



कार्यालयरक्षालेखाप्रधाननियंत्रक(मध्यकमान), करियप्पामार्ग, लखनऊछावनी-226002  
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*Through PCDA(CC) Website*

No.A/I/3088/RDR-CHB/Corr

दिनांक- 29 .08.2023

To,

The Officer-in charge,

1. All Sections of Main Office
2. All Sub Office
3. All PAO's Office

Sub : MoF's Gazette Notification defining the new criteria for classification of the items under Capital & Revenue based on the new cost & life cycle.

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1. Please refer to this section circular of even no. dt.24/03/2023 whereunder CS No.109/2023 alongwith CGA OM No.P-29001/3/2020-DAMA-CGA/415 dt.21/03/2023 and other related orders forwarded for information and further necessary action. This correction slip issued by HQrs Office consequent upon allotment of new object heads in amendment to the Rule 8 of DFPR 1978. This amendments is effective w.e.f 01/04/2023. Under this amendment, MoF has redefined the criteria for classification of the items under Capital & Revenue Category based on Cost & Life. According to this amendment:-
  - a) Certain Revenue Expenditure object head viz Office expenses, Digital Equipment etc have imposed a threshold limit of one lakh rupees or three years of useful life(either of the two). The items which have more than this threshold limit, the same will now be booked under capital head which were earlier booked under Revenue head upto 31/03/2023.
  - b) Similarly, the items of which cost exceeds one lakh or three years of useful life (either of the two) needs to be booked only under certain objects of Capital Expenditure.
2. Subsequently, HQrs,CGDA Office again sought comments as whether facing any difficulties during dealing with above threshold limit. The same has been obtained from all respective sections/sub-offices vide this office letter of even no, dt.31/07/2023 and forwarded a consolidated views to HQrs Office on dt.07/08/2023.
3. MoD(Finance) vide ID No.10(I)/Budget/2020/Part-2,dt.22/08/2023 now again issued some clarification regarding above amendment and threshold limit thereon which has received under HQrs Office letter no.AN/VII/7033/Misc Corr/2023-21, dt.28/08/2023. Apart from per this clarification, amendment in Rule 8 of DFPR is applicable to Civil Ministries and the same is not applicable to any organization covered under Defence Service Estimates (DSE). The copy of same is forwarded herewith for information and necessary action please.

JCDA(CC) has seen.

Sr.Accounts Officer (A/Cs)



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AN/VII/7033/Misc Corr./2023-24

Dated: 28.08.2023

To,


All PCsDA/CsDA/PCA(Fys)

(Through e-mail)

Sub: MoF's Gazette Notification defining the new criteria for classification of the items under Capital & Revenue based on the new cost & life cycle.

Ministry of Defence (Finance) (Budget Division/DFPDS Desk) ID No. 10(1)/Budget/2020/(Part-2) dated 22.08.2023 received from A/s section on the subject matter is forwarded herewith for information please.

Encls: As above.

  
(R. K. Chhabra)  
Sr. AO (AN-VII)

Copy to

AN-IV, AN-V & EDP Section (Local) : For information please.

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Ministry of Defence (Finance)  
(Budget Division/DFPDS Desk)

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**Subject:** MoF's Gazette notification defining the new criteria for classification of the items under Capital & Revenue based on the new cost & life cycle.

Attention is invited towards MoF, GoI, Gazette notification dated 16.12.2022 where-in MoF has amended Rule 8 of DFPR applicable to Civil Ministries and re-defined the criteria for classification of the items under Capital & Revenue based on the new cost & life cycle. As per the latest orders the new threshold limit for capital expenditure has been set to Rs 01 Lakhs or 03 years of useful life.

2. Vide ibid Gazette notification MoF has also issued the directives for implementation of new code heads/object heads w.e.f 01.04.2023 for both voted & Charged expenditure. Accordingly, the implementation of such procedure may require changes in booking methodology and change in procurement procedure and delegation of financial powers in some cases.
3. After the ibid amendment some contingent items which earlier were booked under Office Expense Heads, have now to be booked under Capital Heads under newly created Object Head i.e. Information Computer Telecommunication (ICT), Furniture & Fixture and already existing Object head of Motor Vehicles, Machinery and equipment.
4. Financial power to incur the expenditure on such contingent items is covered under Schedule V of Rule 13 of DFPR 1978 and till now there is no amendment in Rule 13 (including Schedule V & Annexure to Schedule V) consequent upon issue of MOF Gazette Notification/Amendment to Rule 8 of DFPR.
5. Therefore, it is evident that there is no need of any fresh delegation of financial powers to facilitate the procurement of items now classified as capital for booking purpose and organisation covered under MoD Civil budget may continue to exercise the existing delegated financial powers which were being exercised hitherto in respect of such items.

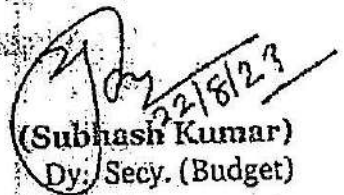
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6. In view of this, and for the benefit of all stakeholders, covered under MoD civil grant the following clarifications are hereby issued with the approval of the competent authority:

- a) Revenue Procurement Procedure i.e. **Defence Procurement Manual/ GFR** will be followed as hitherto fore for all those items of expenditure/object heads which were earlier classified as Revenue Expenditure and now re-classified as Capital Expenditure (as mentioned on Sl.No. 39, 40 & 43 of the Gazette Notification dated 16.12.2022) consequent to amendment of Rule 8 of DFPR.
- b) Till Delegation of Financial Power is amended/re-delegated, the **present delegation of revenue procurement powers will be applicable** to the items of expenditure/ object heads which were earlier classified as Revenue Expenditure and now re-classified as Capital Expenditure consequent to amendment of Rule 8 of DFPR.
- c) Expenditure on such items will invariably be booked under relevant capital heads/newly created capital heads.
- d) Amendment in Rule 8. of DFPR is **not applicable** to any organisation covered under Defence Service Estimates. (DSE).

7. In due course, scrutiny of relevant inputs from the stakeholders will be carried-out & further guidelines, if required may be issued by concerned MoD/MoD(Fin) divisions. Accordingly, all directorates/entities covered under MoD Civil estimates may adhere to the above procedure till further orders.

  
(Subhash Kumar)  
Dy. Secy. (Budget)

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DoD (Coord)	DDP (Coord)	DGBR	DGDE	CGDA
DG ICG	JAKLI	Pr. Branch AFT	GM CSD, Mumbai	

MoD (Fin) ID No. 10(1)/Budget/2020/(Part-2) dated 22.08.2023