
Revenue Stores	9466.48	9796.93	8528.44*	9303.88*	9698.28*

* An amount of approx Rs 1483 Crs which is on account of transfer of budget for 'A' vehicles ex- DG OF from the Revenue Stores budget of Army Ordnance to the Capital Head is not included wef 2004-05.

NAVY

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	4350.62	4742.87	5213.90	6287.19	6713.18
Capital	3804.70	5366.48	8315.39	8489.70	9427.85
Total	8155.32	10109.35	13529.29	14776.89	16141.03
Revenue Stores	1808.80	2328.04	2486.56	2674.79	2790.00

AIR FORCE

Details	<u>2002-03</u> (Actuals)	<u>2003-04</u> (Actuals)	<u>2004-05</u> (Actuals)	<u>2005-06</u> (RE)	<u>2006-07</u> (BE)
Revenue	7368.73	7731.69	8252.24	9142.11	9858.41
Capital	5016.53	5455.33	14783.67	12109.17	15006.50
Total	12385.26	13187.02	23035.91	21251.28	24864.91
Revenue Stores	4483.12	4724.20	5017.69	5723.88	6268.58

SUMMARY OF PROCUREMENT DATA FOR SERVICES : FY 2005-06

Type of Stores	Existing Delegation of Powers						Total		Proposed Delegation of Powers						Total		
	EX Trade		PSUs/OFs		Imports		Budget	%	EX Trade		PSUs/OFs		Imports		Budget	%	
	% Budget	% Cases	% Budget	% Cases	% Budget	% Cases			% Budget	% Cases	% Budget	% Cases	% Budget	% Case			
1. ARMY																	
(a) <u>Delegated Powers</u>	29 (625)	95	22 (996)	60	14 (65)	75	1686	24	44 (935)	97	60 (2702)	96	32 (155)	90	3247	46	
(b) <u>MoD</u>	70 (1510)	5	78 (3502)	40	86 (413)	25	5424	76	56 (1200)	3	40 (1796)	4	68 (323)	10	3863	54	
2. NAVY																	
(a) <u>Delegated Powers</u>	26 (233)	65	37 (765)	67	40 (367)	61	1365	35	33 (300)	70	43 (898)	72	46 (420)	67	1618	42	
(b) <u>MoD</u>	74 (665)	35	63 (1328)	33	60 (541)	39	2534	65	67 (599)	30	57 (1195)	28	54 (488)	33	2281	58	
3. IAF																	
(a) <u>Delegated Powers</u>	67 (119)	97	48 (62)	92	29 (438)	90	1071	39	100 (177)	100	100 (130)	100	41 (623)	94	1402	51	
(b) <u>MoD</u>	33 (58)	3	52 (68)	8	71 (1083)	10	1655	61	0	0	0	0	59 (898)	6	1324	49	
4. DGAFMS																	
(a) <u>Delegated Powers</u>	48% (47)	95	-	-	55 (29)	96	77	51	100 (98)	0	-	-	66 (35)	98	134	88	
(b) <u>MoD</u>	52% (51)	5	-	-	45 (24)	4	75	49	0	0	-	-	34 (18)	2	18	12	
Total Services							4199	30							6401	46	
Total MoD							9688	70							7486	54	
Overall Budget							13887								13887		

Note : Figures in brackets () indicate budgetary value of cases in Rs Crs

POWERS AT A GLANCE FOR HIGH LEVEL BUDGET HOLDERS IN SERVICE HQrs : PROCUREMENTS

(Rs in Crs)

<u>Type of Stores</u>	<u>Army</u>		<u>Navy</u>		<u>Air Force</u>	
	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>
<u>1. Ordnance/Weapons/</u>	<u>VCOAS</u>		<u>VCNS</u>		<u>VCAS</u>	
<u>Stores (Scaled)</u>						
Ex-Trade	} 25	50	} 10	15	10	20
Ex PSU					15	30
Ex Import	-	-	-	-	8	20
PAC Basis (Trade)	3	10	10	10	10	10
Single Tender	-	3	2	2	-	2
	<u>MGO</u>		<u>COM/COL</u>		<u>AOM</u>	
Ex-Trade	} 10	30	} 10	15	10	20
Ex PSU					15	30
Ex Import	6	20	8	12	8	20
PAC Basis (Trade)	3	5	10	10	10	10
Single Tender	1	1	2	2	-	2
<u>2. Supplies</u>	<u>QMG</u>					
Fresh Supply	10	10				
STA(Milk)	Over 1.5	Over 3				
MF	1	3				
<u>3. Medical Eqpt/Stores</u>						
	<u>DGAFMS</u>					
NIV	20 Lakhs	1				
Scaled	1.50	5				
Rate Contract	-	5				
Capital	50 Lakhs	2				

AAPs : 2005 – 2007

(Rs in Crores)

Service	Total Cases (No)	Total Cost	Cases upto 10 Crs (No)	Estimated Cost of Cases upto 10 Crores	Percentage of cases (Nos)	Percentage Cost
Army						
2005-06	480	80414.71	191	647.75	39.79	0.80
2006-07	190	39287.50	46	182.55	24.21	0.46
Total	670	119702.21	237	830.30	35.37	0.69
Navy						
2005-06	118	51147.83	43	177.87	36.44	0.34
2006-07	154	39256.41	53	237	34.42	0.6
Total	272	90404.24	96	414.87	35.29	0.45
Air Force						
2005-06	236	111605.33	81	285.18	34.32	0.25
2006-07	152	87976.23	46	180.72	30.26	0.21
Total	388	199581.56	127	465.90	32.73	0.23

Appendix – F

FLOW CHART FOR PROPOSED CAPITAL ACQUISITION

<u>Stage</u>	<u>Responsibility</u>
QR	Service HQ/Joint Staff
SOC/Categorisation	SCAP
AON	DPB
AAP	DFB
AON and Quantity Vetting	VCOAS/VCNS/DCAS/CISC/C-in-C SCF and MoD (Fin)
RFP	TM, Vetting by DCAS/VCNS/ VCOAS/CISC/C-in-C SFC and IFA
TEC	Service HQ/Joint Staff
TEC Acceptance	VCOAS/VCNS/DCAS/CISC/C-in- C (SFC)
Field Trials	-do-
Staff Evaluation	TM,VCOAS/VCNS/DCAS/CISC/ C-in-C(SFC)
CNC	Major Gen/ Equivalent, Chairman, IFA, TM, Rep ADGWE/ACNS(P&P)/ ACAS(P&P)/Rep
CFA Approval	VCOAS/DCAS/VCNS/CISC/C-in-C SFC
Contract Monitoring	Service HQ / Joint Staff/IFA



सत्यमेव जयते

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

Jul 2006

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

To

The Chief of the Army Staff

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

Sir,

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

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

3. The delegation of financial powers for Capital procurements is to be exercised as per the procedures laid down in DPP 2005, as amended from time to time. The Competent authority to accord various stage approvals as per DPP procedure and the composition of Contract Negotiation Committees will be laid down separately by Army HQ with the approval of MoD.

4. The exercise of the financial powers will be governed by existing orders and instructions on the subject, as amended by the Government from time to time, and instructions /guidelines contained in the enclosed

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

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

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

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

8. The powers to sanction indents, contracts and purchases in respect of central procurement of revenue stores on PAC basis and on non PAC single tender basis have been laid down in Schedule XIV C and D. The powers to purchase items/services on PAC basis in respect of Schedules I, XIX and XX will be 50 % of the powers provided to CFAs

in the respective Schedules. The PAC certificate is, however, to be given at the level of PSO/APSO /DG /ADG at Army HQ and by the GOC-in-C/Corps Commander and Heads of Establishment /Formations or Units not below the rank of Maj Gen in the Commands. In the case of purchase on single tender basis for non-proprietary items, the financial limits in the Schedules (other than Schedule XIV) will be Rs 15,000/- per transaction without consultation of IFA and Rs 1,20,000/- with the consultation of IFA.

9. Purchase of goods upto the value of Rs 15.000/- (Rupees Fifteen thousand only) on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in terms of Rule 145 of GFR 2005.

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

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

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

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

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

15. In the case of import purchases under various Schedules (Capital and Revenue) separate approval for release of FFE will not be required and release of FFE will only be noted at Addl Directorate General of Financial Planning/FP-3 at Army HQ after expenditure angle approval for the purchase has been granted by the CFA.

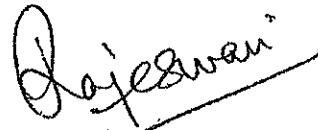
16. CVC guidelines issued from time to time on purchase/ procurements/other financial dealings by Central Govt Departments will be strictly complied with while processing cases in exercise of the delegated financial powers.

17. The financial powers contained in the Schedules will take effect from the date of issue of this letter. However, in respect of powers for 'Write off of Losses' given in Schedules V, VI & VII and 'Regularisation of Audit Objections' given in Schedule XVI the cases / objections outstanding as on date of issue of this letter may be settled under the enhanced financial powers conferred herein. This will be subject to the concerned CDA submitting an audit report to the CFA.

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

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

Yours faithfully,



(T Rajeswari)
Director

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

Copy to

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

DG ADS - 5 copies

S.O. to Def Secy

PPS to Secy (Def Fin)

PPS to Spl Secy (Acq)

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

All Joint Secretaries in MOD

All Addl FAs & JSs in MoD (Fin)

All IFAs

All HQ Commands

All PSOs

Appendix

(Refers to Para 4 of GOI MoD letter No A/89591/FP-1/1974/D (GS-I) dated 26 Jul 2006)

DETAILED GUIDELINES FOR EXERCISE OF DELEGATED FINANCIAL POWERS IN THE ARMY

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 Financial Management Strategy was implemented in the Services during the period 1995 to 1997 and the concept of Authority cum Responsibility Centres introduced selectively for the Field Logistics units. 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 Army Authorities vide MoD letter No A/89591/693/FP-1/2002/D(GS-I) dt 22 Apr 2002. 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 Service. 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 of 2002. The provisions of DPM 2005 and GFRs 2005 have also been kept in view.

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 Army Staff is the Top Level Budget Holder (TLBH) of the Army under the New Financial Management Strategy. The Revenue budget of the Army will be allocated by the TLBH among the Authority-cum-Accountability Centres (High Level Budget Holders) at Army HQ, namely DCOAS (IS&T), DCOAS (P&S) AG, QMG, MGO and E-in-C etc. The HLBHs will allocate funds to the Intermediate Level Budget Holders (ILBH) i.e. DGs and ADGs who will in turn sub- allot funds to the budget centres. The allocated budgets and the outcomes will be used as a tool for monitoring the performance of such centres.

Budget Centres

5. The present Revenue budget management places emphasis on centralised control of expenditure and resource inputs. To fit in with the outcome-oriented budgetary system of New Financial 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. Schedules I to XXIII (Army) 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.

Financial Advice

7. The Integrated Financial Advisors are available to provide financial advice to the TLBH and HLBHs at Army HQ and also at HQ Commands. 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 including that relevant to formulation of Plans and Projects.

(c) Intermediate and Lower Level Budget Holders receive guidance in the preparation of budgetary estimates and monitoring as well as review of expenditure.

8. 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.

Authority of Executive

9. In matters within the delegated financial powers, the CFA is recognized as the ultimate decision maker. It will be open to the CFA to overrule the advice of the CDA/IFA by an order recorded in writing containing a gist of the objection of IFA / CDA and reasons for overruling the advice. A copy of the order overruling the financial advice will be endorsed to the next higher CFA and the IFA. In such cases it will be open to the IFA to report the matter to the next higher IFA for pursuing the matter with the higher CFA or dropping it as deemed fit.

Manner of Exercise of Financial Powers

10. The financial powers delegated in the Schedules are personal to the officer and cannot be delegated to any subordinate officer except as indicated in Para 11 (b) to (e) 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 and sign communications and financial documents in respect of 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 officer 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.

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 measure and no measure 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.** 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 and provisions of Rule 154 of GFR kept in view. **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 2005 (Para 4.1.1 & 9.7 refers) in consultation with the IFA. The PAC Certificate has to be given at a level not below that of PSO / APSO / DG /ADG at Army HQ and by the GOC-in-C/Corps Commander and Heads of Establishment /Formations or Units not below the rank of Maj Gen in the Commands. CFAs 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.
- (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, stockists 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. However, this will not be applicable to procurements based on provision reviews / scales.

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 Army or for the three Services as per provisions of Chapter VIII of DPM.

18. **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.

19. **Inventory Holding.** There should be a periodic review of the inventory holding of the Army. The Automation Programmes of the Army e.g. CICP to inter-link all the inventory holding/ Ordnance Stores depots should be urgently made operational for this purpose.

Issue of SOPs

20. **Powers during Hostilities /War/Special Operations.** Powers delegated to Army Authorities for exercise during war, hostilities and special operations without consultation of IFAs will become operative only on the issue of a Govt order declaring such a situation or ordering of a Special Operation by the Army, inter alia indicating the overall ceiling of funds for this purpose. Detailed procedural guidelines will be evolved 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 MAs/ DAs for Urgent Procurements from Abroad.**
An SOP will be put in place in consultation with the Min of Defence (Finance) for procurement of stores/spares by MAs/DAs ex-import under their delegated powers to meet operational or technical requirements on grounds of urgency, with appropriate checks and balances as regards initial grant of acceptance of necessity by the MGO.

Rules / Manuals

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

(a) DSRs, FR Part I & II

(b) DPM 2005.

(c) GFR 2005.

(d) Instruction 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.

Endorsement of Sanction to CDA

23. 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. Further, it shall be ensured that all sanctions issued by the CFA in consultation with the IFA must bear the U.O No and date allotted by the IFA office.

Key Areas of Monitoring.

24. In order to ensure that the enhanced delegation of financial powers does actually lead to **better fiscal management** in the Army, resulting in **tangible benefits by way of timely procurements, time bound implementation of schemes / projects, improved availability and enhanced 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.** A clear Revenue Priority Procurement Plan will be formulated in all major areas of central procurement, to indicate the carry forward liabilities and new schemes during the FY, indicating those to be sanctioned under delegated powers of the Services and under MoD powers separately. The progress of schemes under the delegated powers of Army CFAs and those to be executed under MoD powers will be monitored separately by MOD to see the results achieved vis-à-vis targets set. For this purpose, Army HQ is to submit a monthly return to MoD on the progress of the Prioritised Procurement Plan and the progressive utilisation of revenue budget. Army HQ is also to prepare a PERT chart for all major schemes under revenue head for close monitoring of the progress of such schemes.

(b) **Link between Revenue and Capital Plans.** The DPB should preferably be apprised of the Priority Procurement Plans of the Army on the Revenue side so that these are duly harmonized with the Annual Acquisition Plans for Capital Equipment and the maintenance requirements are duly factored into our budgeting process.

(c) **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. A comprehensive data base will be built up for CFAs to review performance.

(d) **Use of In-house Capability.** The in-house capacity of Ordnance Factories, Army Base Workshops and Advance Base Workshops must get utilised optimally.

(e) **Capital.**

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

(ii) Army HQ has to render a Quarterly Report to DG Acquisition on the progress of various Capital schemes

under delegated powers, indicating the actual cash out go against the budgetary projections in the AAPs

(f) **MIS.** Army HQ is also to put in place a system for data sharing and data networking, both within Army and Inter-Services in order to widen the procurement sources and obviate different rates being paid for the same item by the Army Commands/different Services.

SUBJECTS COVERED IN THE ARMY SCHEDULES

<u>Ser No</u>	<u>Schedule</u>	<u>Subject</u>
1.	I	Powers to Sanction Expenditure on any of the Objects Enumerated in Rule 58 (A) of FR Part I
2.	II	Powers to Sanction Expenditure Not Precisely Covered by Rule
3.	III	Powers to Authorize the Issue of Stores or Regularize Previous Issue of Stores in Exceptional Cases
4.	IV	Powers to Sanction Petty Items of Recurring Expenditure
5.	V	Powers to Sanction Write Off of Losses of Stores in Reserve/Base/Advanced Base/Forward Base Supply/Petroleum Depots and Other Supply and Petroleum Installations
6.	VI	Powers to Sanction Write Off of Losses of Stores in all Cases Other than in Supply Depots
7.	VII	Powers to Sanction Write Off of Losses of Public Money
8.	VIII	Powers of Certain Authorities During Period Preparatory to War, Hostilities, or When Special Operations are Ordered (including Natural Calamities and Disaster)
9.	IX	Powers to Sanction Losses of Public Money on Field Service or during Operations Conducted under the Special Procedure Pamphlet.
10.	X	Powers exercisable under Civil Rules.
11.	XI	Powers to incur Expenditure on Local Purchase of Stationery Stores including Printing and Binding through Private Agencies and Local Purchase of Rubber Stamps and other Office Seals
12.	XII	Powers for Purchase of Stores (Referred to In Rule 147 FR Part I).
13.	XIII	Powers to Sanction Contracts and/or to Execute Contracts, Deeds etc on behalf of President.
14.	XIV	Powers in regard to Indents, Contracts and Purchases.
15.	XV	Powers for Waiving Compensation for Loss due to Failure of a Contractor
16.	XVI	Powers Exercisable by Officers in Consultation with Controllers of Defence Accounts for Regularization of Audit Objections arising out of Breaches of Rules and Regulations, when the Monetary Value of the Loss could be Assessed (Referred to in Rule 178, FRs)
17.	XVII	Powers to incur Expenditure on Introduction of New Forms and Modification of Existing Forms
18.	XVIII	Powers of Acceptance of Necessity and Administrative Approval for Works and Demolition of Buildings under Paras 15 and 15-A respectively of Defence Works Procedure, 1986
19.	XIX	Special Financial Powers for Information Technology Related Projects
20.	XX	Financial Powers for Sanction of Expenditure under Major Head 2076, Minor Head 800 Sub Head B
21.	XXI	Special Financial Powers of Army Commanders
22.	XXII	Other Miscellaneous Financial Powers
23.	XXIII	Powers to Incur Expenditure on Capital Procurements

APPENDIX II - PART I - ARMY

SCHEDULE I (Referred to in Rule 59 of FRs)
POWERS TO SANCTION EXPENDITURE ON ANY OF THE OBJECTS
ENUMERATED IN RULE 58 (A) OF FR PART I

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	In Consultation with IFA/CDA	
I- MISCELLANEOUS AND CONTINGENT EXPENDITURE UNDER RULE 58(A)(i) AND 58(A)(ii)				
1	GOC-in-C of a Command GOC-in-C ARTRAC	1,00,000	Full Powers	GOC-in-C ARTRAC will exercise similar powers in r/o all Cat 'A' Ests.
2	Corps Commander	60,000	5,00,000	
3	GOC Div/Area/RR Force, IGAR in Command	50,000	4,00,000	
4	Cdr Indep Bde/Indep Sub Area	40,000	3,00,000	
5	Cdr Bde/Sub Area/RR Sector	40,000	3,00,000	
6	Commandant/ CO/OC Units/ Head of Ests of rank (or equivalents)			
	Brig	40,000	3,00,000	
	Col	25,000	-	
	Lt Col	12,000	-	
	Maj	5,000	-	
	Lt/Capt of APS	2,000	-	
7	DGAFMS (For AFMSD only)	50,000	6,00,000	On each item in AFMSD (For all Units / Ests under him)
8	DGMS(Army)	50,000	5,00,000	For Mil Hospitals / Units
9	Addl DGAFMS(E&S)	-	2,50,000	
10	DGOS / DGEME / SO-in-C / DGMT/ E-in-C	50,000	5,00,000	
11	CAO's Office			
	JS & CAO	2,00,000	> 2 Lakhs	
	Director	50,000	in constl with MoD (Fin)	
	Dy GAO	40,000		
	SAO	4,500		
12	ADG Adm & Coord	1,00,000	5,00,000	
13	DDG Adm & Coord	-	2,00,000	
14	Dir Adm (Maint)	-	1,00,000	For Army HQ Offices
15	QMG	2,00,000	Full Powers	
16	DCOAS (IS & T) / DCOAS (P&S)	2,00,000	Full Powers	For other than AHQ
17	DGOL	25,000	5,00,000	
18	ADG RVS	50,000	4,00,000	
19	ADG APS / ADG TA	30,000	2,00,000	
20	DDG Military Farms	50,000	2,00,000	* As per GOI MoD letter dt 10/11/98 DDG MF authorised to sanction employment of casual labour on nerrick/Govt rate without financial limit without consultation of CDA/IFA

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	In Consultation with IFA/CDA	
21	ADG Mil Survey	40,000	2,00,000	For Survey Stores
22	CEs/CSOs/MGs ASC/AOC/EME DDMS*, Comds, Cdr Base Wksp Gp	40,000	2,00,000	* In respect of medical & dental units.
23	DDG HQ Rtg Zone/Cdr Signal Gp/Brig APS Commands	25,000	1,50,000	
24	Dir RVS/Dir APS	20,000	70,000	
	Dir MF in Commands	20,000	1,00,000	
25	Comdts IMA/ NDC/OTA/Inf School/MCTE/CME/Army War College	50,000	10,00,000	
26	Comdts Cat A Establishments other than those in Sr No 20 commanded by			
	Lt Gen	40,000	5,00,000	
	Maj Gen	30,000	2,00,000	
	Brig	25,000	1,50,000	
	Col	20,000	1,00,000	
27	Comdts Cat B Establishments/ Trg Centres / Records Commanded By			
	Brig	25,000	2,00,000	
	Col/Lt Col	20,000	1,50,000	
28	Comdts Mil Hospitals/Fd Ambulances commanded by			
	Maj Gen and above	30,000	2,50,000	
	Brig	25,000	1,50,000	
	Col/Lt Col	10,000	1,00,000	
29	Comdts, Selection Centres/ Cdr Tech Gp EME	30,000	2,00,000	
30	CEs/CSOs/DDOS/DDMS*/DDST/ DD EME Corps/Area	25,000	1,00,000	* In respect of medical & dental units.
31	DD RVS/AD RVS Area/Div, DDST Indep Sub Area/ADAPS Corps	15,000	75,000	
32	Adm Comdt, Class I & II	10,000	50,000	Adm Comdts, Class I and II shall not authorise expenditure on item (ii) of Rule 58 (A), viz. temporary establishment or labour in excess of fixed scale.
33	Recruiting Offices* commanded by			
	Col	10,000	50,000	* Including Rtg Officer Gorkhas.
	Lt Col	5,000	30,000	
34	Comdt Emb HQ/OC MC Gp	20,000	1,00,000	
35	MS To President	25,000		
36	Officers heading PMOs of rank of			
	Brig	25,000	1,00,000	
	Col	15,000	50,000	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	In Consultation with IFA/CDA	
Notes				
1.	Units/Establishments in Ser No 6 include units and establishments of all arms including RR and services and independent platoons and detachments, Military Schools, HQ Camps, Transit Camps, Food Labs, Food Inspection Units, Central Base POs etc allotted funds for annual contingent expenditure (I&M Grant) except those specifically covered in subsequent entries. Units/Ests commanded by Captains will obtain sanction for expenditure from Cdr Sub Area/ Brigade where they are allotted funds. The financial powers will also be exercised by Civilian Officers of equivalent status where such officers are heading establishments such as Military Schools.			
2.	Staff Officers conferred powers as CFAs in Headquarters Offices, will accord sanctions only for requirements of respective units and establishments and not in respect of their own offices.			
3.	No CFA shall sanction expenditure on temporary establishment in excess of scale for a period longer than two months. Such sanctions shall also not be accorded in respect of clerical appointments of units and their own offices. All such sanctions shall lapse on conclusion of the financial year.			
4.	Where expenditure incurred on an item of expenditure is of a recurring nature incurred throughout the year sanction of such expenditure on weekly/monthly/quarterly/half yearly basis as deemed appropriate by the CFA shall not be construed to be a splitting up of the annual requirement.			
5.	In respect of PMOs; cases beyond financial powers of officers heading PMOs will be submitted to respective PSOs who will exercise the same financial powers as officers in Ser No 9 in respect of PMOs.			
6.	Authorities below Army HQ will utilise the above powers to sanction expenditure on Libraries. In respect of libraries in Army HQ, the expenditure will be sanctioned by an officer not below the rank of Brig or equivalent upto Rs 50,000 per transaction. Expenditure above Rs 50,000 in a single transaction will be sanctioned only with the concurrence of the IFA.			
7.	Comdt Emb HQ Mumbai, Kolkata, and Chennai may sanction extra wharfage Container Detention / Ground Rent and other such extra allied charges for clearance of Cargo to the extent of Rs 15,000/- per case. Each bill of lading will be treated as one case. Cases involving payment of higher extra wharfage to be referred for approval of ADG(Mov), Army HQ. Comdts, Emb HQ may exercise powers above for payment of demurrage charges to the Railways and normal wharfage.			
8.	All CFAs, except ADG (Adm & Coord), will fully utilise powers delegated with financial concurrence and refer only those cases which fall beyond these powers to the appropriate CFA through laid down channels.			
9.	In emergent cases officers responsible for despatch of stores, may, within limits of their financial powers laid down above sanction the incurrence of extra expenditure on despatch of stores by other than the cheapest route or mode of carriage as authorised by Rule 146 of Financial Regulations(Part-I) where no specific delegation has been made for this purpose.			
10.	Expenditure incurred in the exercise of these financial powers will be debited to Minor Head 809 B and the relevant detailed head as applicable except for Military Farms and Rashtriya Rifles. In case of Military Farms the expenditure is compilable to Minor Head 106, and in respect of Rashtriya Rifles the expenditure is compilable to Minor Head 112.			
11.	During mobilisation and demobilisation where three shift working in Ordnance/Ammunition Depots is imperative Commandants/ OCs of such Depots may engage casual labour at nerrick rates without consultation with CsDA as required for a period of one month subject to an expenditure ceiling of Rs 5 lakhs for each Depot/Unit. Ex-post facto sanction for such expenditure will be obtained from the GOC-in-C. Prior approval of the GOC-in-C will be obtained for continuation of such three shift working beyond one month both for mobilisation and demobilisation. A cash advance upto the ceiling may be sought from the concerned CDA.			
12.	Demurrage charges may be sanctioned without concurrence of CDA upto Rs.5,000 by the CFA and for cases above Rs 5000 & upto Rs 20,000/- by the next CFA after satisfaction that delay was not due to negligence Where such charges are above Rs 20,000/- in a case the consignment should be cleared and ex post facto sanction or sanction issued in consultation with CDA.			
13.	Expenditure on purchase of stationery, printing and binding charges and purchase of rubber stamps will be sanctioned under the delegated financial powers of above CFAs upto a ceiling of 30% of the annual budget allotment of the Unit/ Establishment / formation for Annual Contingent Grant (I & M) expenditure.			

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	In Consultation with IFA/CDA	
<u>II- REWARDS FOR INFORMATION LEADING TO THE CONVICTION OF INCENDIARIES OR FOR RECOVERY OF STRAY CATTLE, SPECIALLY PROMPT AND MERITORIOUS ACTION IN CONNECTION WITH EXTINGUISHING OF FIRE AND SAVING OF LIFE AND PROPERTY FROM DAMAGES ARISING THEREFROM, INFORMATION LEADING TO THE CONVICTION OF PERSONNEL ACCUSED OF BRIBERY AND CORRUPTION & INFORMATION LEADING TO PREVENTION OF THEFT FROM ORD/ASC/EME/ENGR UNITS/ESTS HOLDING STORES/WORKSHOPS UNDER RULE 58 A(iv) TO (vi) OF FR</u>				
1	GOC-in-C of a Command	5,000	50,000	
2	GOC Corps	4,000	30,000	
3	GOC Div/Area/RR Force, IGAR in Command	3,000	20,000	
4	Cdr Indep Bde/Indep Sub Area/ Cdr Bde/Sub Area/RR Sector/ Comdt of rank of Brig	2,000	10,000	
5	Comdts / COs/OsC of Units /Ests holding stores / Workshops of ORD/ASC/EME/ENGR Commanded by			
	Col/Lt Col	1,000	5,000	
	Maj	500	2,000	
<u>IV-SANCTION OF EXPENDITURE ON TESTS, TRIALS AND EXPERIMENTATION UNDER RULE 58 A (viii) AND (ix)</u>				
1	DCOAS (P&S)	25,000	2,00,000	
2	ADG WE		1,00,000	
3	MGO		2,00,000	
4	DGOS/DGEME/E-in-C	50,000	1,00,000	Without limit subject to funds being available with prior concurrence of MoD (Fin) as per Rule 58(a) (viii).
5	Comdt AFMC Pune/Comdt CME #	10,000	2,00,000	# As per Rule(58A) (ix)
6	Comdt ALC #	5,000	1,00,000	

APPENDIX II-PART I- ARMY**SCHEDULE II****POWERS TO SANCTION EXPENDITURE NOT PRECISELY COVERED BY RULE**

Ser No	Competent Financial Authority	Financial Limit (In Rs.)		Remarks
		Without Consultation of IFA/CDA	In Consultation with IFA/CDA	
1	GOC-in-C	10,000	1,00,000	
2	PSOs at Army HQ	20,000	1,50,000	
3	DGRR	10,000	50,000	
Note.				
1. The exercise of the above financial powers is subject to the following conditions: -				
(a) The expenditure should be a legitimate charge against Public Funds.				
(b) The canons of financial propriety should be observed.				
(c) The authority exercising the powers should be satisfied that the sanctioning of the expenditure is not to contrary to any declared or known policy of Government.				
2. Being residuary powers which are required to be infrequently used the powers conferred on CFAs other than those above as per corresponding Schedule in Financial Regulations (1983) have been withdrawn. Such cases will be submitted for approval of the above CFAs by Units/Ests through laid down channels. Where a large number of cases involving expenditure of a recurring nature are received, the matter will be reported to Army HQ/FP-1 for considering and taking up the matter for delegation of specific powers on the basis of functional requirements.				

APPENDIX II-PART I- ARMY**SCHEDULE III****POWERS TO AUTHORISE THE ISSUE OF STORES OR REGULARISE
PREVIOUS ISSUE OF STORES IN EXCEPTIONAL CASES**

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	In Consultation with IFA/CDA	
1	GOC-in-C	1,500	50,000	
2	Corps Commander	1,000	30,000	
3	Area/Div/RR Force Commander	500	20,000	
4	Indep Sub Area/Sub Area/Bde / RR Sect Commander /CE Corps	250	15,000	
5	Comdt Cat A Ests	500	10,000	
6	Comdt Cat B Ests	250	7,000	
7	Comdt/OC Regt Centres, Trg Gps & Centres , Trg Centres & depots	250	5,000	

Notes

1. The exercise of the above financial powers is subject to the following conditions: -

- The expenditure should be a legitimate charge against Public Funds.
- The canons of financial propriety should be observed.
- The authority exercising the powers should be satisfied that the sanctioning of the expenditure is not contrary to any declared or known policy of Government.
- The case is one that is unlikely to occur frequently.

2. Under this Schedule, issues made in error and over issues from whatever cause, may also be regularised by the above authorities subject to the financial limits specified.

3. Comdt NDC will also exercise financial powers as conferred on Comdt Cat A Ests as contained in Ser No 5 above.

APPENDIX II - PART I - ARMY

SCHEDULE IV

POWERS TO SANCTION PETTY ITEMS OF RECURRING EXPENDITURE

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	With Consultation	
		of IFA/CDA		
1	GOC-in-C	20,000 per annum	2 Lakhs per annum	The expenditure should be sanctioned on objects covered by these Regulations.
2	Corps Commander	15,000 per annum	1 Lakh per annum	<p>Notes.</p> <p>1. Financial powers relate to petty expenditure to be paid from imprest where holding of the same has been authorised</p> <p>2. Powers for cash purchase of Stores where authorised, have been given in Schedule XII</p>
3	Area/Div/CIF RR/Sub Area Cdr	12,000 per annum	50,000 per annum	
4	Brigade/Sub-Area /RR Sector Cdr	10,000 per annum	30,000 per annum	
5	Comdts Cat A Ests	15,000 per annum	1 Lakh per annum	
6	Comdts Cat B Ests/ Trg Centres	12,000 per annum	50,000 per annum	
7	Comdts/ COs/OsC Units/Ests	10,000 per annum	30,000 per annum	All Arms and Services including RR
	Note	Comdt NDC will also exercise financial powers as conferred on Comdts Cat A Ests as contained in Ser No 5 above.		
POWER TO CLEAR ELECTRICITY AND WATER BILLS BY MILITARY FARMS				
1	DDMF/DADMF/FO			Full powers for clearance of electricity and water bills as received from State Government/ Electricity Board pertaining to Military Farms/Depots.

**APPENDIX II-PART I- ARMY
SCHEDULE V**

**POWERS TO SANCTION WRITE OFF OF LOSSES OF STORES
IN RESERVE/BASE/ADVANCED BASE/FORWARD BASE SUPPLY/PETROLEUM
DEPOTS AND OTHER SUPPLY AND PETROLEUM INSTALLATIONS**

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Gross Neglect	Due to Theft, Fraud or Gross Neglect	
1	Officer Commanding Petroleum/ Field Pet. Depot (Manned by Petroleum Platoon)	2,000	-	The competent financial authority may sanction write off of losses which are not due to / due to theft, fraud or gross neglect after obtaining audit report from the CsDA concerned.
2	Officers Commanding Station Pet/Field Pet Depot(Manned by HQ Coy ASC Petroleum and more than one Petroleum Platoon)	4,000	-	Loss statements for amounts not exceeding Rs 2,000/- whether due to or not due to theft, fraud or neglect need not be referred to CsDA by C.F.As concerned.
3	Officers Comanding Reserve Pet/Base Pet/Advanced Pet/Rail Head Pet Depot (Commanded by Lt Col)	10,000	-	
4	Officer Commanding Petroleum Contract Unit Type 'A'	2,000	-	
5	Officer Commanding Petroleum Contract Unit Type 'B'	4,000	-	
6	Officer Commanding Petroleum Contract Unit Type 'C'	10,000	-	
7	Officer Commanding Supply Depot/ Field Supply Depot Supply Point (Commanded by Maj and below)	2,000	-	
8	Officer Commanding Retail Shop	2,000	-	
9	Officer Commanding Supply Depot/ Field Supply Depot Supply Point (Commanded by Lt. Col)	10,000	-	
10 (a)	Officer Commanding Reserve/ Base/Advanced Base/ Forward Base Supply Depot and Rail head Sub Depot(Commanded by Lt Col)	10,000	-	
(b)	Officer Commanding Reserve/ Base/Advanced Base/ Forward Base Supply Depot and Rail head Sup./ Pet. Depots(Commanded by Cols)	25,000	-	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Gross Neglect	Due to Theft, Fraud or Gross Neglect	
11	(a) DDST Corps/Area/Indep Sub Area	30,000	-	
	(b) ADST/DADST Sub Area/ OC Coy ASC(Composite)	5,000	-	
12	Officer Commanding Reserve Supply Depot	10,000	-	
13	Officer Commanding Composite Food Laboratories Food Inspection units/Food Inspection Detachments	1,000	-	
14	Commanding Officer ASC Battalion	10,000	-	
15	MG ASC Command	1 Lakh	6,000	
16	Sub Area Commander	75,000	15,000	
17	Area/Div /RR Force Commander	3 Lakhs*	50,000	* Losses over Rs 2 lakhs to be written off with the concurrence of IFA
18	Corps Commander	5 Lakhs*	1 Lakh	
19	GOC-in-C Command	10 Lakhs*	2 Lakhs	
Note :-				
1. GOC-in-C Commands, Commanders Areas, MGs ASC Commands and DDST of Corps/ Areas/Independent Sub Areas will also exercise respective financial powers in respect of ASC Installations administered by Army Headquarters.				
2. Write off losses in excess of the financial powers of MGs ASC Commands will be sanctioned by GOC Area/Div or GOC Corps or GOC-in-C Command concerned, as the case may be.				
3. Provisions of Rule 37 of Financial Regulations, Part I, Vol I, and Instructions for regulating the enforcement of responsibility for losses etc, contained in Appendix I, Part I, Vol II of Financial Regulations will also be kept in view while processing and finalising cases relating to writing off of losses.				

**APPENDIX II-PART I- ARMY
SCHEDULE VI**

**POWERS TO SANCTION WRITE OFF OF LOSSES OF STORES IN ALL CASES
OTHER THAN IN SUPPLY DEPOTS**

Ser No	Competent Financial Authority	Financial Limit (in Rs)		Remarks
		Not due to Theft, Fraud or Gross Neglect	Due to Theft, Fraud or Gross Neglect	
A UNITS AND FORMATIONS OTHER THAN THOSE DETAILED IN CLAUSES (B) TO (M) BELOW				
1	Comdts/COs/OsC of Units/ Ests of rank (Incl RR units/ests)			
	Brig	10,000	4,000	
	Col	5,000	-	
	Lt Col	4,000	-	
	Maj	2,000	-	
2	Station Cdr of rank of Lt Col & above	10,000	4,000	
3	Station Cdr of rank of Maj & below	2,000	-	
4	Adm Comdt Class I	10,000	4,000	
5	Adm Comdt Class II	2,000	-	
6	Comdts Cat A Ests commanded by			
	Lt Gen	50,000	10,000	Comdt NDC will also exercise financial powers conferred on Comdts Cat A Ests commanded by Lt Gen
	Maj Gen	20,000	5,000	
	Brig	10,000	4,000	
	Col	5,000	-	
7	Comdts Cat B Ests/Trg Centres/ Records commanded by			
	Brig	10,000	4,000	
	Col	5,000	-	
8	Cdr Indep Bde/Indep Sub Area/ Bde/ Sub Area/RR Sector	1.5 Lakhs	15,000	
9	Cdr Area/ Div/RR Force	2 Lakhs	40,000	
10	Corps Commander	3 Lakhs	60,000	
11	GOC-in-C Command	4 Lakhs	1 Lakh	
12	DGRR	3 Lakhs	80,000	
13	AG	5 Lakhs	1.5 Lakhs	
14	VCOAS	10 Lakhs	2 Lakhs	
B MILITARY ENGINEERING SERVICE				
1	Commander Station/Sub Area/Bde/ RR Sector	50,000	10,000	The authorities mentioned under items 1 to 7 of item (B) will exercise these financial powers in respect of Engineering Stores depots and parks as well.
2	Commander Area	80,000	20,000	
3	Commander Div/RR Force	1 Lakh	40,000	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Neglect	Due to Theft, Fraud or Gross Neglect	
4	Commander Corps	1.5 Lakhs	50,000	
5	GOC-In-C Command	2 Lakhs	1 Lakh	
6	E-In-C @	5 Lakhs	1.5 Lakhs	These powers will be exercised in respect of Engineer establishments (not covered by MES Regulations).
7	ADG ESP	2 Lakhs	50,000	
8	C.E. @	50,000	Nil	
	%	50,000	Nil	
9	C.W.E *	5,000	Nil	
	%	15,000	Nil	
	@@	2.5 Lakhs	Nil	
10	G.E. ++	3,000	Nil	
	%	6,000	Nil	
	@@	6,000	Nil	
11	AEE I/C Independent Sub Divisions @@	2,000	Nil	
12	SDO if an AEE @@	1,000	Nil	
Note				
@These powers will be exercised in respect of losses including those in transit in respect of E-In-C's stock.				
%These powers will be exercised in respect of write off of actual losses as laid down in Section 34 of RMES but excluding transit losses held as Division stocks or in Engineer Parks, Sub Parks etc. as Command Stocks.				
* These powers will be exercised in respect of losses including those in transit in respect of E-in-C's stock held in Engineer Parks and Sub Parks etc.				
@ @ These powers will be exercised in respect of write off of losses of stores including losses in transit (Other than actual losses as laid down in section 34 of RMES) E-in-C and C.E. will have full powers in respect of these losses for detailed instructions referred to in Section 34 of RMES.				
++These powers will be exercised in respect of losses including those in transit in respect of E-in-C's stock located in the Park.				
13	Powers to write off losses of / on assets of the Army borne on the books of the MES			
	(a) Sub Area Cdr	1.5 Lakh	35,000	
	(b) Area Cdr	4,00,000	1,00,000	
	(c) GOC-In-C	15,00,000	5,00,000	
C ORDNANCE DEPOTS, ENGR AND EME UNITS				
ORDNANCE/ENGR DEPOTS/PKS/ENGR UNITS				
1	Officer Commanding Stores distribution Detachment and Ordnance Maintenance Platoon/ Engr/Ord Depots	1,000	-	
2	Officer Commanding Ordnance Maintenance Coy, and Ammunition Coy.	4,000	-	
3	Officer Commanding Ordnance Field Park	4,000	-	

Ser No	Competent Financial Authority	Financial Limit (in Rs)		Remarks
		Not due to Theft, Fraud or Neglect	Due to Theft, Fraud or Gross Neglect	
4	Officer Commanding (Maj) of Ordnance Depots/Engr Pks	5,000	-	
5	Commandants (Col/ Lt Col) Ordnance Depots/ESDs/FADs/ADs	20,000*	8,000	
6	Commandants(Brigs) Ordnance Depots/FADs/ADs/Amn Coy	40,000	10,000	
7	Ind. Sub Area/Sub Area/Brigade Commander/Sector RR Commander.	1.5 Lakhs	50,000	
8	Area/Div /RR Force Commander /CE Comd	2 Lakhs	50,000	
9	VCOAS	10 Lakhs	2 Lakhs	
10	MGO	8 lakhs	1 Lakh	
11	DGOS.	5 Lakhs	50,000	
12	Corps Commander	4 Lakhs	75,000	
13	GOC-In-C Command	5 Lakhs	1 Lakh	
14	Station Commandant of the rank of Lt.Col and above.	8,000	4,000	
15	MG AOC , Commands (In respect of ODs, ABODs/FODs, CVDs, FADs OSSs, SDDs, OMPs, DOUs, OFPs and OMCs and ADs)	2 Lakhs	-	
16	ADG OS(CN & A)	2 Lakhs	-	
17	ADG OS(TS)	2 Lakhs	-	
18	ADG OS(CV)	2 Lakhs	-	
EME UNITS				
1	MGO	5 Lakhs	1 Lakh	
2	DGEME	3 Lakhs	50,000	
3	MG EME Commands, Cdr Base Workshop Group	1 Lakh	-	
4	Commandant Army Base Workshop	30,000	10,000	
5	Officer Commanding, Station Workshop (rank of Col/Lt Col.)	10,000	2,000	
6	Officer Commanding Station Workshops EME (rank of Maj & below).	5,000	1,000	
7	Officer Commanding 2nd Echelon Field EME unit (rank of Maj).	3,000	-	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Neglect	Due to Theft, Fraud or Gross Neglect	
8	Station Commander of rank of Lt Col and above.	8,000	4,000	
9	Indep Sub Area/Sub Area/Brigade /RR Sector Commander	1.5 Lakhs	50,000	
10	Area/Div/RR Force Commander	2 Lakhs	60,000	
11	Corps Commander	3 Lakhs	80,000	
12	GOC-In-C	5 Lakhs	1 Lakh	
13	VCOAS	10 Lakhs	2 Lakhs	
14	Officers Commanding EME Units (rank of Col and above)	20,000	5,000	
15	Officers Commanding EME Units (rank of Lt Col)	10,000	-	
16	Officers Commanding EME Units (rank of Maj and below)	4,000	-	
D ARMED FORCES MEDICAL STORES DEPOTS				
1	Comdts / COs (rank of Lt Col & above) of AFMSDs Bombay, Lucknow, Delhi and Pune.	10,000	-	
2	ADMS Div	5,000	-	@ These powers will be exercised by these authorities
3	@ D.D.M.S. Corps	10,000	-	in respect of all medical and dental units under their jurisdiction.
4	D.G.A.F.M.S.	1 Lakh	20,000	DGAFMS will also exercise powers for AFTC, AFMSDs and B1D.
5	(*) DDsMS Commands	20,000	-	
(*) These powers to write off of losses upto the value of Rs 20,000/- delegated to DDsMS Commands will be exercised in respect of:				
(a) Losses due to transit circumstances and				
(b) Those received deficient, deteriorated or unservicable between units in the Command and AFMSDs and vice versa.				
6	OC AFTC/BTD/ECTC	5,000	-	
E MEDICAL STORES DEPOTS				
1	DGMS (Army)	50,000	-	
2	DDsMS Commands	20,000	-	
3	Officers Commanding of Advanced Medical Stores Depots / FMSDs.	5,000	-	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Neglect	Due to Theft, Fraud or Gross Neglect	
F REMOUNT AND VETERINARY CORPS (REMOUNT SERVICE)				
1	Commandants of Remount Training School & Depots, Equine Breeding Studs, RVC Centre & School, Central Mil Vet Laboratory.	2,000	-	
2	Addl Dir Gen RVS	20,000	10,000	
3	QMG	1 lakh	50,000	
G MILITARY FARMS.				
1	Director Mil Farms	15,000	-	
2	DDG Mil Farms.	50,000	10,000	
3	QMG	1 Lakh	50,000	
H HOSPITALS				
1	Officer Commanding, Hospital (rank of Col and below)	5,000	-	
2	Officer Commanding, Hospital (rank of Brig & above)	10,000	-	
3	ADMS of Independent Sub Area	5,000	-	
4	* DDMS Corps	10,000	-	* These powers will be exercised by these authorities in respect of all medical/dental units under their respective jurisdiction.
5	ADMS of Area, DDMS of Command	20,000	-	
6	Commander Independent Sub Area/Sub Area/RR Sector/Brigade	1,00,000	15,000	
7	Area/Division/RR Force Commander	1,50,000	30,000	
8	Corps Commander	2,25,000	60,000	
9	GOC-In-C	4,00,000	1,00,000	
10	VCOAS	10,00,000	5,00,000	
J MISCELLANEOUS				
DGAFMS				
1	DGAFMS in respect of losses of Imported Sera and Vaccine in AFMSD.	1 Lakh	50,000	
2	DGAFMS in respect of Books and other publications	1 Lakh	50,000	
3	DGMS (Army) in respect of losses of imported sera and vaccine in Hospitals/Medical units and Base Depot, Medical Stores Depots, Medical Stores and Sub Depots Medical Stores.	50,000	25,000	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Gross Neglect	Due to Theft, Fraud or Gross Neglect	
K MILITARY SECRETARY				
	Military Secretary to the President	5,000		
L MT Accidents				
1	GOC Div/Area/RR Force	4 lakhs	2 lakh	
2	GOC Corps	6 lakhs	3 lakhs	
3	GOC-In-C	8 lakhs	4 lakhs	
4	VCOAS	10 Lakhs	5 Lakhs	
M EMB HQ				
1	Comdts, Emb HQ	20,000	10,000	
2	ADG Mov	50,000	25,000	
3	DG OL	1 Lakh	50,000	
Notes				
1. The Competent Financial Authority may write off of losses which are not due to theft, fraud or gross neglect after obtaining audit report from the Controllers of Defence Accounts concerned.				
2. Loss statements for amounts not exceeding Rs 2,000/- whether due or not due to theft, fraud or neglect need not be referred to CsDA by the C.F.As concerned.				
3. The Competent Financial Authority at Corps and higher level may write off of losses which are not due to theft, fraud or gross neglect after obtaining audit report from CsDA and with the concurrence of IFA.				
4. The Competent Financial Authority may write off of losses which are due to theft, fraud or gross neglect only after obtaining audit report from CsDA and with the concurrence of IFA.				
5. Provisions of Rule 37 of Financial Regulations, Part I, Vol I, and Instructions for regulating the enforcement of responsibility for losses etc, contained in Appendix I, Part I, Vol II of Financial Regulations will also be kept in view while processing and finalising cases relating to writing off of losses.				
6. Procedure in Chapter VII of Financial Regulations for Losses, Wastages and Damage to Public Property does not apply to Loss of Public Money of Stores in offices of Army HQ. All cases of losses in these offices shall be investigated by the head of office and submitted to Ministry of Defence irrespective of the amount and cause of the loss.				
7. All cases of losses not due to theft, fraud or gross neglect in excess of Rs 1 Lakh shall be regularised by CFA in concurrence with respective IFA after CDAs audit report has been obtained.				

APPENDIX II-PART I- ARMY
SCHEDULE VII

POWERS TO SANCTION WRITE OFF OF LOSSES OF PUBLIC MONEY

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Gross Neglect	Due to Theft, Fraud or Gross Neglect	
1	Adm Comdt Class II	1,000	-	
2	Adm Comdt Class I	4,000	-	
3	* Cdr Indep Sub Area/Indep Bde/Bde/Sub Area/RR Sect	10,000	3,000	*These powers shall not be exercised in respect of Supply Depots over which no administrative control is exercised. These powers may also be exercised in respect of DSC personnel attached to units of Army and Inter-Services Organisations.
4	Comdt Cat A Estts commanded by			
	Lt Gen	25,000	2,000	Comdt NDC will also exercise financial powers as conferred on Comdt Cat 'A Ests commanded by Lt Gen
	Maj Gen	20,000	1,500	
	Brig	10,000	1,000	
	Comdt Cat B Estts commanded by			
	Brig	5,000	1,000	
	Col	3,000	-	
	Comdts./OsC	5,000	-	
	Regtl Centres, Trg Gps and Centres, Trg Centres, and Depots, of rank of Lt.Col & above.			
5	Commander, Indep Sub Area/ Brigade/Sub Area./RR Sector	20,000	10,000	In respect of irrecoverable debts of units disbanded in accordance with demobilization orders.
6	Commander Area/Div/ RR Force	40,000	20,000	
7	Corps Commander	1 Lakh	50,000	
8	GOC-in-C of a Command	2 Lakhs	60,000	
9	DGRR	1 Lakh	20,000	
10	AG	5 Lakhs	1 Lakh	
11	VCOAS	10 Lakhs	2 Lakhs	

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Not due to Theft, Fraud or Gross Neglect	Due to Theft, Fraud or Gross Neglect	
Armed Forces Medical Stores Depots				
	DGAFMS	10,000	1,000	
Remount and Veterinary Corps(Remount Services)				
1	Addl Dir Gen RVS	5,000	-	
2	QMG	40,000	20,000	
Movement Dte (MC Org, Transit Camps, Sainik Aramgahs)				
	DGOL	10,000	1,000	
Military Farms				
1	DDG of Mil Farms	8,000	-	
2	QMG	40,000	20,000	
Notes:-				
1. The Competent Financial Authority may sanction write off of losses which are due to theft, fraud or gross neglect after obtaining audit report from the Controller of Defence Accounts concerned. Loss statements for amount not exceeding Rs 2,000/- whether due to or not due to theft, fraud or neglect need not be referred to Cs.D.A. by the CFAs concerned.				
2. Provisions of Rule 37 of Financial Regulations, Part I, Vol I and Instructions for regulating enforcement of responsibility for losses etc, contained in Appendix I, Part I, Vol II of Financial Regulations will also be kept in view while processing and finalising cases relating to writing off of losses.				
3. The term Public Money is defined in Rule 164 of Financial Regulations, Part I, and in addition to cash proper includes items listed at Ser No (a) to (i) in the Rule.				
4. Procedure in Chapter VII of Financial Regulations for Losses, Wastages and Damage to Public Property does not apply to Loss of Public Money or Stores in offices of Army HQ. All cases of losses in these offices shall be investigated by the head of office and submitted to Ministry of Defence irrespective of the amount and cause of the loss.				

APPENDIX II-PART I-ARMY					
SCHEDULE VIII					
POWERS OF CERTAIN AUTHORITIES DURING PERIOD PREPARATORY TO WAR, HOSTILITIES, OR WHEN SPECIAL OPERATIONS ARE ORDERED (INCLUDING NATURAL CALAMITIES AND DISASTERS)					
Ser No	Object of Expenditure	Competent Financial Authority	Financial Limits (In Rs)		Remarks
			Without Consultation of IFA/CDA	In Consultation with IFA/CDA	
1	Local Purchase of Stores (incl Ord Stores, ASC Stores/Supplies/ Eqpt, Engr Stores/Machinery etc)	VCOAS / PSOs/ GOsC-in-C	Full Powers		
2	Local Purchase of Medical Stores / Eqpt	DGAFMS/GOsC-in-C	Full Powers		
3	Repair / Modification of Equipment / Vehicles	PSOs / GOsC-in-C	30 Crs		
4	Hiring of Manpower	PSOs/GOsC-in-C (Incl powers wrt Static Ests located in Comd)	2 Crs		
5	Hiring of Civil Transport / Cranes / Machinery / Eqpt/Dozers/Tipper/J CB/Tractor & Trolley and Other Specialised Transport	PSOs/GOsC-in-C	10 Crs		
6	Despatch of Stores by any Mode (Air, Sea, Express Mail / Courier etc)	PSOs/GOsC-in-C	10 Crs		
7	Miscellaneous/ Contingent Expenditure Connected with Operations, Exercises, Visit of Foreign Army Teams and Misc Expenditure not covered under other Heads of this Schedule	PSOs / GOsC-in-C	10 Crs		
Note: The Financial Powers given in this Schedule will be operative on the issue of Government Orders declaring a period preparatory to War, hostilities or ordering of special operations to be undertaken by the Army.					

APPENDIX II-PART I- ARMY**SCHEDULE IX****POWERS TO SANCTION LOSSES OF PUBLIC MONEY ON
FIELD SERVICE OR DURING OPERATIONS CONDUCTED UNDER
THE SPECIAL PROCEDURE PAMPHLET.**

Ser No	Competent Financial Authority	Financial Limits (In Rs)	Remarks
	<u>CO/OC of Rank of Maj and Above</u> <u>Incl RR units/ests</u>		
1	For Cash lost by fraud,suspected fraud or gross carelessness.	Nil	
2	For loss of cash by theft or arson, proved or presumptive	2,000	
3	For cash lost otherwise than by theft, fraud or gross carelessness including over issues through an excusable misunderstanding of regulations or when the recovery would entail considerable hardship or present special difficulty (over issues in kit to individuals will be treated in the same way as overissues in cash)	10,000	
4	Debtor balances of non effective soldiers accounts.	1,000	



APPENDIX II-PART I- ARMY

SCHEDULE X

POWERS EXERCISABLE UNDER CIVIL RULES

Ser No	Competent Financial Authority 1	Limits 2	Remarks 6
(1)	(i) Deputy Chief of Army Staff (T&C) (ii) GOC-in-C Command (iii) Commander Area (iv) Commander, Indep Sub Area (v) * Commander, Sub Area/Brigade (vi) Adjutant General (vii) MGO (viii) QMG (ix) DGOS (x) DGEME (xi) DGAFMS (xii) DGMI (xiii) ADGSD (xiv) DG Arty (xv) DGOL (xvi) SO-in-C (xvii) DG AD Arty (xviii) DG RR	Full powers of a local Government except under Chapter XXXVIII, in respect of individuals under their orders (excluding the personnel of M.E.S and those employed at Army HQ) who are not appointed directly by the Government of India provided that where, in the Civil Services Regulations, powers are conferred on State Governments only, such powers can be exercised by the President only.	*Financial powers vested in Brigade Commanders are exercisable by all Brigade Commanders irrespective of type of Brigade. Higher powers where specifically delegated to certain type of Brigades, will, however, continue to be exercised by the respective Brigade Commanders.
(2)	E-in-C	Full powers of local Govt. (except those under Chapter xxxviii and Article 361-A CSR which shall be exercised by the President only) in respect of individuals under his orders (excluding Army HQ staff) who are not directly appointed by the Government of India provided that where in the CSR powers are conferred on State Govts only, such powers shall be exercised by the President only.	
(3)	C.E. of Command or Independent Area	Powers under Articles 89, 147, 178(b), 253, 254, 321, 514(a), 520 (iii) and 762 of Civil Service Regulations in respect of:- (a) Superintendents B/R Grade II; (b) Clerks; (c) Superintendents, E/M Grade II;	

(d) Supervisors B/S Grade II;

(e) Draftsmen ;

(f) Store Keepers;

(g) Artificer; and

(h) Class IV servants under his control. C.Es are deemed to be Heads of Departments under the CSR in respect of such matters as relate to the ests. referred to above.

(4) Zonal Chief Engineers.

Powers of local Government in respect of time barred claims under Rule 189.

(5) (i) JS and CAO

Powers for the purpose of altering date of birth in respect of non-gazetted Govt. servants serving in all posts of AFHQ except those borne on a common roster with posts in lower formations in which cases powers will vest with the authority regulating appointments to such posts in the lower formations.

(ii) Commandant., NDC

Powers given in item (i) above in respect of non-gazetted Govt. servants serving in National Defence College.

(iii) AG

Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under AG's Branch.

(iv) DCOAS

Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under G.S. Branch.

(v) Q.M.G.

Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under QMG Branch.

(vi) E-in-C

Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under E-in-C's Branch.

(vii) DGAFMS

Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under DGAFMS



(viii) DGOS	Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under D.G.O.S.
(ix) DGEME	Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under D.G.E.M.E.
(x) Director of Public Relations	Powers given in item (i) above in respect of non-gazetted Govt. servants serving in lower formations under Director of Public Relations
(xi) Chief Security Officer MOD in his capacity as CO D.H.Q. Security Troops.	Powers given in item (i) above in respect of non-gazetted Govt. servants serving in posts on the estt of DHQ Security Tps(except posts against which personnel are provided by JS & CAO,MoD.
(xii) DGOL	Powers given in item (i) above in respect of non- gazetted Govt servants serving in lower formations under DGOL
NOTE :-	
(1) The term AFHQ shall cover inter-service organisations like Joint Cipher Bureau, the Defence Research and Development and Defence Production Organisation(except Technical and Scientific posts) the DGNCC, DGDE, the Armed Forces Information Office and other organisations working directly under the MoD.	
(2) In the case of gazetted officers, the change of date of birth shall be decided by the MoD.	

APPENDIX II-PART I- ARMY**SCHEDULE XII****POWERS FOR PURCHASE OF STORES (REFERRED TO IN RULE 147)**

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
(A) Powers in Regard to any Purchase Normally Effected Through Central Purchase Organisation but Which is Proposed to be Made Direct on Grounds of Administrative Necessity.				
1	DGEME	-	3,00,000	
2	DGOS	-	3,00,000	
3	ADG OS(CN&A)	-	2,00,000	
4	MGs AOC	-	2,00,000	
5	MG EME	-	2,00,000	
6	DDEME	-	1,00,000	
7	DGRR	-	5,00,000	
8	RR Force Cdr	-	2,00,000	
9	DGST	-	20,00,000	
10	MGs ASC	-	15,00,000	
11	DDST Corp/ Area (Brig)	1,00,000	6,00,000	
12	DDST Indep Sub Area / CO ASC Bn (Col) / Comdt Sup Depot ASC	50,000	3,00,000	
13	ADSTs Sub Area (Lt Col)	15,000	1,00,000	
14	DDG MF	-	3,00,000	
15	(a) DGAFMS	5 Lakhs	50,00,000	
	(b) AFMSD Delhi, Lucknow, Mumbai	-	10,00,000	
	(c) OC AFTC, AFMC (BTD), ECTC, AMSD FMSD, AFMSD Pune	-	2,00,000	
16	ADG ESP	-	2,00,000	

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
17	E-in-C	-	Full Powers	For direct purchase of Engineer Stores & Machinery (incl spare parts) urgently required when delay is detrimental to training etc, as per GOI MoD A/03109/E 3 P&C /999/DO.I/D(W-I) dt 04 Dec 1981.
18	Chief Engineer/ Comdt CME	1,50,000	-	
19	Comdts Engineer Centres	50,000	1,00,000	
20	Cdr Engr Bde	50,000	-	
21	COs Engr Units commanded by			
	Col	40,000	-	
	Lt Col	30,000	-	
	Maj	10,000	-	
(B) Powers in Regard to Direct Purchase Other than those Mentioned at (A) above.				
1	DGAFMS	50,000@	10,00,000	
2	DGRR	-	5,00,000	
3	MGO	50,000@	7,00,000	@For entering into contracts for fabrication, processing of raw materials/semis.
4	Comdts CODs/CAD/CVD/CAFVD/CASD and 223 ABOD for missiles spares	1,00,000	5,00,000	
5	Senior Provision Offrs of COD Delhi Cantt and Dehu Road Agra, Jabalpur & CAFVD Kirkee	50,000	-	
Notes				
1. Comdts, COD Kanpur and Cheeki will place orders in respect of demands for general stores and clothing items placed by Army HQ, DDGOS(GS &C) duly concurred in by I&BC in each case.				
2. Comdts of other Depots will place orders in each case upto financial limits with concurrence of I & BC Cells attached.				
3. Where purchase cost exceeds indent estimate by not more than 25 % procurement action by authorities in Ser No 4 may be taken without reference to I & BC Cells or the next CFA provided purchase cost does not exceed the financial limit of the delegated powers, i.e. Rs 1 lakh.				
4. CFAs at Ser No 5 will exercise the powers in each case, subject to the condition that when the lowest acceptable offer from trade against a tender inquiry is being passed over after recording reasons, approval of the Commandant of the Depot will be obtained.				

(C) Powers For Purchase of Miscellaneous Items and Equipments Required by Lower Formations Which are Not Within the Purview of Central Purchase Organisation (Referred to in Rule 147).

Ser No	Competent Financial Authority	Financial Limits (In Rs)				Remarks
		Local Purchase of Stores		Cash Purchase of Stores		
		Without consultation of IFA/ CDA	In consultation of IFA/ CDA	Without consultation of IFA/ CDA	In consultation with IFA/CDA	
1	QMG	-	5,00,000	-	-	For RVC
2	DG RR	1,00,000	5,00,000	-	-	
3	DGAFMS*	3 Lakhs	1 Cr	-	-	DGAFMS will also exercise powers for AFTC *For NS/NIV items
4	Addl DGAFMS (E&S) *	-	50,00,000	-	-	
5	OC, AFTC Delhi Cantt;*, O.C. Eastern Command Transfusion Centre Calcutta and Officer-in-Charge Blood Transfusion Dept AFMC Pune (for PVMS items of section 27 and connected NIV items).	400	1,00,000	-	-	
6	DGST	-	20 Lakhs	-	-	In respect of Centrally purchased items only.
7	DGST	-	10 Lakhs	-	-	In respect of fresh supplies only
8	MGs ASC	-	5 Lakhs	-	-	
9	DDST Corps	50,000	3 Lakhs	-	-	
10	DDST Area/Indep Sub Area	40,000	2 Lakhs	-	-	
11	CO ASC Battalion / Comdt Supply Depot ASC	25,000	1 Lakh	-	-	
12	ADST/DADST Sub Area	15,000	50,000	-	-	
Note						
The limits fixed in respect of Ser No 6 to 12 relate to a single transaction which will be taken to mean the value of all orders placed on supplier on a particular date for all the articles based on that day or anticipated number of days requirements. Where more than one supplier is involved the transactions with each supplier will be treated as a single transaction. If, however, the purchase of one item of the ration scale is to be made from more than one supplier, the aggregate value of all orders of that item, placed on a particular date, will be taken together for the determination of the competent financial authority.						

Ser No	Competent Financial Authority	Financial Limits (In Rs)				Remarks
		Local Purchase of Stores		Cash Purchase of Stores		
		Without consultation of IFA/ CDA	In consultation of IFA/ CDA	Without consultation of IFA/ CDA	In consultation with IFA/CDA	
13	ADG RVS	50,000	4 Lakhs	-	-	The monetary limit specified will also apply to repairs of tractors and other agricultural implements.
14	Comdts Remount Trg School & Depots, Equine Breeding Studs, RVC Centre & School and Central Mil Vet Laboratory	20,000	-	-	-	The monetary limit specified will also apply to repairs of tractors and other agricultural implements.
15	OC RV Units(Lt Col/Col)	5,000	-	-	-	
16	OC RV Units(Maj/Capt)	3,000	-	-	-	
17	Officer Commanding Military Veterinary Hospital, Mobile Veterinary Sections and VOs Remount Depots(For veterinary stores and equipment).	1,000	-	-	-	The purchase will be made only when the Officer Commanding Local Military Hospital is not in a position to supply the required stores.
18	DDG Mil. Farms.	1 Lakh	3 Lakhs	-	-	Dairy Produce & Fodder & Other than DP & Fodder
19	Dir MF	5,000	30,000	-	-	Dairy Produce & Fodder
		10,000	30,000	-	-	Other than DP & Fodder
20	ADMF	2,000	10,000	-	-	Other than DP & Fodder
21	DADMF/FO	1,000	5,000	-	-	-do-
22	Manager	1,000	5,000	-	-	-do-
23	DGOS	4 Lakhs	40 Lakhs	1.25 Lakhs	2 Lakhs	The powers delegated to DGOS, ADGOS, and MG AOC Commands will be only for sanctioning the procurements and the procurements will be at the point where the items are required.
24	ADG OS	3 Lakhs	20 Lakhs	15,000	75,000	
25	DDOS Corps	40,000	4 Lakhs	-	-	
26	Col Ord Corps/Areas	30,000	1 Lakh	-	-	
27	Local Purchase Officer(LPO)	10,000	-	-	-	
28	DADOS (Area and Indep Sub Area) DDOS Corps, Ord Offrs at BDE/Indep Bdes/Indep Bde Gp and Sub Area	20,000	50,000	-	-	

Ser No	Competent Financial Authority	Financial Limits (In Rs)				Remarks
		Local Purchase of Stores		Cash Purchase of Stores		
		Without consultation of IFA/ CDA	In consultation of IFA/ CDA	Without consultation of IFA/ CDA	In consultation with IFA/CDA	
29	DG EME	2 Lakhs	30 Lakhs			
30	MGEME/Cdr Base Wksp Gp	1 Lakh	10 Lakhs			
31	DD EME Corps/Area	75,000	5 Lakhs			
32	Addl DG AFMS (MR) HQ DGAFMS, the Heads of Hospitals, Institutions (other than Defence Institute of Physiology and Allied Sciences/Institute of Nuclear Medicines and Allied Sciences) who are entrusted with Medical Research and Development Projects of Armed Forces Medical Research Committee.	1 Lakh	5 Lakhs	1,000	1 Lakh	Per item or number of similar items purchased at any one time, subject to availability of funds within the ceiling of Project sanction.
33	Commandant IMA/NDA/OTA	25,000	1 Lakh	-	-	For local purchase of authorised items not procurable through Ordnance, ASC, MES or DMR&F out of I & M Grant
34	(a) Officers Commanding Armed Forces Medical Stores Depot, Mumbai, Lucknow, Delhi Cantt.	10,000	10 Lakhs	1,000	-	The monetary limit will apply to purchases made per single item at any one time
	(b) COs AMSD/FMSD/AFMSD Pune, AFMC (BTD), AFTC, ECTC	5,000	2 Lakh	-	-	
35	MG AOC, Commands	2 Lakhs	10 Lakhs	15,000	75,000	
36	Comdts CODs/CAFVD Kirkee/CAD Pulgaon/CVD/CASD Delhi Cantt	1 Lakh	4 Lakhs	12,000	-	
37	Comdts ODs/ABODs/FODs	50,000	2 Lakhs	10,000	-	
38	Dy Comdts(COD Chheokl & Kanpur only)	50,000	-	10,000	-	
39	SPO-CODs/CAFVD Kirkee/Dy Comdt CAD, Pulgaon	10,000	-	10,000	-	
40	Dy Comdt., CVD Delhi	-	-	10,000	-	
41	OC DOU/OMC/ADOS HQ Arty Div	50,000	-	14,000	-	
	Note: These powers will also be exercisable by ADOS HQ Arty Div for so long as an integral DOU is not raised.					
42	OC OMP/BOU/OPP	10,000	-	6,000	-	
43	Cdr Tech Group EME	1 Lakh	5 Lakhs	-	-	
44	Comdt. Army/Adv Base Workshop	60,000	2,00,000	-	-	
45	Works Manager / Production Manager ABW/Adv Base Wksp(Col)	10,000	50,000	-	-	

Ser No	Competent Financial Authority	Financial Limits (In Rs)				Remarks
		Local Purchase of Stores		Cash Purchase of Stores		
		Without consultation of IFA/ CDA	In consultation of IFA/ CDA	Without consultation of IFA/ CDA	In consultation with IFA/CDA	
46	OC EME Bn/Wksp/unit/Est/Flight (Commanded by Col/Lt Col)	40,000	-	-	-	
47	OC EME Wksp/unit/Est/Flight/ FRI/AWD(Commaned by Maj)	15,000	-	-	-	
48	OC EME Wksp/unit/Est/Flight/ FRI/AWD(Commaned by Capt)					
49	Comdt MCEME /EME School	10,000	20,000	-	-	
50	Comdt EME Centre	10,000	-	-	-	
51	GOC,CIF HQ RR	1 Lakh	2 Lakhs	-	-	
49	Sector Cdrs, RR Sect HQ	75,000	-	-	-	
52	CO RR Bn(Col/Lt Col)	50,000	-	-	-	
53	DGMT	1 Lakh	6 Lakhs	-	-	* For purchase of Training Aids of Cat 'A' Ests
54	Indep Brigade Commander/ Missile Bde Cdr (SS)/ Commandant School of Artillery	10,000	1Lakh	-	-	
55	Commandant, Centres	8,000	-	-	-	
56	OC Unit (Col/Lt. Col)	6,000	-	-	-	
57	OC Unit (Major)	2,000	-	-	-	
58	Commandant AOC Trg. Center	2,000	20,000	-	-	
59	Commandant Artificial Limb Centre,Pune.	2,000	2 Lakhs	-	-	
60	Maintenance and Repair of Spl Intelligence Equipment					
	(i) DGMI	1 Lakh	5 Lakhs	-	-	
	(ii) ADGMI(A)/ Comdt Mil Int Trg School & Depot	50,000	2 Lakhs	-	-	
	(iii) DDG MI(Tech)/ BGS (Int) Commands	30,000	1 Lakh	-	-	
	(iv) CO Army HQ Liaison Unit/ GC Unit	10,000	50,000	-	-	
61	(a)Purchase of Drugs & Consumables both PVMS and NIV items Hospitals Commanded By					
	Maj Gen and above, Comdt BHDC & MH CTC	1 lakh	10 Lakhs	-	-	As per Terms & Procedure given in Note 8 below
	Brig	50,000	5 Lakhs	-	-	
	(b) Purchase of Drugs & Consumables based on NA and NIV items w/o NA by COs of Hospitals and Comdt AFMC, AFC & ALC, IAM, INM commanded by					
	Maj Gen and above:	1 lakh	10 Lakhs	-	-	Per item per day
	Brig	50,000	5 Lakhs	-	-	
	Col	30,000	2.5 Lakhs	-	-	
	Lt Col	20,000	1 Lakh	-	-	

Ser No	Competent Financial Authority	Financial Limits (In Rs)				Remarks
		Local Purchase of Stores		Cash Purchase of Stores		
		Without consultation of IFA/ CDA	In consultation of IFA/ CDA	Without consultation of IFA/ CDA	In consultation with IFA/CDA	
	(c) Dental Centres Commanded					
	Maj Gen & Eqv	20,000	50,000	-	-	
	Brig & Eqv	10,000	30,000	-	-	
	Col & Eqv	5,000	20,000	-	-	
	Lt Col Eqv	5,000	10,000	-	-	
	(c) By RR Authorities Based on NA					
	RR Force Cdrs	1 Lakh	2 Lakhs	-	-	
	Sector Cdrs	50,000	1 Lakh	-	-	
	CO units	25,000	50,000	-	-	
	RMO's RR Units	5,000	20,000	-	-	
62	Purchase of Signal Stores					
	(a) SO-In-C	20,000	2 Lakhs	-	-	
	(b) Comdt MCTE / CSO Commands/ ADG(TT)	15,000	1.5 Lakh	-	-	
	(c) CSO Corps/Area, Comdt Army HQ Sigs, Comdt Sig Trg Centres, Cdr Signals Gps, Cdr ANC, DDSI (Zones), Dir CMO, CAFSO	15,000	1 Lakh	-	-	
	(d) OC Units Incl Indep Coys upto rank of Maj and above and Sub Group Cdr Sig Gp	10,000	-	-	-	
	(e) CO RR Sig Units	20,000	-	-	-	
	(f) OC RR Sect HQ Sig Units	10,000	-	-	-	
	Notes					
	1. The DGOS and DGEME may with the concurrence of MoD (Fin) incur expenditure on the local purchase of stores in excess of the limits indicated above when such a course is necessary.					
	2. Provision for Base Workshops only. For procurement of introduced as well as 'Not-in-Vocab(NIV)' and Non-Standard (NS) items for fabrication, manufacture of spares (MOS) or other special commitments, base workshops will wait for 60 days for obtaining 'Non Availability Certificate (NAC)' from normal source of supply. After 60 days, purchases may be made subject to '2 months' requirements at a time. Emergent purchases can, however, be dealt with as provided for in existing rules. Expenditure will be limited to allocation of budget by MGO.					
	3. All EME CFAs will sanction the local purchase of any spare parts, maintenance stores, material or items of equipment required to expedite repairs of all types of M.T. Vehicles/ equipment/stores/ engineering equipment/ refrigeration equipment and medical equipment for the repair of which EME is responsible and for the manufacture of stores as ordered by Army Headquarters upto the limit stated against each for any one article or any number of similar articles purchased at the same time, when such articles are not available from the normal sources of supply or being available, time does not permit their being obtained on emergent indent.					
	4. Workshops can purchase items to a maximum extent of one month's inventory level established by the average of past twelve months consumptions.					
	5. The limit for direct purchase applies to the value of each article or class of similar articles or inter-connected articles purchased at any one time.					
	6. The above powers will not apply to EME units which are commanded by JCOs.					
	7. ULPO Powers will be exercised by all CFAs having LP powers. The powers to function ULPO will be equal to that of LP powers of the CFAs.					
	8 (a) AH(R&R), CHs of all three Services, hospitals commanded by Brig & equiv, less 92 BH, will be delinked from AFMSDs for drugs and consumables in a phased manner for one year. If successful, all Hospitals will be covered under this arrangement.					
	(b) Comdt/ CO of these hospitals will act as DDOs and place orders directly on the RC holder firms if required and expenditure debited to central purchase code head.					
	(c) Besides placing normal orders on RC holders DDOs can procure drugs & consumables upto their financial powers as per transaction per day, when there is no supply or delay in supply through central order of RC.					
	(d) These hospitals can stock upto two months requirement as calculated by their MMF.					

(D) Powers to sanction additional expenditure to meet cost escalation.

Competent Financial Authority	Financial Limits	Remarks
A.G. DGRR	Upto 25% for local purchase of liveries	Powers under this sub-schedule will be exercised by the
DGOS DGEME ADG ESP		Service HQrs in consultation with Min of Def(Fin) acting as IFA and by lower authorities in consultation with the CsDA.
Comdts/OCs AOC/EME Units DDGOS(I&BC) MGOs Branch, O I/C I &BC Cells/MGOs Branch,CODs Agra, Dehu Road,Delhi Cantt,Jabalpur CP Cell.	Upto 50%	In accordance with GOI letter 13 (1) / 79 /Redel /D(IFA) dated 19 Nov 79.
DGAFMS		Upto 50 %



(E) Other Relevant Financial Powers Conferred on Ordnance & EME Functionaries				
Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
1. LP OF STORES FOR REPAIR /MFR OF STORES EX RSSDs/MSSDs/ESGs/ EME RESPONSIBILITY				
	Comdts CODs/CAFVD Kirkee/ CAD Pulgaon/CVDs	1 Lakh	5 Lakhs	
	Comdts (ODs,ABODs,FODs/ ADs/FADs/DOUs/BOUs/OMC/OFB/ Amn & Veh Coy)	50,000	2 Lakhs	
Note. - These powers will be exercised only after the items have been declared NA by the Supplying Depots.A quarterly report of stores locally purchased against NA will be submitted to the supplying depots from whom NA certificate has been obtained so that the supplying depot may reflect the quantity procured in the Account Cards for provisioning purposes.				
2. LOCAL MANUFACTURE OF STORES THROUGH WORK ORDER ON EME WKSPS & CIVIL FIRMS/RSSD/MSSD/ESGs				
	DGOS	-	10 Lakhs	
	ADG OS	-	5 Lakhs	
	Comdts CODs/CAFVD Kirkee/ CAD Pulgaon/CVDs/CASD Delhi Cantt	50,000	2,00,000	
	Comdts ODs,ABODs,FODs,ADs, & FADs	40,000	2,00,000	
	COs DOUs,OsC OMC/OFP/ BOU/OMP	30,000	1 Lakh	
Note				
(i) The financial limits are in respect of each work order placed for one or similar articles.				
(ii) The powers of Comdt , CAD Pulgaon and officers at (b) and (c) will be confined to Depot Local Manufacture items. In the case of Ammunition Depots these will be further restricted to NES items (Sec 'Q2 and 'U') of DLM.				
3. CONTRACTS FOR REPAIR OF ORDNANCE STORES				
	Comdts CODs/CAFVD Kirkee/ CASD Delhi Cantt/ CAD Pulgaon	20,000	-	

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
	Comdts ODs, ABODs, FODs, ADs, & FADs	20,000		
	DD OS Corps	20,000		
	COs DOUs/OsC ODs/OMCs/OPF/ BOU/OMP/Amn & Veh Coy/SDE Repair Team	10,000		
	Note:- The undermentioned conditions will apply :-			
	(i) The financial limits are in respect of any one repair order placed for any one type of stores or spares. The cost of any spares/materials to be used by the contractor himself in execution of repair work will also be taken into account in determining the CFA.			
	(ii) Contracts for repair of stores and technical services/processes will be entered into where			
	(aa) Stores to be repaired or technical services/ processes to be performed are of Ordnance responsibility (e.g. battery charging).			
	(ab) The urgency of the commitment does not permit delay in transporting the stores to another Ordnance Depot/Unit.			
	(ac) Facilities do not exist in Ordnance Depots/Units (OPFs/OMCs) or where available the capacity is fully occupied.			
	(ad) The requirements are so few and far between that it would be more economical to have the job done through private repair organisations than to provide facilities in the Ordnance Depots.			
	(ae) The authorities responsible for technical services/ processes (e.g. EME) are not in a position to undertake the work.			
	4 Factory Repairs of Class 'A' and 'B' Stores including life extension and refurbishment of Missiles by OEMs (including PSUs and PSEs)			
	MGO		100 Lakhs	
	DGOS		75 Lakhs	
	ADG OS (TS) / Cdr Central Depot Gp		50 Lakhs	
	Comdts CODs/CAD/CASD/CAFVD		25 Lakhs	
	Comdts 19 FAD/23FAD/223ABOD		20 Lakhs	
	5 Sanction of Expenditure out of DGEME Wksp Grants both Cash and Monetary on Tests, Trials, Experimental Work and Execution of Technical Minor Works carried out in EME Units and Establishments			
	DGEME	1 Lakh	10 Lakhs	
	Cdr Tech Gp EME	30,000	2 Lakhs	
	Comdt ABW/Adv Base Wksp	6,000	1 Lakh	

Ser No	Competent Financial Authority	Financial Powers (in Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
	MG EME /Cdr Base Wksp Gp	30,000	2 Lakhs	
	DD EME	14,000	1 Lakh	
	OC EME Bn/WKSP/Units(Commanded by	10,000	50,000	
	OC Fd Repair WKsp/OC EME Wksp/ EME Units//Estt/Flight OC Fd Repair Increment(Commanded by Maj)	8,000	-	
	OC Fd Repair WKsp/OC EME Wksp/ EME Units//Estt/Flight OC Fd Repair Increment/OIC AWD(Commanded by Capt & below)	5,000	-	
	Comdt MCEME/EME School	30,000	2 Lakhs	
	Comdt EME Centre	20,000	1 Lakh	
	Notes (Based on AI 86/74 as amended)			
	(i) DG EME Workshop Grant is to be utilised for the undermentioned purposes:-			
	(aa) Purchase of machinery/plant/ test equipment/drawing office equipment as a replacement or a modernisation measure;			
	(ab) Purchase/manufacture of tools, fittings, jigs, fixtures and other articles/stores/materials including those which are incidental to manufacture, production and inventory control, for which scales do not exist;			
	(ac) Experimental work;			
	(ad) To meet the expenditure on minor works for installation of plant and machinery and future maintenance of such minor works.			
	(ii) DG EME Workshop Grant will consist of :-			
	(aa) DGEME Workshop Monetary Grant.			
	(ab) DG EME Workshop Cash Grant.			
	(iii) The DGEME Workshop Monetary Grant will be debited proforma with the cost of equipment and stores which are issued from stock by Ordnance and Engineer Stores Depots. Stores, Tools, and Plant shall invariably be obtained from Ordnance and ESDs and local purchase may be resorted to only when these are not available on obtaining Non Availability Certificate from the store holding depots locally or in outstation. Local purchase against NA will be effected upto financial limits for CFAs of EME as stipulated in the foregoing part (C) of the Schedule. The DGEME Workshop Cash Grant will comprise:-			
	(aa) Expenditure on local purchase of stores and equipment under delegated powers; as stipulated in the foregoing Part (C) of this Schedule.			
	(ab) Expenditure on procurement of stores under direct purchase powers;			
	(ac) Expenditure on Minor Works.			
	With regard to expenditure on (ab) above DGEME will keep adequate reserve out of the total cash grant. As and when indents are placed the total cost of the indents will be debited proforma to the reserve of the year in which the expenditure is anticipated to be incurred.			

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
				(iv) In assessing the CFA for sanctioning the manufacture of tools, fittings, jigs, fixtures and other articles / stores/ materials the cost of labour and material will be taken into account though only the cost of material will be debited to DG EME Workshop Grant.
				(v) All stores received will be accounted for in a separate workshop grant ledger in accordance with instructions contained in Equipment Regulations Part I and AI 82 of 1955.
				(vi) The cash expenditure relating to this grant will be debitable to Major Head 2076, Minor Head 110 (C)(a) (i) of the Defence Services Estimates.
6	<u>Local Purchase of Stores for Development of Product Improvement Devices of Eqpt</u>			
	MGO			50 Lakhs (Subject to an annual ceiling of 10 Crs)
	DGEME	1.5 Lakhs		20 Lakhs
	Cdr Tech Gp EME	1 Lakh		10 Lakhs
	Comdt ABW/Adv Base Wksp	40,000		2 Lakhs
	MG EME /Cdr Base Wksp Gp	1 Lakh		10 Lakhs
7	<u>Maintenance and Repairs of Plant, Machinery and Test Equipment of Product Improvement Projects</u>			
	DGEME	75,000		5 Lakhs
	Cdr Tech Gp EME	30,000		2 Lakhs
	Comdt ABW/Adv Base Wksp	10,000		50,000
	MG EME /Cdr Base Wksp Gp	30,000		2 Lakhs
	DD EME	10,000		50,000
8	<u>Development of Product Improvement Devices through Trade</u>			
	MGO			10 Lakhs
	DGEME	75,000		5 Lakhs
	Cdr Tech Gp EME	30,000		2 Lakhs
	Comdt ABW/Adv Base Wksp	10,000		50,000
	MG EME/ Cdr Base Wksp Gp	30,000		2 Lakhs
	DD EME	10,000		50,000

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
9 Local Repair Contract				
	MGO		20 Lakhs	
	DGEME	1 lakh	15 Lakhs	
	Cdr Tech Gp EME	60,000	10 Lakhs	
	Comdt ABW/Adv Base Wksp	20,000	2 Lakhs	
	MG EME /Cdr Base Wksp Gp	60,000	10 Lakhs	
	DD EME	20,000	2 Lakhs	
	OC EME Bn/WKSP/Units/Est/Flights (Commanded by Col/Lt Col)	20,000	1 Lakh	
	OC EME Wksp/Unit/Est/Flight/FRI/AWD (Commanded by Maj & Below) incl RR	15,000	50,000	
Notes				
(i) These powers will be exercised for any one repair order placed for any one type of equipment.				
(ii) Repairs by local contracts with Private/ Govt industries under the orders will be undertaken only when the urgency of the commitment so justifies and when repair capacity of their own workshops is fully occupied or repair facilities are not available therein or transportation of the vehicle/equipment to any other workshop is uneconomical/not feasible.				
(iii) Contracts entered into for repair will also include cost of all spares/stores if used by the Contractor in the repair of vehs/eqpt and no separate payment on this account will be made to the Contractor.				
(iv) The expenditure incurred will be debitable to Minor Head 110 (C) (c) 11 (417/2) of the Defence Services Estimates and to Minor Head 112 D for RR Forces.				
10 Maintenance of Plant Machinery, Egpt and Automatic Test Eqnts (ATEs), through AMC's				
	MGO		20 Lakhs	
	DGEME	1.5 Lakhs	15 Lakhs	
	Cdr Tech Gp EME	1 lakh	10 Lakhs	
	Comdt ABW/Adv Base Wksp	20,000	2 Lakhs	
	MG EME / Cdr Base Wksp Gp	1 Lakh	10 Lakhs	
	DD EME	50,000	2 Lakhs	
	OC EME Bn/WKSP/Units (Commanded by Col/Lt Col)	25,000	40,000	
	Comdt MC EME/EME School	1 Lakh	10 Lakhs	

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
11	<u>Consultancy on Technical Matters from Civil Sources and Manufacture of Major/Minor Unit Assemblies/Stores and Semi-Fabrication through Local Contract</u>			
	MGO		15 Lakhs	
	DGEME	1 Lakh	7 Lakhs	
	MGEME	50,000	3 Lakhs	
	Cdr Tech Gp EME/Cdr Base Wksp Gp	50,000	3 Lakhs	
	Comdt ABW/Adv Base Wksp	20,000	1 Lakh	
12	<u>Manufacturing of Spl Tools for Experimental Purposes or for Expediting Production/Repair</u>			
	DGEME	1 lakh	4 Lakhs	
	Cdr Tech Gp EME	60,000	2 Lakhs	
	Comdt ABW/Adv Base Wksp	20,000	1 Lakh	
	MG EME /Cdr Base Wksp Gp	60,000	2 Lakhs	
	DD EME	40,000	1 Lakh	
	OC EME Bn/WKSP/Units/Estt/Flight (Commanded by Col/Lt Col)	8,000	50,000	
	OC EME Wksp/Unit/Estt/flight/FRI/AWD (Commanded by Maj)			
	OC EME Wksp/Unit/Estt/Flight/FRI/AWD (Commanded by Capt & below)	6,000		
	Comdt MCEME/EME School	40,000	2 Lakhs	
	Comdt EME Centre	8,000	1 Lakh	
13	<u>Local Purchase of Not in Vocab (NIV) / Non Standard (NS) Plants , Machinery</u>			
	MGO		50 Lakhs	
	DG EME	5.5 lakhs	40 lakhs	
	Cdr Tech Gp EME/ Cdr Base Wksp Gp/MG	2.5 lakhs	15 lakhs	
	Comdt Army/Adv Base Workshop	50,000	5 lakhs	
Notes				
(i) Requirement of funds will be projected in Budget Estimates under the "Ordnance Stores" head.				
(ii) CFAs are empowered to place supply order direct on firms upto financial limits indicated above.				
(iii) The expenditure sanctioned will be for those items which cannot be procured through provision review being 'Non-Standard (NS)' and 'Not-in-Vocab' (NIV) items or ordnance stores duly following stipulation regarding TPCs.				

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation with IFA / CDA	
(F) Financial Powers of Other Army Functionaries for Repairs/ Servicing of Eqpt/Vehs through Trade				
1	<u>Repair, Servicing and Maintenance of Medical / Dental Eqpt through Trade</u>			Powers are to make one eqpt functional per day at one time.
	Hospitals Commanded by			
	Col and Below	5,000	15,000	
	Brig and above	25,000	1,00,000	
	Comdts AFMSDs	25,000	1,00,000	
	AFMSD Pune, AMSDs /FMSDs/ ECTC / BTD	25,000	50,000	
	Addl DGAFMS (E&S)		5,00,000	
	DGAFMS	1,00,000	10,00,000	
2	<u>Stn Cdrs Gaya, Belgaum, Bharatpur, Kamptee, Pulgaon, Danapur, Banbasa & Pithoragarh and for Stn Cdrs Cannanore and Calicut</u>	15,000	50,000	
3	<u>Recruiting Officers (For Repairs of Vehs through Civil Shops)</u>	1000 per repair subject to max of Rs 20,000 per annum per 4 wheeled veh in Mil Stns		
		1000 per repair subject to max of Rs 30,000 per annum per 4 wheeled veh in Non Mil Stns		
		500 per repair subject to max of Rs 15,000 per two wheeled veh (MC) per annum in r/o all BROs		

APPENDIX II-PART I- ARMY

SCHEDULE XIII

POWERS TO SANCTION CONTRACTS AND/OR TO EXECUTE CONTRACTS, DEEDS ETC,
ON BEHALF OF PRESIDENTSECTION I - Contracts and other instruments for services under control
of the Quarter Master General

Nature of Contracts/Instruments	Competent Authority
1 Contracts for the supply of labour	The Quarter Master General, Command/ Area/Independent Sub Area Commanders or Embarkation Commandants
2 Contracts for the Army Service Corps (including the Mechanical Transport Services) (a) Contracts for supplies and transport services for the Army Service Corps (including requirements of other services and departments) and for services to and purchase from the Army Service Corps; (b) Contracts for conveyance of Military Passengers on hill roads by motor vehicles; (c) All instruments connected with the reconveyance of property given as security; (d) Agreements other than those entered into in India, with civilian employees for a specified period of service in the Army Service Corps; and	The Quarter Master General/GOCs-in-C Commands/Corps Commanders/GOC Areas/ Divisions/Communication Zones, Commanders Independent Sub Areas/Brigades Stations (in respect of hired transport contracts only) Commander Corps/Artillery/Commander Artillery/Commander Army Group Artillery Director General Supplies and Transport, Major General Army Service Corps Commands, Deputy Director of Supplies and Transport Corps/Areas, DDsST/ADsST Independent Sub Areas, Deputy Assistant Director of Independent Sub Areas/Sub Areas/Brigades, Officer Commanding ASC Battalion, Supply and FOL depots, or Assistant or Deputy Assistant Directors Supplies and Transport at Headquarters of various Army Formations.
(e) Contracts for messing	The Quarter Master General, GOCs-In-C Commands, GOC Areas/Divisions/ Communication Zones, Commanders, Sub Area/Brigades Area, Independent Sub Area/Independent Brigade Group, Heads of Institutions, Presidents of the Selection Boards.

SCHEDULE XIII

POWERS TO SANCTION CONTRACTS AND/OR TO EXECUTE CONTRACTS,
DEEDS ETC ON BEHALF OF PRESIDENT

A. Supply Services

(a) **Central Purchase articles** - Contracts for these articles are made for the QMG by the Chief Director of Purchase, Ministry of Defence.

Note. In case of Emergency, such articles may be purchased locally in accordance with standing orders but all such purchases (which should be made only to the extent necessary to meet immediate requirements) together with rates and full reasons, should be reported to the DGST monthly.

(b) The MGASC Command or DDST Area, acting under the orders of the GOC-in-Chief Command or Area Commander, will consider as necessary the various local purchase supplies for which it is desirable to make contract and decide in consultation with the CDA which of these, having due regard to the advantage of the State, should be for individual stations or for groups of stations, for individual articles or for suitable groups of articles such as any particular class of contractor would be willing to tender for. Contracts, the anticipated value of which exceeds rupees eighty lakhs which is less than two hundred lakhs, should be treated as Command contracts to be made by MGASC. Those of which the value exceeds twenty lakhs but does not exceed rupees sixty lakhs will be treated as Area (or Independent Sub-Area) Contracts, to be made by DDST. (or ADST/ DADST of Independent Sub Area). Those of which the value is not expected to exceed rupees twenty lakhs may be treated as "Station Contracts" to be made by the OC Supply Depot, if considered sufficiently experienced and competent by the GOC-in-Chief

(c) Local Purchase Articles:

(Rs in Lakhs)

Ser No	Nature of Contract	Executive Officer	Sanctioning Authority	Maximum Period of Contract	Maximum value of contract
	1	2	3	4	5
1.	Sub-Area	ADST/DDST Sub Area	Commander Sub Area	01 Year	20
2.	Area/Division/Independent Sub Area	DDST Area/OC ASC Bn/DDST Indep Sub Area	Commander Area/Div/Independent Sub Area	01 Year	60
3.	Corps	DDST Corps	Corps Commander.	02 Years	80
4.	Command	MG ASC Commands	Army Commander	02 Years	
		(i) Inherent Financial Power			1 00
		(ii) Delegated Fin Powers with personal concurrence of the regional CDA on the spot			400

Notes

1. In the case of contracts for articles of "Local Purchase", GOC-in-Chief Command will exercise supervision by calling up for that purpose, before completion such proportion of contracts as he may direct.

2. The classification of articles authorised for supply by the ASC is contained in ASC Regulations.

3. Contracts for fresh supplies of value exceeding Rs 400 Lakhs will be sanctioned by QMG upto limits laid down in Schedule XIV.

4. Government sanction will be required in respect of contracts of the following types: -
- Contracts involving an uncertain or indefinite liability or any condition of an unusual character.
 - Any proposal to create an 'agency' type of supply.
 - Taking under control or on lease a private firm.
 - Grant of bonus or subsidy to a firm.
 - Contracts the duration of which exceeds three years.

B. Transport Services

Ser No	Authority competent to sanction hired transport contract	Period for which the contract can be sanctioned	Value of the contract (Rs in Lakhs)
1.	Station/Brigade/Sub Area/Communication Zone Sub Area Commanders	One year	10
2.	Div/Area/Independent Sub Area/Independent Brigade Group/Communication Zone Area/Independent Communication Zone Sub Area Commanders	One year	25
3.	Corps Commander	Two years	30
4.	GOC-in-C Commands	Three years	50
5.	DG OL	Exceeding 3 years	Exceeding 50 lakhs
<p>Note:- General Managers of the Ordnance and Clothing Factories may, when suitable government transport is not available make their own arrangements for the supply of hired transport required for use in these factories or obtain it through the local ASC. Before, however making their own arrangements for the supply, the officer concerned must consult the DDST/DADST of the Area/Independent Sub Area in which they are situated and ensure that such arrangement will not infringe the terms of any contracts made by the DDST/DADST of the Area/ Independent Sub Area.</p> <p>The M. E. S. authorities may in consultation with the DDST/DADST of Area/ Independent Sub Area also make their own arrangements for the transportation of machinery and articles which require special stacking.</p> <p>The special provisions for Hiring of Transport from Civil Sources for Stocking Duties in Northern Command contained in Govt of India Min of Defence Letter No 75 681/Q /ST-11/4553/D(QS) dt 28 Aug 1996, as amended, will continue to remain operative.</p>			

Ser No	Nature of contracts/instruments	Competent Authority
C : Contracts and other instruments for the Remount and Veterinary Services of the Remount and Veterinary Corps		
1.	Agreement with shippers for landing horses and Mules in India	Quarter Master General
2.	(a) Contracts for undertaking the sale of the Government animals rejected from the Remount and Veterinary Corps;	ADGRVS, Comdts Remount Training School & Depots, Equine breeding Studs
	(b) Contracts for the Occupation or leasing of land; and	
	(c) Contracts for the sale of hides of animals died/destroyed in Remount units.	
3.	(a) Contracts for forage of stores; and (b) Contracts for Petty works at Remount Depots; Equine Breeding Studs and Breeding Areas.	ADGRVS, Comdts Remount Training School & Depots, Equine breeding Studs , RVC Centre & School & Central Mil Veterinary Laboratory
4.	All instruments connected with the reconveyance of property given as security	Commandants of Remount Training School & Depots, Equine breeding Studs , RVC Centre & School & Central Mil Veterinary Laboratory
D: MILITARY FARMS		
1	Agreements entered into in India with civilian non-gazetted employees for a specified period of services in the Military Farms	Quarter Master General.
2	Lease of land, purchases or leases of harvesting of cutting rights and renewal of such leases, where the period of each lease or each separate renewal does not exceed: -	
	(a) Five years	Dy Director Gen of Military Farms
	(b) 12 Months.	Director of Mil Farms
3	Contracts for Supplies and services to and purchase from the Military Farms.	The Quarter Master General, GOC-in-C, Dy DG Mil Farms, Directors of Mil Farms
	Note The financial limits in respect of the Contracts and Short Term Agreements in respect of Ser No 3 above for different categories are contained in Schedule XIV.	
4	Hides and skins of Government animals may be disposed of locally to the best advantage of the state by the Army Service Corps/ Remounts and Veterinary Corps at Stations where the number of such hides and skins is very small and does not warrant conclusion of contracts for their disposal by the ASC	
E. Contracts for Conservancy Services		
	a) Private agencies for conservancy services	ADG Adm & Coord(for AHQ Offices)
	b) Private indi for supply of special conservancy transport	ADG Adm & Coord(for AHQ Offices)
1	Contracts for conservancy Services entered with: -	
	(a) Cantonment Boards, Municipalities for conservancy arrangements; and	Officers Commanding Stations.
	(b) Private individuals for the Supply of special conservancy transport/animals	

SECTION II - Contracts and Other Instruments for Services and Establishments under the Control of the Master General of Ordnance

A. Contracts and other instruments for the Corps of Electronics and Mechanical Engineers

- | | | |
|---|--|--|
| 1 | Contracts for local purchase and/or manufacture of stores required for EME Workshops and for repairs to vehicles or other equipment | The Master General of the Ordnance; the Director General of Electronics and Mechanical Engineering; Commandants EME Centres, Commandant MCEME, Commandant EME School, Commander Technical Group EME, Commander Base Workshop Group, Commandant/Officer Commanding/Officer-in-Charge EME Workshops of all types. |
| 2 | Agreements entered into with all civilian non-gazetted staff other than those enumerated in item 1 under Head (k) employed under administrative control of the Director General of Electronics and Mechanical Engineering. | Officer-in-Charge, Electronics and Mechanical Engineers Records; or Commandant/Officer Commanding, Electronics and Mechanical Engineering unit authorised to appoint the persons concerned. |
| 3 | Contracts for the local purchase of periodicals/journals on technical subject of EME concern. | MGs EME, Commander Technical Group EME, Commander Base Workshop Group, Commandant MCEME/ EME School, Commandants EME Centres, DDs EME HQ Corps, DDs EME HQ Areas, ADs EME HQ Independent Sub Areas and Brigades, and Commandants/ Commanding Officers/ Officers Commanding EME Workshops of all types, of the rank of Major and above. |

B. Contracts and other instruments for the Army Ordnance Corps:

- | | | |
|---|--|---|
| 1 | Contract for local purchase of Ordnance stores. | The Master General of the Ordnance, Director General of Ordnance Services, Additional Directors General of Ordnance Services, Deputy Directors General of Ordnance Services, Directors Ordnance Services, Joint Directors Ordnance Services, Deputy Directors Ordnance Services of Army Headquarters, Major Generals Army Ordnance Corps Commands, Deputy Directors Ordnance Services Corps, Colonel Ordnance Services Area/Sub Area, Commandants CODs/ODs/ABODs/ADs/CAFVD/FADs/OTG/CVD/CADs/VDs, Officers Commanding OMC/Ammunition Coys/ Ammunition Platoons/Stationery Depots/DOUs/BOUs/OMP/ PARs/FARs/OFPs/SDE Team/OSSs/Army Liaison Centres, Deputy Comdts of CODs Cheeki and Kanpur, Senior Provision officers of CODs/CAFVD, Deputy Commandant CAD Pulgaon and Local Purchase Officers. |
| 2 | Contracts for washing of textiles, sawing of timber, retinning articles of Ordnance Supply, manufacture of Ordnance stores and repairs to garments, tentage, screens cooling chicks course and fine and other ordnance stores. | The Master General of the Ordnance/Command/ Area/Independent Sub Area, Station Command -ers or officers of the Ordnance Corps. |
| 3 | Agreements entered into with all civilian non-gazetted staff other than those enumerated in item 1 under head (k) employed under the administrative control of Director of Ordnance Service. | The Officer-in-Charge, Army Ordnance Corps, Records or commandant Chief Ordnance Depot Officers/ Officer Commanding Ordnance Depots authorised to appoint the persons concerned. |
| 4 | All instruments connected with the reconveyance of property given as security. | The Director General of Ordnance Services or Officers Commanding Army Ordnance establishments/Units. |

SECTION III-Contracts for the Medical Department		
Ser No	Nature of Contracts/Instruments	Competent Authority
1	Agreements entered into with nursing officers of the Military Nursing Service.	The Director General, Armed Forces Medical Services.
2	Agreements entered into with all civilian non-gazetted staff employed in the Armed Forces Medical Stores Depots and Armed Forces Transfusion Centre under the Administrative control of the Director General, Armed Forces Medical Services	The Director General, Armed Forces Medical Services; Comdts., Armed Forces Medical Stores Depots, Bombay, Lucknow, Delhi Cantt and Pune and Comdt, Armed Forces Transfusion Centre, Delhi Cantt.
3	Agreements entered into with all civilian non-gazetted staff under the administrative control of the Directors of Medical Services.	Director General Medical Services (Army)
4	Agreements entered into for the printing of posters etc., for health propaganda.	Director General Medical Services (Army)
5	Contracts for the local purchases of stores	The Addl Director General, Armed Forces Medical Services (Equipment and Stores); Deputy Director General Armed Forces Medical Services (Prov.); Comdts Armed Forces Medical Stores Depots, Mumbai, Lucknow, Delhi Cantt and Pune; Comdt Armed Forces Transfusion Centre, Delhi Cantt.
6	Local Purchase of Medicines	Officers Commanding Military Hospitals
Section IV-General Instruments and Contracts		
A. General Instruments and Contracts		
1	Agreement with clerks, copyists, draughtsmen, accountants, cashiers, agents and store keepers whom the officer is empowered to appoint.	Any Commissioned or gazetted officer.
2	Contracts for the supply of hot weather establishments and other temporary labour.	The Officer Commanding of a fully self accounting unit, the Officer Commanding a sanatorium; the Officer-in-Charge of a Hospital.
3	Contracts for petty supplies to hospitals	Officer-in-Charge of Hospitals.
4	Cinema and external conservancy contracts	The Officer Commanding/Commandant of a Station/ College/Unit.
5	Indemnity bonds with the services stores found in Mumbai Port Trust in regard to the clearance of the claimed/unconnected Defence stores in Mumbai Port Trust Warehouses.	The Commandant Embarkation HQ, Mumbai.
6	Contracts and other instruments in respect of accommodation provided in buildings for the protection of conveyance belonging to the Government Servants in such buildings.	The Officer Commanding, The unit or the Head of the Establishment/Installation.
7	Contracts for Cycle stand	The O.C. Unit/Head of Establishment/Installation.

B - Orders and other Instruments made and executed in the case of Ministry of Defence Secretariat, Inter-Service Organisations and Armed Forces Headquarters.

1	All Contracts and instruments relating to purchase, hire, repair, binding, polishing, painting, washing, supply, clearance and conveyance or carriage of materials including water, electricity, furniture stores, machinery.	An Under Secretary/Deputy Secretary to Government of India in the case of the Ministry of Defence the Jt Secy & Chief Administrative officer or the Deputy Chief Administrative Officer, Ministry of Defence for Headquarters and Offices of Inter-Service Organisations, and ADG ADM & Coord, DDG Adm & Coord and Dir Contingency in the case of Army Headquarters
2	Contracts relating to the disposal of waste paper obsolete and waste stores.	An Under Secretary to the Government of India in the case of the Ministry of Defence; the Jt Secy & Chief Administrative Officer, Ministry of Defence in the case of Headquarters Offices of Inter-Service Organisations, ADM Adm & Coord in case of Army HQ offices.
3	Contracts for supply of labour and the thetas.	do
4	Security bonds for the due performance of their duties by Government Servants.	do
5	Undertaking guarantee to the payment of water and electric charges to the New Delhi Municipal Committee in case of default, with respect to buildings allotted by Government on behalf of the Government servants (including gazetted officers) employed in the ministry of Defence Secretariat, Armed Forces Headquarters and Inter-Service Organisations who are in occupation of Government accommodation.	do
6	(a) Lease agreements relating to hiring of houses for the Defence Pool, catering and renting of shops and other Establishments in hostels/ Messes in the Defence Pool. (b) Agreement relating to catering in tiffin rooms, licensing of fruit/betel stalls and cycle stands in offices.	The Jt Secy & Chief Administrative Officer or Deputy Chief Administrative Officer, Ministry of Defence. The Jt Secy & Chief Administrative Officer or Deputy Chief Administrative Officer, Ministry of Defence in the case of Army Headquarters and Headquarters Offices of Inter-Service Organisations.
7	All service agreements	Deputy Secretary to the Government of India in the case of Ministry of Defence; The Jt Secy & Chief Administrative Officer, Ministry of Defence or the Deputy Chief Administrative Officer in the case of Armed Forces Headquarters and Headquarters Offices of Inter-Service Organisations.
8	Agreements entered into with all civilian gazetted staff employed under the Administrative control of the Ministry of Defence excluding those under the Director General of Ordnance Factories.	Deputy Secretary to the Government of India, in the Ministry of Defence.
9	Agreements entered into with all civilian non-gazetted staff, unless otherwise specified in the notification.	The Officer authorised to appoint the persons concerned.

SECTION V-Contracts and instruments relating to disposal of surplus and obsolete stores.		
1	All contracts and instruments relating to disposal of surplus and obsolete stores (other than controlled items of iron steel exceeding Rs. 1000 in book value in each category and Textiles) located in India and belonging to the Defence Services not exceeding Rs. 30,000 in value in a single category and waste stores, that is salvage and scrap, without any limit.	An Under Secretary to the Government of India in the case of Ministry of Defence; OsC. Supply Depots; Officers Commanding, Advance base Supply Depts; Officer Commanding Rail Reserve Supply Depots; Officer Commanding Rail Head Supply Depots; Officer Commanding, Reserve Petroleum Depots; Officers, Commanding, Advance Base petroleum Depots, Officers Commanding Petroleum Contract unit; Officers Commanding, Supply/petroleum Depots; Officers Commanding Petroleum Platoons; Officers Commanding, Animal Transport Regiments Companies; Addl Dir Gen RVS; Dir RVS Command HQ; Deputy Director General Military Farms; Directors of Military Farms; Deputy Director of Military Farm Depot; Incharge, Fodder bailing Depot; Officer in-Charge (not a Junior Commissioned Officer) Supply points/Supply Sub Depot; Master General of Ordnance, Director General of Ordnance Services, Additional Directors General of Ordnance Services, Deputy Directors General of Ordnance Services; Directors of Ordnance Services, Joint Directors of Ordnance Services, Deputy Directors of Ordnance Services of Army Headquarters, Major Generals Army Ordnance Corps, Command HQ, Deputy Directors of Ordnance Services Corps HQ, Col Ordnance Area /Sub Area HQ. Engineer-in-Chief, Additional Director General Engineer Stores and Plant; Chief Engineers of Commands ; Chief Engineers ; Naval Works, Air Force Works, Dy Chief Engineers where specifically authorised by Chief Engineers; Command Works Engineers; Garrison Engineers (including those commanding Engr Parks; Officers Commanding Engineer Stores Depots; Senior barrack Stores Officer; Deputy Commanders Works Engineers; Asst Garrison Barrack Stores Officers for the Indian Army, Director General, Armed Forces Medical Services; Additional Director General of Medical Services (Equipment and Stores); Deputy Director General of Medical Services(Prov); Commandants Armed Forces Medical Stores Depots, Commandant Armed Forces Transfusion Centre, Delhi Cantt.
Section VI- Contracts and other instruments for Services and Establishments under the Deputy Chief of Army Staff (IS & T)		
1	All contracts and other instruments relating to washing, dyeing of mess linen and sports kit of cadets.	The Commandant National Defence Academy.
2	All contracts and agreements relating to tailoring arrangements at the National Defence Academy/the Indian Military Academy.	The Commandant, National Defence Academy/ Indian Military Academy.
3	All contracts with the Cantonment Board, Pune.	The Commandant, National Defence Academy Khadakvasla.
SECTION VII-General		
1	Notwithstanding anything herein-before contained in Section II to VII, any contract or assurance of property relating to any matter whatsoever.	Secretary or Additional Secretary/Joint Secretary, Ministry of Defence.

APPENDIX II-PART I- ARMY

SCHEDULE XIV

POWERS IN REGARD TO INDENTS, CONTRACTS AND PURCHASES

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation of IFA / CDA	
(A) Purchases Based on Approved Scales and Authorised by Provision Reviews				
1.	VCOAS (Indigenous)	-	50 Crs	
2	(a) MGO (Indigenous)	-	30 Crs	
	(b)-MGO (Ex import)	-	20 Crs	Including Special Clothing
	(c) ADG Proc (Ex Import)	-	5 Crs	
3	DGOS	2 Crs	20 Crs	
4	Addl DGs OS	1.5 Crs	10 Crs	
5	DDG OS(GS&C)	50 Lakhs	2 Crs	
6	Comdt CODs/CAFVD Kirkee/ CAD Pulgaon/COD Delhi Cantt CASD Delhi Cantt/ 223 Msl ABOD(For msl spares/ msl maint items)	25 Lakhs	-	
Notes				
(i) Purchases based on approved scales and authorised by Provision Reviews will be effected without pre-financial scrutiny subject to other procedural instructions being followed upto financial limits as indicated below :-				
	(a) DGOS	1 Cr		
	(b) ADG OS (CN & A)	60 lakhs		
	(c) ADG OS (CV)	50 lakhs		
	(d) ADG OS (TS)	50 lakhs		
	(e) DDG OS (GS & C)	40 lakhs		
	(f) Comdts/ COOs of CODs, CAFVD, Kirkee and CAD Pulgaon (NES)	10 lakhs		
(ii) Provision Review proposals for values beyond financial limits stipulated in note (i) will be got vetted from IFA (Army).				
(iii) Provision Review proposals beyond the delegated financial powers will be referred to Ministry of Defence/ Ministry of Defence (Finance).				
(iv) For procurement of stores ex-imports, necessary clearance for import (from DGQA) and expenditure in foreign currency will be obtained as per instructions.				
7	QMG	-	40 Crs	1. For approving provisioning proposals and procurement through APO and other Agencies in consultation with IFA. 2. For approving provisioning proposals in respect of all FOL Items ie Main Grades, Lubs & Greases, Special Lubs and Greases, Hygiene and Chemical items, LPG and cooking appliances, FOL Packing Material and other ancillaries connected with the supply of FOL like flowmeter, metering units, filling units, etc. 3. These powers are on per item basis.
	DGST	-	20 Crs	
	ADGST	-	5 Crs	
	DDG ST	-	1 Cr	

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation of IFA / CDA	
8	E-In-C	75 Lakhs	5 Crs	
9	ADG ESP	-	2 Cr	
10	DGAFMS	5 Lakhs	5 Crs	
11	Addl DGAFMS (E&S)	-	1.5 Crs	
12	Procurement of Urgent and Critical Stores/ Spares Based on Approved Scales and Authorised by Provision Review, including on Proprietary Article Certificate, Ex Import in FFE			
	MAs/DAs in Indian Embassies in Foreign Countries	15 Lakhs	-	Powers for procurement of spares/stores ex import to meet operational or technical requirements.
(B) Powers to incur expenditure for purchases and execution of contracts in respect of categories other than those mentioned at (A) above.				
1	Non Scale / NIV Items			
	(a) VCOAS* (Indigenous & Ex-Import)	-	20 Crs	* VCOAS powers will also be exercised to meet urgent requirements for Special operations and Special Forces. In such cases of op urgency a similar procedure will be followed as given in SOP for Army Cdr's Spl Financial Powers, with internal inspection quality checks instead of DGQA inspection.
	(b) MGO (Indigenous)	-	10 Crs	
	(Ex-Import)	-	5 Crs	
	(c) ADG Proc (Indigenous)	-	5 Crs	
2	Procurement of Ord Stores for Test Trials and Experimentation			
	(a) MGO	-	25 Lakhs	
	Note :- Procurement of authorised Ord stores as a sample from Indigenous Sources /Ex-Import on OTE/LTE/STE or PAC Basis. Repeat orders from the same vendor will not be placed.			
3	MI Equipment/Spares, Communication Eqpt Systems Including Emerging Technologies and AD Target Systems.			
	VCOAS	-	7.5 Crs	Indigenous eqpt & spares
		-	3 Crs	Imported eqpt & spares in FFE
4	ASC Contracts- Fresh Supplies			
	(a) QMG	-	10 Crs	
	(b) DGST	-	10 Lakhs	
	(c) MG ASC	-	5 Lakhs	
	(d) DDsST Corps/Area	-	3 Lakhs	
	(e) DDsST Indep Sub Area / CO, ASC Bn	-	2 Lakhs	
	(f) ADST Sub Area	-	50,000	
5	FOL & Hyg and Chemicals			
	(a) QMG	-	20 Crs	1. For procurement proposals in respect of all FOL items ie Main Grades, Lubs & Greases, Special Lubs and Greases, Hygiene and Chemical items, LPG and cooking appliances, FOL Packing Material and other ancillaries connected with the supply of FOL like flowmeter, metering units, filling units, etc.
	(b) DGST	-	10 Crs	
	(c) ADGST	-	5 Crs	
	(d) DDG ST	-	1 Cr	2. These powers are on per item basis.

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation of IFA / CDA	
6 Chemicals, Eqpt etc for Food Inspection Units				
	QMG	-	4 Crs	
Contracts (Other than Milk and DP)				
7	QMG	-	3 Crs	Other than Milk & DP
8	Army Commander	-	2 Crs	Other than Milk & DP
9	DDG MF	-	50 Lakhs	Other than Milk & DP
Short Term Agreements				
10	QMG	-	Over 2 Crs	For ASC Fresh Supplies and Other than Milk & DP for Mil Farms.
11	Army Commander	10 Lakhs*	2 Crs	For ASC Fresh Supplies and Other than Milk & DP for Mil Farms. *Powers for STA without consultation only for ASC Fresh Supplies.
12	Corps Commander	6 lakhs	15 Lakhs	For ASC Fresh Supplies only
13	Div / Area/Indep Sub Area Cdr	4 lakhs	10 Lakhs	For ASC Fresh Supplies only
14	Brigade/Sub Area Cdr	2 lakhs	5 Lakhs	For ASC Fresh Supplies only
15	ADG RVS (Authorised vide MoD letter dt 28 Jan 1994)	20,000	5 Lakhs	For hiring of Labour and hiring of Eqpt & machinery for harvesting of Crops in RVC Studs/Depots
16	DDG MF	-	30 Lakhs	Other than Milk & DP for Mil Farms.
17	ADG ESP	-	20 Lakhs	
18	DGOS	-	25 Lakhs	
19	ADG OS (CN&A)	-	15 Lakhs	
20	ADGOS (TS) / ADGOS(CV)	-	2 Lakhs	
21	DDG OS (GS & C)	-	1 Lakh	
Milk & DP Contracts				
1	QMG	-	Over 3 Crs	Period not exceeding 3 years
2	Army Commander	-	Upto 3 Crs	Period not exceeding 1 year
3	Dir MF	-	50 Lakhs	Period not exceeding 1 year
Short Term Agreements				
1	QMG	-	1.5 Crs	Milk and DP
2	Army Commander	-	1 Cr	Milk and DP
3	Dir MF	-	20 Lakhs	Milk and DP
4	Commandant/COO/ CODs/ CAFVD Kirkee & CAD Pulgaon.	-	3 Lakhs	
Rate Contract for PVMS and NIV with turnover of more than Rs 20 Lakhs annually				
5	DGAFMS	-	5 Crs	1. Powers are per contract - 2. All DDOs can place direct orders on RC holding firm in case of reqmt Incl for ECHS or other agency dependant on DGAFMS and inform DGAFMS subsequently. 3. SOP to be issued by DGAFMS to all DDOs.
6	Addl DGAFMS (E & S)	-	1.5 Crs	

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation of IFA / CDA	
(C) Powers in Regard to any Negotiated or Single Tender Contract.				
1	VCOAS (Including MI Eqpt & Spares)		3 Crs	
2	QM/G / E-in-C		1 Cr	
Ordinance				
1.	MGO MGO for Siachen Glacier (Spi Clothing only)		1 Cr 5 Crs	
2.	DGOS		50 Lakhs	
3.	ADGs OS/MGs AOC		30 Lakhs	
4.	Comdts CODs/CAFVD/ CASD, Delhi (Col/Brig) EME		15 Lakhs	
5	MGO		60 Lakhs	
6	DG EME		15 lakhs	
7	Cdr Tech Gp/MGEME/ Cdr Base Wksp Gp		6 Lakhs	
8	Comdt Army/Adv Base Wksp Others		1 Lakh	
9	GOsC-in-C All Comds		50 lakhs	In respect of Procurements against Special Financial Powers.
10	DGOL		15 Lakhs	
11	ADG ESP		60 lakhs	
12	Comdts, NDA/IMA/OTA Contracts.		10 Lakhs	Contract for period not exceeding three years for tailoring, washing
	Short Term Agreements		5 Lakhs	cadets mess linen etc
13	Comdts, Cat A Estts, other than those at Ser No 12 Contracts		5 lakhs	
	Short Term Agreements		1 lakh	
14	OC, AFMSDs		10,000	
	Comdt., AFMC.		1,00,000	
	Comdt., ALC		5,000	
	O-in-C AFTC/BTD/ECTC		10,000	
15 Security Systems Developed exclusively for the Army				
	DCOAS (IS&T)		4 Crs*	*These powers are to be exercised only in r/o procurement of security system developed exclusively for Army with approval of SAG by a vendor restricted from supplying the same system to any other organisation subject to all existing conditions in MoD Letter dt 15 Oct 2003.
	SO-in-C		2 Crs*	
	CSO Command HQs		50 Lakhs*	
	CSO Corps / Areas HQs		20 Lakhs*	

Ser No	Competent Financial Authority	Financial Powers (In Rs)		Remarks
		Without Consultation of IFA / CDA	In Consultation of IFA / CDA	
D Procurement of Items on Proprietary Article Certificate				
1	VCOAS		5 Crs	For MI, Communication Eqpt & Systems and AD Target Systems.
			10 Crs	For OS and EME items (including ex-import)
2	GOsC-in-C (AllComds)		1 Cr	In respect of procurements against Special Financial Powers
3	MGO		5 Crs	For OS & EME (including ex-import)
4	QMG		3 Crs	
5	DGOS/ DGEME		2 Crs	
6	ADGs OS/MGs AOC		1 Cr	
7	Comdts CODs/CAFVD/223 ABOD/CASD, Delhi (Col/Brig)		20 Lakhs	
8	E-in-C		3 Crs	
9	ADG ESP		1 Cr	
10	DGAFMS	3 Lakhs	1.5 Crs	
11	(a) OC, AFMSDs	50,000	5 Lakhs	
	(b) Comdt Hospital (Maj Gen and above)		3 Lakhs	
	(c) Comdt Hospitals (Brig and below)		2 Lakhs	
12	(a) DCOAS (IS&T)		3 Crs #	# These powers will be exercised only in respect of procurement of hardware and software for upgradation of existing equipment/systems
	(b) SO-in-C		2 Crs #	
E Introduction of New Scales / Change of Existing Scales				
1	VCOAS		10 Crs	
2	MGO		5 Crs	
F Indigenisation/ Indigenous Development of Maintenance Stores/ Eqpt by Army/ Adv Base Workshops				
1	MGO		200 Lakhs	
2	DG EME	1 Lakh	100 Lakhs	
3	Cdr Base Wksp Gp		50 Lakhs	
4	Comdts Army / Advance Base Wksp	10,000	25 Lakhs	

APPENDIX II-PART I- ARMY**SCHEDULE XV****POWERS FOR WAIVING COMPENSATION FOR LOSS DUE
TO FAILURE OF A CONTRACTOR**

Ser No	CFA	Financial Limits (In Rs)	Remarks
1	GOC-in-C Command	75,000	These financial powers will be exercised with the concurrence of IFA/CDA
2	QMG	75,000	
3	M.G.O.	75,000	
4	DGOL	30,000	
5	Corps Commander	50,000	
6	Area/Div/CIF RR Commander	35,000	
7	ADG RVS for Remount & Veterinary Corps	20,000	
8	DDG Military Farms, For Military Farms	30,000	
9	Brigade/Sub Area/ Indep Sub-Area/Sect Cdr RR	20,000	
10	DGOS	30,000	
11	DGEME	30,000	
Note-			
Cat A and Cat B ests will submit such cases to Sub Area/ Area/Command for sanction by the appropriate CFA.			

APPENDIX II-PART I- ARMY**SCHEDULE XVI**

**POWERS EXERCISABLE BY OFFICERS IN CONSULTATION WITH CONTROLLERS
OF DEFENCE ACCOUNTS FOR REGULARISATION OF AUDIT OBJECTIONS
ARISING OUT OF BREACHES OF RULES AND REGULATIONS, WHEN THE
MONETARY VALUE OF THE LOSS COULD BE ASSESSED (REFERRED TO
IN RULE 178, FRs)**

Ser No	Competent Financial Authority	Financial Limits (In Rs)	Nature of Irregularity
1	Area Commander/Div Cdr/ RR Force Cdr	75,000	(a) Irregularities connected with Railway Warrants and Military Credit Note e.g. irregular issue of warrants /Military Credit Notes.
2	Corps Commander	1.5 Lakhs	(b) Non production of receipted copies of issue vouchers of stores; failure to trace in the ledgers credits in respect of receipt vouchers.
3	GOC-in-C	2.5 Lakhs	(c) Loss of auditable documents like Car diaries, ration strength statements where the ceiling of the value of the 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 the lost documents pertain.
4	DGRR	1.5 Lakhs	
5	MGO (For units directly under control)	5 Lakhs	
6	QMG (For units directly under control)	5 lakhs	(d) Irregularities connected with the use of M.T.**
7	DGOL (For units directly under control)	1.5 Lakhs	
8	E-in-C in respect of ESDs	5 Lakhs	
9	DGAFMS	5 lakhs	
10	DGOS	2.5 Lakhs	
11	DGEME	2.5 Lakhs	
12	Comdts/OsC EME (of the rank of Col & above)		
	Brig	50,000	
	Col	25,000	

13 Comdts Ordnance
Depots(CODs/RODs)

Brig	50,000
Col	25,000

Note

**These powers will only be exercised after the necessity for and the practicability of recovery has been considered by the CFA.

2. Cases of irregularities which involve no loss or where the monetary value of the loss is not assessable(e.g. non verification of stock within prescribed period) may be referred by CsDA to GOC-in-C, Corps/Div/Area Cdrs and heads of Branches at Army HQ for regularisation as per Rule 178 of Financial Regulations, Part I.

3. The objections outstanding as on date of issue of this letter will be settled under the enhanced powers conferred above on various CFAs.

4. The powers of Audit Officers to waive objections and to write off irrecoverable amounts given in Rule 177 of Financial Regulations (DSRs) 1983 Edition should be correspondingly enhanced in consonance with enhanced financial powers now proposed for Administrative Authorities in this Schedule.

APPENDIX II-PART I- ARMY**SCHEDULE XVII****POWERS TO INCUR EXPENDITURE ON INTRODUCTION OF NEW FORMS
AND MODIFICATION OF EXISTING FORMS**

<u>Ser No</u>	<u>Competent Financial Authority</u>	<u>Financial limit (In Rs)</u>		<u>Remarks</u>
		<u>Without Consultation of CDA/IFA</u>	<u>In consultation with IFA/CDA</u>	
1	PSOs at Army HQ and GOC-in-C Command	10,000	1,00,000 per annum	
2	DGRR	-	1,00,000 per annum	
3	DGMT in respect of Cat A Establishments	8,000	1,00,000 per annum	
4	DDsMS Commands / Comdts Cat 'A' Establishments (Brig & above)/Commandants of Emb HQ	5,000	50,000 per annum	

SCHEDULE XVIII**POWERS OF ACCEPTANCE OF NECESSITY, ADMINISTRATIVE APPROVAL FOR WORKS
AND DEMOLITION OF BUILDINGS UNDER PARAS 15 AND 15-A RESPECTIVELY
OF DEFENCE WORKS PROCEDURE, 1986**

Ser No	Competent Financial Authority	(Rs in Lakhs)				Remarks
		To be exercised without IFAs concurrence		To be exercised with IFAs concurrence		
		Authorised Works	Special Works	Authorised Works	Special Works	
1	2	3	4	5	6	
A Powers for Acceptance of Necessity and Adm Approval						
1	COAS	120	20	1500	75	
2	GOC-in-C	75	7	500	30	
3	Corps Commander	37	3.75	300	15	
4	Cdr of Area/ Indep Sub Area/ GOsC of Div/CIF RR*/Cdr Indep Bde Gp	22	0.75	200	8	
5	Cdrs of Sub Area / Bde /RR Sectors	15	0.5	100	2	
6	Stn Cdr of rank of Col & above	5	0.5			
7	Stn Cdr below rank of Col	5	0.5			
8	QMG			50	2	In r/o Army HQ offices. Responsibility placed on Adm & Coord vide MoD letter No A/21634/ CAO/Coord dt 24 Mar 06.
B Powers for Demolition of Buildings (Rs in Lakhs)						
	COAS			50		
	GOC-in-C			25		
Notes						
1. Powers delegated to GOC-in-C will be also exercised by GOC-in-C ARTRAC for HQs/Ests of ARTRAC, Shimla.						
2. The financial powers vested in officers can also be exercised by their locum tenens when the incumbents are on leave.						
3. In determining the CFA in a case where the project includes both authorised and special items of work the criterion shall not be the financial powers for the authorised items of work alone. In such a case, therefore, if the estimated cost of the total of the special items of work exceeds the financial powers of the CFA for those items the administrative approval shall be issued by the CFA under whose powers the special items of work fall.						
4. The financial powers delegated to Station Commanders will be exercised by all Station Commanders irrespective of whether they are appointed under Rule 20 (a) or Rule 20 (b) of the Regulations for the Army.						
5. There will be no separate stage of release after the issue of administrative approval. CFA will make initial allotment of funds to enable MES to commence planning/ execution of works.						
6. The Works executed under Para 11 of the Defence Works Procedure, 1986 will also be subsequently approved under CFA Powers given above within a period of six months.						
7. The works proposals be sanctioned by CFAs mentioned above personally before Adm approvals are issued.						
8. Special dispensation to RR Force Cdrs to execute Revenue Works in one Adm Approval upto Rs 10 Lakhs.						
9. Expenditure for RR Forces to be booked to Major Head 2076, Minor Head 112 G.						
Financial Powers for Sanction of Expenditure under MH 2076, Minor Head 111, Sub Head A Op Code Head 1/451/01						
1. Immediate and urgent repair and maint of Op works Eqpt under these powers by EME Wksp out of MTA allocation or Op works allocation by Dependent Fmn will be sanctioned to EME Functionaries in Sch XII.						
2. Normal Repair and Maint of Op works Eqpt depending on exact requirement on case to case basis would be processed for special allocation by Fmns out of Op Works Fund and spent by EME Functionaries under Sch XII powers.						
3. Annual Maintenance Contract of OP Works Eqpt depending upon requirement would be processed for special allocation and spent by the Engineers.						

SCHEDULE XIX				
SPECIAL FINANCIAL POWERS FOR INFORMATION TECHNOLOGY				
RELATED PROJECTS				
Ser No	Object on which expenditure can be sanctioned	C F A	(Rs in Lakhs)	
			Without consultation of IFA / CDA	In consultation with IFA/CDA
A - Financial powers for Systems Automation				
1	Purchase of Computer System (incl Integrated Projects @)	DCOAS(IS&T)	-	400
		DGIS	-	300
		GOsC-In-C Command	-	300
		Comdt, Cat 'A' Est	-	100
	For Std HW System	ADG IS	-	100
		Heads of Arms & Services at Army HQ	-	100
		DGAFMS	-	100
		DGMI, DGMO, DGMT, DGRR & DGOL	-	100
		ADG FP/ADG PP/ADG WE/ADG SD	-	50
		GOC, Corps	-	100
		GOC Div/ Area Cdr/RR Force Cdr / Est Commanded by Maj Gen equivalent (incl Comdt of R&R Hosp & Comd Hosp)	-	20
		Cdr Indep Bde / Indep Sub Area	-	10
		Cdr Bde / Sub Area	-	5
@The Powers in r/o Integrated Projects to be exercised only by DCOAS (IS&T), DGIS, GOC-In-C Comd and Comdt Cat A Est.				
2	Provision of Access networks, Internet & media connectvity incl associated hardware and software	DCOAS(IS&T)	-	300
		SO-In-C	-	200
		GOC-In-C	-	100
		CSO Comds HQ	-	20
3	Purchase of Systems Software and Application Software	DCOAS(IS&T)	-	300
		DGIS	-	200
		ADG IS	-	50
		Head of Arms/Services at Army HQ	-	50
		GOC-In-C	-	60
		Comdt., Cat 'A' Est	-	25
		GOC, Corps	-	25
4	Software Development and technical consultancy for IT projects and IT training	DCOAS(IS&T)	-	300
		DGIS	-	100
		GOC-In-C	-	60
		Head of Arms/Services at Army HQ	-	50
		Comdt, Cat 'A' Est	-	20
5	Purchase of computer peripherals & ancillaries	DCOAS(IS&T)	10	200
		DGIS	5	100
		Heads of Arms and Services at Army HQ	-	50
		DGAFMS	-	50
		DGMO, DGMI, DGMT, DGRR & DGOL	-	50
		Comdt, Cat 'A' Est	1	10
		ADG FP/ADG PP/ADG WE/ADG SD	-	5
		GOC-In-C	1	60
		Est Commanded by Maj Gen (incl Comdt R&R Hosp & Comd Hosp)	-	10
		GOC, Corps	0.5	30
		GOC Div/Area Cdr/RR Force Cdr	0.2	15
		Sub Area/Bde Cdrs	0.1	10

Ser No	Object on which expenditure can be sanctioned	C.F.A	(Rs in Lakhs)	
			Financial Limits	
			Without consultation of IFA / CDA	In consultation with IFA/CDA
6	Computer Stationery and consumables (See notes below)	PSOs	3	-
		DGIS	2	-
		Heads of Arms/ Services at Army HQ	2	-
		DGMO, DGMI, DGMT	2	-
		ADG IS	1	-
		DGRR / DG OL	1	-
		ADG FP/ADGPP/ADG SD / ADG WE	1	-
		GOC-In-C ,Comd	2	-
		GOC, Corps	1	-
		GOC Div/Area Cdr/CIF RR/Cdr Tech Gp	0.5	-
		EME/Cdr Base Wksp Gp/ RR Force Cdr		
		Cdr Bde/Sub Area/ RR Sector	0.4	-
		Comdt Cat A Est	1	-
		Comdt Cat B Est	0.5	-
		DDG MISO	0.5	-
		Comdt AHCC	0.5	-
		Comdt ASDC	0.5	-
		Ests Commanded by Maj Gen & Equivalent (incl Comdt of R & R Hosp and Comd Hoops)	0.5	-
All other Units/Ests commanded by Brig/Col/ Lt Col	0.4	-		
Notes:-				
1. The total annual expenditure is subject to ceiling laid down in the yearly budgetary allotment for this purpose				
2. Comdt NDC will also exercise financial powers as conferred on Comdts Cat A Ests.				
3. Jt Secy & Chief Administrative Officer, Ministry of Defence will also exercise financial powers under Ser No 1, 3,4,5, and 6 above in respect of his own office and Headquarters Offices of Inter-Service Organisations to the extent of Rs 2 lakhs per transaction without consultation and beyond Rs 2 lakhs in consultation with MoD (Fin) subject to the allotment made under Minor Head 110 H by ADG IT.				
4. Expenditure for RR Forces / Units / Ests to be booked to Minor Head 112-H.				
B-Financial Powers for Repairs and Maintenance of Computer Systems				
1	Local Purchase of spares, components and assemblies for maintenance of computers, peripherals and ancillary eqpt and upgradation of computers	DGEME	-	12
		Cdr Tech Group/ Cdr Base Wksp	1	5
		CIME, HQ Tech Gp EME	0.5	3
		Comdt Army/Advance Base Wksp	0.8	3
		MGEME	1	5
		DD EME	0.8	3
		OC EME Bn/Wksp/Unit /Est/Flight (Commanded by Col/ Lt Col)	0.5	1
		OC EME Wksp/Unit/Est /Flight/FR/AWD	0.12	0.5
		OC EME Wksp/Unit/Est /Flight/FR/AWD (Commanded by Maj & below)		

Ser No	Object on which expenditure can be sanctioned	C F A	(Rs in Lakhs)	
			Financial Limits	
			Without consultation of IFA / CDA	In consultation with IFA/CDA
		Comdt MCEME/EME School/EME Centre	0.2	0.5
2.	Local repair of computers, peripherals and ancillary equipment	DCOAS(IS&T)	-	10
		DGEME	1	4
		MGs EME/Cdr Tech Group/ Cdr Base Wksp	0.5	2
		CIME, HQ Tech Gp EME	0.25	1
		Comdt Army/Advance Base Wksp	0.2	1
		DD EME	0.2	0.4
		OC EME Bn/Wksp/Unit /Est/Flight (Commanded by Col/ Lt Col)	0.16	0.3
		OC EME Wksp/Unit/Est /Flight/FR/AWD (Commanded by Major and below)	0.08	0.2
3.	Maintenance of Computer Systems and their peripherals through annual maint including hardware, peripherals, internet, network components and facility management for commercial and Application Software Integrated Projects, Access Network and Media Connectivity.	DCOAS(IS&T)	-	100
		DGIS	-	20
		ADG IS	-	10
		DGEME	1.5	50
		SO-in-C (Access network only)	-	15
		DGRR	-	15
		GOC-in-C, Comd	-	20
		GOC Corps	-	10
		GOC Div/GOC Area	-	5
		RR Force Cdr	-	3
		CBO, Comd HQ (Access Network only)	-	5
		Cdr Tech Group/ Cdr Base Wksp Group	1	30
		CIME, HQ Tech Gp EME	0.5	10
		Comdt Army/Advance Base Wksp	0.2	2
		MGEME	1	30
		DD EME	0.5	10
		OC EME Bn/Wksp/Unit /Est/Flight (Commanded by Col/ Lt Col)	0.3	2
		Comdt., MCEME/EME School/EME Centre	1	10
OC Wksp/FR/AWD (Commanded by Col/ Lt Col/Maj)	0.3	1		

Notes.

- Existing local purchase procedure will be followed.
- Expenditure on Repair and maintenance of Computer peripherals and ancillaries will be debited to Major Head 2076 and Minor Head 110 H for all Army units / ests and to Minor Head 112 H for Rashtriya Rifles (RR).

Ser No	Object on which expenditure can be sanctioned	C F A	(Rs in Lakhs)	
			Financial Limits	
			Without consultation of IFA / CDA	In consultation with IFA/CDA
3.	Sanction for local purchase of spare parts, materials, components and assemblies required to expedite repairs of computers, peripherals and ancillaries will be accorded upto the limit stated for any one article or number of similar articles purchased at the same time.			
4.	Workshops can purchase items to a maximum extent of three months inventory level established by the average of past twelve months consumption.			
5.	The financial power under Ser No 3 will be used for repair/ maintenance of higher computer systems such as 386,486, pentiums or RISC based microprocessor chip etc., all types of computer systems having multi user configuration, Super Micro/ Enhanced Super Micro, Mini Computer systems and Main Frame computer systems.			
6.	The annual maintenance contract will be entered into by calling for competitive bids and in consultation with IFA/CDA where cases are beyond financial limits without consultation.			
7.	Exercise of powers under Ser No 2 will be governed by Notes (i) to (iv) under Ser No 8 of Schedule XII relating to Local Repair Contract in respect of EME.			
8.	Jt Secy & Chief Administrative Officer, Ministry of Defence will also exercise financial powers under Ser No 2, and 3 above in respect of his own office and Headquarters Offices of Inter-Service Organisations to the extent of Rs 2 lakhs per transaction without consultation and beyond Rs 2 lakhs in consultation with MoD (Fin) subject to the allotment made under Minor Head 110 H by ADG IT.			
8.	Repair and Maintenance of computer systems involving specialized technologies and softwares may be sanctioned by DCOAS and DGIS / ADG IS, under ser (3) above provided the same is not maintainable / repairable by EME and decision on outsourcing is taken at the time of procurement / introduction of the system in service in consultation with the EME Authorities.			
9.	The financial powers under ser (3) above will be used for Annual Technical Support (ATS) of software projects, ATS pertaining to the software component of Integrated projects / turnkey projects developed through outsourcing and those in respect of COTS procurement, including in-house activities pertaining to maintenance of such software.			
10.	The powers of GOC-in-C, GOC Corps and GOC Div/Area will be exercised as higher CFA when the cost of AMC is beyond the financial powers of EME functionaries in the allied Workshops.			

SCHEDULE XX

FINANCIAL POWERS FOR SANCTION OF EXPENDITURE UNDER
MAJOR HEAD 2078 MINOR HEAD 800, SUB HEAD B

Ser No	Objects on which expenditure can be sanctioned	C F A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
1	Expenditure out of ATG	DCOAS(IS&T)	20 lakhs	300 Lakhs	
		DGMT	5 lakhs	50 lakhs	
		DGRR	1 lakh	5 lakhs	
		GOsC-In-C, Commands	1 lakh	20 lakhs	
		Corps Commanders	80,000	5 Lakhs	
		Div /Area/RR Force Cdrs	60,000	3 Lakhs	
		Indep Bde/Indep Bde Gp Cdrs, Indep Sub Area Cdrs & Conn Zone Area Cdrs Bde/RR Sectt /Sub Area Cdrs and Conn Zone	50,000	1.5 Lakh	
		<u>Comdt Cat A Trg Ests commanded by</u>			
		(a) Lt Gen	60,000	5 Lakhs	
		(b) Maj Gen	50,000	3 Lakhs	
		(c) Brig	30,000	1.5 Lakhs	
		(d) Cols	20,000	1 Lakh	
		<u>Comdt Cat B Trg Ests commanded by</u>			
		(a) Brig	30,000	1.5 Lakhs	
		(b) Cols	20,000	1 Lakh	
		<u>All Units commanded by</u>			
		(a) Brig	25,000	1 Lakh	
		(b) Cols	20,000	40,000	
		(c) Lt Cols	15,000	30,000	
		(d) Maj	10,000	20,000	
	Notes				
	1. The financial powers as indicated above will also cover expenditure on Sports and Adventure Activities by designated units and ests against funds allotted for Sports and Adventure Activities.				
	2. The provisions of revised Army Instruction to be issued relating to Annual Training Grant will be followed.				
	3. Comdt NDC will exercise financial powers conferred on Comdt Cat A Ests commanded by Lt Gen.				
	4. These powers are also applicable to RR Units/ Establishments				
	5. The financial powers of DCOAS (IS&T), DGMT, DGRR and GOsC-in-C Comd/Corps Cdr will also be exercised for purchase of Trg Stores/Sports Eqpt etc on PAC basis upto 50% of financial limits indicated above.				

Ser No	Objects on which expenditure can be sanctioned	C.F.A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
2	<u>Expenditure out of TTIEG / FP & TG Grant</u>	DCOAS (IS & T)	10 Lakhs	1 Cr	
		DCOAS (P&S)	10 Lakhs	1 Cr	
		DGAFMS (/AJ 12/02)	3 Lakhs	10 lakhs	
		E-In-C / SO-In-C / DG Inf / DGEME	3 lakhs	10 Lakhs	
		DGMF (For AC / Mech Inf)	50000	3 lakhs	
		DG Arty / DG AD Arty	1 lakh	6 lakhs	
		ADG Army Avn	50,000	2 Lakhs	
		DGMS (Army)	-	5 Lakhs	
		DG OS	1 lakh	4Lakhs	
		DG ST	50000	2 Lakhs	
		DG RR	1 Lakh	5 Lakhs	
		Provost Marshal / DDG DSC	50000	1 lakh	
		ADGsOS	40000	-	
		DDG Inf	15000	-	
		<u>Comdt Cat A Est Commanded By</u>			
		Lt Gen	2 Lakhs	5 Lakhs	
		Maj Gen	1.5 Lakhs	3 Lakhs	
		Brig	1 Lakh	2 Lakhs	
		Col	50000	1 Lakh	
		<u>Comdt Cat B Est Commanded By</u>			
		Brig	1 Lakh	2 Lakhs	
		Col	50000	1 Lakh	
		<u>All Departmental Heads at Formation HQ of the rank of</u>			
		Maj Gen	1 Lakh	3 Lakhs	
		Brig	75000	2 Lakhs	
		Col	50000	1 Lakh	
<u>Comdts/Heads of Major Ests / Fmn / Unit / Cdrs including RR commanded by</u>					
Lt Gen	1.5 Lakhs	5 Lakhs			
Maj Gen	1.2 Lakhs	3 Lakhs			
Brig	75000	2 Lakhs			
Col	50,000	1 Lakh			
Lt Col	20000	50,000			
Maj and below	10000	25,000			

Ser No	Objects on which expenditure can be sanctioned	C F A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
3	Participation of Army Pers In Seminars, Symposium, Short Courses, Workshops, Annual Conventions at civil professional academic organisations and In India.	DCOAS (IS&T) DCOAS (P&S) DGMT GOC-In-C ARTRAC DGAFMS* E-In-C SO-In-C DGMF(For AC) DGMF(For Mech Inf) DG Arty DG AD Arty ADG Army Avn DG Inf DG EME DG OS DG ST Comdts Cat 'A' Ests Commanded by Lt Gen	25,000 25000 10000 10000 *10000 10,000 10,000 10,000 10,000 10,000 10,000 10,000 10,000 10,000 10,000 10,000 10,000	5 Lakhs 5 Lakhs 3 Lakhs 3 Lakhs 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000	
Notes					
1. Annual limit is Rs 5 lakhs for each functionary other than DGMT, DCOAS (IS&T), DCOAS (P&S) and GOC-In-C ARTRAC.					
2. * (a) Powers of DGAFMS are in r/o each offr/ civilian doctor/scientist in AMC, selected to attend professional conferences / seminars of associations / societies in approved list. Expenditure is debitible to I & M Grant of unit/ est concerned.					
(b) DGAFMS powers may also be exercised in r/o of civilians paid from Defence Services Estimates serving in Army units / fmns / ests/HQ Comds & lower fmns.					
4	Nomination and move of officers and others incl Defence Civilians in Armed Forces Medical Services for Professional Courses of instruction in Civil Institutions in India	DGAFMS	*5000	5,00,000	*Powers per person for registration / admission / delegate fee in respect of courses not introduced in Defence Services. Expenditure is debitible to relevant head of Defence Services
5	Org of Seminars by the Army	GOC In-C DCOAS (IS&T) DGMT	- - -	50 Lakhs 50 Lakhs 20 Lakhs	
6	Purchase/hiring of telecom eqts and executing communication projects out of Tele Adm Grant for Army from Govt agencies / PSUs (MH 800 B(i)).	DCOAS (IS&T) SO-In-C CSO Commands CSO Corps/ Area	- - - -	500 Lakhs 400 Lakhs 50 Lakhs 20 Lakhs	
7	Sanction of one time expenditure on Comn projects incl AMC being executed by Private Sector undertakings approved by DOT out of Tele Adm Grant (MH800 B(i)).	DCOAS (IS & T) SO-In-C CSO, Commands CSO, Corps/Area	- - - -	500 Lakhs 400 Lakhs 50 Lakhs 20 Lakhs	
Note:-					
1. Guiding list of Items which can be procured out of Tele Adm Grant is given in Appx 'A' to MoD letter No A/89591/FP-1/1776/D/2003/D(GS-I) dt 15 Oct 2003.					
2. There should be some standardisation of specifications for Tele Adm Grant to be followed by Commands.					

Ser No	Objects on which expenditure can be sanctioned	C F A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
8	Procurement of Security System Developed Exclusively for Army with approval of SAG by a Vendor Restricted from Supplying the same System to any Other Organisation with delegated Powers restricted to Army HQ incl the fixing of rates for procurement for a period	DCOAS (IS&T)	-	600 Lakhs	
		SO-In-C	-	400 Lakhs	
		CSOs HQ Comds	-	75 Lakhs	
		CSO Corps/Aress	-	25 Lakhs	
Notes					
(i). Financial limits specified are applicable to each case and cases beyond financial limits as specified shall continue to be submitted to MoD .					
(ii) The policy in respect of serials 2 & 3 will be desaminated by DCOAS (IS & T).					
(iii) Cases pertaining to officers serving on faculty of Cat A Ests in respect of Item at Ser No 3 shall be submitted to respective Branch/Line Directorates/DGMT for sanction in accordance with note (ii) above.					
9	Signals Works Services Grant	SO-In-C	1.5 lakhs	3 lakhs	SOP to be formulated and put in place.
		Comdt, MCTE	1 lakh	2 lakhs	
		CSO Comd, ADG TT and ADG T	40,000	2 Lakhs	
		CSO Corps	30,000	75,000	
		Comdt AHQ Sigs, Cdr ANC, Comdt STC, CSO Area, CAFSO, Dir CMO, Comdt Sig Gp			
		OC Units including Indep Coys upto rank of Maj and above and Sub Gp Cdr Sig Gp Commanded by Col/Lt Col	24,000	-	
		Maj	12,000	-	
10	Printing / Publication of Training Pamphlets	DCOAS (IS &T)	-	200 Lakhs	(For all Arms/Services)
		GOC-In-C, ARTRAC	-	Full Powers	
		Stheads of Arms & Services	-	10 Lakhs	\$ For Trg pamphlets in respect of specific Arm / Service.
		Comdt Cat A Ests	-	10 Lakhs	
		Comdt Cat B Ests	-	3 Lakhs	

SCHEDULE XXI**SPECIAL FINANCIAL POWERS OF ARMY COMMANDERS**

Ser No	Subject	C F A	Financial Powers with concurrence of CDA
1	2	3	4

A- Special Financial Powers of GOsC-in-C Northern and Eastern Commands for urgent/immediate requirements for CI(OPS)/IS duties/Slachin Glacier and Aid to Civil Authorities.

Major Head 2076, Minor Head 110(C)

1	Purchase of Stores of Ordnance origin	GOC-in-C	Upto Rs 10 Crs per transaction
2	Sector Stores	GOC-in-C	Upto Rs 2 Crs per transaction
3	Import of Stores against payment in FFE	GOC-in-C	Upto Rs 2 Crs per transaction
4	Major Head 2076, Minor Head 800 Miscellaneous and Contingent Expenditure	GOC-in-C	Upto Rs 10 lakhs per transaction

Notes:-

1 (a) The powers at Ser 1 to 3 above are subject to overall limit of Rs 100 Crs and Rs 50 Crs per annum for Northern Command and Eastern Command, respectively.

(b) The GOC-in-C Northern Command will also exercise the above financial powers for meeting urgent/immediate requirements of RR CIF/ Force/bns/units upto a ceiling of Rs 25 Crs per annum to be allocated additionally out of the RR budget under MH 112 F(b).

2. The powers at Ser 4 are subject to a limit of Rs 1 crore per annum per Command.

3. The powers at Ser 1 to 4 above are subject to the condition that all purchases under the powers exceeding Rs 5 lakhs will be processed and done with the approval of Tender Purchase Committee constituted by the GOC-in-C and will include a rep of CDA/IFA. The aforesaid requirement does not apply to items available against DGS&D rate contracts.

4. The special financial powers will be exercised by GOsC-in-C, Northern and Eastern Comds. only in consultation with respective CsDA/IFAs except in respect of expenditure on immediate repair and maintenance of equipment and items procured under these powers through Ordnance/EME to the extent provided in Note 5 below.

5. Immediate and urgent repairs and maintenance of equipment procured under these powers upto an annual ceiling of 1 % of the overall limit contained in Note 1 above will be sanctioned under the local purchase powers delegated to Ordnance/ EME functionaries in Schedule XII. The expenditure on such repair and maintenance will be accounted for separately for compilation together with other expenditure incurred in exercise of the special financial powers under Minor Head 110 (C).

6. The special financial powers will be exercised by the GOsC-in-C only and not delegated to any of their staff officers except for immediate repair and maintenance of equipment and items specifically delegated to the extent indicated in Note 5 above.

7. All procurement procedures as prescribed in Government orders and instructions will be complied with in respect of procurement of ordnance and other items of stores.

8. Work Orders for modification/manufacture/fabrication of equipment, simulators, vehicles and other stores may be placed by the GOC-in-C-Commands on the EME Workshops/Army Base Workshops/Advance Base Workshops along with appropriate allotment of funds, under intimation to the respective CsDA of the concerned Workshop through CDA of the concerned GOC-in-C. The expenditure on such modifications / manufacture will be incurred from this allotment by the EME functionaries executing the Work Order as per powers delegated to them and debited against the funds allocated to the GOC-in-C Command who has placed the Work Order and compiled to Minor Head 110 (C) against the fund allocation of the GOC-in-C Command.

Scope
<p>9. All items approved for introduction in the Army by GSEPC expenditure whereon is compilable to Minor Head 110 (C) . The tentative list of items to be procured in the ensuing financial year will be forwarded to MGO Budget Cell by 15 Feb. MGO Budget Cell will intimate the Commands by 15 Apr which items in the tentative list may not be procured as they would be positively made available through central procurement in a shorter time frame. The details of items procured under these powers will be forwarded to MGO's Branch Budget Cell and Ordnance Directorate, Army HQ at the end of each financial year by 15 Arpil for being taken into account as assets in the Annual Provision Review..</p>
<p>10. Non standard pattern equipment /Items and spares for these for specific operational requirements in limited need based quantities provided that such items have not been trial evaluated and rejected for introduction in the Army.</p>
<p>11. Repair and maintenance of equipment and items procured under the special financial powers are as under:-</p>
<p>(a) Immediate repairs and maintenance under LP powers of Ordnance and EME functionaries to the extent permitted by Note 5 above.</p>
<p>(b) Normal repairs and maintenance including AMC in exercise of special financial powers of GOC-in-C with prior consultation with CDA/IFA where expenditure is not covered under(a) above.</p>
<p>12. Items Not to be Procured</p>
<p>(a) Computers, peripherals, ancillaries etc procurable under the IT head, Minor Head 110(H) will not be procured under the special financial powers indicated above.</p>
<p>(b) Medical stores and equipment will not be procured except to the extent covered by Ser No 4 of the Schedule above read with Note 14 in this regard hereunder.</p>
<p>(c) Items classified to be of capital nature expenditure whereon is compilable to Major Head 4076, Sub Major Head 01- Army will not be procured.</p>
<p>Purpose</p>
<p>13. The purpose of delegation is to facilitate the procurément of equipment / spares/ items to supplement the availability of these through central sources to obviate non availability becoming a constraint particularly in counter insurgency / internal security duties/ defence of Siachen Glacier and other immediate operational requirements.</p>
<p>14. Apart from the broad purpose indicated in Note 13 the exercise of the powers in Ser No 1 to 3 of the Schedule will also be utilised for the purposes indicated below: -</p>
<p>(a) Modification of equipment and vehicles peculiar to the needs of the sector and counter insurgency operations/ internal security duties. This includes manufacture / fabrication and modifications of equipment/items/vehicles and spares through Work Orders placed on the EME Workshops/ Army Base Workshops /Advance Base Workshops..</p>
<p>(b) Purchase of Riot Control Equipment.</p>
<p>(c) Purchase of Specialised clothing and equipment, Stores and spares for high altitude areas, protective clothing for use in counter insurgency operations/internal security duties.</p>
<p>(d) Equipment and items such as sensors etc to detect intrusions across border and LAC/LOC.</p>
<p>(e) Telecom equipment to improve reliable inter/intra communication of units and formations imperative for operational purposes.</p>
<p>(f) Equipment/items for improving security and safety of units and establishments including necessities for fire fighting measures.</p>
<p>Note: Drawal of FOL for eqpt/machinery /vehicles purchased out of ACSFP Funds, is authorised from ASC Depots.</p>
<p>15. Exercise of these powers under Ser No 4 of the Schedule will be for the purposes indicated below:-</p>
<p>(a) Clothing/ ration/medical facilities for detainees.</p>
<p>(b) Urgently required medical equipment/stores/medicines for troops not available in Medical Stores Depot/Military Hospitals.</p>
<p>(c) Training of troops for counter insurgency operations/internal security duties to the extent and subject to the conditions for Annual Training Grant.</p>
<p>(d) Any other special types of expenditure directly connected with operations to be certified as such by GOC-in-C and with the prior consultation/ concurrence of the respective CDA/IFA.</p>
<p>(e) Expenditure on advertisements for tenders.</p>
<p>16. All equipment and stores will be properly accounted for by the designated Depots/Units and issued to the designated units under the orders of GOC-in-C as per existing procedure. Non Standard Items procured under the special financial powers will be treated as Sector Stores, except those procured in limited quantities in lieu of standard equipment in case of extreme urgency. A standardised SOP as issued by Army HQ to cover Northern and Eastern Commands, as amended from time to time, will be strictly followed.</p>

B: Special Financial Powers of GOC-in-C Southern, Western, Central and South Western Commands for Procurement of Equipment and Stores and Carrying out Modifications to Equipment for meeting Special Requirements of Strike Corps & Reserve Formations, Operational Requirements including those relating to Counter Insurgency/Internal Security Duties and Aid to Civil Authorities.

Subject	CFA	Financial Powers
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Major Head 2076, Minor Head 110C

- | | | |
|---|----------|-------------------------------|
| 1. Purchase of Stores/
Sector Stores | GOC-in-C | Upto Rs 2 Crs per transaction |
|---|----------|-------------------------------|

Major Head 2076, Minor Head 800 B

- | | | |
|---|----------|-------------------------------------|
| 2. Miscellaneous and
Contingent
Expenditure | GOC-in-C | Upto Rs 10 lakhs
per transaction |
|---|----------|-------------------------------------|

Notes:-

- The powers at Ser 1 above are subject to a limit of Rs 9 Crs per annum - Rs 2 Crs for Strike Corps including Reserve Fms and Rs 7 Crs for other formations of each Command to conduct Counter Insurgency Operations, Internal Security Duties as well as to render Aid to Civil Authorities during Natural Calamities and Disaster Relief Operations.
- The powers at Ser 1 are subject to the condition that all purchases under these powers exceeding Rs 5 lakhs will be processed and made with the approval of the Tender Purchase Committee to be constituted by the GOC-in-C and will include a rep of CDA. The aforesaid requirement does not apply in respect of items available against DGS&D rate contracts. In case CFA feels that negotiations could result in reducing prices, he may order TPC to meet and negotiate even though purchase is less than Rs 5 lakhs.
- Powers at Ser 2 are subject to a limit of Rs.1 Cr per command, Rs 25 lakhs for Strike Corps/Reserve Formations and Rs 75 lakhs for other formations.
- The special financial powers will be exercised by GOC-in-C Southern, Western, Central and South Western Commands only in consultation with CsDA/IFAs except in respect of expenditure on immediate repair and maintenance of equipment and items procured under these powers through Ordnance/EME to the extent provided in Note 5 below.
- Immediate and urgent repairs and maintenance of equipment and items procured under these powers upto an annual ceiling of Rs 30 lakhs will be sanctioned under the local purchase powers delegated to Ordnance/EME functionaries in Schedule XII. The expenditure on such repair and maintenance will be accounted for separately for compilation together with other expenditure incurred in exercise of the special financial powers under Minor Head 110 (C).
- The special financial powers will be exercised by the GOC-in-C only and not delegated to any of their staff officers except for immediate repair and maintenance of equipment and items specifically delegated to the extent indicated in Note 5 above.
- All procurement procedures as prescribed in Government orders and instructions will be complied with in respect of procurement of ordnance and other items of stores.
- Work Orders for modification / manufacture/fabrication of equipment, simulators, vehicles and other stores may be placed by the GOC-in-C-Commands on the EME Workshops/Army Base Workshops/Advance Base Workshops along with appropriate allotment of funds, under intimation to the respective CsDA of the concerned Workshop through CDA of the concerned GOC-in-C. The expenditure on such modifications / manufacture will be incurred from this allotment by the EME functionaries executing the Work Order as per powers delegated to them and debited against the funds allocated to the GOC-in-C Command who has placed the Work Order and compiled to Minor Head 110 (C) against the fund allocation of the GOC-in-C Command.
- All items approved for introduction in the Army by GSEPC expenditure whereon is compilable to Minor Head 110 (C). The tentative list of items to be procured in the ensuing financial year will be forwarded to MGO Budget Cell by 15 Feb. MGO Budget Cell will intimate the Commands by 15 Apr which items in the tentative list may not be procured as they would be positively made available through central procurement in a shorter time frame. The details of items procured under these powers will be forwarded to MGO's Branch Budget Cell and Ordnance Directorate, Army HQ at the end of each financial year by 15 April for being taken into account as assets in the Annual Provision Review.

10. Non standard pattern equipment /items and spares for these for specific operational requirements in limited need based quantities provided such items have not been trial evaluated and rejected for introduction in the Army.

11. Repair and maintenance of equipment and items procured under the special financial powers as under: -

- (a) Immediate repairs and maintenance under LP powers of Ordnance and EME functionaries to the extent permitted by note 5 above.
- (b) Normal repairs and maintenance including AMC in exercise of special financial powers of GOSC-in-C with prior consultation with CDA/IFA where expenditure is not covered under (a) above.

12. Items Not to be Procured

- (a) Computers, peripherals, ancillaries etc procurable under the IT budget head, Minor Head 110(H) will not be procured under the Special Financial Powers indicated above.
- (b) Medical stores and equipment will not be procured except to the extent covered by Ser No 2 of the Schedule above read with note 14 in this regard hereunder.
- (c) Items classified to be of Capital nature expenditure whereon is comparable to Major Head 4076, Sub Major Head 01-Army will not be procured.

Purpose

13. The purpose of delegation is to facilitate the procurement of equipment / spares/ items to supplement the availability of these through central sources to obviate non availability becoming a constraint particularly in Op readiness of Strike Corps for deployment, IS duties and Aid to Civil Authorities and other immediate operational requirements.

14. Apart from the broad purpose indicated in Note 13 the powers at Ser No 1 of the Schedule will also be utilised for the purposes shown below: -

(a) Strike Corps & Reserve Formations

- (i) Modifications to vehicles, equipment and spares to enable formations to carry out manoeuvres in extremely difficult terrain. These include modifications to carry additional water, FOL, fixing of navigational aids, mounting of communication equipment and armaments etc. This includes manufacture / fabrication and modifications of equipment / items / vehicles and spares through Work Orders places on the EME Workshops/Army Base Workshops / Advance Base Workshops.
- (ii) Innovations to reduce time in execution during operations such as obstacle crossing, obstacle and mine clearance, obstacle construction and track construction.
- (iii) Specialised engineer and tele communication equipment to be purchased off the shelf such as gap measures, water supply equipment and accessories for force multipliers to enhance inherent capacity of the formations.
- (iv) Power wagons for operation of engineer and communication equipment.
- (v) Collapsible and quick to erect shelters.
- (vi) Any other equipment/modifications essential to keep the formations in a state of operational readiness/ practice military manoeuvres at the discretion of GOC-in-C.

(b) For formations conducting Counter Insurgency Operations, Internal Security Duties, and Aid to Civil Authorities during Natural Calamities and Disaster Relief Operations.

- (i) Modification of Equipment and vehicles peculiar to the needs of the Sector and CI (Ops)/ IS duties as also to facilitate them in carrying out required tasks during such operations and those in Aid of Civil Authorities in Natural Calamities.
- (ii) Purchase of non-standard pattern equipment and stores and spares including portable generators, tractors and vehicles for improving cross country mobility, mobility in inundated/water logged areas, logistic / supply support for IS duties, CI (Ops) and Aid to Civil Authorities. This includes manufacture/fabrication and modifications of equipment/items/vehicles and spares through work orders places on the EME Workshops/Army Base Workshops/Advance Base Workshops.
- (iii) Purchase of Riot Control Equipment.
- (iv) Purchase of specialised equipment, stores and spares, clothing for use in CI (Ops)/ IS duties and disaster relief operations.
- (v) Equipment and items such as sensors etc to detect intrusions across borders.
- (vi) Telecom equipment to improve reliable inter/intra communication of units and formations imperative for operational purposes.
- (vii) Equipment/items for improving security and safety of units and establishments including necessities for fire fighting measures.

Note: Drawal of FOL for NSP eqpt/machinery /vehs purchased out of ACSFP Funds is authorised from ASC Depot

15. Powers at Ser No 2 of the Schedule will be utilised for the following purposes :-
- Clothing / rations/ medical facilities for detainees.
 - Urgently required medical equipment/ stores/medicines for troops not available in Medical Stores Depot/Military Hospitals.
 - Training of troops for counter insurgency operation/internal security duties to the extent and subject to the conditions for Annual Training Grant.
 - Any other special types of expenditure directly connected with operations to be certified as such by GOC-in-C and with the prior consultation/ concurrence of the respective CDA/IFA.
 - Expenditure on advertisements for tenders.

16. Powers exercisable under Ser 1 and 2 in the Schedule will also cover expenditure on repair of equipment, vehicles etc procured under these powers.

17. All equipment and stores will be properly accounted for by the designated Depots/Units and issued to the designated units under the orders of GOC-in-C as per existing procedure. Non Standard Items procured under the special financial powers will be treated as Sector Stores, except those procured in limited quantities in lieu of standard equipment in case of extreme urgency. A standardised SOP as issued by Army HQ to cover Southern, Western, Central and South Western Commands and amended from time to time will be strictly followed.

Ser No	Competent Financial Authority	Financial Powers (In Rupees)		Remarks
		Without consultation of IFA/CDA	In consultation with IFA/CDA	
1	2	3	4	
C	Development of Indigenous Simulators for Army			
(a)	Director SDD	30,000	2,00,000	
(b)	Chief of Staff HQ ARTRAC	1,00,000	5,00,000	
(c)	GOC-in-C, ARTRAC	5,00,000	30,00,000*	
				* Scope of Development to be included in SOP.

SCHEDULE XXII					
OTHER MISCELLANEOUS FINANCIAL POWERS					
Ser No	Objects on which expenditure can be sanctioned	CFA	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
Hiring of Civil Transport					
1	Hiring of Civil Transport - In of piecemeal defence freight and hiring of special vehicles/ equipment	DGOL	5 Lakhs	2 Crs	
2	Hiring of Civil Transport for move of Tps. Special vehicles/ Equip and freight incl Arm related to Ops IS duties, Relief and Training (incl exe), Adm Movs	DGOL	5 Lakhs	2 Crs	
3	Hiring of Civil Transport	GOC-In-C	5 lakhs	100 Lakhs	
		GOC Corps	4 lakhs	30 Lakhs	
		GOC Div/Area/CIF RR/Indep Sub Area	3 lakhs	15 Lakhs	
		Cdr Bde/ Sub Area/Sector RR	1 lakh	5 Lakhs	
		Stn Cdr	1 lakh	5 Lakhs	
		ADG Adm & Coord	20,000	1 Lakh	
		Comdt Emb HQ	50,000	2 Lakhs	
		ADG Mov	-	5 Lakhs	
Notes:					
1. The financial powers for transportation of imported stores /Cargoes will be exercised by ADG Mov & Comdt Embarkation HQ. In terms of Govt of India letter No 25737/OMG Shipping/5183/D (Mov) dt 14 Dec 1988.					
2. Financial Powers of DGOL at Ser No 2 and Other Fmn Cdrs at Ser No 3 will be exercised in terms of AI 42/86 as amended and other relevant orders on the subject.					
4	AOC Powers to order despatch of Stores by road through GHT/ Container/Boxer/Tractor&F.L. JCB, Tractor. (For move of all types of Ord Stores from one Ord echelon to another and from one Ord echelon to dependent units / Eats in most economic manner)	ADGs OS	1.5 Lakhs per stn per day	3 Lakhs per stn per day	
		MGs AOC	1 Lakh per stn per day	2 Lakhs per stn per day	
		Comdts, CODs	50,000	1.5 Lakhs	
		CAD, CVD, CAFVD	per stn per day	per stn per day	
		CASD Delhi			
		Comdts (ODs, ABODs, ADs, FADs, FODs, OTG, Arm & Veh Coy)	30,000 per stn per day	1 Lakh per stn per day	
Notes					
(i) Civil Hired Transport should be taken only as one of the more expeditious methods of transport other than cheapest mode.					
(ii) These powers are to be exercised once periodic contract on six monthly/ yearly basis has been concluded in consultation with respective IFA.					
(iii) For Stations not included in the periodic contract CFA to exercise powers in consultation with respective IFA.					
(iv) For move of arms, ammunition and explosives only the powers will be twice the powers indicated above. However, warlike stores (Red Tariff) i.e. arms, ammunition and explosives should as far as possible be moved only in Service Transport, preferably by third line transport, and through Civil Hired Transport as a last resort. Formation HQ will formulate suitable SOPs and issue comprehensive instructions for move by road of red tariff for their safety during transit including selection of agency, armed escort, transit facilities, communication arrangements during move, medical cover and repair and recovery in the event of vehicle break down.					
(v) Payment for Civil Hired Transport will be made through cheque and a cash receipt obtained from the transporter. As far as possible payment of freight will be effected on a contingent bill duly supported by pre-receipted bill of the transporter operator. Where credit facilities cannot be arranged, the Commandant will draw cash advance, and after despatch, will submit contingent bill alongwith contractors cash receipt.					
(vi) Cost of insurance, where necessary against damage or loss in despatch of the consignments through civil transport operators will be treated as part of the cost of transport for purpose of determining the appropriate CFA. If the terms of the road transport operators cover payment of adequate compensation in case of loss or damage, the consignment need not be insured.					
(vii) The expenditure on this account will be debited to Minor Head 105 F- Hiring of Civil Transport and to Minor Head 112 E for RR.					

Ser. No	Objects on which expenditure can be sanctioned	C F A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
5	<u>Powers to order move of Stores by Passenger trains in case of emergency</u>	ADGs/ MGs AOC	30,000	1,00,000	
		Comdts, CODs CAD Pulgaon, CVDs, CAFVD, CASD Delhi, ODs ABODs, FODs, ADs, FADs.	20,000	50,000	
		COs, DOUs, OsC OMCs, OMPs, BOU, OFF/Amn & Veh Coy/Amn PI	15,000	30,000	
<u>Notes</u>					
(i) Ordnance Depots required to incur expenditure beyond their powers will refer such cases to MGs AOC, Commands or store section in Army HQ. The stores section concerned will obtain sanction of ADGsOS on file and issue orders incorporating the sanction of ADGOS to incur extra expenditure upto financial limits as above.					
(ii) This will be read in conjunction with DGOS Technical Instruction No 002 (Issue 3) section XV.					
6	<u>Powers to incur expenditure on despatch of stores by Air, Sea and Express Mail Service/ Speed Link/ Speed Post/Courier.</u>	Comdts, CODs CAD Pulgaon, CVDs, CAFVD, CASD Delhi	40,000	80,000	
		Comdts ODs/ ABODs/ADs/ FADs/FODs	20,000	40,000	
<u>Notes</u>					
(i) This should be taken only as one of the more expeditious methods of despatch other than the cheapest one available.					
(ii) Cost of insurance where necessary against damage or loss in transit will be treated as part of cost of despatch.					
(iii) Comdts depots will draw cash in advance and make payment for despatch of stores. After despatch he will submit contingent bill along with cash receipt of Postal/ Railway/ Airline to claim the amount paid from CDA for recouping the imprest.					
(iv) A certificate will be endorsed on the contingent bill by the consignor that the stores were required to be despatched expeditiously by the mode used.					
(v) The expenditure on this account will be debited under the same Head of Account to which the cost of such stores is debitable.					
7	<u>Powers to sanction hiring of Cranes (all types incl Container Cranes)</u>	ADGs/ MGs AOC	20,000	1 Lakh	
		Comdts, CODs CAD Pulgaon, CVDs, CAFVD, CASD Delhi, ODs ABODs, FODs, ADs, FADs/ OTG	10,000	50,000	
		CO DOUs, OsC OMC, OFF, BOU, Amn/Veh Coy/ Amn PI	5,000	50,000	
8	<u>Taking over Surplus Stores on Charge</u>	ADGsOS/ MGs AOC	75,000	5 Lakhs	
			75,000	3 Lakhs	
		Comdts, CODs CAD Pulgaon, CVDs, CAFVD, CASD Delhi, ODs ABODs, FODs, ADs, FADs.	10,000	1 Lakh	
		Dy Comdts (Col/ Lt Col) CODs	5,000	50,000	
		OC Units (Col / Lt Col)	3,000	20,000	

Ser No	Objects on which expenditure can be sanctioned	CFA	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
9	<u>Condonation of Unlinked CRVs</u>	DGOS	20,000	2 Lakhs	
Notes					
(i) The powers are in respect of unlinked CRVs in AOC establishments.					
(ii) The sanction for condonation will be accorded based on report of the CDA concerned in each case.					
10	<u>A-in-U & FU Cash Grant</u>	DGOS	2.5 Lakhs	20 Lakhs	
	<u>Fitting up Store House & Office Eqpt including purchase of MHE</u>	ADGs OS / MGs AOC	1.5 Lakhs	5 Lakhs	
		DDG OS(O&A)	1 lakh		
		Comdt CODs/CAFVD/ CASD Delhi/CVD/CAD Pulgaon	20,000	1 Lakh	
		Comdt Regional Depots/DOUs / BOUs/OMC/ Amn & Veh Coy/Amn PI	15,000	50,000	
11	<u>A-in-U Grant for Fitting up Store House & Office Eqpt.</u>	DGAFMS	2.5 Lakhs	10 Lakhs	
		Addl DGAFMS(E&S)	1.5 Lakhs	5 Lakhs	
		Comdt AFMSDs	20,000	2.5 Lakhs	
		COs AMSDs & FMMSDs and AFTC, BTD of AFMC and ECTC	10,000	1 Lakh	
	EME				
12	<u>Hiring of Transport</u>	DG EME	20,000	1,00,000	For urgent despatch of stores/spares
		Comdt ABW/Adv Base Wksp	5,000	30,000	
		MG EME / Cdr Tech Gp EME/ Cdr Base Wksp Gp	10,000	50,000	
		DD EME	5,000	25,000	
Note					
Notes (i) to (vii) below Ser No 4 relating to corresponding powers of Ordnance functionaries will be complied with by CFAs of EME also.					
	ASC				
13	<u>Despatch of supplies, FOL and Misc ASC Stores by road through CHT</u>	DGST	75,000	2 Lakhs	
		MG ASC Command	30,000	1,00,000	
		DDST Area/ Corps/ Indep Sub Area	15,000	50,000	
		OsC, Sup/ FOL Depots and	5,000	20,000	
	Mil Farms				
14	<u>Hiring of Civil Transport</u>	DDG MF	50,000	2 Lakhs	
		Dir MF	10000*	30,000	

Ser No	Objects on which expenditure can be sanctioned	C F A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
15	<u>Advance for General Farms works, harvesting operation, fodder supplies, purchase of cattle, dairy products and stores</u>	DDGMF	10,000	1 Lakh	
		Dir MF	5,000	50,000	
16	<u>Castling & Culling of Live Stock</u>	DDGMF	Nil	Full Powers	
		Dir MF	Full Powers on Veterinary grounds		
17	<u>Approval for Cutting trees and disposal of wood and other usufructs from Farm land</u>	DDG MF	5,000	50,000	
		Dir MF	1,000	10,000	
18	<u>Medical</u> <u>Despatch of urgently required stores like drugs, chemicals, X-Ray films, medical gases, transfusion fluids and other life saving / emergent medical stores by road through CHT</u>	DGAFMS	-	5,00,000	
		Addi DGAFMS(E&S)	-	2,00,000	
		Comdt AFMSDs Delhi, Mumbai and Lucknow	-	1,00,000	
		AFMSD Pune AFTC, ECTC, AFMC(BTD)	-	50,000	
19	<u>Hiring of Civil Transport for use in Hospitals commanded by-</u> <u>in the hospital when service transport is not adequate or or not available</u>	Maj Gen and above	-	1,00,000	Rates finalised by Stn/Fmn HQ will be used. These powers will be per contract.
		Brigs	-	50,000	
20	<u>Hiring of Services / Facilities</u>	DGAFMS	-	10 Lakhs	1. For hiring any service required by the hospital which cannot be met by authorised personnel.
		DGMS (Army)	-	5 Lakhs	
		DDMS Comd	-	2 Lakhs	2. Powers will be per service per transaction.
		Hospitals commanded by-			
		Maj Gen and above	-	2 Lakhs	
		Brig & equiv	-	1 Lakh	
Col and below equiv	-	50,000			
21	<u>Miscellaneous</u> <u>Powers to sanction/ enhance Imprest</u>	Next Superior Officer	-	2,000	Quantum of Imprest to be decided in consultation with the Audit Officer. For units not covered by the territorial jurisdiction of Area HQ, the powers to sanction Imprest vested in the Area Cdr will be exercised by Div Cdr/RR Force Cdr/Cdr Indep Sub Area/Cdr Sub Area
		Area Cdr	-	>2000	
		MGO	-	>2000	
		ADG RVS	-	>2000	
		DDG Mil Farms	-	>2000	
Note. These powers are as per para 223 of the Regulations for Unit Allowances of the Army.					
22	Cash to meet requirements for ten days or upto Rs 4,000 which ever is more Sanction Authority : Brigade or equivalent Cdrs, only in respect of units/fmns other than own HQ staff				
23	Cash to meet fifteen days requirements or upto Rs 6,000/- whichever is more Sanction Authority : Corps/Divisional/Area Commander				
24	Cash to meet one month's requirements or upto Rs 12,000/- whichever is more Sanction Authority : Area Commander				
25	Cash in excess of the above limits Sanction Authority : Army Headquarters AG/PS 3(D)				

Ser No	Objects on which expenditure can be sanctioned	C.F.A	Financial Limits (In Rs)		Remarks
			Without consultation of IFA / CDA	In consultation with IFA / CDA	
MACT CASES					
26	<u>Delegation of financial powers to sanction compensation on the basis of award of MACT, including interest.</u>	GOC-in-C	5 Lakhs	10 Lakhs	
		Corps Commander	3.75 Lakhs	7 Lakhs	
		Div/Area/ Indep Sub Area/CIF RR/Bde Cdr	2.5 Lakhs	5 Lakhs	
		Bde/Sub Area Cdr/Sect RR Cdr/Stn Cdr/Adm Comdt Class I & II	1.25 lakhs	3 Lakhs	
PUBLICITY/DOCUMENTARY FILMS					
27	<u>Powers to sanction making of documentary/ publicity films and advertisements /blow ups, from outside agencies (where these cannot be made through AFFRD/ DAVP)</u>	PSOs	-	25 Lakhs	
CEREMONIAL EVENTS					
28	<u>Powers to sanction expenditure on Ceremonial Events</u>	Adjutant General	-	Full Powers	
		GOC-in-C	-	2 Lakhs	
Note					
Adjutant General will issue a letter of allotment cum expenditure sanction covering anticipated expenditure on Ceremonial Events(other than Republic Day, Independence Day and Investiture Ceremony for which separate allotment is made to MoD) in consultation with IFA at the commencement of the year. The aforesaid letter in respect of the expenditure to be incurred by the Army will also include an appropriate provision for events which cannot be planned such as State Funerals etc. The actual expenditure on incurrence will be monitored by Addl Dte Gen Ceremonials & Welfare against sanction issued for adjustment with the concerned CsDA. An appropriate advance may also be obtained from CDA if so sanctioned by the Adjutant General in consultation with the IFA.					
RESEARCH AND DEVELOPMENT					
29	<u>Powers to sanction expenditure on Research and Development Projects</u>	GOC-in-C, ARTRAC*	-	50 Lakhs per project	* GOC-in-C ARTRAC to exercise powers as Chairman of Army Technology Board & Army Management Studies Board
		DGAFMS	-	50 Lakhs per project	
		MGO	-	20 Lakhs per project	1. For in-house R & D effort/ Innovations / Technology transition projects at ATC & ABWs.
			-	10 Lakhs per project	
		DGEME	-		
		Cdr Tech Gp EME/Cdr Base Wksp Gp	-	5 Lakhs per project	2. All projects to be undertaken by various EME functionaries under delegated powers will need to be initially approved by the MGO.
		CE ATC(Brig)/Comdts ABWs/Adv Base Wksp	-	3 Lakhs	
MISCELLANEOUS					
30	<u>Non Recurring Expenditure on Objects Enumerated in Rule 60 (A) FR Part I</u>	COAS	2 Lakhs	10 Lakhs	
		VCOAS	-	5 Lakhs	
Notes					
1. Subject to an overall annual ceiling of Rs 100 Lakhs.					
2. Powers to be exercised as per provisions of Govt, MoD letter No A/89591/FP-1/2041/2005 /DGS-I dt 14 Sep 2005 as amended.					

Ser No	Objects on which expenditure can be sanctioned	C F A	Financial Limits (In Rs)		Remarks	
			Without consultation of IFA / CDA	In consultation with IFA / CDA		
31	Hiring of Porters and Ponies (Ref : MoD letter No 48503/Q/ST-11/4010-A/D(QS) dt 29 Sep 1992)	Station/Garrison Cdr (Lt Col)	5,000	-		
		Battalion /Equivalent Cdr (Col)	10,000	-		
		Bde/Sub Area Cdr	25,000	-		
		Indep Sub Area Cdr	25,000	-		
		Area / Div Cdr	50,000	-		
		Corps Cdr	1 Lakh	-		
		GOC-In-C	-	Over Rs 1 Lakh		
32	Local Purchase of Chemicals and Laboratory Equipments for Food Inspection Organisations. Ref : GoI, MoD Letter No 36550 /Q/ST-8/3538/D(QS) dt 02 Aug 91	QMG	-	10 Lakhs		
		DGST	30,000	3 Lakhs		
		DDG (FI)	15,000	1 Lakh		
		CO, CFL	10,000	25,000		
		OC, FIU	5000	10,000		
33	Repair and Maintenance of IWT (Port Craft) held on Charge of Transportation Services Through Civil Trade	CO IWT Op Units Engrs, the rank of Col / Lt Col	75,000	2 Lakhs		
		CE Comd	1.5 Lakhs	5 Lakhs per Craft at one time		
		E-In-C	-	100 Lakhs		
34	Condemnation of Capital Items of Plant and Machinery of Military Farms					
		(a) Tractor and Vehicle	QMG	5 Lakhs		Full Powers
			DDGMF	3 Lakhs		-
			Dir MF	-		-
		(b) Other Items of P&M including vehicles	QMG	2 Lakhs		Full Powers
			DDGMF	1 Lakh		-
			Dir MF	20,000		-
	Ref: MoD Letter No A/87085/LC/Q/MF-3/5819/D(QS) dt 29 Oct 98					

APPENDIX II-PART I- ARMY

SCHEDULE XXIII

POWERS TO INCUR EXPENDITURE ON CAPITAL PROCUREMENTS

Ser No	Competent Financial Authority	Financial Limit (In Rs)		Remarks
		Without Consultation	In Consultation with IFA/CDA	
1 Sanction of Capital Acquisition Schemes for Procurement of Equipment /Stores.				
	VCOAS	-	10 Crs	
2 Medical Equipment under Capital Head				
	DGAFMS	-	2 Crs	After AON approval by MoD
	Governed by Two bid procedure of DPM 2005. (Authority : MoD letter No 14(8)/06/D(Med) dt 07 Jul 05).			
3 Sanction of Capital Items of Plant & Machinery for Military Farms.				
	(Authorised vide MOD letter No A/87085/LC/Q/MF-3/5819/D(OS) dt 29 Oct 98)			
	(a) Provisioning (RR Fund)			
	(i) QMG	-	20 Lakhs	
	(ii) DDGMF	-	3 Lakhs	
	(b) New Demand Fund			
	(i) QMG	-	5 Lakhs	
	(ii) DDGMF	-	1 Lakh	
4 Sanction of Expenditure for Procurement and Establishment of Essential, Plants, Machinery and Infrastructure Schemes for Modernisation of Workshops and EME Ests Under Capital Head where overall MoD sanction already exists.				
	MGO	-	10 Crs	1. Cater for modernisation of ABWs on turnkey basis .
	DGEME	-	2 Cr	
	ADG EME (RM) / Cdr Base Wksp Gp/ MGEME	-	50 Lakhs	2. SOP for exercise of these powers and holding of TPCs at one level below that of CFA to be promulgated.
	Comdt Adv / Army Base Wksp	-	20 Lakhs	

Authenticated



(श्री. व. के. टि वारी V.K. TIWARI)
निदेशक/अधीक्षक
रक्षा मंत्रालय, नई दिल्ली,
Min. of Defence, N Delhi.

PL/3221/NHQ/486-S/2006/D(N-IV)

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 Major Head 4076-02} and relevant Minor Heads under this Major Head i.e. the expenditure covered by the delegated financial powers relates to Revenue Expenditure ^{and Capital 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

Added vide Expts N1/11/2006 dated 07.08.06

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), ACOL 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	
		STORES		
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:				After obtaining import clearance and ensuring full rupee backing and within the annual ceiling laid down by MOD(Fin)
(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.				The provisions contained in DPM-2005/ GFR-2005 will be applicable. * This is in accordance with GFR-2005.
(A) NON WEAPON STORES	COM/CDL	-	1500 lakhs	
	ACOL	-	700 lakhs	
	DOA	-	25 lakhs*	
(B) WEAPON STORES	COM	100 lakhs	1500 lakhs	
	ACOM	50 lakhs	700 lakhs	
(C) AIR STORES	DCNS	-	1500 lakhs	
	ACNS(Air)	-	700 lakhs	
(D) ARMAMENT STORES	VCNS	-	1500 lakhs	
	DGONA/DGNAI	-	700 lakhs	
7. TO APPROVE STAGE / ADVANCE PAYMENTS.				(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) Criteria for stage payments as laid down in DPM-05 is to be followed.
(A) NON WEAPON STORES	COM/COL-NLC1 ACOL-NLC2	Upto Respective Limits as per DPM 05		
(B) WEAPON STORES	COM-WPC1 ACOM-WPC2			
(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

8. 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			}
(b) TO DISPOSE THROUGH TRADE.	VCNS-APC1 COL-NLC1 COM-WPC1 DCNS-ASPC1	}	Full powers	
	ACOL-NLC2 ACOM-WPC2 ACNS(Air)- ASPC2 DGONA-APC2			}

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	-	300 lakhs	
	COM (for Weapon Stores)	-	100 lakhs	
	COL / DGONA (for Armament Store)	-	100 lakhs	
	DOA	-	2 lakhs	

CLOTHING AND VICTUALLING

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.	VCNS COM	-	1500 lakhs	<p>(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.</p> <p>(b) These powers will be exercised when such repair/ refits can not be under taken by Naval Dockyards and NSRY.</p> <p>(c) Annual ceiling for Dockyards will be laid down by the NHQ.</p> <p>(d) These powers also include offloading of repair / AMC on limited/ Single Tender basis to OEM/PAC/PSO/Trade.</p> <p>(e) Progressive stage payment based on work actually completed duly certified by the overseer may be affected by respective CFAs.</p> <p>(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.</p> <p>(g) Off loading may be resorted to, by the CFA of the AA under whose operational command the ship operates.</p>
(a) THROUGH PSU/PORT TRUST AUTHORITY.			1000 lakhs	
(b) THROUGH TRADE.			300 lakhs	
(c) ABROAD WHEN SHIPS ARE IN FOREIGN WATERS.	VCNS	-	300 lakhs	

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. <u>Note:-</u> 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. AIRCRAFT AND AEROENGINES				
22. OFFLOADING SURVEY, REPAIR AND OVERHAUL OF AIRCRAFT, UAV DRONE, PTA ETC. INCLUDING THEIR ENGINES EQUIPMENT COMPONENTS BY OUTSIDE AGENCIES INCLUDING DEMs 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 NAY 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.
MT/SPECIALIST VEHICLES				
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.
OUTSOURCING OF SERVICES				
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.

TRANSPORTATION

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	

OFFICE CONTINGENCIES & MISC. EXPENDITURE

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.
TRAINING, SYMPOSIA & CONFERENCES				
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. (a) MODEL TESTS ANALYSIS AND CONSULTANCY SERVICES. (b) SOFTWARE DEVELOPMENT AND PROCUREMENT FOR TESTS (c) WEAPON SYSTEM INTEGRATION OF NAVAL AIRCRAFT	VCNS COM/CWP&A VCNS COM/CWP&A VCNS DCNS	- - - -	500 lakhs 100 lakhs 500 lakhs 100 lakhs 100 lakhs 50 lakhs	These will include the following- (a) Hydro Dynamic Model tests (b) Wind Tunnel Tests. (c) Model tests for uptake and down takes. (d) System Integration (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. (i) Stealth studies:- (i) RCS (ii) Acoustic (iii) IR (k) EMI/EMC studies. (l) Test Drop Firing including Telemetered firings. (m) Ground and Flight trials.
AWARDS				
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

(A) SANCTIONED STRENGTH				
55. POWER TO SANCTION EMPLOYMENT OF TEMPORARY ESTABLISHMENTS OR LABOUR IN EXCESS OF FIXED SCALES (INDUSTRIAL AND NON INDUSTRIAL).	VCNS COP	1 lakh	2 lakhs 1,50,000	<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>

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	All doubtful cases must be referred to the Govt of India. The power shall not be exercised in the following cases:- (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. (ii) Travel by class higher than that allowed by the rules. (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. (iv) Grant of daily allowance in excess of daily rates authorised.
(B) MEDICAL				
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		
63. MEDICAL EQUIPMENT				
(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	
(C) CLAIMS/COMPENSATIONS				
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.
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	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 & 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- ARC-3	-	200 lakhs	
3 (a). TO PROCURE OFFICE EQUIPMENT INCLUDING STATIONERY AND PRINTING	C-in-C COS ASD/Ch Hydro MS/NSRY/NAVY/ 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/ NAD/WED/FMU/ NAI/Oi/c	-	50 lakhs	
	CABS	-	5 lakhs	
	CLOGO	-	10 lakhs	
	Flag Officers	-	10 lakhs	
	Naval Area / DGNP	-	-	
	Fleet	25,000	5 lakhs	
	Commander/ FDSM/NOI/C	-	-	
	CO/Oi/c	10,000	1 lakh	
4. TO APPROVE PAC PURCHASE AND PAC STATUS FOR WEAPON EQUIPMENT STORES AND SPARE PARTS (INDIGENOUS AND IMPORT) (A) NON WEAPON STORES	COS-NLC-3 Indigenous Import	-	400 lakhs 300 lakhs	<p>(a) PAC Tendering - PAC, in the approved form in respect of the equipment concerned, should be issued by COS/Controller WED/ FONA/ CBM/ SM 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:</p> <p>(i) Fit - The requirement of fitting an equipment in a certain space and interfacing with other equipment.</p> <p>(ii) Availability - No other known manufacturer is available.</p> <p>(iii) Standardisation - The need to minimise spares support problems.</p> <p>(iv) Reasonableness of Rates has been determined.</p>
	MS-NLC-4 Indigenous Import	-	300 lakhs 200 lakhs	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
(B) WEAPON STORES	Controller, WED(WPC 3) Indigenous Import	- -	300 lakhs 200 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. (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. (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.
(C) AIR STORES	FOA/MSs (ASPC 3) Indigenous Import	- -	300 lakhs 200 lakhs	
(D) ARMAMENT/AMMUNITION STORES	CGM/GM-NAD/ (APC-3) Indigenous Import	- -	300 lakhs 200 lakhs	
5. TO APPROVE SINGLE TENDERING FOR NON PAC ITEMS.				
(A) NON WEAPON STORES	C-in-C ASD COS MS Di/c Depots	- - - - -	50 lakhs 50 lakhs 40 lakhs 20 lakhs 1 lakh	(a) Purchases to be made from reputed firms after determining reasonableness of rates. (b) Criteria as laid down in DPM-2005 and GFR-2005 is to be followed.
(B) WEAPON STORES	C-in-C ASD Controller, WED MS/GM/ Di/c Depots	- - - -	50 lakhs 25 lakhs 25 lakhs 5 lakhs	
(C) AIR STORES	C-in-C FOA/ MS/GM/ Di/c Depots	- - -	50 lakhs 25 lakhs	
(D) ARMAMENT/AMMUNITION STORES	C-in-C CGM/GM-NAD	- -	75 lakhs 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)			<p>(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.</p> <p>(b) Criteria for stage payments as laid down in DPM-05 is to be followed.</p>
(B) WEAPON STORES	MS-NLC4 CMP/CPRO Controller WED		Upto Respective Limits as per DPM 05	
(C) AIR STORES	FONA MS/GM/ ND(MB/V)/OI/C			
(D) ARMAMENT/AMMUNITION STORES	CGM/GM-NAD/ (APC-3)			
DISPOSAL				
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	<p>(a) After obtaining CFA approval fixing the reserve price.</p> <p>(b) Provisions of Rule 196-201 of GFR to be adhered to.</p>
(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	
				<p>(c) Disposals should normally be done through authorised auctioneers. However where it is not possible, reasons for the same to be recorded in writing.</p> <p>(d) Ch Hydro In respect of stocks held at NHO, DehraDun only</p>

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 Naval Area	--	20 lakhs		
	ASD	--	30 lakhs		
	AGM(P&A)/ ND	--	2 lakhs		
	BVO	--	5 lakhs		
COs of Ships / Estb	50,000	5 lakhs			
10. LOCAL PURCHASE OF CLOTHING AND MESS TRAPS.	C-in-C	--	20 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 numbers/ 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>	
	CLOGO	--	5 lakhs		
	Fleet Commander/ ASD	--	4 lakhs		
	GM/ND(MB/V)	--	1 lakh		
	Flag Officers Naval Area	--	2 lakhs		
	BVO/MS	6,000	5 lakhs		
	CO, Basic Training Est. (INS Chilka, INS Mandovi, INS Zamorin)	2,000	50,000		
	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	2 lakhs	20 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.
	CLOGO	-	5 lakhs	
	Flag Officers	1 lakh	5 lakhs	
	Naval Area / Fleet Commander	-	50,000	
	Ch Hydro	50,000	5 lakhs	
	BVO/MS	20,000	2 lakhs	
13. POWERS FOR SANCTIONING THE CONTRACTS FOR SUPPLY OF PROVISION TO BY YARDS ESTABLISHMENTS AND OUTLYING UNITS.	C-in-C	50 lakhs	100 lakhs	For items authorised as per scale.
	CLOGO	-	30 lakhs	
	Flag Officers	-	60 lakhs	
	Naval Area	-	20 lakhs	
	Ch Hydro	2 lakhs	5 lakhs	
	BVO/MS	-	-	
14. POWERS TO SANCTION EXPENDITURE ON SIEVING/ FUMIGATION, CLEANING OF INFESTED STOCKS OF MILLED PRODUCTS, CLEANING OF RICE ETC.	C-in-C	-	2 lakhs	
	CLOGO	-	1 lakh	
	Flag Officers	-	1 lakh	
	Naval Area	-	10,000	
	Ch Hydro	5,000	50,000	
	BVO	5,000	50,000	
15. POWERS TO SANCTION DESTRUCTION OF CATEGORY 'G' FOODSTUFFS.	C-in-C	40,000	80,000	
	CLOGO	-	25,000	
	Flag Officers	-	60,000	
	Naval Area/ Fleet Cdr	-	-	
	Ch Hydro	2,000	-	
	BVO	20,000	-	
16. POWERS TO REGULARISE OVER ISSUE OF RATIONS BY SHIPS/ESTABLISHMENTS.	C-in-C	15,000	30,000	
	CLOGO	-	10,000	
	Flag Officers	5,000	10,000	
	Naval Area/ Fleet Commander	-	-	
	Ch Hydro	3,000	5,000	
	NOsIC	3,000	5,000	
	COs of Ships/ Estt. Cdr & above	3,000	-	
	Lt Cdr & below	1,000	-	

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/ FQSM			
	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/ NHQ/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 make 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

(A) SHIPS & SUBMARINES				
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	50 lakhs	400 lakhs	Remarks as at Serial 22 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 (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.
	CSD (Tech)	-	300 lakhs	
	Fleet Cdrs	5 lakhs	100 lakhs	
	Flag Officers	10 lakhs	100 lakhs	
	Naval Area	-	200 lakhs	
	ASD	-	25 lakhs	
	GM/ND	-	50 lakhs	
	NSRY	-	20 lakhs	
Ch Hydro	-	-	-	
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 (b) THROUGH PSUs/PDRT (c) THROUGH TRADE.	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. These powers also include repairs on OEM/PAC/Single tender basis.
	C-in-C	-	500 lakhs	
	Flag Officers	-	200 lakhs	
	Naval Area	-	-	
	NOIC	5 lakhs	200 lakhs	
	ASD	-	300 lakhs	
	GM/ND	-	150 lakhs	
	NSRY/FMU	-	100 lakhs	
	Fleet	-	150 lakhs	
	Commander	-	-	
	ASD	-	100 lakhs	
	GM/ND	-	50 lakhs	
	NSRY/FMU	-	20 lakhs	
COs ships	1 lakh	5 lakhs		

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
<p>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</p> <p>(a) ADDITION AND ALTERATIONS.</p> <p>(b) MODIFICATIONS TO MACHINERY / EQUIPMENT INCLUDING PURCHASE OF MOD KITS/SOFTWARE UPGRADES.</p>	<p>C-in-C CSO(Tech) Fleet Cdrs / Flag Officer Naval Area ASD/NSRY/NAD GM/ND</p> <p>C-in-C Fleet Commander / Flag Officer Naval Area ASD/NSRY/NAD GM/ND</p>	<p>-- -- -- -- -- --</p> <p>-- -- -- -- -- --</p>	<p>100 lakhs 50 lakhs 30 lakhs</p> <p>30 lakhs 20 lakhs</p> <p>200 lakhs 40 lakhs</p> <p>40 lakhs 20 lakhs</p>	<p>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.</p>
<p>26. OFFLOADING SURVEY, REPAIRS AND OVERHAUL OF AIRCRAFT, UAV DRONE, PTA ETC. INCLUDING THEIR ENGINES EQUIPMENT COMPONENTS BY OUTSIDE AGENCIES INCLUDING OEM ABROAD.</p> <p>(a) THROUGH PSU/ CIVIL AVIATION AUTHORITY.</p> <p>(b) THROUGH TRADE.</p>	<p>C-in-C COS Flag Officers Naval Area / Flag Officer Naval Aviation / NAY</p> <p>C-in-C COS Fleet Commanders / Flag Officers Naval Areas / Flag Officer Naval Aviation / NAY</p>	<p>100 lakhs -- --</p> <p>-- -- --</p>	<p>1000 lakhs 400 lakhs 400 lakhs</p> <p>400 lakhs 200 lakhs 200 lakhs</p>	<p>(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.</p> <p>(b) These powers also include off loading of repairs on Limited/ Single Tender basis to OEM/PAC/ PSU/Trade.</p> <p>(c) Progressive stage payment based on work actually completed duly certified by the overseer may be affected by respective CFAs.</p> <p>(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.</p>

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	1 lakh	50 lakhs	
	CLOGO	-	20 lakhs	
	Flag Officers	50,000	4 lakhs	
	Naval Area / Flag Officer			
	Naval Aviation			
	ASD/NSRY	25,000	5 lakhs	
	GM/ND	-	1 lakh	
	MS/WED/NAY/NAD/FMU/NAI/Oi/c	25,000	10 lakhs	
	Ch Hydro	-	2 lakhs	
	CO Cat 'A' Establishments, Technical position & Technical Establishments	25,000	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	-	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 to in urgent operational cases.
	Flag Officers	-	75 lakhs	
	Naval Area / Flag Officer			
	Naval Aviation			
	ASD/NSRY/NAY	5 lakhs	50 lakhs	
	GM/ND	-	5 lakhs	
	MS/WED/NAD/NAI	-	20 lakhs	
	CO Cat 'A' Establishments, Technical position & Technical Establishments	-	10 lakhs	
	Oi/c, FMU	-	1 lakh	
	(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		-	50 lakhs	
GM/ND		-	20 lakhs	
MS		-	20 lakhs	
(c) PROCUREMENT OF SPARES/ STORES FOR YARD EQUIPMENT	C-in-C	-	100 lakhs	
	ASD/NSRY/NAY	-	25 lakhs	
	GM/ND	-	10 lakhs	
	Oi/c, FMU	-	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. (b) May be offloaded to OEMs and authorised dealer/ reps subject to full capacity utilisation. (c) NAC/No capacity certificate from Depot/dependent workshop exempted for repairs below Rs 5000/- (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.
	CLOGO	-	2 lakhs	
	ASD/NSRY/NAY/WED/Oi/c	-	2 lakhs	
	GM/ND(MB/V)	-	50,000	
	Ch Hydro/MS/NAD/DGNP	-	1 lakh	
Oi/c Tpt Workshop/COs of ships/estt	50,000	2 lakhs		
32. POWERS TO SANCTION MODIFICATIONS TO MT/ SPECIALIST VEHICLES INCLUDING EQUIPMENT FITTED THEREIN.	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	
33. POWERS TO INCUR EXPENDITURE IN RESPECT OF SERVICES RENDERED AND SUPPLIES MADE BY/TO OUTSIDE ORGANISATIONS	Flag Officers	-	2 lakhs	(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. Subject to recovery of full amount.
	Naval Area/Flag Officer	-	1 lakh	
	Naval Aviation/FOSM	-	50,000	
	ASD/NSRY/NAY	-	-	
	MS/WED/NAD	-	-	
OUTSOURCING OF SERVICES				
(a) BY/TO GOVERNMENT/PVT DEPARTMENTS/ORGANISATION/ AGENCIES IN INDIA.	C-in-C CLOGO Flag Officers Naval Area Ch Hydro ASD/NSRY/NAY	-	Full Powers	
		-	10 lakhs	
(b) BY/TO FOREIGN SHIPS/AIRCRAFT ORGANISATION/ AGENCIES.	C-in-C	-	10 lakhs	
		-	5 lakhs	
		-	5 lakhs	
		-	5 lakhs	
		-	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 Naval Area	—	10 lakhs	
	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	—	
Flag Officers Naval Area		—	20 lakhs	
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
	CSO(Ops)	—	200 lakhs	
	ASD	—	200 lakhs	
	Flag Officer Naval Area	—	250 lakhs	
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. (b) When urgency is involved and transportation by other means is faster. (c) Damage or loss is likely if transported by cheapest mode.
	CLOGO	—	10 lakhs	
	Flag Officers	—	25 lakhs	
	Naval Area ASD	25,000	15 lakhs	
	Ch Hydro / DGNP	—	3 lakhs	
38. POWERS TO SANCTION DEMURRAGE / WHARFAGE / WAREHOUSING AND OTHER ALLIED CHARGES ON STORES.	NOIC	25,000	2 lakhs	(a) Amount paid through Imprest. (b) Includes insurance premium handling charges etc.
	WED / NAD / NSRY / NAY / NSD, Goa / NAI	—	2 lakhs	
	MS	75,000	10 lakhs	
	C-in-C	25,000	1 lakh	
	CLOGO	—	30,000	
	ASD	—	50,000	
	Flag Officers	—	50,000	
	Naval Area	—	50,000	
	MS / WED / NAD / NAY / NSD, Goa / FMU/ NAI	10,000	50,000	
	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	20,000	200 lakhs	
	CLOGO	-	5 lakhs	
	ASD	10,000	1 lakh	
	GM / ND	-	30,000	
	Flag Officers	-	2 lakhs	
	Naval Area			
	Ch Hydro/DGNP	-	1 lakh	
	NOICs	10,000	75,000	
	MS / NSRY /	-	75,000	
	WED / NAD /			
	NAY / FMU /			
NAI / BVO				
COs Ships / Est	5,000	50,000		

OFFICE CONTINGENCIES & MISC. EXPENDITURE

40. ESTABLISHMENT RUNNING COST				
(a) EXPENDITURE REQUIRED FOR RUNNING OF ESTABLISHMENT.	C-in-C	1 lakh	20 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..
	CLOGO	-	6 lakhs	
	Fleet Commander	-	5 lakhs	
	Flag Officers	50,000	5 lakhs	
	Naval Area /			
	FOSM			
	ASD	50,000	5 lakhs	
	AEM / ND	-	1 lakh	
	(MB / V) (P&A) /			
	Naval Dockyards			
	Ch Hydro/DGNP	-	5 lakhs	
	NOIC	50,000	2 lakhs	
	COs Ships / Estb	25,000	1 lakh	
	MS / COMCOS	-	5 lakhs	
	NSRY / WED /	25,000	1 lakh	
	NAD / NAY /			
	FMU / NAI / OI/c			
	CABS	-	2 lakhs	
(b) EXPENDITURE REQUIRED FOR RUNNING OF ESTABLISHMENT ON CASH AND CARRY BASIS	C-in-C	50,000	-	
	COs of Ships / Est / OI/c	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 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	-	10 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.
	CLOGO	-	4 lakhs	
	Fleet	-	5 lakhs	
	Commander	-	5 lakhs	
	Flag Officers	-	5 lakhs	
	Naval Area	-	5 lakhs	
	ASD	-	3 lakhs	
	NOsIC	20,000	2 lakhs	
	Ch Hydro/DGNP	-	2 lakhs	
	MS / NSRY / NAD / WED / NAY / FMU / NAI / Oi/c / COs Training Establishments / Oi/c of Schools / Dir (CNW)	2,500	2 lakhs	
49. POWERS TO SANCTION EXPENDITURE ON SPORTS / ADVENTURE ACTIVITIES AND EQUIPMENT.	C-in-C	-	100 lakhs	Amount payable through imprest upto Rs. 5000/- on cash and carry basis. Per Annum
	COS	-	50 lakhs	
	Fleet	-	20 lakh	
	Commander	-	20 lakh	
	Flag Officers	-		
	Naval Area	-	2 lakhs	
	NOsIC	-	10 lakhs	
	ASD	-	2 lakhs	
	MS	-	50,000	
	NSRY / NAD / WED / FMU / NAI / Oi/c / CO, Ships/Estt	10,000	1 lakh	

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	-	20 lakhs	This will include offloading Research work / project to Academic Institution / Research Lab per annum in each case.
	COS	-	5 lakhs	
	Flag Officers	-	6 lakhs	
	Naval Area	-	4 lakhs	
	ASD	-	4 lakhs	
	Fleet	-	2 lakhs	
	Commander	-	2 lakhs	
NOsIC	-	2 lakhs		
MS / NAD / WED / NSRY / NAY / FMU / NAI / Oi/c	-			

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	20,000	45,000	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.
	Fleet	-	25,000	
	Commander	-	-	
	Flag Officers	-	10,000	
	Naval Area	-	-	
	Ch Hydro / DGNP	-	10,000	
	ASD	5,000	10,000	
	MS / NSRY / NAD / NAY / FMU / NAI / Di/c	2,500	10,000	
COs of ships / Estt	As per FR 83	3,000		
53. POWERS TO SANCTION REWARDS.	C-in-C	-	45,000	(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.
	Fleet	-	10,000	
	Commander	-	-	
	Flag Officers	-	10,000	
	Naval Area	-	-	
	ASD	-	10,000	
	Ch Hydro/DGNP	-	5,000	
	MS / NSRY / NAD / NAY / FMU / NAI	-	10,000	
	NOIC	5,000	10,000	

LOANS

54. POWERS FOR ISSUE OF STORES ON LOAN	(a) WITHIN NAVY	C-in-C	-	24 months
		CLOGO	-	12 months
		Flag Officers	-	-
		Naval Area	-	6 months
		Fleet	-	6 months
		Commander	-	-
		Ch Hydro	-	12 months
	NOIC	-	6 months	
	MS / NSRY / NAD / NAY / NAI / Di/c	-	3 months	
	(b) TO ARMY, AIR FORCE AND OTHER CENTRAL/STATE GOVT ORGANISATIONS.	C-in-C	-	12 months
		CLOGO	-	6 months
		Flag Officers	-	6 months
		Naval Area	-	-
		Fleet	-	-
Commander		-	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

(A) SANCTIONED STRENGTH

56. POWERS TO SANCTION EMPLOYMENT OF TEMPORARY ESTABLISHMENTS OR LABOUR IN EXCESS OF FIXED SCALES (INDUSTRIAL AND NON INDUSTRIAL).

C-in-C
CSO(P&A)
Flag Officers
Naval Area
ASD
Ch Hydro
MS / NSRY /
NAD / NAY /
FMU / NAI / Di/c

-
-
-
-
-
-
-
-

1 lakh
50,000
50,000
50,000
25,000
50,000

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.
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.
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.
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.
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.

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) TRAVEL				
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>
(C) CLAIMS/COMPENSATIONS				
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	-	5,000 (Officers) 2,000 (Sailors)	(a) In respect of establishments directly under control of Naval Headquarters.
	Fleet Commander	-	2,000 (Officers)	(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).
	Flag Officers	-	1,000 (Sailors)	
	Naval Area ASD	-	2,000 (Officers)	
		-	1,000 (Sailors)	
	MS / NSRY / NAY / NAD / WED / COs of Ships	-	3,000 (Officers)	
		-	2,000 (Sailors)	
		-	1,500 (Officers) 1,000 (Sailors)	

Item	Competent Financial Authority	Financial Powers		Remarks
		Without Consultation of IFA	With Consultation of IFA	
<p>62. POWERS TO SETTLE CIVIL COMPENSATION CLAIMS ARISING OUT OF TRAFFIC ACCIDENTS</p> <p>(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.</p>	<p>C-in-C Flag Officers Naval Area</p> <p>ASD Ch Hydro/ DGNP NOIC MS / NAD / WED / NSRY / NAY COs of Establishments</p>	—	3 lakhs	<p>(a) Each case shall be considered on its merits.</p> <p>(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.</p> <p>(c) No compensation shall be offered where the claimants are departments of the Govt. of India.</p> <p>(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.</p>
		—	1 lakh	
<p>(B) INTERIM RELIEF TO THE FAMILIES / DEPENDENTS OF CIVILIANS KILLED IN FLYING ACCIDENTS CAUSED BY NAVAL AIRCRAFT.</p>	C-in-C	—	50,000	<p>(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.</p> <p>(b) The criteria followed by claim commission will be borne in mind by the Administrative Authority while making preliminary Enquirer.</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>
		—	50,000	
		—	15,000	
		25,000 (Adult) 2,500 (Child)	2 lakhs	

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	1 lakh	200 lakhs	Expenditure includes development and generation of paper particulars and test/trials subject to compliance of DPM provisions.
	ASD / CSO Tech	10,000	100 lakhs	
	Fleet Cdr	10,000	100 lakhs	
	Flag Officer Naval Area	10,000	100 lakhs	
	NOIC / MS / NAD / WED / NAY / NSRY	10,000	25 lakhs	
	O/c NIC	5,000	10 lakhs	

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 NEGLIGENCE	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 NEGLIGENCE	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 /O/c Inspectorate Capt & above Cdr & below O/c Store Depots O/c Repair Yards O/c Inspectorates O/c Independent units	1 lakh 75,000 50,000 25,000 25,000 25,000 5,000 5,000 5,000 3,000 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	
(ii) IN RESPECT OF STORES OTHER THAN CLOTHING & MESSTRAP	ACOL	-	1 lakh	(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.
	C-in-C	50,000	2 lakhs	
2. POWERS TO WRITE OFF OF LOSSES PUBLIC MONEY (A) DUE TO THEFT, FRAUD OR GROSS NEGLECT	MS	25,000	3 lakhs	These powers may also be exercised in respect of DSC personnel attached to units of Navy.
	CWH	10,000	2 lakhs	
	BVO	10,000	3 lakhs	
	VCNS	25,000	1 lakh	
	COL	10,000	75,000	
	Cs-in-C	5,000	75,000	
Fleet Cdrs	5,000	-	80,000	
Flag Officers Naval Area / Flag Officers Naval Aviation	5,000	50,000	50,000	
AsSD	5,000	50,000	25,000	
Ch Hydro	-	-	-	
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	(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 :- (i) Irregularities connected with Railway Warrants and Military Credit Notes e.g irregular issue of warrants military credit notes. (ii) Non-production of receipted copies of issue vouchers of stores. Failure to trace in the ledgers credit in respect of receipt voucher. (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.
	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>Note. 1 : 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 FR Part I Col.1 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	Full 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 of 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:-

<u>Time in Weeks</u>	<u>Activity</u>
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, which ever is less.

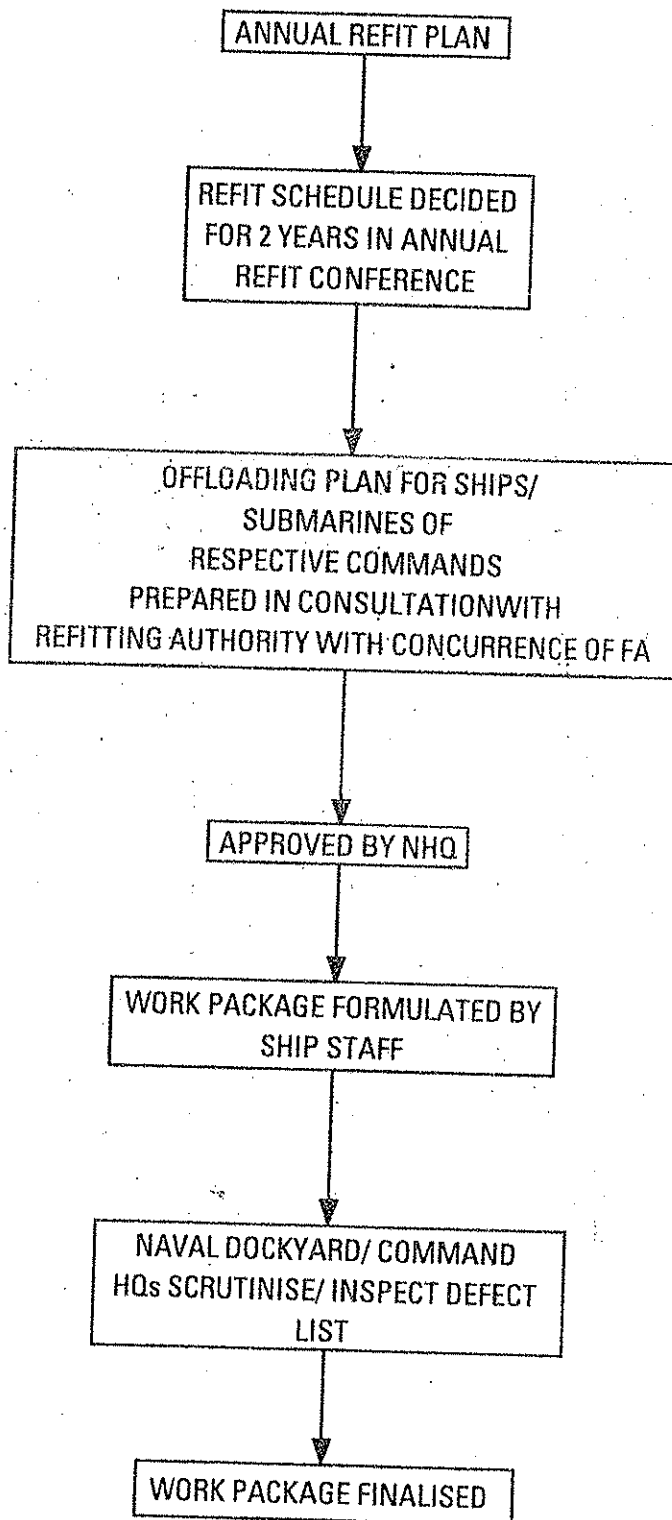
(d) **Stage IV** – On satisfactory completion of post refit trials and ship's departure - 20% of the contracted refit cost or overall certified refit expenditure incurred towards completed work, minus payments already made, which ever is less.

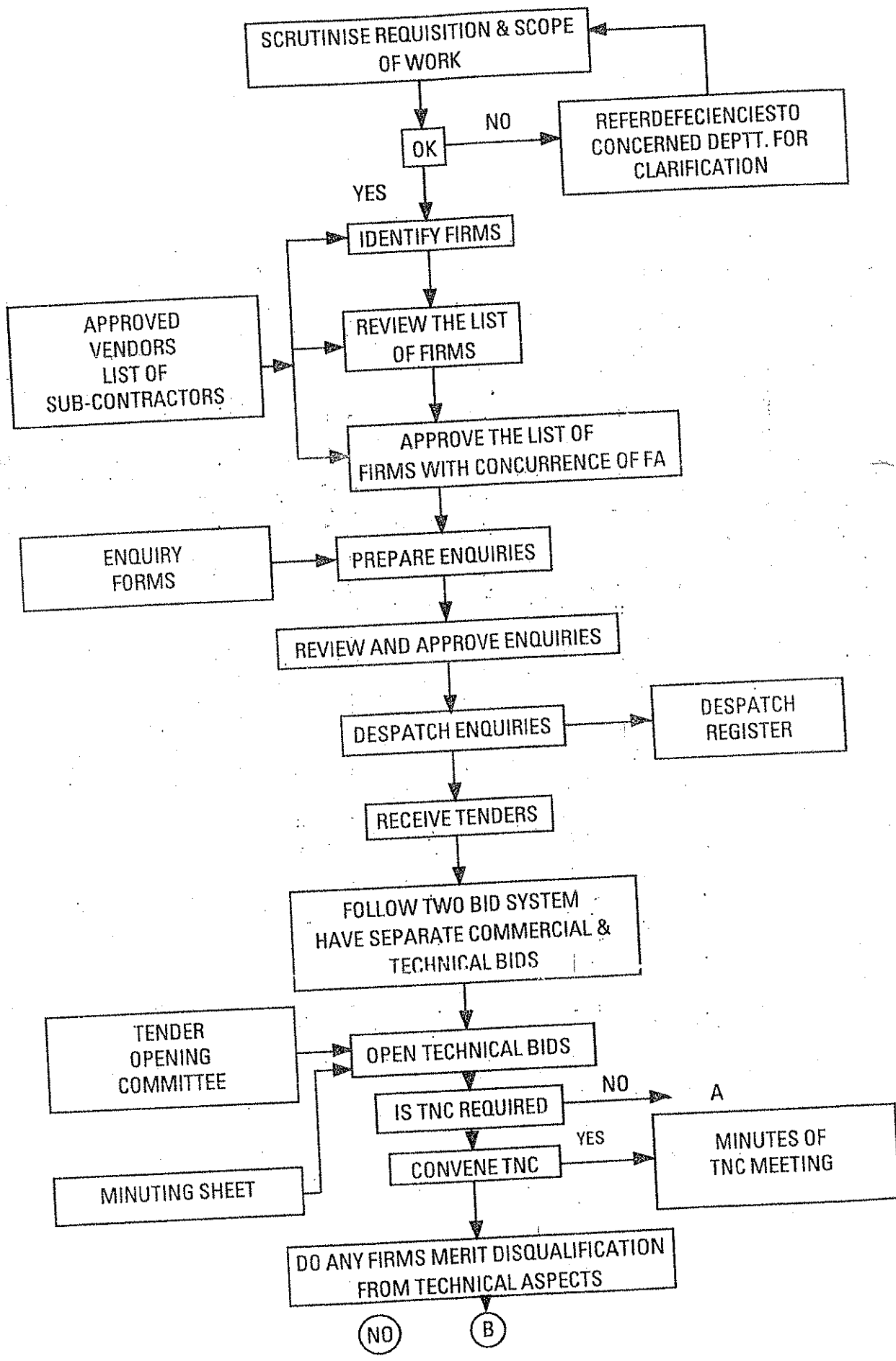
(e) **Final** – On submission of final bill, scrutiny of work completion on actuals minus payment already made.

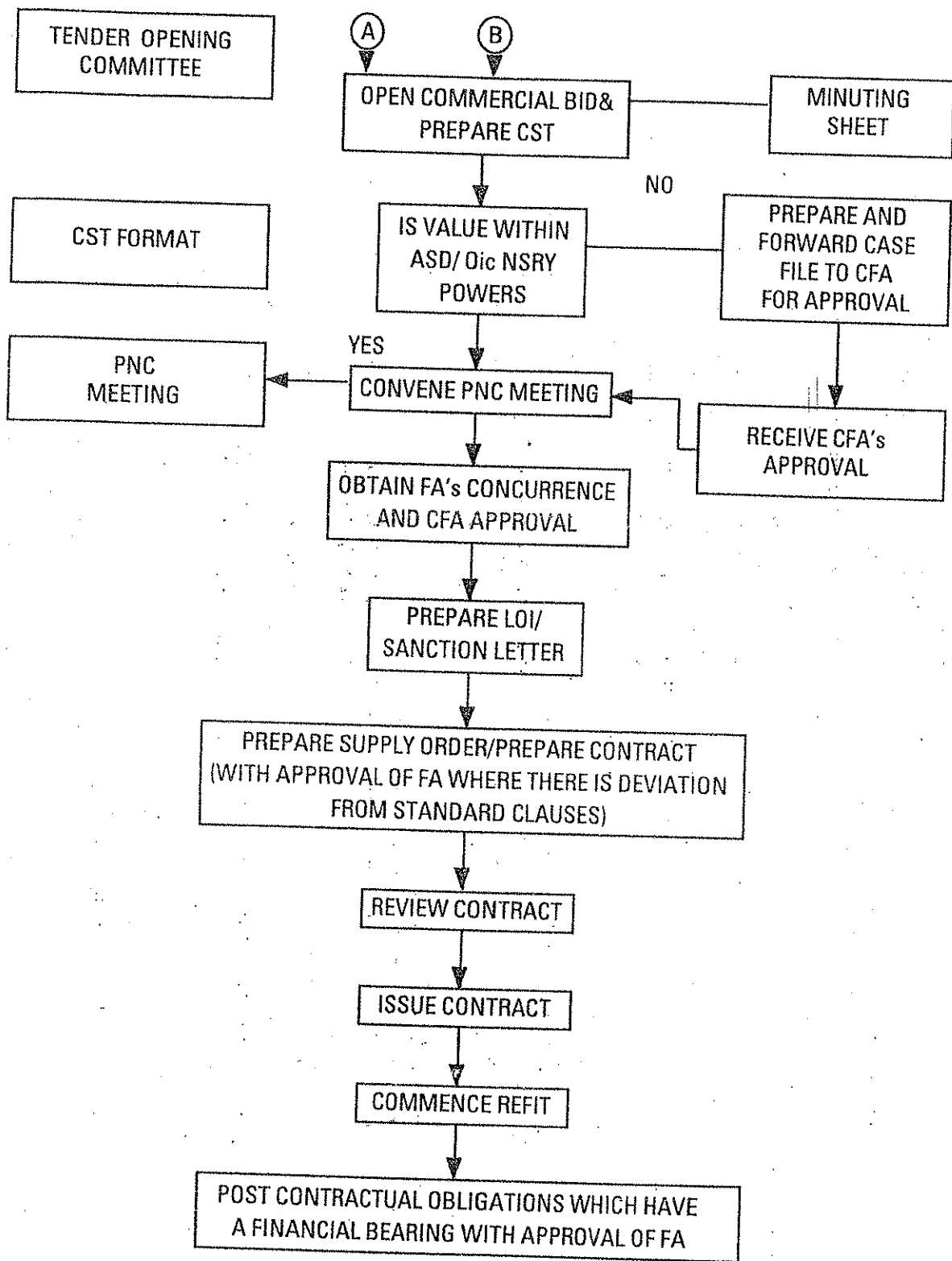
11. **Supplementary Sanctions.** CFA is empowered to issue supplementary sanction upto 25% of the original sanction. In case of a sanction required beyond 25% or the net amount exceeding the financial powers of the CFA, the case is to be referred to next higher CFA.

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	<u>Misc and Contingent Grant</u> (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	<u>Powers to sanction write off losses of stores</u> (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	Not due to theft, fraud or neglect 50000 50000 20000 10000 5000 20000 50000	Due to theft, fraud or neglect 100000 250000 - - - - 250000
3	<u>Local Purchase of Stationary</u> (a) DGMS (Navy) (b) Comdt Cat A Est. Brig & above and equivalent of Navy and Air Force	<u>Per transaction</u> 25000 25000	<u>Subject to per annum</u> 500000 500000
4	<u>Local Printing of Forms</u> (a) CO Units / Hospitals (b) Comdt Cat A	5000 10000	10000 20000
5	<u>Local Purchase of Rubber Stamp & Seal</u> (a) OC Units /hospitals (b) Comdt Cat A	5000 10000	10000 25000
6	<u>Binding other than on Contracts</u> (a) OCs of Hospitals	15000	
7	<u>Purchase of drugs and consumables both on PVMS NIV - Hospital Commanded by</u> (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	<u>Purchase of PVMS drugs/expendables on indication of NA and NIV item without NA by CO of Hospitals</u> (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	<u>Dental Centres Commanded</u> (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	<u>Repair / AMC of medical / dental equipment</u> (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	<u>Annual Training Grants</u> (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	<u>Expenditure out of TTIEG</u> (a) DGMS (Navy)	100000	500000
13	<u>Medical</u> (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	<u>Hiring of Civil transport for use in the hospital when service transport is not adequate or not available</u> (a) Hospitals Commanded by Maj Gen & Eqv (b) Brig & Eqv <u>Note</u> - Rates as finalised by Stn HQ / Fmn HQ will be used. These powers will be per transaction.	- -	100000 50000
15	<u>Hiring of various services</u> (a) DGMS (Navy) (b) CO's Maj Gen & Eqv (c) Brig & Eqv (d) COL & Below & Eqv <u>Note</u> - 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.

Tele: 23013693

PL/3221

07 Aug 06

STAFF BRANCH - I
(Directorate of Naval Plans)

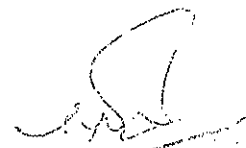
ERRATA : NI 1/S/2006

1. The following errors have been noticed in printed version of NI 1/S/2006. It is requested that an errata be circulated to all the recipients of the document. Necessary amendments may also be carried during the next round of printing of the document:-

(a) The GoI Letter 1/S/2006 may be amended to the extent as indicated below:-

Para 4 of GoI Letter

- (i) After Major Head 2077 **add** 'and Major Head 4076-02'.
- (ii) After Revenue Expenditure in **third** line **add** 'and Capital Expenditure respectively'.



(Updesh Sharma)
Wg Cdr
JDNP

058

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

Dated: 14 Jul 2006

To

The Chief of the Air Staff

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

Sir,

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

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

CAPITAL

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

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

REVENUE

- (c) Under Revenue, the enhancement of delegated financial powers to various functionaries should lead to better fiscal management resulting in tangible benefits by way of timely procurements, time bound implementation of schemes/projects, speedy disposal of cases contributing towards **enhanced fleet serviceability** and optimum use of in house capabilities built up over the years. All CFAs accordingly need to be aware of the same.
- (d) A Revenue **Prioritised Procurement Plan** for centralised procurement will be drawn up taking into account carry over liabilities and the fresh procurement required ensuring **desired fleet serviceability levels**. Detailed instructions with regard to fleet/weapon system wise monitoring of serviceability levels linked to budgetary allotment will be laid down in a separate order by Air HQ.
- (e) The DPB should preferably be apprised of the Revenue **Prioritised Procurement Plan** of Air HQ so that these are duly harmonised with the AAP for Capital Equipment and the maintenance requirements are duly factored into the budgeting process.
- (f) Air HQ is to submit a **monthly return to MoD on the performance of the Prioritised Procurement Plan** and the progressive utilisation of revenue budget. Air HQ is also to lay down a **PERT chart** for all major schemes under revenue for close monitoring of the progress of such schemes.
- (g) Air HQ is also to put in place a system for data sharing and data networking, both within the Air Force and Inter-Services in order to widen the procurement sources and obviate differential being paid for the same item by the Air Force Commands and different Services.
- (h) Air HQ will make budget available to each budget holder/centre at the beginning of the financial year and monitor the extent of user satisfaction that has gone up as a result of delegation.

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

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

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

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

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

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

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

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

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

(f) Purchase of goods up to the value of Rs. 15,000/- (Rupees Fifteen Thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority (Rule 145 of GFR 2005 refers).

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

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

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

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

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

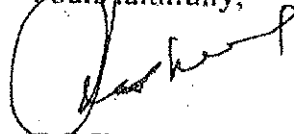
7. In the case of import purchases under various schedules (Capital and Revenue) separate approval for release of FFE will not be required and release of FFEs will only be noted at Directorate of Financial Planning/DMA at Air HQ after expenditure angle approval for the purchase has been granted by the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

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

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

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

Yours faithfully,



(RC Sharma)
Under Secretary to the
Govt of India

Copy to:

MoD

JS (G/Air)
JS & AM (Air)
Addl FA (M)
FM (Air)
TM (Air)
Dir (Air-I)
Dir (Air-II)
Dir (Air-III)
US (Air-I)
US (Air-II)
US (Air-III)
US (Air-IV)
Dir (AF/Prov)
DFA (Org)
AFA (AF/Eqpt)
AFA (ORG)
AFA (AF/Prov)
AFA (Works)

DAD

CGDA
PIFA
CDA (AF), Dehradun
CDA (AF), New Delhi
CDA (HQ), New Delhi
CDA, Bangalore
JCDA (AF), Nagpur
Dy CDA (AF), New Delhi

Others

PDA (AF& N)
Dy Dir (AF), Bangalore
HQ IDS

Internal

IFA, Air HQ

LIST OF ENCLOSURES TO GOVT. OF INDIA (MoD) LETTER No. Air HQ/95378/1/Fin

P/2431/US (RC)/Air-II/06 DATED 14 Jul 2006.

DELEGATION OF FINANCIAL POWERS (AIR FORCE)

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Annexure-1

Refers to Para 1 of GoI MoD letter No
Air HQ/95378/1/Fin P/2431/US (RC)/Air-II/06
Dated 14 Jul 06

SCHEDULE 1

POWER TO INCUR EXPENDITURE ON CAPITAL PROCUREMENT

(In Rupees)

Competent Financial Authority	Financial Limit
Deputy Chief of Air Staff, Air Headquarters	10, 00, 00,000

Annexure-II

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE I

POWERS TO INCUR EXPENDITURE ON OBJECTS ENUMERATED IN RULE 58(C)

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
(A) Contingent expenditure enumerated in Rule 58(C) (i),(ii),(iii),(iv)		
(i) VCAS/DCAS/AOM/AOP/AOA/DG	100000	Full Powers
(ii) AOC-in-C	100000	Full Powers
(iii) PSOs at Command	Nil	7,00,000
(iv) AOC Self Accounting Unit	100000	3,50,000
(v) OC Self Accounting Unit	30000	2,50,000
<p>Remarks : (1) The financial limits imposed on the powers represents the total amount that may be authorised by the Competent Financial Authority on each item of contingent Expenditure.</p> <p>(2) Rule 58(C)(i) of FR Part I Vol-I will now be read as "Contingent Expenditure". Appendix II - Part III- Air Force General Orders to Rule 58(C)(i) of FR Part I Vol-I is deleted in toto. Applicability of the ibid Appendix is no longer relevant for exercise of Financial Powers under Schedule I.</p> <p>(3) The above financial powers will also include powers for outsourcing of services.</p>		
(B) Sanction for Temporary establishment (Industrial & Non Industrial) enumerated in Rule 58 (C)v		
(i) AOA	100000	15,00,000
(ii) AOC-in-C	100000	15,00,000
(iii) SOA at Command	Nil	10,00,000
(iv) AOC Self Accounting Unit	50000	3,00,000
(v) OC Self Accounting Unit	30000	2,00,000
<p>Remarks : All such sanctions for temporary establishments should be deemed to expire on the close of the financial year.</p> <p>These powers cannot be exercised by an authority to sanction a temporary increase to the clerical establishment of his own office or that of any member of his staff.</p>		
(C) Powers to accord necessity and expenditure angle approval on aircraft / weapon system oriented/experimental, trials, modification, trial of eqpt for project including manufacture of special tools and eqpt for aircraft weapon system , radars, missiles, communication systems and all test ground eqpt.		
(i) VCAS/DCAS/AOM	500000	10,00,00,000
(ii) AOC-in-C MC	100000	10,00,00,000
(iii) SMSO, MC	Nil	5,00,00,000
(iv) AOC/OC of self accounting Repair Depot/ASTE/SDI	60,000	1,00,00,000
<p>Remarks: Financial limits are in respect of each separate requirement / projects, provided also that funds are available in respect of 58(C)(vi)(a) under "New Measures" and in respect of 58(C)(vi)(b) under contingent grant. Powers are delineated as follows :- VCAS-for operational requirement, DCAS - for projects, AOM - for technical requirement.</p>		

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
(In Rupees)		
(D) Sanction for necessity as well as expenditure angle for modification of specialist vehicles and associated eqpt to meet operational and technical needs.		
(i) VCAS/AOM	100000	3,00,00,000
(ii) AOC-in-C	100000	3,00,00,000
(iii) SMSO	Nil	2,00,00,000
(iv) AOC/CO of BRDs/ASTE/SDI	10000	10,00,000
(E) : Indigenisation /Indigenous development of maintenance stores : Powers to accord necessity and expenditure angle approval per transaction.		
(i) VCAS/AOM	100000	2,00,00,000
(ii) AOC-In-C MC	100000	2,00,00,000
(iii) SMSO MC	Nil	1,00,00,000
(iv) AOC/CO of BRDs/ASTE/SDI	10,000	25,00,000
(F) : Airlift of stores from & to abroad per transaction.		
(i) VCAS/AOM	100000	5,00,00,000
(G) : Finalisation of annual contracts for airlift of stores and despatches through couriers /speed post on one way or both ways as required basis within the country.		
(i) VCAS/AOM/AOC-in-C MC	Nil	5,00,00,000
(H) : Airlift of stores within the country and despatch through couriers/Speed post for despatch of items on AOG, Cat D on AOG and for non AOG stores in exceptional cases (per transaction).		
(i) VCAS/AOM/AOsC-in-C Commands	100000	10,00,000
(ii) ACAS at AIR HQs / SMSO/AOLM at MC	50000	5,00,000
(iii) AOC/CO of self accounting Unit	10000	2,00,000
Note : Powers enumerated should be exercised through the DD Budget of Dte of Fin P/C Accts O/S Accts O/DMA Air HQ who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year .		
Remarks: All financial powers authorised to the Competent Financial Authorities in this Schedule are with respect to each transaction except for (G) above.		

Annexure-III

Refers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE - II

POWER TO SANCTION EXPENDITURE NOT PRECISELY COVERED BY RULES

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1 VCAS/DCAS/AOM/AOP/AOA/DG	20000	2,00,000
2 AOC-in-C	10000	2,00,000

Remarks : The following conditions will govern the exercise of powers under this rule.

(i) The expenditure should be of a non-recurring nature not falling within the categories enumerated in Rule 58.

(ii) The expenditure should not be provided for at all by existing regulations or not precisely or adequately covered by existing regulations.

(iii) The expenditure must be reasonable charge against Defence Services funds which in the opinion of the CFA is likely to receive the sanction of the Government of India, if referred to them.

(iv) The canons of financial propriety should be observed.

(v) The authority exercising the power should be satisfied that the sanctioning of the expenditure is not contrary to any declared or known policy of Government.

Annexure-IV

Refers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE - III

ISSUE OF STORES OR REGULARISE PREVIOUS ISSUES OF STORES IN EXCEPTIONAL CASES

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1 VCAS/DCAS/AOM/AOP/AOA/DG	5000	3,00,000
2 AOC-in-C	1500	3,00,000
3 AOC/Stn Cdr/CO Self Accounting Unit	1000	50,000

Remarks: In exercising these powers the following conditions, in addition to those laid down in (i) to (iii) of column 1 of Schedule II, will be observed:-

(i) The case is one that is unlikely to recur frequently.

(ii) The financial adviser concerned records his advise to the action proposed for cases with IFA consultation.

Annexure-V

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE IV

(A) POWERS TO SANCTION WRITE OFF OF LOSSES OF STORES INCLUDING MT VEHICLES NOT DUE TO THEFT, FRAUD OR GROSS NEGLIGENCE

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1. VCAS/DCAS/AOM/AOP/AOA/DG	1,00,000	10,00,000
2. AOC-in-C	50,000	10,00,000
3. PSOs at Command HQ	30,000	5,00,000
4. AOC Self Accounting Unit.	25,000	4,00,000
5. OC Self Accounting Unit	5,000	2,00,000
6. JD Met (Air HQ)	5,000	2,00,000

(B) POWERS TO SANCTION WRITE OFF THE LOSSES OF/ON ASSETS OF AIR FORCE AND MES BORNE ON THE BOOKS OF THE MES NOT DUE TO THEFT, FRAUD OR GROSS NEGLIGENCE

1. AOA	2,00,000	10,00,000
2. AOC-in-C	1,00,000	10,00,000
3. SAASO/SOA	Nil	5,00,000
4. STN CDR		
(i) AOC	Nil	4,00,000
(ii) Gp Capt	Nil	2,00,000
(iii) Wg Cdr & Below	Nil	2,00,000

Annexure-VI

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE V

**(A) POWER TO SANCTION WRITE OFF OF LOSSES OF STORES INCLUDING MT VEHICLES DUE TO THEFT,
FRAUD OR GROSS NEGLIGENCE**

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
1. VCAŠ/DCAS/AOM/AOP/AOA/DG	50,000	2,00,000
2. AOC-in-C	25,000	2,00,000
3. PSOs at Command HQ	20,000	1,50,000
AOC/CO Self Accounting Unit	10,000	1,00,000

**(B) POWERS TO SANCTION WRITE OFF THE LOSSES OF/ON ASSETS OF AIR FORCE AND MES BORNE ON
THE BOOKS OF THE MES DUE TO THEFT, FRAUD OR NEGLIGENCE**

1. AOA	50,000	2,00,000
2. AOC-in-C	25,000	2,00,000
3. SAASO/SOA	Nil	1,50,000
4. STN CDR		
(i) AOC	Nil	1,00,000
(ii) Gp Capt	Nil	75,000
ii) Wg Cdr & Below	Nil	50,000

Annexure-VII

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE - VI

**POWERS TO SANCTION WRITE OFF OF LOSSES OF PUBLIC MONEY NOT DUE TO THEFT FRAUD OR
GROSS NEGLECT**

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
1. VCAS/DCAS/AOP/AOM/AOA	50,000	1,00,000
2. AOC-in-C	25,000	1,00,000
3. SOA/ SAASO	15,000	50,000
4. Directorate of Accounts (Air HQ) (for writing off debit balance of non-effective IRLA)	10,000	40,000
5. AOC Self Accounting Unit	5,000	25,000
6. CO self Accounting Units	2,500	25,000

Note:- These powers may also be exercised in respect of DSC personnel attached to units of Air Force.

Annexure-VIII

Refers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE - VII**POWERS TO SANCTION WRITE OFF OF LOSSES OF PUBLIC MONEY DUE TO THEFT, FRAUD OR GROSS
NEGLECT**

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
1. VCAS/DCAS/AOM/AOP/AOA/DG	25,000	80,000
2. AOC-in-C	10,000	80,000
3. SOA/SAASO	8,000	50,000
4. Directorate of Accounts (Air HQ) (for writing off debit balance of non-effective IRLA)	5,000	30,000
5. AOC Self Accounting Unit	5,000	25,000
6. CO self Accounting Units	2,500	25,000

Note:- These powers may also be exercised in respect of DSC personnel attached to units of Air Force.

Annexure-IX

Refers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE VIII**POWERS IN RESPECT OF PURCHASE/REPAIR OF STORES**

(In Rupees)

Competent Financial Authority 1	FINANCIAL LIMITS	
	Without IFA Consultation 2	With IFA Consultation 3
(A) Purchase/ Repair of stores		
(i) VCAS/DCAS/AOM/AOP/AOA/DG	1,00,000	25,00,000
(ii) ACsAS	Nil	5,00,000
(iii) AOC - IN - C	1,00,000	25,00,000
(iv) AOLM/SMSOs at Command HQ	Nil	10,00,000
(v) AOC Self Accounting Unit	1,20,000	5,00,000
(vi) OC Self Accounting Unit	60,000	3,00,000
Remark : The powers of local purchase (per transaction) are to be exercised only in respect of such items of authorised equipment which are required after it has been ascertained that supplies are not available or cannot be obtained within reasonable time from the normal source of supply. Local purchase be resorted for commonly available items required for authorised equipment under this schedule as there is no central provisioning of these items.		
(A1) Powers for indenting and payment of Aviation Fuel, Oil and Lubricants		
(i) AOC/Stn Cdr/CO of Self Accounting Unit	10,00,00,000	Nil
(B) Powers to purchase ATG/MTG items (per transaction).		
(i) VCAS/DCAS/AOM/AOP/AOA/DG	1,00,000	50,00,000
(ii) AOC - IN - C	1,00,000	50,00,000
(iii) SAASO/SASO	Nil	10,00,000
(iv) IAF Self Accounting Trg Establishment Commanded by Air Cmde & above	1,00,000	2,00,000
(v) IAF Self Accounting Trg Establishment commanded by Gp Capt & below	50,000	2,00,000
(vi) AOC Self Accounting Unit	50,000	2,00,000
(vii) OC Self Accounting Unit	30,000	1,00,000
(viii) For unlisted items - AOC-in-C/AOP	50,000	5,00,000
(C) Participation of Air Force personnel in Seminars, Symposia, short courses, workshops, annual conventions at civil professional/academic organisations and institutions in India.		
(i) PSOs at Air HQ/AOC-in-C	25,000	Full Powers
(ii) PSOs at Command HQ	Nil	5,00,000
(iii) AOC Self Accounting Unit	Nil	20,000/- per head with annual ceiling of Rs.2 lac.
(iv) CO Self Accounting Unit (Gp Capt and Wg Cdr)	Nil	10,000/- per head with annual ceiling of Rs.2 lac.
(D) Organization of Seminar/Work shop by Air Force.		
(i) PSOs at Air HQ/AOC-in-C	25,000	20,00,000
(ii) AOC/Stn Cdr Self Accounting Unit	5,000	2,00,000
(E) Powers to sanction expenditure for inviting guest lecturers for training courses.		
(i) VCAS/AOP/AOC-in-C	5,000/- per head	50,000/- per head subject to annual ceiling of Rs. 5 lac.
(ii) AOC/Stn Cdr/CO of Trg establishment	Nil	25,000/- P.A.

Remarks: (1) All financial powers authorised to the Competent Financial Authorities in this Schedule are with respect to each transaction.

(2) Powers in respect of stores relate only to purchase of Indigenous stores and not in respect of stores from abroad.

Annexure-X

Refers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE IX

POWERS OF WAIVING COMPENSATION FOR LOSS DUE TO THE FAILURE OF A CONTRACTOR

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
(i) PSOs at Air HQ	Nil	1,00,000
(ii) AOC-in-C	Nil	1,00,000

Annexure-XI

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin P/2431/US(RC)/Air-II,06 Dated 14 Jul 2006

SCHEDULE XI
POWERS TO SANCTION LOCAL CONTRACTS AND/OR TO EXECUTE CONTRACTS, DEEDS, ETC. ON BEHALF OF THE PRESIDENT

Name of the Contract/Instruments	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
	2	3
(A) 1. All contracts and instruments relating to purchase, hire, repair, outsourcing, binding, polishing, painting, washing, supply, clearance and conveyance or carriage of materials including water, electricity, furniture, stores, machinery/services (including security service) and facilities.	Nil	1. Principal Director Org at Air HQ. 2. SMSO/AOLM/CLMO of Command HQ. 3. AOC/Stn Cdr of Unit.
2. Contracts relating to the disposal of waste paper, obsolete and waste stores.	Nil	1. PD Org at Air HQ. 2. SAASO/SOA/C Org O of Comd HQ 3. AOC/ Stn Cdr of a Unit.
3. Contracts for supply of labour and the thelas.	Nil	1. PD Org at Air HQ. 2. SAASO/SOA/C Org O of Comd HQ 3. AOC/ Stn Cdr of a Unit.
4. Contracts for the supply of hot weather establishment and other temporary labour.	Nil	1. AOC/Officer Commanding self accounting unit. 2. Comdt College / Trg Est. 3. SAASO/SOA/C Org O of Comd HQ. 4. Comdt / COs Hospitals.
5. Contracts for the recovery of exploded practice bombs or expended bullets from Air Force bombing ranges.	Nil	AOC/CO Commanding AF Stns having Ranges under their control.
6. Contracts and other instruments relating to grass cutting, tailoring, laundry, dry cleaning, repair and maintenance and outsourcing of Air Force equipment, conservancy services, Messing Catering, Canteen and other services.	Nil	1. Officer Commanding of ED / BRD / ASP. 2. AOC/ CO of Stn. 3. Commandant / CO of College / Trg Est/AOC/ Comdts Hospital. 4. President, Air Force Selection Board.
7. Contracts and other instruments relating to supply of authorised equipment e.g. condiments, distilled water, brooms sweeping and other equipment authorised to be purchased locally at Air Force Station.	Nil	1. Officer Commanding / ED / BRD / ASP. 2. AOC/CO of Stn./Units 3. Commandant Trg Est. 4. Commandant / Officer Commanding, Air Force Hospital. 5. AOC-in-C / SMSO / SAASO / SOA / AOLM of Comd HQ. 6. The AOM/ ACAS at Air HQ. 7. AOA/PD Org, at Air Headquarters. 8. Camp Commandant, Air HQ. 9. PDMS Air, PD (Met) Air HQ.
8. Contracts for the printing of posters, etc. for Health propaganda / publicity.	Nil	1. DGMS (Air) 2. PMO Command.
9. Contract for the purpose of purchasing a cloth, tailoring of uniforms, repairs of boots and shoes, washing and repairs of uniforms returned by cadets.	Nil	AOC/Comdt Trg Est.
10. Contracts and other instruments relating to printing in general or any other operation or jobs connected with printing, so far as authorised from time to time, under the relevant rules/orders/ instructions on the subject.	Nil	1. The Principal Director of Organisation, in case of Air Headquarters. 2. Officer Commanding in the case of Air Force Station Units.
11. Notwithstanding anything here-in-before contained in items (1) to (10) above any contract relating to any matter whatsoever.	Nil	PSOs at Air HQ and AOC-in-C

Remarks: CFAs are to enter into annual/biannual contracts for the full value of the contract.

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
		(In Rupees)
1	2	3
(B) Hiring of Road Transport (include load carrying vehicle, crane, bulldozers, tractors, fork lifters and other mechanical transport) /Sea Route (trawlers, boats/crafts/vessels) transport from civil source in a single transaction.		
(i) VCAS/AOM	1,00,000.	2,00,00,000
(ii) AOC-in-C	60,000	2,00,00,000
(iii) SMSO Commands/AOLM MC	Nil	1,00,00,000
(iv) AOC/CO Self accounting Unit	15,000	10,00,000
(C) Hiring of Car/Passenger vehicles in a single transaction		
(i) VCAS/AOM/AOC-in-C	1,00,000	10,00,000
(ii) SMSO Commands/AOLM MC	Nil	5,00,000
(iii) AOC/CO self accounting Unit	5,000	1,00,000
Note:-		
(i) Powers enumerated should be exercised through the DD Budget of Dte of Fin P/C Accts O /S Accts O/DMA Air HQ who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year .		
(ii) All financial powers authorised to the Competent Financial Authorities in this Schedule are with respect to each transaction.		
Remarks for (B & C):- Six monthly/yearly contracts can be finalised by unit in consultation with IFA for hiring of transports on a regular basis to fix rates. CFA and IFA for approving contracts will be determined by total estimated value of the contract during the currency of the contract.		

SCHEDULE XII
PROCUREMENT OF MAINTENANCE STORES
POWERS TO SANCTION INDENTS, CONTRACTS AND PURCHASES

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
(A) Powers to accord necessity angle approval against provisioning reviews, special review, Life of type review, scaled deficiencies, calibration, repairs and other Maintenance Services related to Air Forces stores for all authorised items in respect of procurement from PSUs/Govt Departments (Revenue heads only).		
(i) VCAS/AOM	Nil	30,00,00,000
(ii) ACsAS under AOM	Nil	10,00,00,000
(iii) PD/Directors/Joint Directors * under AOM (* if post of Dir is not established)	Nil	5,00,00,000
(iv) AOC-in-C	Nil	30,00,00,000
(v) SMSO/AOLM	Nil	10,00,00,000
(vi) Dy AOLM	Nil	3,00,00,000
(vii) AOC/CO of self accounting ED/ASP/BRD/AFLE	Nil	2,00,00,000
REMARKS:-		
(1) Process of according necessity and expenditure angle approvals would be combined in cases where FPQ/Price List/Pricing norms are available/have been finalized.		
(2) AOM for maintenance related cases and VCAS for operational related cases for SI No. A(i), (ii) and (iii).		
(3) For decentralised ranges at Command HQs. for SI No. A(iv), (v) and (vi).		
(4) These powers also apply to procurement of maintenance documents/publications contracting for maintenance specialists (financial part only) up to Rs 10 Crores only and these powers will be exercised only by VCAS/AOM/AOC-in-C. Intelligence clearance of visiting foreign specialists is to be obtained through ACAS (Int), Air HQ. In case of contracting specialists, Govt approved rates, if available, will be used, otherwise normal procedure will be followed.		
(5) For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% of what has been laid down in this schedule.		
(B) Powers to accord necessity angle approval on indigenous sources other than PSUs and Govt Departments against provisioning reviews, special review, Life of type review, scaled deficiencies, calibration, repairs and other Maintenance Services related to Air Force stores for all authorised items (Revenue Heads only).		
(i) VCAS/AOM	Nil	20,00,00,000
(ii) ACsAS under AOM	Nil	10,00,00,000
(iii) PD/Directors/Joint Dirs *under AOM (* if post of Dir is not established)	Nil	5,00,00,000
(iv) AOC-in-C	Nil	20,00,00,000
(v) SMSO/AOLM	Nil	10,00,00,000
(vi) Dy AOLM	Nil	3,00,00,000
(vii) AOC/CO of self accounting ED/ASP/BRD	Nil	2,00,00,000
REMARKS:-		
(1) Process of according necessity and expenditure angle approvals would be combined in cases where FPQ/Price List/Pricing norms are available/have been finalized.		
(2) AOM for maintenance related cases and VCAS for operational related cases. for SI No. B(i), (ii) and (iii).		
(3) For decentralised ranges at Command HQs. for SI No. B(iv), (v) and (vi).		
(4) These powers also apply to procurement of maintenance documents/publications contracting for maintenance specialists (financial part only) up to Rs 10 Crores only and these powers will be exercised only by VCAS/AOM/AOC-in-C. Intelligence clearance of visiting foreign specialists is to be obtained through ACAS (Int), Air HQ. In case of contracting specialists, Govt approved rates, if available, will be used, otherwise normal procedure will be followed.		
(5) For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% of what has been laid down in this schedule.		

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
(In Rupees)		
(C) Powers to accord necessity angle approval against provisioning reviews, special review, Life of type review, scaled deficiencies, calibration, repairs and other Maintenance Services related to Air Forces stores for all authorised items in respect of Imports (Revenue heads only).		
(i) VCAS/AOM	Nil	20,00,00,000
(ii) ACsAS under AOM	Nil	6,00,00,000
(iii) PD/Directors/Joint Dirs (*)under AOM (*if post of Dir is not established)	Nil	3,00,00,000
(iv) AOC-in-C	Nil	20,00,00,000
(v) SMSO/AOLM	Nil	6,00,00,000
(vi) Dy AOLM	Nil	3,00,00,000
(vii) AOC/CO of self accounting ED/ASP/BRD	Nil	1,50,00,000
REMARKS:-		
(1) Process of according necessity and expenditure angle approvals can be combined in cases where FPQ/Price List/Pricing norms are available/have been finalized.		
(2) AOM for maintenance related cases and VCAS for operational related cases. for SI No.C(i), (ii) and (iii).		
(3) For decentralised ranges at Command HQs. for SI No.C(iv), (v) and (vi).		
(4) These powers also apply to procurement of maintenance documents/publications contracting for maintenance specialists (financial part only) up to Rs 10 Crores only and these powers will be exercised only by VCAS/AOM/AOC-in-C. Intelligence clearance of visiting foreign specialists is to be obtained through ACAS (Int), Air HQ. In case of contracting specialists, Govt approved rates, if available, will be used, otherwise normal procedure will be followed.		
(5) For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% of what has been laid down in this schedule.		
(D) Committee purchase powers :-Indigenous Purchases at Air HQs (For all centralized systems)		
(i) VCAS/AOM-Chairman, IFA, Rep of AHSP, Concerned ACAS, Tech Rep of User, Lgs Rep.		
(a) Indigenous Purchase (other than PSUs/Govt Dept)	Nil	20,00,00,000
(b) Purchase from PSUs in cases direct order is not placed after necessity angle approval.	Nil	30,00,00,000
(ii) ACAS- Chairman, IFA or his Rep, Rep of AHSP, Tech rep of User, Lgs rep.	Nil	10,00,00,000
(iii) PD/Director- Chairman, IFA or his Rep, Rep of AHSP, Tech rep of User, Lgs rep.	Nil	5,00,00,000
REMARKS: AOM is authorized in consultation with IFA to finalise price list and long term product support contracts (except for PSUs) based on principles as laid down and approved by MOD & based on detailed SOP to be laid down by Air Hq in consultation with IFA.		
Note:-		
1. In case of para D, for aircraft and weapon systems, ACAS/Dir of concerned maintenance cell will be chairman (with reference to respective powers) and logistics rep will be from the maintenance cell. For all other systems, ACAS (Lgs) / D Purchase will be chairmen(with reference to respective power) and Logistics representative will be from Dte of Purchase.		
2. For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% of what has been laid down in this schedule.		
(E) Committee purchase powers for Indigenous Purchases at Command HQs (For decentralized ranges)		
(i) AOC-in-C, IFA, Rep of Inspection Agency, Tech Rep of User, Rep of purchase cell		
(a) Indigenous Purchase other than PSUs	Nil	20,00,00,000
(b) Purchase from PSUs in cases where direct orders are not placed after necessity angle approval.	Nil	30,00,00,000
(ii) AOLM /SMSO, IFA, Rep of Inspection agency.	Nil	10,00,00,000
(iii) Dy AOLM, Jt IFA/JCDA(AF)/Rep of IFA, Rep of Inspection Agency, Tech Rep of the user, Rep of purchase cell.	Nil	3,00,00,000
(iv) For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% of what has been laid down in this schedule.		
(F) Committee purchase powers for Indigenous purchases at Equipment and Repair Depots which are self accounting.		
(i) AOC/CO Depot, Rep of CDA, CQAO, C Lgs O or Tech Rep of user section	Nil	2,00,00,000
Note- For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% as laid down in this schedule.		

		(In Rupees)	
		FINANCIAL LIMITS	
Competent Financial Authority		Without IFA Consultation	With IFA Consultation
(G) Committee purchase power for Import Purchase at Air HQs			
(i) VCAS/AOM-Chairman, IFA, Concerned ACAS, Tech Rep of user, Lgs Rep		Nil	20,00,00,000
(ii) ACAS-Chairman, Rep of IFA, Tech Rep of user, Lgs rep		Nil	6,00,00,000
REMARKS:-			
(i) CFA may authorize Air Attache to sign the approved contracts by the Air Attache as per requirement.			
(ii) Extension of delivery schedule upto 3 months can be given by Counsellor co-ord and Air Attache in consultation with concerned ACAS of purchase cell beyond which extension is to be given by CFA.			
(iii) In case of para G, for aircraft and weapon systems, ACAS of concerned maintenance cell will be chairman and logistics rep will be from the maintenance cell. For all other systems, ACAS (Lgs) will be chairman and logistics representative will be from Dte of Purchase.			
(iv) For AOG/PHU/MCM items the respective CFA/Committees powers would be restricted to 50% of what has been laid down in this schedule.			
(H) Formulation of maintenance scales ARS, Rotables/Aggregates, Tools, Test and Ground Eqpt.			
(i) VCAS / AOM/AOC-in-C		Nil	Full powers*
REMARKS : * to be formulated as per as per laid down norms.			
(J1A) Approval of expenditure for equipment not authorized/scaled. VCAS/DCAS/AOM			
		Nil	10,00,00,000
(J1B) Approval of expenditure for introduction of new items and its scale**			
(i) ASEPC (DCAS)		Nil	10,00,00,000
(ii) ASEPC Maint (AOM)		Nil	5,00,00,000
REMARKS ** The terms and conditions as per AirHQ/S96806/5/ProjR&M/1054 /DIA/D(Air I) dated 17 April 86 with DGAQA / AHSP with rep of ACAS(MP) as member.			
(J2) Approval of purchase of Indigenous equip :- Replacement against existing scaled item with an improved version (a) if existing scaled item is out of Production/obsolete or (b) if existing scaled item is redundant or (c) if new version is cost effective.			
(i) VCAS/AOM		Nil	10,00,00,000
(ii) AOC-in-C		Nil	2,00,00,000
(iii) AOC/CO Self Accounting Unit		Nil	1,00,00,000
REMARKS: Expenditure would be met from existing revenue head			
(K) Powers to top upto SSF level in respect of indigenous stores only			
(i) AOC-in-C These powers are to be exercised when an ED/BRD/ASP is placed under his command		1,00,000	50,00,000
(ii) AOC/CO of Self Accounting ED/BRD/ASP		60,000	5,00,000
(L 1) Powers to approve proprietary purchase from necessity and expenditure angle.			
Import			
(i) VCAS/AOM / AOC-in-C		Nil	10,00,00,000
(ii) ACAS at Air HQs		Nil	6,00,00,000
Indigenous (PSUs)			
(i) VCAS/AOM/AOC-in-C		Nil	10,00,00,000
(ii) ACAS at Air HQs / AOLM & SMSO		Nil	6,00,00,000
(iii) AOC/CO ED/BRD/ASP		Nil	2,00,00,000
Indigenous (Other than PSUs)			
(i) VCAS/AOM/AOC-in-C		Nil	10,00,00,000
(ii) AOC/CO BRDs/EDs		Nil	2,00,00,000
(L 2) Powers to approve non proprietary single tender purchase from necessity and expenditure angle.			
Import			
(i) VCAS/AOM / AOC-in-C		Nil	2,00,00,000
(ii) ACAS at Air HQs		Nil	1,00,00,000
Indigenous (PSUs)			
(i) VCAS/AOM/AOC-in-C		Nil	2,00,00,000
(ii) ACAS at Air HQs / AOLM & SMSO		Nil	1,00,00,000
(iii) AOC/CO ED/BRD/ASP		Nil	50,00,000
Indigenous (Other than PSUs)			
(i) VCAS/AOM/AOC-in-C		Nil	2,00,00,000
(ii) AOC/CO BRD/ED/ASP		Nil	50,00,000

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
(M) Powers to decentralize Indigenous purchase normally undertaken centrally by Air HQs/HQs MC	Nil	2,00,00,000
(i) VCAS/AOM/AOC-in-C HQ MC		
REMARKS: To be resorted to on grounds of Administrative necessity and/or if an IAF repair depot is the AHSP for the item. Procurement would be done by TPC of the Depot on specific authorization by AOM / AOC-in-C.		
(N) To conduct provisioning reviews in respect of meteorological equipment -		
(a) Scaled equipment (including necessary accessories, spares and connected packing material as specified in AFI 59/68 as amended).		
(aa) From PSU	Nil	4,00,00,000
(i) VCAS	Nil	1,00,00,000
(ii) ACAS (Met)	Nil	50,00,000
(iii) PD (Met)		
(ab) From other than PSU	Nil	2,00,00,000
(i) VCAS	Nil	50,00,000
(ii) ACAS (Met)	Nil	25,00,000
(iii) PD (Met)		
(b) Other equipment / accessories spares / parts, material already introduced into service till date for meteorological purposes	Nil	10,00,000
(i) VCAS	Nil	5,00,000
(ii) ACAS (Met)	Nil	2,00,000
(iii) PD (Met)		
(c) Maintenance (the AMCs/repairs of the Met eqpt in service)	Nil	50,00,000
(i) VCAS	Nil	30,00,000
(ii) ACAS (Met)	Nil	15,00,000
(iii) PD (Met)		
(O) Indigenous Powers to place AOG/PHU/MCM requisition on PSUs	1,00,000	1,00,00,000
(i) AOC/CO Depot / AFLE		
REMARKS: AOG requisition would be raised followed by an order within 30 days.		
Note:- Powers in respect of purchase of stores relate only to purchase of indigenous stores and not in respect of stores from abroad.		
(P) Stitching Uniforms	Nil	5,00,00,000
(i) VCAS/DCAS/AOM/AOA/AOP	Nil	3,00,00,000
(ii) ACsAS under AOM	Nil	5,00,00,000
(iii) AOC-in-C	Nil	3,00,00,000
(iv) SMSO/AOLM HQ MC	Nil	2,00,00,000
(v) Dy AOLM HQ MC	Nil	5,00,000
(vi) AOC/OC Self Accounting unit	5,00,000	50,00,000
(Q) Powers to purchase of AOG/PHU/MCM Items (per transaction) Air Attaches		
(R) Issue of Direct Purchase Orders	Nil	15,00,000
(i) VCAS/DCAS/AOM/AOC-in-C.		
Remarks: (1) All financial powers authorised to the Competent Financial Authorities in this Schedule are with respect to each transaction.		
(2) Powers enumerated should be exercised through the DD Budget Dte of Fin P/C Accts O /S Accts O/DMA Air HQ who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year.		

Annexure-XIIIRefers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006**SCHEDULE XIII****POWERS FOR REGULARISATION OF AUDIT OBJECTIONS ARISING OUT OF BREACHES OF RULES AND REGULATIONS
WHEN THE MONETARY VALUE OF THE LOSS COULD BE ASSESSED (REFERRED TO IN RULE 178)**

Competent Financial Authority	FINANCIAL LIMITS		(In Rupees)
	Without IFA Consultation	With IFA Consultation	
1	2	3	
(i) VCAS/DCAS/AOM/AOP/AOA/DG	Nil		25,00,000
(ii) AOC-in-C	Nil		25,00,000
(iii) SOA/SAASO	Nil		15,00,000

Note- 1. The above powers include:-

- (a) Irregularities connected with Railway warrants and military Credit notes e.g. Irregular issue of warrants/Military Credit notes.
- (b) Non-production of receipted copies of issue voucher of stores failure to trace in the ledgers credits in respect of receipt vouchers.
- (c) Erroneous expenditure in respect of deployment of manpower.
- (d) Loss of auditable documents like car diaries, ration strength statements where the ceiling of the value of the 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 the cost documents pertains.
- (e) Irregularities connected with the use of MC-NOTE.

2. These powers will be exercised after the necessity for and the practicability of recovery has been considered by the Competant Financial Authority.

Annexure-XIVRefers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006**SCHEDULE XV****POWERS TO INCUR EXPENDITURE ON LOCAL PURCHASE OF STATIONERY, OFFICE EQUIPMENT INCLUDING PRINTING AND BINDING THROUGH PRIVATE AGENCIES AND LOCAL PURCHASE OF RUBBER STAMPS AND OTHER OFFICE SEALS**

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
(A) Local purchase of stationary(per transaction)		
(i) VCAS/DCAS/AOM/AOP/AOA/DG	50,000	50,00,000
(ii) AOC-in-C	50,000	50,00,000
(iii) SOA/SAASO	Nil	25,00,000
(iv) AOC of Self Accounting Units/D Org	45,000	6,00,000
(v) CO/Stn Cdr of Self Accounting Unit	45,000	4,00,000
(B) Office Eqpt		
(i) VCAS/DCAS/AOM/AOP/AOA/DG/AOC in C	50,000	3,00,00,000
(ii) SOA/SAASO	Nil	50,00,000
(iii) AOC Self Accounting Unit/ D Org	45,000	4,00,000
(iv) CO/ Stn Cdr Self Accounting Unit	45,000	4,00,000
(C) Duplication of Maintenance Documents (on Paper) and Duplication of Maintenance Documents on magnetic Media (per transaction)		
(i) AOM/AOA	25,000	5,00,000
(ii) ACAS(MP)	15,000	2,00,000
(iii) AOC-in-C	Nil	5,00,000
(per transaction)		
(iv) PSOs at Command HQ	Nil	3,00,000
(D) Local purchase of rubber stamps and office seals		
(i) AOC - in -C Command	full powers	Nil
(ii) OC Unit	full powers	Nil
(iii) Camp Commandant	full powers	Nil

Note :-

(i) Powers enumerated should be exercised through the DD Budget of Dte of Fin P/C Accts O /S Accts O who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year .

(ii) Powers in respect of purchase of stores relate only to purchase of indigenous stores and NOT in respect of stores from abroad.

(iii) Office equipment includes fax machines, high speed digital duplicators/copy printers, risographs, typewriters including electronic typewriters, duplicators, electric stencil cutters, photocopier, laminators, binder & shredding machines display eqpts, printing machines including accessories, engineering plan printers, stitching machines, perforation machines, pre-printing machines (such as camera etc), post printing eqpts (dyes plates and composing material), franking machine, currency scanning machine, currency counting machine, currency binding machine, calculating machine with printer and other equipments for day to day functioning of an office.

Annexure-XV

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE XVI

MISCELLANEOUS PROVISION OF FR PT - I AND PAY & ALLOWANCES REGULATIONS

(In Rupees)

Competent Financial Authority	FINANCIAL LIMITS	
	Without IFA Consultation	With IFA Consultation
1	2	3
(A) MISC EXPENDITURE INCURRED WHILE ON TOUR		
(i) CAS *	1,00,000	10,00,000
(ii) VCAS*	Nil	5,00,000
* Subject to annual ceiling of Rs.50 Lakhs Auth : Rule 60 of FR PT - I		
(B) CEREMONIAL PARADE		
(i) CAS	Nil	Full Powers
(ii) AOA	Nil	25,00,000
(iii) AOC - in - C	1,00,000	15,00,000
Auth : Rule 290 of FR PT - I		
(C) Publicity/Documentary		
Powers to sanction making of documentary/publicity films and advertisements/blow ups from outside agencies (where these cannot be made through AFFPD/DAVP):		
(i) PSOs at Air HQ	Nil	15,00,000
(D) LIMIT OF IMPREST ADVANCES		
1. Detachment Commanders		
(i) Long Detachment	50,000	Nil
(ii) Short Detachment	20,000	Nil
Auth : Rule 476 of Pay & Allowances Regulations		
2. Advance to salvage party		
(i) Officer in charge of Salvage	50,000	Nil
(ii) WO i/c salvage party	20,000	Nil
(iii) NCO i/c salvage party	10,000	Nil
Auth : Rule 479 of Pay & Allowances Regulations		
3. Limits of imprest advance for cash purchases		
(i) IAF self accounting establishments commnded by Air Cmde and above	45,000	Nil
(ii) IAF self accounting establishments commnded by Gp Capt and below	30,000	Nil
(E) Power to sanction expenditure on sports and adventure activities/equipment including import of sports equipment/sports Arms and Armament		
(i) VCAS/AOP/AOC-in-C	Nil	Full Powers
(ii) AOC Self Accounting Unit	10,000	2,00,000
(iii) Sqn Cdr/CO of Self Accounting Unit	10,000	1,00,000
Note (for SI No.1, 2, 3 and 5): (1) Powers enumerated should be exercolsed through the DD Budget of Dte of Fin P/C Accts O/S Accts O who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year .		
(2) Powers in respect of purchase of stores relate only to purchase of indigenous stores and NOT in respect of stores from abroad.		
(3) All financial powers authorised to the Comeptent Financial Authorities in this Schedule are with respect to each tr: 1 section.		

Annexure-XVI

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE XVII

MISCELLANEOUS PROVISIONS

(In Rupees)

Competent Financial authority 1	FINANCIAL LIMITS	
	Without IFA Consultation 2	With IFA Consultation 3
(A) Payment of Demurrage & wharfage charges		
(i) VCAS/AOM/AOC-in-C	10,000	5,00,000
(ii) PSOs at Command HQ	Nil	1,00,000
(iii) AOC/CO unit	1,000	10,000
(iv) CO MCU / Commandant Emb HQs	10,000	1,00,000
(B) Insurance of items during transit per transaction *		
(i) VCAS/AOM/AOC-in-C	1,00,000	1,00,00,000
(ii) SMSO /AOLM	Nil	25,00,000
* to be done on a case to case basis where necessity is justified		
(C) Issue of repair task to IAF BRDs, PSUs		
(i) AOM	Nil	Full Powers
(ii) AOC-in-C (decentralised ranges)	Nil	Full Powers
Remarks: As per norms given in IAP 1541 leaflet 30 and 31.		
(D) Issue of forecast factor		
(i) VCAS/AOM	Nil	Full Powers
Remark: As per IAP 1541		
(E) Issue of rate of effort within Govt. approved rates.		
(i) VCAS	Nil	Full Powers
(F) Declaration of surplus with no alternate utilization		
(i) VCAS/AOM *	Nil	Full Powers
(ii) AOC-in-C **	Nil	Full Powers
REMARKS: * For centralised ranges. ** For decentralised ranges.		
NOTE: Powers are to be exercised only for declaration of surplus if item is (a) pre-mod or pre-upgrade, (b) Technically life expired, (c) System to which it belong is rendered obsolete, (d) As per guidelines in IAP 1541 leaflet 41 & AFO 257/77		
(G) Disposal of salvage		
(i) AOC/CO of self accounting unit	Nil	Full Powers
(H) Disposal of surplus*		
(i) AOC-in-C	Nil	Full Powers
(ii) SMSO/AOLM	Nil	5,00,00,000
(iii) AOC/CO of self accounting unit	Nil	3,00,00,000
* (disposal through MSTC)		
(J) Fixation of MRP (Minimum Reserve Price)		
To be done by a board consisting of C Lgs O/ S Lgs O of depot, One specialist officer, Senior Accounts officer, IFA or his rep.		AOC/CO of self accounting is to accord approval.
Remarks: MRP is to be fixed as per laid down Govt norms/orders.		
(K) Relaxation of MRP		
(i) AOC-in-C		Beyond 50%*
(ii) AOC/CO of self accounting unit	upto 30%	upto 50%
(iii) Sales supervising Officer	upto 10%	Nil
Remarks: * Bids below 50% will be given to Board for review and re-fixation of MRP. In case after second bid also 50% price is not met it is to be forwarded to Command HQ for consideration.		

		(In Rupees)	
Competent Financial authority	FINANCIAL LIMITS		
	Without IFA Consultation	With IFA Consultation	
1	2	3	
(L) Issue of items on loan to vendors against contract or for development			
(i) VCAS/AOM	2 Years	2 Years	
(ii) AOC in C	2 Years	2 Years	
(iii) SMSO/AOLM	18 Months	18 Months	
(iv) AOC/CO of self accounting unit	1 Year	1 Year	
Remarks: The powers of AOC in C and AOC/CO of unit/depot will not apply to EW, Armament and Secret equipment for which powers will be exercised by Air HQs only. The rules governing the loan issue will be as per IAP 1501.			
(M) Powers to issue technically life expired Air Frames/components / items to Government institutions for educational purposes			
Chief of the Air Staff	Nil	Full powers	
Note:-			
(1) Powers should be exercised through D Fin P/C Accts O/S Accts O who is to ensure that adequate funds have been allotted and are available in the budget.			
(2) Powers in respect of purchase of stores relate only to purchase of indigenous stores and NOT in respect of stores from abroad.			

Annexure-XVII

Refers to Para 1 of GOI MoD letter No. Air
 HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 Dated
 14 Jul 2006

SCHEDULE XVIII

**POWERS OF ACCEPTANCE OF NECESSITY, ADMINISTRATIVE APPROVAL, APPROVAL AND DEMOLITION OF
 BUILDINGS UNDER PARA 15 AND 15A RESPECTIVELY OF DEFENCE WORKS PROCEDURE, 1986**

(In Rupees)

SL No.	Competent Financial Authority	Authority to accord	FINANCIAL LIMITS			
			Without IFA Consultation		With IFA Consultation	
			Authorised Works	Special Works	Authorised Works	Special Works
1	2	3	4	5	6	7
(A) POWERS OF ACCEPTANCE OF NECESSITY, ADMINISTRATIVE APPROVAL AND APPROVAL FOR WORKS						
1	AOA	IFA CDA(AF) Dehradun/JCDA Nagpur	120,00,000	20,00,000	1500,00,000	75,00,000
2	AOC-in-C		75,00,000	7,00,000	500,00,000	50,00,000
3	SOA/SAASO		Nil	Nil	300,00,000	30,00,000
4	STN CDR					
	(i) AOC		15,00,000	50000	Nil	Nil
	(ii) Gp Capt		5,00,000	50000	Nil	Nil
	(iii) Wg Cdr & Below		5,00,000	50000	Nil	Nil
(B) POWERS FOR DEMOLITION OF BUILDINGS						
1	AOA		Nil	Nil	50,00,000	Nil
2	AOC-in-C		Nil	Nil	20,00,000	Nil
3	SOA/SAASO		Nil	Nil	8,00,000	Nil

Annexure-XVIII

Refers to Para 1 of GOI MoD letter No.Air HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE XIX

SPECIAL FINANCIAL POWERS FOR INFORMATION TECHNOLOGY RELATED PROJECTS

(In Rupees)

1	2	Competent Financial Authority	FINANCIAL LIMITS	
			Without IFA Consultation	With IFA Consultation
		3	4	5
	(A) Financial powers for Systems Automation			
1	Purchase of Computer Systems	DCAS/VCAS	Nil	400,00,000
		ACAS(Ops) /ACAS(Space)	Nil	250,00,000
		PD(Ops)IT/ PD IT/Comdt SDI	Nil	100,00,000
		ACAS(IT)	Nil	250,00,000
		AOC-in-C	Nil	400,00,000
		SAASO/SASO at Command HQ	Nil	250,00,000
		AOC/Stn Cdr	Nil	10,00,000
		Trg Estt AOC/Comdt	Nil	50,00,000
2	Provision of Access networks, internet, media connectivity including associated hardware and software	DCAS/VCAS	Nil	400,00,000
		AOC-in-C	Nil	400,00,000
		SAASO/SASO at Command HQ	Nil	250,00,000
		AOC/Stn Cdr	Nil	10,00,000
3	Purchase of Systems software and application software	DCAS/VCAS	Nil	200,00,000
		ACAS(IT)/ACAS(OPS)/ACAS(Space)	Nil	100,00,000
		AOC-in-C	Nil	200,00,000
		SAASO/SASO at Command HQ	Nil	100,00,000
		AOC BRD*/PD IT/PD (OPS) IT/Comdt	Nil	50,00,000
		AOC/Stn Cdr*	Nil	5,00,000
		*Subject to AON by Command Hq/Air Hq (For units under Air Hq)		
4	Software Development and technical consultancy for IT projects and IT training	DCAS/VCAS	Nil	200,00,000
		ACAS(IT)/ACAS(OPS)/ACAS(Space)	Nil	100,00,000
		AOC-in-C	Nil	200,00,000
		SAASO/SASO at Command HQ	Nil	100,00,000
		AOC BRD*/PD IT/PD (OPS) IT/Comdt	Nil	50,00,000
		AOC/Stn Cdr*	Nil	5,00,000
		*Subject to AON by Command Hq/Air Hq (For units under Air Hq)		
5	Purchase of computer peripherals and ancillaries	DCAS/VCAS	5,00,000	200,00,000
		ACAS(IT)/ACAS(OPS)/ACAS(Space)	2,00,000	100,00,000
		AOC-in-C	1,00,000	200,00,000
		Trg Estt AOC/Comdt (J&K/MAO)	Nil	50,00,000
		SAASO/SASO at Command HQ	Nil	100,00,000
		AOC BRD/CO/Comdt SDI	Nil	50,00,000
		AOC/Stn Cdr	Nil	5,00,000
6	Computer Stationary and consumables (see notes below)	DCAS/VCAS	10,00,000	200,00,000
		ACAS(IT)/ACAS(OPS)/ACAS(Space)	5,00,000	100,00,000
		AOC-in-C	1,00,000	200,00,000
		SAASO/SASO at Command HQ	Nil	100,00,000
		Trg Estt AOC/Comdt AOC (J&K/MAO)	1,00,000	25,00,000
		AOC/Stn Cdr	1,00,000	10,00,000
		AOC BRD/PD IT/PD (OPS) IT/Comdt	Nil	25,00,000

(In Rupees)				
1	2	Competent Financial Authority 3	FINANCIAL LIMITS	
			Without IFA Consultation 4	With IFA Consultation 5
(B) Financial Powers for Repairs and Maintenance of Computer Systems				
1-	Local Purchase of spares and maintenance of computers, peripherals and ancillary eqpt and upgradation	DCAS/VCAS	1,00,000	100,00,000
		ACAS(IT)/ACAS(OPS)/ACAS(Space)	1,00,000	30,00,000
		AOC-in-C	1,00,000	100,00,000
		SAASO/SASO at Command HQ	Nil	30,00,000
		DIT/PD IT/PD (OPS) IT/Comdt SDI	80000	20,00,000
		AOC/Stn Cdr	50000	10,00,000
			1,00,000	50,00,000
2	Local repair of computers, peripherals and ancillary equipment	DCAS/VCAS	50000	30,00,000
		ACAS(IT)	50000	50,00,000
		AOC-in-C	Nil	30,00,000
		SAASO/SASO at Command HQ	20000	20,00,000
		DIT/PD IT/PD (OPS) IT/Comdt SDI	16000	10,00,000
		AOC/Stn Cdr	1,00,000	100,00,000
			50000	30,00,000
3	Maintenance of Computer Systems and their peripherals through annual maintenance	DCAS/VCAS	50000	100,00,000
		ACAS(IT)/ACAS(OPS)/ACAS(Space)	50000	100,00,000
		AOC-in-C	Nil	25,00,000
		SAASO/SASO at Command HQ	20000	20,00,000
		DIT/PD IT/PD (OPS) IT/Comdt SDI	30000	10,00,000
		AOC/Stn Cdr		

Notes :-

(a). Powers enumerated should be exercised through the DD Budget of Dte of Fin P/C Accts O/S Accts O/ PDIT/ PD(OPS) IT Air HQ who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year.

(b). The total annual expenditure is subject to ceiling laid down in the yearly budgetary allotment for this purpose.

(c). Expenditure on computer stationary and consumables is to be incurred from the IT head only and from no other head.

Remarks: All financial powers authorised to the Competent Financial Authorities in this Schedule are with respect to each transaction.

Annexure-XIX

Refers to Para 1 of GOI MoD letter No.Air
HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 Dated
14 Jul 2006

SCHEDULE XX
SPECIAL FINANCIAL POWERS UNDER HEAD 'TELEPHONES'

Sl No.	Purpose for which Expenditure can be sanctioned	Competent Financial Authority	FINANCIAL LIMITS (In Rupees)	
			Without IFA Consultation	With IFA Consultation
1	2	3	4	5
1	Procurement and installation and repair of Exchanges, KTS, OLTE eqpt, Switches, Multiplexing eqpt, Media secrecy eqpt, Tes, UG cables & OFCs Etc	VCAS AOC-in-C PSOs at Command HQ ACAS Sigs (Air) CAFSSO (for Units directly under Air HQ)	Nil Nil Nil Nil Nil	Full Powers 20,00,000 5,00,000 5,00,000 3,00,000
2	Procurement of Exchange related accessories like Telephones, batteries, Cards, IDF, MDF, CLIP, drop wire etc.	VCAS AOC-in-C PSOs at Command HQ ACAS Sigs (Air) CAFSSO (for Units directly under Air HQ) Comdt(AVM) AOC/Comdt(AVM) (Air Commodore) CO/Stn Cdr	1,50,000 1,00,000 Nil 50,000 30,000 Nil 20,000 12,000	Full Powers 4,00,000 1,00,000 1,00,000 60,000 2,00,000 40,000 Nil
3	Upgradation/modification of tele communication Eqpt/Software and training of personnel on associated eqpt.	VCAS AOC-in-C PSOs at Command HQ ACAS Sigs (Air) CAFSSO (for Units directly under Air HQ) Comdt(AVM) AOC/Comdt(AVM) (Air Commodore) CO/Stn Cdr	1,50,000 30,000 Nil 20,000 20,000 Nil 10,000 6,000	Full Powers 2,00,000 75,000 75,000 Nil 2,00,000 20,000 Nil
4	Local Purchase of Spares for Exchanges, OLTE eqpt KTS, switches and MUX and components for maintenance of cables i.e. joining kits, repair of telephones and accessories like TEs, DP boxes, MDFs, IDFs	VCAS AOC-in-C PSOs at Command HQ ACAS Sigs (Air) CAFSSO (for Units directly under Air HQ) Comdt(AVM) AOC/Comdt(AVM) (Air Commodore) CO/Stn Cdr	1,50,000 30,000 Nil 20,000 20,000 Nil 10,000 6,000	Full Powers 2,00,000 75,000 75,000 Nil 2,00,000 20,000 Nil
5	Annual Maintenance Contracts (AMC)	VCAS AOC-in-C PSOs at Command HQ ACAS Sigs (Air) CAFSSO (for Units directly under Air HQ) Comdt(AVM) AOC/Comdt(AVM) (Air Commodore) CO/Stn Cdr	1,50,000 50,000 Nil 20,000 20,000 Nil 10,000 6,000	Full Powers 5,00,000 75,000 75,000 Nil 2,00,000 20,000 Nil
6	Renting of circuits	VCAS AOC-in-C PSOs at Command HQ ACAS Sigs (Air) CAFSSO (for Units directly under Air HQ)	Nil Nil Nil Nil Nil	Full Powers 10,00,000 7,00,000 5,00,000 2,00,000

Not :- Powers enumerated should be exercised through the DD Budget of Dte of Fin P/C Accts O/IS Accts O/PS Sig(Air) Air HQ who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year.

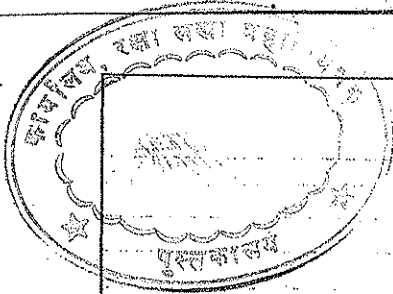
Remarks: All financial powers authorised to the Competent Financial Authorities in this schedule are with respect to each transaction.

Annexure-XXRefers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006**SCHEDULE XXI****POWERS OF CERTAIN AUTHORITIES DURING WAR, HOSTILITIES NATURAL CALAMITIES/DISASTER
MANAGEMENT OR WHEN SPECIAL OPERATIONS ARE ORDERED**

(In Rupees)

Competent Financial authority 1	FINANCIAL LIMITS		
	Without IFA Consultation 2	With IFA Consultation 3	
(A) Local Purchase			
PSOs/AOC-in-C	Full Powers		Nil
(B) Repairs of Stores			
PSOs/AOC-in-C	10,00,00,000		Nil
(C) Hiring of Civil Transport/Cranes/Machinery Equipment			
PSOs/AOC-in-C	Full Powers		Nil
(D) Hiring of man power			
PSOs/AOC-in-C	10,00,000		Nil
(E) Despatch of Stores/Personnel by any means			
PSOs/AOC-in-C	1,00,00,000		Nil
(F) Misc & Contingent Expenditure connected with Exercises/Operations			
PSOs/AOC-in-C	25,00,000		Nil

Note- The powers will be exercised only after Notification/Specific direction from MoD.



Annexure-XXI

Refers to Para 1 of GOI MoD letter No. Air HQ/95378/1/Fin
P/2431/US(RC)/Air-II/06 Dated 14 Jul 2006

SCHEDULE XXII

POWERS IN RESPECT OF MEDICAL /DENTAL STORES

1	FINANCIAL LIMITS	
	2 With out IFA consultation	3 With IFA Consultation
(In Rupees)		
(A) Purchase of Medical Stores based on NA, NIV items, without NA by COs of Hospitals and Comdt AFMC, AFC, ALC, IAM and INM		
(i) DGMS (Air)	50,000	20,00,000
(ii) PDMS (Air)		10,00,000
(iii) Commandant Hospital AVM	1,00,000	10,00,000
(iv) AOC AFCME/IAM	50,000	5,00,000
(v) PMO Comd HQ	50,000	5,00,000
(vi) AOC Hospital (Self Accounting)	50,000	5,00,000
(vii) OC (Gp Capt) Hospital (Self Accounting)	30,000	2,50,000
(viii) OC (Wg Cdr) Hospital (Self Accounting)	20,000	1,00,000
(ix) AOC/OC Self accounting unit (for purchase of urgent medical stores)	3,000	50,000
Note 1 : The powers of local purchase in respect of medical stores are to be exercised for expendable/non-expendable PVMS and NIV medical stores.		
(B) Purchase of Medical Stores (Dental Centers) based on NA, NIV items, without NA by COs of Hospitals and Comdt AFMC, AFC, ALC, IAM and INM		
(i) AVM (Self Accounting Dental Centers)	20,000	50,000
(ii) Air Cmde (Self Accounting Dental Centers)	10,000	30,000
(iii) Gp Capt (Self Accounting Dental Centers)	5,000	20,000
(iv) Wg Cdr (Self Accounting Dental Centers)	5,000	10,000
Note 1 : The powers of local purchase in respect of medical stores are to be exercised for expendable/non-expendable PVSM and NIV medical stores.		
(C) Repairs/Servicing and maintenance of Medical/ Dental and Vet Eqpt through civil		
(i) Air Cmde and above (Units/Hospitals)	25,000	1,00,000
(ii) Gp. Capt. and below (units/ Hospitals)	5,000	15,000
(D) Powers to sanction write off losses of Medical store /Equipment not due to theft, fraud or neglect		
(i) DGMS (Air)		2,00,000
(ii) PMO		10,000
(E) Loss of sera & vaccines not due to theft, fraud or neglect.		
(i) DGMS (Air)		50,000
(F) Loss of sera & vaccines due to theft, fraud or neglect		
(i) DGMS(Air)		25,000
Note:-		
(1) Powers enumerated should be exercised through the DD Budget of Dte of Fin P/C Accts O/S Accts O/PDMS Air HQ who is to ensure that adequate funds have been allotted and are available in the Budget of the Financial year.		
(2) All financial powers authorised to the Competent Financial Authorities in this schedule are with respect to each transaction.		