

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:4415
ANSWERED ON:22.04.2013
DELEGATION OF PROCUREMENT POWERS
Owaisi Shri Asaduddin

Will the Minister of DEFENCE be pleased to state:

- (a) whether for smooth procurement and minimize procedural delay, the Government has delegated powers to armed forces offices;
- (b) if so, the details thereof;
- (c) whether there has been huge loss to the exchequer after delegating such powers;
- (d) if so, the details of the cases where delegation of powers was misused; and
- (e) the steps taken / being taken by the Government to make a balance between reducing delays in procurement and judicious spending of money allocated to armed forces?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

- (a) Financial powers have been delegated by the Government to the various Armed Forces Headquarters and subordinate authorities under them to facilitate procurement of goods and services required by them in an efficacious and time bound manner.
- (b) Delegation of financial powers for capital acquisitions was made in 2006, 2007, 2008 and 2010. Under the latest delegation in 2013, powers of Service Headquarters in respect of capital cases has been enhanced to `150 crore. The last delegation of financial powers for revenue expenditure was made to the Services, Coast Guard and Joint Staff in July 2006. Similarly, the delegation of administrative powers to the Services was revised in 2001 and again in 2006/2007 for taking administrative decisions.
- (c) & (d) Audit of procurements under financial powers delegated to various authorities under Ministry of Defence, including special financial powers delegated to Army Commanders, was undertaken by the DAD. Reports of this Internal Audit have been shared with the concerned Services / Agencies. Responses received are being examined and internal audit conclusions will be arrived at.
- (e) In order to enable the Armed Forces to run their units/ establishments efficiently enhanced financial powers need to be delegated to them to meet their day-to-day routine administrative and office requirements but also the urgent operational/ technical requirements in a timely manner. Accordingly, the powers are being reviewed to allow for inflation that has been taken place since 2006 and also cover new areas and challenges that need to be handled by the Defence Forces in the changing security scenario. The following measures are being considered to further ensure that delegation of financial powers is utilized judiciously:-
 - (i) Audit of sanctions issued by the Competent Financial authorities in the Services under their delegated financial powers;
 - (ii) Correlation of enhanced financial powers to achievement of desired outcomes;
 - (iii) Clear accountability norms to be established by introducing measurable performance parameters for execution of the allocated budget; and
 - (iv) Speeding up the process of rendering of financial advice by providing Integrated Financial Advisors (IFAs) at all levels.