

Ministry of Finance
Department of Expenditure
Office of Chief Adviser Cost

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**Material for Annual Report in respect of the Office of Chief Adviser Cost for the year
2019-20**

Office of Chief Adviser Cost (CAC) is one of the divisions functioning in the Department of Expenditure, Ministry of Finance. This office advises the Ministries and Government Undertakings on cost accounts matters and undertakes cost investigation work on their behalf. It is staffed by Cost Accountants / Chartered Accountants.

2. Office of Chief Adviser Cost is dealing with matters relating to costing and pricing, studies for determining fair prices, studies on user charges, cost-benefit analysis of projects, studies on cost reduction, cost efficiency, profitability analysis and application of modern management tools devising cost and commercial financial accounting for Ministries/Departments of Government of India.

3. Office of Chief Adviser Cost is also cadre controlling office for the Indian Cost Accounts Service (ICoAS) and looks after recruitment, transfer/posting and timely promotions of ICoAS Officers. It also looks after training requirements of the officers for continuous up-gradation of their knowledge and skills, in addition to rendering professional guidance to the ICoAS officers working in different participating organizations.

4. The profile of activities of the office of the Chief Adviser Cost broadly encompass the following major thrust areas:

- Vetting of claims under Price Support Scheme, Market Intervention Scheme and Price Stabilisation Fund.
- Determination /fixation of fair prices of the products and services supplied/rendered by PSUs to the Government. To name a few: Rails by SAIL, Traction Electric by BHEL, Bank Notes and Coins by SPMCIL, Uranium Concentrate by UCIL, Nuclear Grade Ammonium Diuranate by IREL, Tear Smoke Munitions, Tear Gas Gun, Multi Barrel Launcher by BSF, Storage charges payable by FCI to CWC, cost analysis of different procedures & test undertaken by Hospital (Sree Chitra Tirunal Institute for Medical Sciences and Technology) etc.
- Subsidy payable to Northern Railway for Catering Units functioning in Parliament House and PMO.
- Representing in Revised Cost Committee of the various Ministries and Departments to identify the specific reasons behind time and cost overrun of projects and schemes.
- Participating in EFC/PIB and other Inter-Ministerial Committees.

- Examination of cost estimates, evaluation of the financial feasibility and other financial parameters of the High value Infrastructural Projects like Rail, Highways, Power, Education Sector etc. referred by DoE.

5. During the period, January to November 2019, 50 studies/ reports were completed by the Office of Chief Adviser Cost. The studies completed during the year covers a wide spectrum of sectors/areas as detailed below:

(i) System Study

- a) Fixation of Common Hourly Rates and Overhead Percentage in respect of Government of India Presses at Mayapuri, New Delhi Minto Road, and Temple Street, Kolkata for various years.

(ii) Fair selling price of products/service where Government/ Public Sector Undertaking is the Producer/ Service provider as well as the user

- a) Fixation of Fair Price of rails supplied by Steel Authority of India Ltd. (SAIL) from Bhilai Steel Plant to Indian Railways for the year 2017-18.
- b) Fixation of Rates of Compensation for nuclear grade ammonium diuranate (NGADU) supplied by Indian Rare Earths Limited to Bhabha Atomic Research Centre for the year 2015-16.
- c) Fixation of Fair Selling Price of the year 2017-18 in respect of Tear Gas Gun and Multi Barrel Launcher manufactured by CENWOSTO, BSF, Tekanpur Gwalior.
- d) Compensation payable to Uranium Corporation of India Ltd. (UCIL) for supplying Uranium Concentrate during the year 2017-18.
- e) Fixation of Fair Price of Condoms supplied by M/s HLL Lifecare Limited for the year 2015-16 & 2016-17.
- f) Fixation of Fair Selling Price of the year 2018-19 in respect of Tear Smoke Munitions (TSMs) manufactured by Tear Smoke Unit (TSU) BSF, Tekanpur Gwalior.
- g) Fixation of Fair Price of Coins supplied by India Govt. Mints at Kolkata, Hyderabad, Noida & Mumbai to RBI during the year 2015-16 & 2016-17 and by India Govt. Mint at Hyderabad for year 2017-18.
- h) Fixation of Currency Notes produced by Currency Note Press (CNP) at Nashik to RBI during the year 2015-16.
- i) Fixation of Fair Price of Bank Notes supplied by Bank Note Press (BNP) Dewas to RBI during the year 2016-17 & 2017-18.
- j) Vetting of Provisional Cost of Pulses transferred from Price Support Scheme to Price Stabilization Fund.
- k) Vetting of prices of Ayurvedic/Unani Medicines supplied by M/s Indian Medicines Pharmaceutical Corporation Limited (IMPCL) for the pricing period 2015-16 & 2016-17.
- l) Fixation of fair price of DDT 50% supplied by HIL to NVBDCP for the year 2016-17 and provisional price for the year 2017-18.

(iii) Fixation of service charges for the services rendered by a Govt. Department/Agency on behalf of the other

- a) Fixation of final prices of Traction electrics supplied by BHEL to Indian Railways during 2014-15.

(iv) Determination of subsidy

- a) Vetting of claims of NAFED for reimbursement of losses and recovery of Gains under Price Support Scheme (PSS) for various crops/commodities.
- b) Subsidy payable to Northern Railway catering units functioning in Parliament House Complex and PMO for the year 2017-18.

(v) User Charges

- a) Revision of rentals for Siri Fort Auditorium Complex for the F.Y 2019-20.
- b) Fixation of cost price for Catering Services to lock-in Staff of Budget Division during Union Budget 2020.

(vi) Other studies

- a) Revaluation of compensation payable to the prior allottee of Coal Blocks for 'Mine Infrastructure Other than Land' for various coal blocks.

6. Revised Cost Estimates Committees Represented

In pursuance of Ministry of Finance, Department of Expenditure's Office Memorandum No. 24(35)PF-II/2012 dated 05th August, 2016 of Office of Chief Adviser Cost has represented in the Committees for Revision of Cost Estimates in various Ministries/Departments. Proactive role of this Office in the Revised Cost Committee has facilitated rationalisation of revised cost estimates.

7. Other Major Committees Represented

Officers of Chief Adviser Cost Office owing to their expertise in costing/finance/commercial accounting have also served as Chairman/Members on the following major multi-disciplinary Inter-Ministerial/ Expert Committees:

- i. National Pharmaceutical Pricing Authority (NPPA), Department of Pharmaceuticals.
- ii. Board of Governors and the society of the National Institute of Financial Management (NIFM), Faridabad.
- iii. Governing Body of Tear Smoke Unit, BSF, Tekanpur, (Gwalior)

- iv. Committee on “Modernization of Costing System in India Post” in Department of Post, Ministry of Communications.
- v. Advisory Committee for consideration of techno-economic viability of major/medium, flood control and multipurpose projects, coordinated by Central Water Commission
- vi. M/o Water Resources, RD&GR -Special Committee for Interlinking of Rivers.
- vii. Standing Committee of Experts under Drugs (Prices Control) Order 2013
- viii. Rate Structure Committee of Ministry of Information and Broadcasting for Bureau of Outreach and Communication advertisement rates for (1) Print Media (2) Private FM Radio Stations, (3) Private C&S TV Channels & (4) Social Media
- ix. Committee on revisiting of rentals of land, building and tower infrastructure of Prasar Bharati (PB) shared with Private FM radio broadcasters under FM Radio Phase-III- M/o Information & Broadcasting.
- x. EFC/PIB meetings in Ministry of Finance, Department of Expenditure for Projects/Schemes of various Ministries as per the request received in this Office.

8. Training

- a) As per the extant training policy of DoP&T, this office organized Mid-Career Training Programme of 3 weeks duration from 3rd June to 22nd June 2019 for nominated Indian Cost Accounts Service officers.
- b) In-house knowledge sharing programmes/lectures were organized time to time for capacity building of ICoAS officers on various topics of professional issues and contemporary importance.

9. e-Governance activities

Online e-Office APAR system (SPARROW) & Online e-Office IPR system in respect of ICoAS officers have been operated successfully for the assessment year, 2017-18 onwards. Further, this office is a part of the e-Office software being implemented in DoE.

10. Right to Information Act, 2005

Under Right to Information Act, 2005, PIO and Appellate Authority are in place. Information sought by the applicants is provided within the stipulated timeline.

11. Initiative undertaken for SC/ ST/ OBC/ Disabled

Recruitment to the entry level of ICoAS, i.e. Assistant Director (Cost) is made on the basis of recommendations of UPSC. GoI policies on reservation for SC/ ST/ OBC/Disabled categories are adhered to.
