सत्यमेव जयते

Chief Adviser Cost

Department of Expenditure

Ministry of Finance

Government of India

Advise on Cost Accounts Matters

to the Ministries and Departments of Government of India

Focusing Cost Efficiency in Government Functioning

VISION

To assist the Government in achieving cost efficiency in operations, schemes and projects.

History

- Was established in 1944 during 2nd world war with the main role to verify the cost of production and to determine the fair selling price for Government including Defence purchases on cost plus basis. In 1961, Central Cost Accountants Pool was set-up. Keeping in view important role played by the officers in changed economic scenario Indian Cost Accounts Service was setup in 1978.

- Office of Chief Adviser Cost erstwhile Cost Accounts Branch was set up as an independent agency of the Central Government under Ministry of Finance, Department of Expenditure.

- The role of the office was further enlarged and extended to advise on fixing prices for a number of products covered under the Essential Commodities Act, such as, Petroleum, Steel, Coal, Cement, etc. under the Administered Price Mechanism (APM).

- Since the cost/pricing work in the Ministries increased significantly, various Ministries/ Departments started to have their in-house expertise for routine work and need for experts in cost/ commercial accounts was also felt in these Ministries.

- In addition to the traditional areas of cost-price and escalation studies, in the post liberalization era, the office is receiving and conducting studies in synchronization with the liberalization policy of the Government.

Functions and Responsibilities

Allocation of Business

"To advise Ministries and Government Undertakings on Cost Accounts matters and attend to Cost Investigation work on their behalf."

This inter-alia includes :

- Assisting all Central Government Ministries/ Departments/ Organizations on Cost/ Price related issues, in fixing fair prices for various services/products and rendering advice to various Ministries/ Departments in cost matters.
- Examination / Verification of claims between Government Departments / Public Sector undertakings and suppliers arising out of purchase contracts.
- Determining prices of products and services supplied to Government, in order to enable Government Departments to negotiate the prices with the supplying organizations.
- Unit specific as well as industry level studies for determining cost/ fair prices, making recommendations for fair prices / rates for product, user charges for services, revision of the charges and to determine reasonableness of prices charged, duty structure, etc.
- Functioning as Chairman/ Members of Committee constituted by Government / different Departments related to Cost/financial and Pricing matters.
- Concurrent Internal audit of Escalations claims of manufacturing units.
- Subsidy determination and verification of claims.
- Cost Accounting System for departmental undertakings/ Autonomous bodies.
- Member of standing committees on fixing responsibility for Time and Cost Overruns of major projects.
- Arbitrator in resolving pricing disputes.
- Advise on matters relating to determination of Abatement Rate for purposes of Central Excise.

CORE COMPETENCE

- Repository of expertise in Cost and Management accounting matters in the Central Government.
- Prime professional agency in dealing with matters relating to Costing and Pricing, studies on cost reduction, cost efficiency.
- Qualified Cost/ Chartered Accountants to render professional assistance to different Ministries and Government agencies.

MINISTRIES/ DEPARTMENTS FOR WHICH STUDIES CONDUCTED

- ✓ Ministry of Petroleum & Natural Gas.
- ✓ Ministry of Chemicals & Fertilizers.
- ✓ Ministry of Shipping.
- ✓ Ministry of Agriculture.
- ✓ Ministry of Communications.
- ✓ Cabinet Secretariat.
- ✓ Ministry of Steel.
- ✓ Ministry of Textiles.
- ✓ Ministry of Defence.
- ✓ Ministry of Finance.
- ✓ Ministry of Home Affairs.
- ✓ Ministry of Railways.
- ✓ Ministry of Urban Development.
- ✓ Ministry of Commerce.
- ✓ Ministry of Health & Family Welfare.
- ✓ Ministry of Micro, Small & Medium Enterprises.
- ✓ Ministry of Corporate Affairs.
- ✓ Ministry of Consumer Affairs, Food & Public Distribution.
- ✓ Ministry of Science and Technology.
- ✓ Ministry of New & Renewable Energy.
- ✓ Ministry of Earth Sciences.
- ✓ Ministry of Human Resource Development.
- ✓ Ministry of Coal.
- ✓ Ministry of External Affairs.
- ✓ Ministry of Labour and Environment.
- ✓ Ministry of Mines.
- ✓ Ministry of Power.
- ✓ Department of Atomic Energy.
- ✓ Department of Economic Affairs.
- ✓ Prime Minister's Office.
- ✓ Lok Sabha Secretariat.
- ✓ Geological Survey of India.

Studies undertaken

Ministry of Petroleum and Natural Gas	– Under-recovery of Oil Marketing Companies on Petroleum Products. – Expert Committee on Stock Loss/ Gain on Petroleum products. – Price Built up of Petroleum Products.
Ministry of Chemicals & Fertilisers	– Concurrent Internal Cost Audit of Fertilizer subsidy. – Fixation of Conversion Cost, Processing Cost and Processing loss norms for drugs covered under DPCO 1995.
Ministry of Shipping	– Fixation of Dredging rate for Sethusamundram Ship Canal Project.
Ministry of Agriculture	– Vetting of subsidy claims payable by Central Government for various agriculture items under Market Intervention Scheme and Price Support Scheme. Cases studied Apple, Chilli, Ginger, Ground nut, Mustard seed, etc. – Fixation of price of Levy Sugar.
Ministry of Communications	– Department of Posts: Review of fees and user charges of Postal Services.
Ministry of Steel	– Pricing method for Iron Ore to be adopted by PSUs.
Ministry of Textiles	– Price fixation for handloom items supplied through Association of Corporations & Apex Societies of Handlooms (ACASH).
Ministry of Defence	– Norms for Shipbuilding for Naval warships.
Department of Revenue, Ministry of Finance:	– Advisory committee on Abatement of Central Excise and Service Tax – Abatement relating to Auto Components, Ceramic Tiles, Watches, Pharmaceuticals and Tour Operating Services were examined. – Fixation of Export price of Opium.
Ministry of Home Affairs	– Analysis of the cost of supply of 'Interceptor Boats' and Fast Attack Craft under Single Tender System. – Pricing of Tear Smoke Shells and vetting of Balance sheet of TSU-BSF.
Ministry of Railways	– Fixation of final prices of 'Traction and Electrics equipment' supplied by BHEL to Railway factories. – Examination of prices of 'Railway Coaches' procured by Indian Railways. – Cost analysis of 'Bogies for Coaches' under supply by manufacturing units.
Cost Analysis for Projects/ Schemes:	– Studied fees and User charges for better expenditure managemen fort IGNOU. – Social Cost Benefit Analysis on the performance of 'National Institute of Pharmaceutical Education and Research'. – Cost benefit analysis for upgradation of 'National Institute of Communicable Diseases'.

Indian Cost Accounts Service

- In 1978, Indian Cost Account Service (ICoAS) was constituted and recruitment rules were notified in1982.
- Only Accounting Service recruiting professional Cost/Chartered Accountants.
- Chief Adviser Cost is managing authority and central repository of the cadre.
- 31 participating offices of various Ministries/ Departments such as Revenue, Commerce, Corporate Affairs, Defence, Chemicals & Fertilizers, Industry, Agriculture, Consumer Affairs & PD, Supply, National Pharmaceutical Pricing Authority, I&B, etc

Role

To assist Central and state Governments/ Departments:

✓ In optimum utilization of resources through allocation and monitoring of funds, cost control, cost reduction and cost efficiency;

✓ To aid revenue authorities in transparent assessment of revenues, curb evasions and commercial frauds;

✓ In fixation of reasonable prices of goods and services;

✓ To protect industry, consumers and investors from unfair/ restricted trade practices

- Anti-dumping mechanism.
- Predatory pricing.
- Abuse of dominance.

✓ To provide advice on Cost and related Financial Management matters.

Role of ICoAS in Participating Organisations

Ministry of Commerce	Anti dumping measures, determination of dumping, injury margin and recommendation of duties.
Ministry of Defence	As a Member in Contract Negotiation Committees. Assistance in defence acquisition in Single Tender purchases and Cost efficiency in defence production.
Ministry of Corporate Affairs	Administration of Companies Act provisions relating to Cost Accounting Record Rules, Cost audit, Administration, monitoring and review of audit reports.
Department of Revenue	Anti-evasion drives, valuation cases, as expert in audit of assesses and advice on cost price issue in assessment.
National Pharmaceutical Pricing Authority	Pharmaceutical Pricing and monitoring Drugs prices.
Tariff Commission	Fixation of tariffs and cost/price studies of industries and services.
Department of Public Enterprises	Evaluation of performance of PSUs and assistance in policy formulation and preparation of Public Enterprises Survey.
Board for Reconstruction of Public Sector Enterprises	Review of modernization, reviving and restructuring proposals of PSEs.
Ministry of Consumer Affairs, Food & Public Distribution	Sugar Directorate—Fixation of price of Levy Sugar and related matters.
Fertiliser Industry Coordination Committee	Determination of subsidies on controlled fertilizers.

Nature of studies conducted and core competence

- ✓ Cost/ Price studies on behalf of Central, State Government and Union Territories.
- ✓ Unit specific as well as industry level studies such as Sugar, Print Media, LPG & Kerosene, Chemicals, etc.
- ✓ Determination of Share of loss to be borne by Central Government in Case of Price Support Schemes/ Market Intervention Schemes.
- ✓ Cost analysis under Single Tender Situations.
- ✓ Valuation of services and determination of User charges.
- ✓ Repository of Professional knowledge in Pricing, Tariffs, Competition, Management consultancy, MIS and Cost efficiency.
- ✓ Specialised and Contemporary knowledge in regulatory function, WTO, transfer pricing, corporate finance, commercial laws and corporate governance.
- ✓ Manned by Cost/ Chartered Accountants. Many with advanced degrees from abroad. High level expertise in Cost and Management Consultancy.
- ✓ Rich and diverse experience in corporate Financial management, Capital expenditure project appraisal, Capital restructuring and rehabilitation schemes.
- ✓ Experience through 31 participating Government Departments/ Organisations.

For further information, please contact:

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