

CHAPTER -14

DELEGATION OF FINANCIAL POWERS RULES

1. Contents of Delegation of Financial Powers Rules (DFPRs) 1978

- i. Definitions
- ii. General limitation of power to sanction expenditure
- iii. Powers of appropriation and Re-appropriation & General Restriction
- iv. Powers and procedure for creation of posts.
- v. Power to incur Contingent Expenditure.
- vi. Powers to incur Miscellaneous Expenditure.
- vii. Powers to write off losses.

2. Definitions

2.1 “**Administrator**” means an Administrator of a Union Territory, by whatever name designated.

2.2 “**Appropriation**” means the assignment to meet specified expenditure of funds included in a primary unit of appropriation.

2.3 “**Contingent expenditure**” means all incidental and other expenditure including expenditure on stores which is incurred for the management of an office, for the working of technical establishment such as a laboratory, workshop, industrial installation, store-depot, office expenses and the like but does not include any expenditure, which has been specifically classified as falling under some other Head of expenditure, such as “Works”, “Tools and Plant”.

2.4 “**Department of the Central Government:** means a Ministry of a Department of the Central Government as notified from time to time and includes the Planning Commission, the Department of Parliamentary Affairs, the President’s Secretariat, the Cabinet Secretariat and the Prime Minister’s Office.

2.5 “**Head of the Department**” in relation to an office or offices under his administrative control, means an authority specified in Schedule I and includes such other authority or person as the concerned Department in the Central Government may, by order, specify, as a Head of the Department.

2.6 “**Head of Office**” means a Gazetted Officer declared as such under Rule 14 of DFPRs, 1978.

2.7 **“Miscellaneous expenditure”** means all expenditure other than expenditure falling under the category of pay and allowances of Government servants, leave salary, pensions, contingencies, grants-in-aid, contributions, works, tools and plant and the like.

2.8 **“Non-recurring expenditure”** means expenditure other than recurring expenditure.

2.9 **“Primary unit of appropriation”** means Sub-Read or standard objects of expenditure against which budget provision is made; and against which expenditure - either voted or charged – is accounted for.

2.10 **“Recurring expenditure”** means the expenditure which is incurred at periodical intervals.

2.11 **“Re-appropriation”** means the transfer of funds from one primary unit of Appropriation to another such unit.

2.12 **“Subordinate Authority”** means a Department of the Central Government or any authority subordinate to the President.

3. General Limitations on Power to Sanction Expenditure (Rule 4)

- i. No expenditure shall be incurred from public revenues except on legitimate objects of public expenditure;
- ii. A subordinate authority may sanction expenditure or advances of public money in those cases only in which it is authorized to do so by-
 - a) The provisions of any law for the time being in force;
 - b) These or any other rules issued by, or with the approval of President; or
 - c) Any general or special order of the President or other competent authority;
- iii. No expenditure which involves the introduction of a new principle or practice likely to lead to increased expenditure in future unless the said expenditure has been subjected to scrutiny and agreed to by the Finance Ministry before its inclusion in the budget;
- iv. A subordinate authority shall exercise the power to sanction expenditure subject to any general or special order, direction or stipulation, which the authority delegating or re-delegating such power may issue, prescribe from time to time.

4. Powers of Appropriation & Re-Appropriation

4.1 Full powers to the Ministries/Departments of Central Government, Administrators of the UTs and Head of Departments (H.O.Ds) subject to the following general restrictions under Rule 10 of these rules:

- a) Appropriation and re-appropriation of funds is not permissible in following cases: -
 - i. Expenditure not sanctioned by the competent authority;
 - ii. Re-appropriation from votable to charged expenditure and vice-versa;
 - iii. One grant/appropriation to charged expenditure, from other grant/appropriation for charged expenditure;
 - iv. New services/New instrument of service not contemplated in the budget as approved by Parliament;
 - v. Expenditure on "Works" which has not received the administrative approval/Technical sanction;
 - vi. From and to the provision for "Deputation or Travel abroad of Scientists";
 - vii. Expenditure on new public works not provided in the Budget, which may cost Rs.50 lakhs or more;
 - viii. Capital Section to Revenue Section in the same demand for grant or vice-versa;
 - ix. From salary head to any other head;
 - x. From provisions allocated under Externally Aided Projects to non-EAP projects.

- b) Appropriation/re-appropriation is not permissible without approval of Ministry of Finance in case of re-appropriation:
 - i. From the Unit "Major Works" to other Units.
 - ii. Expenditure on works in excess of 15% of authorised limit, if savings available under appropriate works head.
 - iii. To meet expenditure on a new public works costing Rs.10 lakhs or more but less than Rs.50 lakhs.
 - iv. From and to the provision for the "Secret Service Expenditure".
 - v. To augment provision under, salaries, wages, office expenses and other charges together for entire Grant.
 - vi. From the provision made for any new item of expenditure for another purpose.
 - vii. To augment the Secretariat Expenditure.
 - viii. In the Revenue Section from Direct Expenditure to grant-in-aid to States and UTs and vice-versa.
 - ix. In the Capital Section, from Capital outlay to loans or vice-versa.
 - x. Augment Travel Expenses exceeding 10% of the existing provisions. (Powers up to 10% are with the Secretaries of Ministries/Departments).

Note: -Re-appropriation under sub-head/ standard object head by more than 25% or Rs.5.00 crore, whichever is more, is reported to Parliament with last batch of Supplementary Demand. Prior approval of Additional Secretary /Secretary (Expenditure) for re appropriation is required after last batch of supplementary has been sent to Parliament.

5. DFPRs Schedules

Schedule	Item
Schedule I	List of Heads of Departments
Schedule II	Powers to create permanent posts
Schedule III	Powers to create temporary posts
Schedule IV	Powers of Appropriation & Re-appropriation
Schedule V	Powers of Incurring Contingent Expenditure
Schedule VI	(Annexure to Schedule V)
Schedule VII	Powers to incur Miscellaneous expenditures. Powers to write off losses.

6. Powers of Subordinate Authorities

- i. The Department of Central Government, Administrator & HOD shall have the powers specified in schedule II, III, IV, V, VI and VII.
- ii. Department of Central Government may, confer powers, upon an Administrator or HOD or any Subordinate authority
 - a) No re-delegation in respect of the following is allowed:
 - i. Creation of posts;
 - ii. Write off of losses;
 - iii. Re appropriation of funds exceeding 10% of the original budget provisions, for object head or sub head;
 - iv. The Administrator or HOD, by an order, may authorise a gazetted officer under him to exercise all or any of the powers. The Administrator or HOD shall be responsible for correctness;
 - v. Powers to incur contingent or miscellaneous expenditure are subject to Articles required or purchase of stationary stores are made in accordance to the provisions contained in GFR 2017;
 - vi. In regard to contingent expenditure on each item in col. 2 of annexure to schedule 5, conditions specified in col. 3 to be observed;
 - vii. Miscellaneous expenditure are subject to government rules/instructions issued from time to time;
 - viii. Any authority can exercise financial powers delegated to an authority subordinate to it;
 - ix. Ministries may further re-delegate powers to subordinate/attached organisations to meet their requirements. Review of such re-delegation at least once in three years;

7. Powers Regarding Creation of Posts-need for creation of posts arises:

- i. When a new organisation is set up;
- ii. When an existing organisation expands;
- iii. Reorganisation of the structure of an organisation after detailed study.
- iv. To fulfil certain statutory functions;
- v. Up-gradation of posts for various reason(s).

a) Guidelines to create posts (general conditions / restrictions)

- i. Post justified on the basis of workload and functional justification;
- ii. Post(s) shall be created only in the approved scale or rate of pay;
- iii. Temporary post can be created if funds are available during the year of creation by appropriation or re-appropriation;
- iv. Non-plan post can be created only if savings in the succeeding years can be established;
- v. Earlier emphasis was on whether the post to be created was temporary or permanent (Schedule II & III of the DFPRs). The basis for deciding who is the competent authority depends on, whether the post is a plan post or a non-plan post (economy instructions);
- vi. Powers delegated to a subordinate authority shall not be used to create post(s) so as to add to any service or cadre unless that service or cadre is under the control of that authority; [Exception: CSS/CSSS/CSCS]
- vii. In the case of a new project or reorganisation scheme, if creation of some posts require the approval of the Ministry of Finance, creation of the remaining posts which may be created under the delegated powers of a subordinate authority shall be held up till the Ministry of Finance approves the proposal;
- viii. Retrospective creation of post(s) should be done only with the approval of the Finance Minister. Do remember to create related supporting staff posts but they should not be created in excess of standard scales (e.g. MTS posts, stenographers, personal staff of senior officers and Ministers, etc.);
- ix. Up-gradation of a post amounts to creation of a post;
- x. While providing "matching savings" for the creation of non-plan posts, following principles shall be borne in view:
 - a) Matching savings" should be provided for by the surrender of posts in the same group; or
 - b) It should be provided by the surrender of posts in the immediate line of promotion;
- xi. Whenever higher level posts are abolished, it will be necessary to abolish personal/supporting staff of that (those) post(s) simultaneously. In addition to such abolition, it will be desirable to have a work study conducted to determine what other re-structuring and abolition of lower posts would be required as a result of the abolition of higher level post(s);
- xii. If a post is held in abeyance or remains unfilled for a period of one year or more, it would be deemed to be abolished. FA will monitor this aspect and ensure that abolition orders are issued within one month of the post

remaining unfilled/held in abeyance for a period of one year. If the post is required subsequently, the post could be revived with the approval of the FA.

xiii. Delegated powers of the subordinate authorities

Schedules II and III of the DFPRs are no longer relevant because of the economy instructions imposing ban on creation of posts. Presently for creation of posts of plan posts as well as non-plan posts, approval of Finance Ministry is required. In case of posts of the level of Joint Secretary and above, approval of the Finance Minister / Cabinet is required.

b) Action on the staff inspection unit (SIU)s reports

- i. Final report is mandatory in nature. To be implemented by the administrative department within 3 months from the date of receipt of the Report;
- ii. Financial Adviser of the Department concerned is responsible to ensure the implementation;
- iii. Report contains creation of posts as well as reduction of certain other posts, simultaneous action to be taken to reduce and creating the new posts;
- iv. Staff declared surplus may be retained against clear vacancies arising after the receipt of the SIU Report only for 3 months;
- v. Differences over the assessment made by the SIU should be referred within one month from the date of receipt of report to a Committee consisting of:
 - Secretary (Expenditure) - Chairman
 - Secretary (Personnel) - Member
 - Secretary (Administrative Department concerned) - Member
- vi. Surplus posts (earmarked for reduction) not covered by the reference to the committee to be abolished within 3 months.

8 Powers of Incurring Contingent Expenditure. (Schedule – V)

Authority	Extent Of Power	
	Recurring	Non-recurring
Deptt. of Central Govt.		
a) Vice President's Sectt.	Full powers	Full power
b) Other Deptts.	Full powers	Full power
Administrators	Full powers	Full power
Heads of Offices other than Under Secretary in Central Govt.	Rs.1000/- per month in each case	Rs.5000/- in each case
Under Secretaries as HOO in Deptts. Of Central Govt.	Rs.2000/- per month in each case	Rs.5000/- in each case

9 Annexure to Schedule V [purchase of misc. items/misc. expenditure]

Item of Expenditure	Limit	Rules/Remarks
Bicycle	Full powers	Against DGS&D rate contract
Hire of office furniture	Full powers	
Electric Gas, water	Full powers	
Fixture/Furniture purchase/repair	Full powers	As per conditions and Scale prescribed by Min. of Urban Dev.
Legal charges	Full powers	

Item of Expenditure	Limit	Rules/Remarks
Motor Vehicle Purchase Maintenance & Upkeep	Full powers	For staff car approval of Secretary required
Repairs to Govt. buildings	Full powers	
Repairs to hired building	Rs.50000 p.a. non-recurring Rs.6000/- p.a. recurring	Only if land lord refuses to meet the charges
Postal & telegraph charges	Full powers	No charges for non-service stamp other than for letters to other countries.
Local purchase of stationary	Full powers	Subject to rules for supply and use of stationary stores. HOO Rs.4000/- p.a. HOD & Administrator- Full
Telephone charges	Full	Full powers
All office equipment	Full	HOO Rec.-1000/- p.m. Non-Recurring Rs.10,000/- subject to general or special orders issued by MOF & Deptt. Of Supplies from time to time.
Computers	Full	System to be compatible to NIC systems. Instructions of Deptt. Of Electronics from time to time.
Petty Works	Rs.30000/- in each case	
Printing & Binding	Full powers when executed through or with the approval of Director of Printing except Publication Div. & DAVP under Min. of I&B	Rule for Printing & Binding. Govt. Press not less than 500 copies. For forms not less than 3000 copies. Petty Printing (Emergent unforeseen) Deptt 1,00,000 p.a. HOD 20,000p.a. HOO 10,000 p.a. Above this within the schedule of Rates of Dte. Of Printing.
Stores (a) Works (b) Other Stores	Full Powers Full Powers	Sanction for executing work constitutes sanction for exp. on purchased stores.

Schedule-VI:

10 Power to incur miscellaneous expenditure (Schedule VI)

Authority	Limit	
	Recurring	Non-recurring
Deptts. Of Central Govt.		
i) Ministry of Parliamentary Affairs, President's/Vice President's Secretariat	Full	Full
ii) Others Deptts.	Full	Full
Administrators		
i) All Union Territories except Lakshadweep	Full	Full
ii) Administrator Lakshadweep	Rs.10,000/- PA	Rs.40,000/- PA
Heads of Deptts.	Rs.5000/- PA	Rs.20,000/- PA

11 Powers of appraisal and approval of scheme/project

Scheme/Project Appraisal		Scheme/Project Approval	
Cost (Rs.Cr)	Appraisal by	Cost (Rs.Cr.)	Approval by
Up to 100	The Financial Adviser	Up to 100	Secretary of the Administrative Department
>100 & up to 500	SFC/DIB Chaired by Secretary of the Admn. Dept.	>100 & up to 500	Minister-in-charge of the Administrative Department
>500	EFC/PIB Chaired by the Expenditure Secretary, Except Departments/Schemes/projects for which special dispensation has been notified by the Competent Authority	>500 & up to 1000	Minister-in-charge of the Admn. Dept. and Finance Minister, except where special powers have been delegated by the Finance Ministry
		>1000	Cabinet/Committee of the Cabinet concerned with the subject

Expenditure Finance Committee (EFC)

Expenditure Secretary	Chairperson
Secretary of the Administrative Ministry/Department	Member
Financial Advisor of the Administrative Ministry/Department	Member
Adviser, PAMD, NITI Aayog	Member
Representative of Budget Division	Member
Representatives of concerned Ministries/Agencies	Member
Joint Secretary, Department of Expenditure	Member-Secretary

For appraisal of Schemes of Scientific nature, Scientific Adviser may be invited as Member.

Standing Finance Committee (SFC)

Secretary of the Administrative Ministry/Department	Chairperson
Joint Secretary in Charge of the Subject Division	Member
Representative of NITI Aayog	Member

Financial Advisor of the Administrative Ministry/Department	Member-Secretary
Representative of Department of Expenditure and any other Ministry/Department that the Secretary/Financial Advisor may suggest may be invited as per requirement.	
Public Investment Board (PIB)	
Expenditure Secretary	Chairperson
Secretary of the Administrative Ministry/Department	Member
Financial Advisor of the Administrative Ministry/Department	Member
Adviser, PAMD, NITI Aayog	Member
Representative of Budget Division	Member
Representative of concerned Ministry/Agencies	Member
Joint Secretary, Department of Expenditure	Member-Secretary
For appraisal of scientific projects, Scientific Adviser may be invited as Member.	
Delegated Investment Board (DIB)	
Secretary of the Administrative Ministry/Department	Chairperson
Joint Secretary in Charge of the Subject Division	Member
Representative of NITI Aayog	Member
Financial Advisor of the Administrative Ministry/Department	Member-Secretary
Representative of Department of Expenditure and any other Ministry/Department that the Secretary/Financial Advisor may suggest may be invited as per requirement.	

Governed by DFPR, 1978 and GFR, 2017 and subject to purchase power delegated for making purchases directly and not through the CPO, a department has full power to sanction expenditure for purchases and for execution of contracts.

12 Power to write off losses

- i. The loss does not disclose a defect in rules and procedures, the amendment of which require the order of higher authorities of Finance Ministry;
- ii. There has been no serious negligence on the part of any Government servant calling for disciplinary action;
- iii. If Integrated/Associate Finance finds that loss reveals basic defect in rule & procedure, the same be brought to notice of Establishment Division for further necessary action;
- iv. Each case to be reckoned with reference to total value of stores to be written off on one occasion;
- v. Loss arising out of one specific cause should be written off at one time but losses due to more than one cause can be clubbed together.

13 Schedule –VII Write off of losses

Nature of loss	Authority	Monetary limit
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Irrecoverable loss of stores/Public money	Deptt. Administrator	Rs.20 Lakh
Not due to theft fraud or negligence	HOD	Rs.2 lakh Rs.50,000
(b) Other cases	Department Administrator	Rs.2 lakh Rs.50,000
(b) for other reason	HOD	Rs.20,000

Loss of revenue/loan/advance.	Deptt./Admn. HOD	Rs.1 Lakh Rs.10,000
Deficiency & Depreciation in value of stores	Deptt./Admn HOD	Rs.50,000 Rs.2,500
Condemnation of Motor Vehicle	Deptt.	Rs.2 lakh (Subject to life in year & distance run) a certificate that vehicle is not fit for commercial use. to be disposed off in 3 months of placing of fresh order

Participants may also refer latest Orders/references: