(PREVIEW)

Indian Standard

LIFE CYCLE COSTING

PART 1 TERMINOLOGY

FOREWORD

This Indian Standard was adopted by the Bureau of Indian Standards after the draft finalized by the Management and Productivity Sectional Committee, had been approved by the Basic Standards, Systems and Services Division Council.

With ever increasing investments both by industry and Government, together with the manifold complications of the continuous explosion in technology, considerable inflation in cost of materials, labour, energy, etc, and the changing international and national environments, decisions based on initial costs alone have often proved to be counter-productive and uneconomical. In particular, where public money is involved, it becomes necessary to ensure the maximum benefits out of every investment. In this situation, a systematic methodology for assessing the total cost of an asset or proposed investment over its entire operating life, and in particular, to equitably compare various choices open to the decision making authority, becomes essential.

Life cycle costing (LCC) is a method to arrive at such an economic and equitable assessment of competing design alternatives. It takes into account every significant element of cost over the total ownership period of the asset and works out its total costs over its entire operating life, expressed in monetary units applicable to a given base date. Given equal levels of performance, the LCC comparison will then itself enable decisions being made. Where levels of performance vary, the LCC can be related to specific units of performance in such a way as to enable optimum decisions.

Part 2 of this standard (*under preparation)* would cover the life cycle costing basics, procedures, techniques and examples to enable actual real-life applicability.

For convenience, the terminology has been arranged in the alphabetical sequence.

1. SCOPE

This standard (Part 1) defines the terms used in Life cycle costing (LCC).