

121.4.25

No. RW/NHIII/P/16/78

Dated the 21st May, 1986

Subject: Delegation of enhanced financial powers to Ministries/Departments — Amendment to Govt. of India's decision (4) below Rule 18 of the Delegation of Financial Powers Rules, 1978.

A copy of the Ministry of Finance, Department of Expenditure OM No. F.1(11)-E II(A)/85 dated 11th April, 1986 on the above subject, together with enclosures, is forwarded herewith for information.

Encl. to letter No. RW/NHIII/P/16/78 dated the 21st May, 1986

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)

No. F.1(11)-E II(A)/85

Dated the 11th April, 1986

OFFICE MEMORANDUM

Subject: Delegation of enhanced financial powers to Ministries/Departments — Amendment to Government of India's decision (4) below Rule 18 of the Delegation of Financial Powers Rules, 1978.

The undersigned is directed to refer to Government of India's decision (4) below Rule 18 of the Delegation of Financial Powers Rules, 1978 read with this Ministry's O.M. No. F.1(4)-E II(A)/85, dated

21.8.85 and to say that on the recommendation of the Committee set up under the Chairmanship of Secretary (E) to review the financial powers of various authorities it has been decided with the approval of the Cabinet that the powers of the Ministries/Departments, with integrated finance system for sanctioning projects/schemes may be enhanced from rupees three crores to rupees five crores. It has also been decided that the schemes/projects involving expenditure exceeding rupees five crores and upto rupees twenty crores will be considered by Expenditure Finance Committee and projects/schemes involving expenditure of rupees twenty crores and above will be considered by Public Investment Board. Cabinet approval will, however, have to be obtained where expenditure is rupees twenty crores or more. Consequent upon the said decision, Government of India's decision (4) below rule 18 of the Delegation of Financial Powers Rules, 1978 has been amended. A copy of the revised Government of India's decision is enclosed.

2. Hindi version of this OM is enclosed (Not printed)..

Amendment to Delegation of Financial Powers Rules, 1978 Page 11-12 Rule 18.

Substitute the following for the existing Government of India's decision (4) below Rule 18 of the Delegation of Financial Powers Rules, 1978 :—

“Government of India's decision (4) : With the setting up of the system of Integrated Financial Advisers, it has been decided, by virtue of proviso to Rule 26, that the Administrative Ministries may exercise powers to sanction expenditure on a scheme with a total outlay not exceeding rupees five crores provided the scheme has been accepted by the Ministry of Finance. Where, however, such schemes have a staffing component costing more than rupees thirty lakhs per annum in the case of a Plan Scheme and rupees fifteen lakhs in the case of a Non-Plan Scheme, they will be outside the delegated powers of the Ministry and should accordingly be referred to the Integrated Financial Adviser concerned for clearance on behalf of the Ministry of Finance, who will obtain the orders of Secretary(E)/Finance Secretary, where necessary. Schemes/projects involving expenditure exceeding rupees five crores and upto rupees twenty crores shall be considered by Expenditure Finance Committee and those costing rupees twenty crores or more shall be considered by Public Investment Board. The cases which involve investment of rupees twenty crores or more or where the revised/firmed up cost exceeds rupees twenty crores would require approval of the Cabinet also.

Each Ministry may set up a Standing Committee on schemes under the Chairmanship of the Secretary with Integrated Financial Adviser and Joint Secretary/Director of the concerned Division as Members and with provision for inviting representatives of the Planning Commission and any others that the Secretary/Integrated Financial Adviser may suggest for sanction of all such schemes. The Standing Committee will exercise the delegated powers of the Administrative Ministries, viz., sanction of expenditure on schemes already approved by the Ministry of Finance.

It has been pointed out that even projects within the competence of the Ministry require prolonged inter-Ministerial consultations and approval from the Ministry of Finance and Planning Commission. To avoid this delay it has been suggested that a Project Implementation Committee should be constituted in each Ministry having representatives of the Ministry of Finance and Planning Commission etc. to take a final decision on all such proposals. The suggestion has been considered and it has been decided that each Ministry/Department should also have appropriate Project Implementation Committee, as may be deemed necessary.

The exercise of the enhanced powers will continue to be governed by procedural and other instructions issued by Government from time to time like general economy instructions, ban on creation of posts, ban on filling up of vacancies, ban on new construction, etc.

(Ministry of Finance (Department of Expenditure's) O.M. No. FI(11)E.II(A)/85 dated the 11th April, 1986)
