

No 1(5)/2016-E.II(A)
Government of India
Ministry of Finance
Department of Expenditure
E.II(A) Branch

New Delhi, the 27th May 2016

OFFICE MEMORANDUM

Sub: Enhancement in the Financial Powers of Ministries/ Departments with regard to expenditure on Non-Plan Schemes/ Projects.

The undersigned is directed to refer to this Ministry's OM No. 1(9)/E.II(A)/07 dated 6th April, 2010 on the subject cited above. It has been decided to revise the financial limits for appraisal and approval of Non-Plan Schemes/ projects by competent authorities. Accordingly, the Government of India Decision (4)(B) below Rule 18 of the Delegation of Financial Powers Rules, 1978 has been substituted as per the amendment enclosed.

2. Hindi version of the OM will follow.

Encls: 03 pages.

(Annie George Mathew)
Joint Secretary to the Government of India

To

- i. All Ministries/Departments of Government of India
- ii. All Financial Advisers
- iii. To NIC with a request to upload on this Ministry's website.

AMENDMENT TO THE DELEGATION OF FINANCIAL POWERS RULES, 1978

Rule 18 Government of India Decision No. 4(B)

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

4(B) Sanction of Non-Plan Expenditure-

- (a) A Committee on Non-Plan Expenditure (CNE) has been constituted with Secretary, Department of Expenditure as Chairman and the following members:
 - (i) CEO, Niti Aayog
 - (ii) Secretary of the Department concerned.
- (b) CNE will serve as an appraisal forum and the following types of cases shall require submission to the Committee on Non-Plan Expenditure-
 - (i) All Non-Plan proposals involving expenditure of over Rs. 300 crore recurring or non-recurring, on a new service or for expansion of existing services.
 - (ii) Any other Non-Plan proposal which a Department may like to be considered in the CNE.
- (c) No item of Non-Plan expenditure will be referred to the EFC/PIB. Procedure for submission of cases to the CNE will be the same as for submission of proposals to EFC and PIB. The integrated Finance of the concerned Department shall function as the Secretariat for the CNE.
- (d) A Department of the Central Government with the Integrated Finance Scheme, may exercise power to sanction Non-Plan expenditure on schemes in the manner mentioned below subject to the condition that (i) No Non-Plan post will be created and (ii) No autonomous institution will be set-up. The powers will continue to be governed by procedural and other instructions issued by Government from time to time, e.g. General Economy Instructions.

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Financial limits of Non-Plan Scheme *	Appraisal Forum	Competent Authority to approve the scheme/project
(a) Upto Rs. 75 crore	Ministry/Department concerned in the normal course	Secretary of Administrative Ministry/Department
(b) Beyond Rs. 75 crore but less than Rs. 300 crore	Standing Finance Committee of the Ministry/Department concerned under the chairmanship of Secretary with Financial Advisor and JS/Director of the concerned Division as members.	Minister-in-charge of the Administrative Ministry/Department
(c) Rs. 300 crore and above but less than Rs. 500 crore	CNE	Minister-in-charge of Ministry/Department
(d) Rs. 500 crore and above but less than Rs. 1000 crore	CNE	Minister-in-charge of Ministry/Department and Minister of Finance
(e) Rs. 1000 crore and above	CNE	Cabinet/CCEA
(f) Proposals for new autonomous organisations irrespective of outlay.	CNE	Cabinet/CCEA

* The financial limits specified are for the composite project and under no circumstances, shall a proposal be split (e.g. land acquisition for project site and construction activities thereon) so as to avoid appraisal/approval by the Competent Authority. Therefore, Ministries/Departments are advised not to incur any expenditure on account of investment in land and building unless schemes/projects are appraised/approved by the Competent Authority.

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2. The revised delegation of powers for appraisal and approval of **Revised Cost Estimates (RCE)** is as follows:

S. No.	Limit	Appraisal and Approval Forum
A	Increase in costs due to increase in statutory levies**, exchange rate variation, and price escalation envisaged within the original approved time cycle, irrespective of the cost of the scheme/ project.	No appraisal. Approval by Secretary of the Admn. Deptt. if absolute cost escalation is up to Rs. 75 crore, and by the Admn. Minister-in-charge if absolute cost escalation is above this.
** Statutory levies include State/Central taxes, including import and export duties as notified by Gol and paid by the project authorities, but exclude water, electricity charges and POL price increases.		
B. Increase in cost estimates due to reasons such as time over-run, change in scope, under-estimation, etc. (excluding cost escalation for reasons cited in A above):		
1.	Increase in costs up to 20% of the firmed up*** cost estimates	Appraisal by the Financial Adviser. Approval by Secretary of the Admn. Dept. if absolute cost escalation is up to Rs. 75 crore, and by the Admn. Minister-in-charge if absolute cost escalation is above this.
2.	Increase in costs beyond 20% of the firmed up *** cost estimates or substantial alteration in the scope	Fresh Appraisal and Approval by the Competent Authority as per the extant delegation of powers.
*** Firmed up cost estimates means a cost estimate which has gone through the full appraisal and approval process as per the extant delegation of powers.		
