



भारतीय अन्तर्देशीय जलमार्ग प्राधिकरण (पत्तन, पोत परिवहन और जलमार्ग मंत्रालय, भारत सरकार)

मुख्यालय: जलमार्ग भवन, ए-13, सेक्टर-1, नोएडा-201 301 (उ०प्र०)

INLAND WATERWAYS AUTHORITY OF INDIA

(Ministry of Ports, Shipping and Waterways, Govt. of India)

Head Office : Jalmarg Bhawan, A-13, Sector-1, Noida-201 301 (U.P.)

Website: www.iwai.gov.in | www.iwai.nic.in

Tel. : +91-120-2544036, 2543972, 2527667, 2448101 Fax : +91-120-2544009, 2544041, 2543973, 2521764

File No. IWAI-11014/16/2025-ADMIN RECTT

Date: 15.05.2025

CIRCULAR

In pursuance of Ministry of Ports Shipping and Waterways, letter no. IWT-11011/83/2025-IWT, along with a copy of OM No 01(02) /PFC-II/2024 dated 07.04.2025 of Department of Expenditure, Ministry of Finance reg. Adherence of the Subordinate authorities to the delegated financial power-role of financial advisor, is **enclosed** herewith for information and further needful action.

This issues with the approval of the Competent Authorities.

(Neeraj Singh)

Assistant Secretary (Admn. & Estt.)

Email Id: nsingh@iwai.gov.in

Phone: 0120-2474050

Encl: As above

To

All Officials/Officers, IWAI.

Copy also to : (By e-mail)

- CE (Tech)/CE (JMVP)/ CE (NER) & OW)/Hydrographic Chief/CAO/Deputy Secretary (P&C)/ Director (RE)/Director (JMVP)/ Director (Hydro.)/Assistant Secretary (L&H), IWAI, Noida.
- Director/Director (I/C), IWAI, Patna/Kolkata/Kochi/Bhubaneswar/Guwahati/ Varanasi.
- Officer-In-Charge, Sub Offices, Prayagraj, Sahibganj, Farakka, Swaroopganj, Vijayawada/
- PCSA (IT), IWAI, Noida- for uploading on IWAI website
- Hindi Cell- for Hindi translation
- Section Office (Estt-I)/II/III
- Office Copy/Master Copy
- Notice Board

Copy for kind information to: (By E.mail)

PPS/PS/PA to Chairman/Vice-Chairman/Member (Fin.)/ Member (Tech.)/ Member (Traffic)/Secretary, IWAI

F. No. IWT-11011/83/2025-IWT
Government of India
Ministry of Ports, Shipping and Waterways
IWT Division

Transport Bhawan,
1, Sansad Marg
New Delhi- 110001

Dated: 22nd April, 2025

To,

The Chairman,
Inland Waterways Authority of India,
Head Office, A-13, Sector -1,
Noida, U.P.

Subject: Adherence of the Subordinate Authorities to the delegated Financial powers- role of Financial Advisor.- req.

Sir,

I am directed to forward the Department of Expenditure, Ministry of Finance's O.M. no. 01(02)/PFC-II/2024 dated 07.04.2025 regarding the subject mentioned above for kind information and compliance.

Yours faithfully

Uttam
22/4/2025
(Uttam Kumar Mishra)
Under Secretary (IWT)
Tel: 011-23357558
E-mail: psw-usiwt2@gov.in

Pl. discuss
for
CAO

F. No. 01(02)/PFC-II/2024
Government of India
Ministry of Finance
Department of Expenditure
Plan Finance Central - II

North Block, New Delhi
Dated: 07th April, 2025.

OFFICE MEMORANDUM

**Subject: Adherence of the Subordinate Authorities to the delegated financial powers –
Role of Financial Advisors.**

Reference is invited to Rule 4 (2) of the Government of India (Transaction of Business) Rules, 1961 which provides that unless the case is fully covered by powers to sanction expenditure or to appropriate or re-appropriate funds, conferred by any general or special orders made by the Ministry of Finance, no Department shall, without the previous concurrence of the Ministry of Finance (MoF), issue any orders which may, *inter alia*, have financial bearing whether involving expenditure or not. Pursuant to the above, in terms of the Delegation of Financial Power Rules (DFPR) 2024, Subordinate Authorities have been delegated financial powers to sanction expenditure. Such expenditures, as per Rule 7 of the DFPR 2024 require both sanction and appropriation. However, expenditure can be incurred against a sanction only when funds are made available to meet the expenditure or liability by a valid appropriation or reappropriation.

2) The Delegation of Powers to sanction expenditure on any scheme or project has been stated in Rule 16 of the DFPR 2024 which is subject to its outlay being approved by the Competent Authority in accordance with the appraisal and approval process prescribed by the Finance Ministry from time to time. Department of Expenditure (DoE) vide its OM no. 24(35)/PF-II/2012 dated 05-08-2016 has issued detailed guidelines on the appraisal and approval of the public funded schemes and projects. This not only includes the delegated financial powers of the Appraising Body (s) but also the Approving Authority (s).

3) While the Secretary of the Ministry / Department is the Chief Accounting Authority in terms of rule 70 of the General Financial Rules 2017, *inter alia*, responsible and accountable for financial management of the Ministry / Department, it is the primary duty of the Financial Advisor to advise the Ministry / Department to which she/he is attached on matters which have financial implications, with a view to adhering to the General Financial Rules and other rules, orders, instructions and guidelines on financial matters issued by the MoF.

4) In the recent past, it has come to the notice of DoE that relevant guidelines on financial matters have not been followed before sanctioning and disbursing funds for a scheme or a project. In one case the Ministry enhanced its outlay under a scheme already approved over a Finance Commission Cycle within 2 days of circulation of the draft SFC memo and without making available the final SFC Memo to DoE. Through this appraisal process the outlay of the scheme was enhanced substantially and was later sent to DoE for its concurrence and re-appropriation of funds to meet the expenditures under the scheme with

enhanced outlay. The Financial Advisor, as per records available with DoE, participated in the SFC meeting without, it appears, informing the Secretary of the Ministry as the Chair of the SFC of the relevant process of going through the preliminary assessment by the Revised Cost Committee as the enhanced cost was more than 20% of the original cost estimate and the fact that adequate time had not been granted to the stakeholders to respond to the proposal contained in the SFC Memo.

5) In another case, a Subordinate Office of the Ministry was initially granted approval for replacement / upgradation of its IT hardware which was in the nature of Establishment Expenditure well within the delegated powers of the relevant authorities. However, over a period of 3 years, the Subordinate Office substantially enhanced the scope of the project (more than 25 times) and submitted the same for appraisal and approval to the Ministry. The said Ministry constituted a Delegated Investment Board (DIB) and without including as part of the DIB or informing DoE, went ahead with the appraisal process and also obtained the approval of the Minister In-charge. The Financial Advisor, who participated in the DIB meeting did not either inform or object to the process being followed in contravention with the established and extant procedures prescribed by DoE.

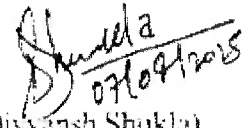
6) In another instance, after getting a Scheme appraised by the Expenditure Finance Committee (EFC), the scheme was not subjected to approval by the Competent Authorities, in this case the Minister In-charge of the presenting Ministry and the Finance Minister. Even though the scheme did not have the approval of the Competent Authorities and therefore no sanctions should have been issued, expenditures were incurred over two financial years under the Scheme.

7) After the end of the 12th Five Year Plan Government has made most of schemes coterminous with the Finance Commission cycle. Other schemes, the tenure of which is not configured on the above lines, generally have an approval cycle of five years unless otherwise required. Every scheme has an approved financial outlay for a particular cycle of its implementation divided across the number of years for which the scheme is to be implemented. Though Ministries / Departments have some flexibility, limited by the BE/RE allocations and Cash Management guidelines issued by MoF to meet annual expenditures which may not exactly follow the approved annual allocation, it must be ensured that the total allocation of a scheme is not exhausted far in advance of the scheme closure time or committed financial liabilities are acquired, expenditures of which needs to be defrayed later. In this context it is important for the Financial Advisors to exercise control of expenditures ensuring that the approved allocation is not exhausted much in advance of the closure date. Many cases have been referred to DoE by Ministries / Departments seeking enhancement of allocation beyond the approved outlay before the closure of the Finance Commission cycle. A particular Ministry has issued sanctions under a Centrally Sponsored Scheme which is more than three times the financial outlay approved by the Cabinet creating huge unfunded liability on the Consolidated Fund of India. This not only leads to financial indiscipline but impacts fiscal management and budgeting.

8) A Financial Advisor's role is to provide expertise and guidance on financial matters, helping to manage finances and make informed decisions. The institution of Financial Advisor, which occupies a unique position in the Government of India, has the simultaneous responsibility of advising the Secretary of the Ministry / Department as well as representing the MoF. In his / her capacity as representative of MoF it is the duty of the Financial Advisor to ensure that the instructions and guidelines on financial matters issued by MoF are strictly

adhered to and no decision which has financial bearing involving expenditure is taken without the Chief Accounting Authority being informed and advised about the relevant guidelines. In an event of delegated power being exceeded or guidelines not being followed, as stated in para 16 and para 46 of the Charter for Financial Advisors 2023, a report in the matter must be sent to the Secretary, Department of Expenditure immediately.

- 9) This issues with the approval of the Secretary, Department of Expenditure.


(Divyansh Shukla)
Deputy Director (PFC-II)
Tel. : 2309 5640

To,

All Financial Advisors to the Government of India (As per the standard list).

Copy to :

All Secretaries to the Government of India (As per the standard list).