

NO.F.1(17)-E.II(A)/3074
Government of India
Ministry of Finance
(Department of Expenditure)

.....

New Delhi, Dated the 30th July, 1987.
8th Sravana, 1909(Saka).

OFFICE MEMORANDUM

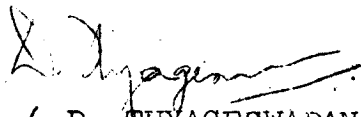
Subject: Delegation of enhanced financial powers to Ministries/
Departments - Amendment to Government of India's
decision (4) below rule 18 of the Delegation of Financial
Powers Rules, 1978.

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The undersigned is directed to refer to this Ministry's
O.M.No.F.9(6)-E.(Coord)/86, dated 31st December, 1986 regarding
setting up of a Committee of Non-plan Expenditure. Under these
orders all non-plan expenditure proposals exceeding Rs.3 crores are
required to be referred to the Committee on Non-plan Expenditure
for its consideration. Non-plan proposals are, therefore, not
required to be referred to EFC/PIB.

2. The existing Government of India's decision (4) below
rule 18 of the Delegation of Financial Powers Rules, 1978
incorporated vide this Ministry's O.M.No.F.1(11)-E.II(A)/85,
dated 11.4.1985 under which Ministries/Departments with Integrated
Finance Scheme have powers to sanction expenditure on schemes,
the total of which do not exceed Rs.5 crores has been modified in
pursurance of this Ministry's orders dated 31.12.1986 referred to
in para 1 above. It has been devided into two parts, one exclusive-
ly for plan-schemes and other for non-plan proposals. A copy of
the revised Govt. of India's decision (4) below rule 18 ibid is
enclosed.

3. Hindi version of this O.M. is enclosed.



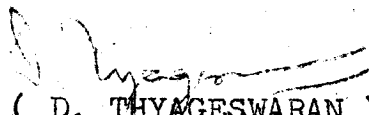
(D. THYAGESWARAN)
UNDER SECRETARY TO THE GOVT. OF INDIA.

To

All the Ministries/Departments of the
Government of India, etc.

No.F.1(17)-E.II(A)/86

Copy forwarded to Comptroller & Auditor General of India,
CPSC, etc. as per standard endorsement.



(D. THYAGESWARAN)
UNDER SECRETARY TO THE GOVT. OF INDIA.

RULE-18.

Substitute the following for the Government of India's decision (4) below rule 18 of the Delegation of Financial Powers Rules, 1978 which was earlier substituted vide Ministry of Finance (Department of Expenditure)'s O.A.No.F.1(11)-E.II(A)/85, dated 11.4.1986 :-

"Government of India's decision (4): (A) 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 plan 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, 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(Expenditure)/Finance Secretary, where necessary. Plan Schemes/projects involving expenditure exceeding rupees five crores and less than rupees twenty crores shall be considered by Expenditure Finance Committee and those costing rupees twenty crores and above shall be considered by Public Investment Board/Expenditure Finance Committee. The cases which involve investment of rupees twenty crores and above or where the revised/firmed up cost is in excess of originally sanctioned cost by twenty percent or more 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.

(Min. of Fin. (Deptt. of Exp.) O.M.No.F.1(11)-E.II(A)/85, dated 11.4.1986, O.M.No.F.1(17)-E.II(A)/86, dated 30.7.1987 and O.M.No.F.9(6)-E.(Coord)/86, dated 31.12.1986).

(B) A Committee on Non-Plan Expenditure (CNE) has been constituted with Secretary, Department of Expenditure as Chairman and the following Members :-

1. Secretary to the Prime Minister or a representative.
2. Secretary, Planning Commission.
3. Secretary of the Ministry/Department concerned.

The following types of cases require submission to the Committee on Non-Plan Expenditure:-

- (i) All Non-Plan proposals involving expenditure on a new service irrespective of the amount involved.
- (ii) All Non-Plan proposals for expansion of existing services or on a new service involving an expenditure of over Rs.3 crores, recurring or non-recurring.
- (iii) Any other non-plan proposal which a Ministry/Department may like it to be considered in the CNE.

Consequent upon setting up of CNE, no item of non-plan expenditure will henceforth be referred to the Expenditure Finance Committee (EFC) and the Public Investment Board (PIB), while the power of a Ministry/Department, with Integrated Finance Scheme, to sanction non-plan expenditure stands reduced to items costing upto Rs.3 crores. Procedure for submission of cases to CNE will be the same as for submission of proposals to Expenditure Finance Committee and Public Investment Board. The Financial Adviser of the concerned Ministry/Department shall function as the Secretariat for the Committee on Non-Plan Expenditure.

(Min. of Fin. (Deptt. of Exp.) O.M.No.F.9(6)-E.(Coord)/86, dated 31.12.1986 and O.M.No.F.1(17)-E.II(A)/86, dated 30.7.1987).