

Government of India  
Ministry of Shipping  
(Ports Wing)

F. No. 17011/1/2005-PG

Dated the 11<sup>th</sup> February, 2015

To,

The Chairmen, All Major Port Trusts

**Subject: - Delegation of enhanced financial powers to Major Port Trusts.**

The question of enhancing the powers delegated to the Major Port Trusts for performing their duties and functions as envisaged under the Major Port Trusts Act, 1963 (Act) has been under the consideration of the Government for some time. A Committee constituted under the Chairmanship of Additional Secretary and Financial Adviser in the Ministry of Shipping with representatives from the Major Port Trusts as members for making suitable recommendations on the issue has submitted its report. The Committee, while making its recommendations, has kept inter-alia, the following broad principles in view:

- i) Delegation of powers should foster faster decision-making;
- ii) It should result in effective implementation of projects and avoid time and cost overrun;
- iii) Higher levels of Port Authority should focus on important port development/ management issues and projects, not routine matters;
- iv) Capacity Building of officers at Major Ports is of immense importance. Officers have to be given training periodically not only in eminent institutions in India but particularly at International institutions so that they will be given required orientation and make them more vibrant and effective to the present needs.
- v) Delegation should also enable the ports to function like real commercial organizations, on par with Public Sector enterprises.
- vi) There is a need for better accountability mechanism in Major Ports and for a robust budgeting exercise and approval mechanism.
- vii) Delegation of powers should enable Major Ports to function as world-class ports in terms of best practice and hassle-free systems.

viii) There is no need to distinguish Capital expenditure as Plan and Non-Plan; delegation shall be with regard to Capital and Revenue expenditure.

ix) As regard to delegation of powers, no distinction should be made between Category I & Category II.

x) There is no need of distinction between New and Replacement Projects.

xi) In the scheme of things, Deputy Chairman and Heads of Departments are given adequate powers so that decision-making at cutting-edge level is made quickly and process is eased.

2. Based on the recommendations of the Committee, the Central Government hereby fix the following limits subject to which the Port Trust Board, Chairman, Dy. Chairman and Heads of Department may exercise the powers conferred on them by under Sections 34, 36, 85, 92, 93, 94, 95, 96 and 101 of the Act.

| Sl. No. | Section and Subject                             | Limits   |
|---------|---|--|
| (i)     | 34<br>Execution of Contracts on behalf of Board | <p><b><u>Board</u></b><br/>Full Powers<br/>Chairman – Rs. 10 crores<br/>Dy. Chairman- Rs. 5 crores<br/>HOD – Rs. 1 crore</p> <p><b><u>Note:-</u></b><br/>i) The Financial limits for Chairman, Dy. Chairman and HOD are with reference to the total size of the contract which may include budgetary support, internal resources, loan etc. and it is part of the scheme approved.<br/>ii) It should be ensured that tender enquiries, corrigenda thereon and details of bid awards are also published on the Central Procurement Portal(CPP) using e-publishing mode. A compliance report in this regard may be furnished by the respective Port Trust for information.<br/>iii) The Board will have full powers to award contract in respect of projects in which investment decision has been taken by the Government and the estimate has been sanctioned by the Government.<br/>iv) The contract should be part of the scheme approved individually or part of collective schemes approved in</p> |

|       |   |   |
|-------|---|---|
|       |   | <p>the Annual Plan.</p> <p>v) In case of Dredging (Capital and maintenance), full powers will be exercised by the Board in accordance with the Annual Action Plan of dredging approved by the Government. This is subject to the condition that the contract will be scrutinized by a duly constituted Dredging Committee of the officers of the Port, FA&amp;CAO being one of the members.</p>   |
| (ii)  | 36<br>To execute deposit works                                | <p>Board- Full Powers.</p> <p>Chairman- Full powers subject to the condition that the Chairman would keep the Board informed of the nature, size and value of deposit works as and when undertaken.</p>   |
| (iii) | 85<br>Powers of Board to take temporary loans or overdrafts   | <p><b>Boards</b> can raise loans upto an amount equal to 20% of revenue receipts of previous financial year.</p> <p><b>Note:-</b><br/>Utilisation certificate will be submitted by the concerned Port Trust at the year end indicating the utilisation the loan for the purpose for which it was sanctioned, and that the balance remaining unutilized.</p>   |
| (iv)  | 92<br>Power to charge expenditure to capital                  | <p><b>Board</b><br/>Board – Rs. 200 crores.<br/>Chairman – Rs. 10 crores.<br/>Dy. Chairman – Rs. 5 crores.<br/>HOD – Rs. 1 crore.</p> <p><b>Note:</b><br/>i) The exercise of the delegated power will be subject to the condition that the tenders will be evaluated/scrutinized by a duly constituted Tender Committee of officers of which FA&amp;CAO of the Port Trust shall be one of the members.<br/>ii) The financial limits are with reference to the total size of the contract which may include budgetary support, internal resources, loan etc. and is part of the scheme approved.</p> |
| (v)   | 93<br>Works requiring sanction of Board or Central Government | <p><b>Board</b> – Rs. 200 crores<br/><b>Chairman-</b> Rs. 10 crores<br/><b>Dy. Chairman</b> – Rs. 5 crores<br/><b>HOD-</b> Rs. 1 crore</p> <p><b>Note:</b><br/>i) The exercise of the delegated power will be subject to</p>  |

|        |  |   |
|--------|--|---|
|        |  | <p>the condition that the tenders will be evaluated/scrutinized by a duly constituted Tender Committee of officers of which FA&amp;CAO of the Port Trust shall be one of the members.</p> <p>ii) The financial limits are with reference to the total size of the work and is part of the scheme approved.</p>  |
| (vi)   | <p>94</p> <p>Powers of Chairman as to execution of works (subject to a report being made to the Board as soon as possible)</p> | <p><b>Chairman-</b> Rs. 10 crores</p> <p><b>Note:-</b><br/>The financial limits are with reference to the total size of the work and is part of the scheme approved.</p>  |
| (vii)  | <p>95</p> <p>Power of Board to compound or compromise claims</p>   | <p><b>Board</b><br/>Rs. 3 crores subject to a ceiling of Rs. 15 crores in a year.</p> <p><b>Note:-</b><br/>The Port Trust shall submit annually on the 1st of June to the Ministry of Shipping and the Audit/Accounts officer concerned with statements showing the details of writing off losses/compromise or compound of claims during the preceding year . A brief explanation of the circumstances leading to the writing off/compromise or compound of claims should be added in the case of each class.</p>            |
| (viii) | <p>96</p> <p>Writing off losses</p>  | <p><b>Board</b><br/>Rs. 5 crores in each case subject to maximum of Rs. 40 crores in a year.</p> <p><b>Note:-</b><br/>The Port Trust shall submit annually on the 1st of June to the Ministry of Shipping and the Audit/Accounts officer concerned with statements showing the details of writing off losses/compromise or compound of claims during the preceding year . A brief explanation of the circumstances leading to the writing off/compromise or compound of claims should be added in the case of each class.</p> |
| (ix)   | <p>101</p> <p>Adherence to estimate except emergency</p>   | <p><b>Board</b><br/>Rs. 5 crores in each case subject to maximum of Rs. 25 crores in a year.</p> <p><b>Note:-</b><br/>Scrupulous scrutiny of the budget proposal, both at the</p>   |

|  |  |   |
|--|--|---|
|  |  | time of preparation of Demand for Grants and Supplementary Demand for Grants and compliance to provision of GFR may be ensured to eliminate possibility of excess expenditure |
|--|--|---|

3. Further, with a view to streamlining the powers exercisable by below Board level officers in the Port Trust and to ensure clarity and uniformity among the Major Ports, the Committee has identified a list of activities and recommended the limits upto which the Chairman, Deputy Chairman and Heads of Department, as the case may be, may exercise their powers which is enclosed as **Annexure – I** to this letter. These recommendations have been accepted by the Government. The Major Ports Trusts are requested to adhere to these limits in the exercise of their powers accordingly.

4. According to Ministry of Finance O.M. No. 1(37)/2010-EII(A) dated the 2<sup>nd</sup> November 2010, relevant provisions contained in General Financial Rules shall be deemed to be applicable to autonomous bodies except to the extent the bye laws of an autonomous body provide for separate Financial Rules which have been approved by the Government. The rules and processes to be followed as per the General Financial Rules (GFR) etc, which broadly cover the following areas is enclosed as **Annexure- II**:

- (i) Budget Formulation
- (ii) Contingency Fund
- (iii) Expenditure & Re-appropriation
- (iv) Power to Sanction Works & Its Execution
- (v) Procurement of Goods
- (vi) Purchase of Goods
- (vii) Tender Procedures
- (ix) Procedure for Advance payments
- (x) Procurement of Services
- (xi) Preparation of Request for Proposal (RFP)
- (xii) Outsourcing of Services
- (xiii) Contingent & Miscellaneous Expenditure

The Port Trust may kindly keep the provisions of the General Financial Rules and in particular the above mentioned rules in view while exercising their powers.

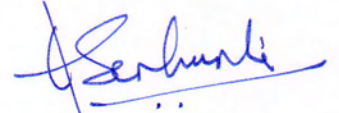
5. The powers delegated are subject to the following conditions:-

- (i) Major Ports need to prepare their budgets in time and get them approved by Government. The performance of the Major Ports vis-à-vis the approved budget has to be reviewed. The higher delegation of powers would be subject to the Major Ports adhering to such financial discipline. If some Major Port is found wanting in financial discipline including in budgeting, the delegation of powers shall be withdrawn to that Port.
- (ii) Delegation will always be subject to compliance of administrative instructions issued by the Government from time to time.
- (iii) If there are instances of financial mismanagement in any Major Port, the enhanced delegation of powers would be withdrawn by the Ministry of Shipping till adequate mitigating measures are taken by the Port to the satisfaction of the Ministry.
- (iv) In so far as delegations under Sections 92 and 93 are concerned the works or the scheme shall be the one included in the Five Year Plan or Annual Plan as approved by the Govt., with allocation to the extent required during the year.
- (v) Provisions required during the year shall be available in the Budget Estimates as approved by the Govt. for the year in which the work or the scheme is proposed to be sanctioned/ executed.
- (vi) The Port Trust Board shall set up a Standing Committee headed by the Chairman to consider and recommend the investment proposals for Board's approval within their competence. FA&CAO, the concerned Chief Engineer and the Head of the project may be included as Members of this Committee.
- (vii) As soon as an investment decision is taken by the Port Trust, the particulars thereof i.e. name of the project, sanctioned estimate, additional capacity to be created, if any, financial and other benefits including FIRR/EIRR, scheme date of completion, etc., must be reported to the Ministry for information and record.
- (viii) No splitting of the estimates shall be resorted to deliberately or artificially to keep it within the delegated powers of the Ports.
- (ix) Before awarding the contract, even if the estimate is within the delegated power, but the value of the contract falls beyond the delegated power, the Govt., sanction should be obtained before award of the contract.
- (x) The Port Trust must enter into an MOU/RFD with the Govt., during every financial year. The continued exercise of the enhanced delegated

powers would be conditional upon the signing of the MOU/RFDs in time and achieving at least very good ranking in any particular year.

6. The delegation of powers as in this letter will be effective from its date of issue.
7. This Ministry's earlier letters on the subject as cited below are hereby superseded:-
  - (i) No. PR-17011/3/96-PG dated 11<sup>th</sup> December, 1996.
  - (ii) No. PR-17011/2/96-PG dated 18<sup>th</sup> August, 1997.
  - (iii) No. PR-17011 298-PG dated 24<sup>th</sup> October, 2000.
  - (iv) No. PR-17011/1/2005-PG dated 24<sup>th</sup> August, 2005 as modified vide No. PR-17011/1/2005-PG dated 5<sup>th</sup> December, 2005.
8. This issues with the approval of the Hon'ble Minister of Shipping, Road Transport and Highways.

Yours faithfully,



(A.R. Sengupta)

Under Secretary to the Government of India  
Tel: 011-23313959

**Encl:** As above

Copy to:-

- i) JS(Shipping)
- ii) JS(Coord.)
- iii) Adviser
- iv) OSD to Hon'ble Minister(S, RT&H)
- v) All Directors/DSs/Under Secretaries in Ports Wing
- vi) Sr. PPS to Secretary(Shipping)
- vii) PS to Additional Secretary (AS)
- viii) TF-1
- ix) MD, IPA