

ESTIMATES COMMITTEE

1958-59

THIRTY-NINTH REPORT (SECOND LOK SABHA)

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS)

INDIA SECURITY PRESS, NASIK



LOK SABHA SECRETARIAT
NEW DELHI

March, 1959/Chaitra, 1881(s).

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ESTIMATES COMMITTEE 1958-59

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*Elected *w.e.f.* 28-8-1958 *vice* Shri Mohavir Tyagi resigned.

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INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to submit the report on their behalf, present this Thirty-ninth Report on the Ministry of Finance (Department of Economic Affairs)—India Security Press, Nasik.

2. A statement showing an analysis of the recommendations contained in this report is also appended to the Report (Appendix II).

3. The Committee wish to express their thanks to the Officers of the Ministry of Finance (Department of Economic Affairs) and the Master, India Security Press, Nasik for placing before them the material and information in connection with the examination of estimates.

NEW DELHI ;
The 25th March, 1959
Chaitra 4, 1881 (S)

BALVANTRAY G. MEHTA,
Chairman,
Estimate Committee.

ORGANISATION AND FUNCTIONS

(a) Introductory

The use of Paper currency as a substitute for metallic currency has become a permanent aspect of the monetary systems of most countries due to its being more convenient and more economical. The existence of security presses for the printing of paper money as well as of allied security documents and postal stamps etc., is, therefore, a feature of most countries.

2. Until 1924, no security printing arrangements as such existed in the country and the requirements of stamps and currency notes of the Government of India were met by an English firm*. As a result of an investigation into the possibility of printing stamps etc., in India made in 1922, the Government of India established a security press at Nasik Road in 1925 under the name and style of 'India Security Press'.

3. The India Security Press consists of the following three Departments:—

- (i) Stamp Press.
- (ii) Central Stamp Store.
- (iii) Currency Note Press.

(i) The Stamp Press was established in November, 1925 to undertake the work of printing postal and other stamps, secret documents, postal stationery and other miscellaneous items required by various Government Departments.

(ii) The Central Stamp Store was added in 1928 to undertake the work of distribution of products of the Stamp Press to more than 600 Treasuries and Sub-Treasuries throughout the country and also to hold a reserve stock of approximately 3 to 6 months consumption of all items.

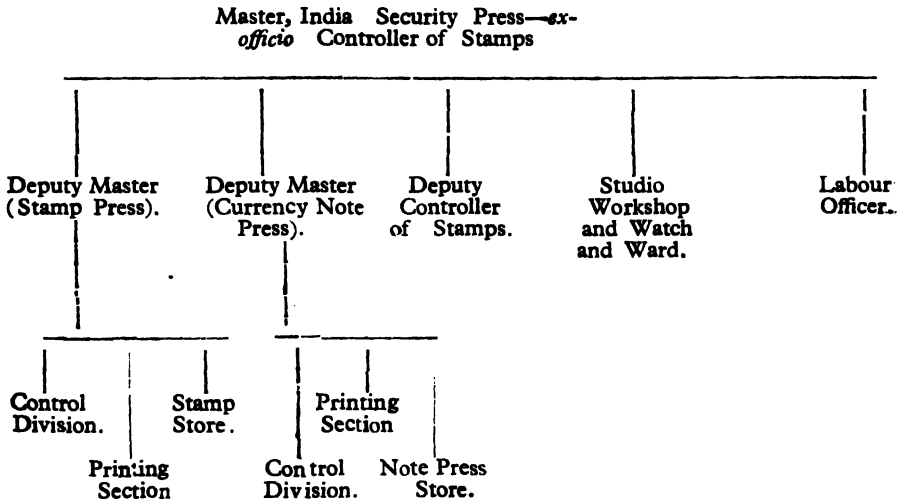
(iii) The Currency Note Press was added in 1928 to undertake the work of printing currency notes in the country for the first time. It prints notes of all denominations for the Reserve Bank of India, Government of India and such other foreign Governments as may place order on it.

(b) The Organisation

4. The Stamp and the Currency Note Presses are under the overall control of a Master, who has a Deputy in charge of each of the Presses. Their organisation is based on that of the Government of India Mints.

*Upto the year 1862, however, the Indian Postage Stamps were printed by the Survey of India from plates made at Calcutta Mint.

They are divided into operative and control departments, with a Studio, a Plate making Department, a Workshop and Watch and Ward Organisation. The following diagram shows the present organisation of the India Security Press.



5. It is observed from the above chart that each of the two Presses has a separate Deputy Master, a separate store, a separate Control Division etc. During evidence it was stated that since the nature of work and the Plant and Machinery in the two Presses were different, it was found convenient for departmental purposes to keep the two Presses separate, but under the control of one Master who maintained the necessary co-ordination between them. *The Committee do not, however, appreciate the justification of keeping the two Presses separate with separate but similar Departments in each especially when the work in the two Presses is of allied nature. They feel that it might be advantageous if the two could be amalgamated so as to enable the two Presses to work with common Departments such as stores, control etc. and thus effect economy in expenditure. Such amalgamation might also be conducive to better utilisation of plant and machinery in the two Presses as also better control over their working. The Committee, therefore, suggest that the economics of amalgamating the two Presses should be got examined by Government at an early date as agreed to by the Special Secretary, Ministry of Finance during his evidence.*

(c) Powers of the Press Master

6. From a note furnished to the Committee it was observed that the Master of the Press has practically all the powers of a Head of a Department. Further delegation of powers to him, it was stated during evidence, was under consideration of Government. Since it is not desirable that all powers should be vested in a single individual, the Committee during the course of discussion suggested that there might be a

Board of Management for the Press. It was explained by the Government spokesman that such a Board of Management would not work in the Press due to certain security factors. The Committee do not, however, appreciate why security considerations should stand in the way of forming a Board of Management in the Press when such Boards exist in undertakings like Hindustan Aircraft (P) Ltd. and Bharat Electronics (P) Ltd. under the Ministry of Defence. In this connection, they might mention that the practice of having a Board of Management which involves collective and to that extent considered decision-making and encourages joint responsibilities among senior officers has now become quite extensive in most undertakings. *The Committee feel that it would be advantageous to set up a Board of Management consisting of the Press Master and other senior officers of the Press for assisting the Press Master in the exercise of his powers, functions and responsibilities relating to the administration of the Press.*

(d) Form of Organisation

7. In the preliminary material supplied by the Government to the Committee, it was stated that the India Security Press was a commercial organisation. During the course of discussion, the Committee enquired of the representative of the Ministry whether the Press could with advantage be converted into a limited company since it lacked an essential characteristic of a commercial undertaking viz. that whatever its earnings, funds would be provided to it only as per approved estimates. It was explained by the Special Secretary of the Ministry of Finance that, "it (the Press) is not an industrial or commercial organisation We cannot make it a limited company. Its functions are limited." He also stated, "It is a commercial organisation in the sense that we maintain commercial accounts. That is all. It is not a commercial organisation in the sense that it functions in the same way in which a concern in the Private Sector does."

8. The India Security Press works as an industrial unit under the Factories Act, 1948 employing industrial labour. That the India Security Press is intended to be a commercial organisation is also clear from the fact that every year it prepares a manufacturing account, trading and profit and loss account and a balance sheet. The Committee, therefore, do not understand why the Special Secretary of the Ministry of Finance should not consider the Press as a commercial/industrial organisation which incidentally also contradicts what has been stated in the preliminary material supplied to the Committee.

During his evidence the Special Secretary while opposing the suggestion to form the Presses into a Company also stated that due to certain security considerations it would not be possible to run the presses on commercial lines. The Committee do not see much weight in this argument especially since in U.K. the same work is being done for the Bank of England by a private firm. *The Committee consider that the Stamp Press and the Currency Note Press should be treated as a commercial undertaking and that there should be no ambiguity in this*

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matter. They, therefore, recommend that the Presses should be re-organised on commercial lines under the Company form of management. They further suggest that when the limited company which Government propose to float for running the proposed Security Paper Mill is formed, the feasibility of running the Presses and the Mill as one company should be considered by Government. Such an arrangement, the Committee feel, will also make the India Security Press an integrated unit producing its own raw materials.

(e) Liaison with Users

9. The principal users of the Press are the Reserve Bank of India, the Posts and Telegraphs Department, the State Governments etc. for whom the Security Press mostly works. The Committee find that there is no machinery to maintain liaison between the Press and the Users. It was stated during evidence by the Government representative that since the Press worked like a contractor who executed certain jobs according to the specifications and quantities prescribed by the indentors, he did not know what co-ordination was required. The Committee have no doubt that between the users and the contractor, in this case a Government undertaking, there would undoubtedly arise matters needing solution, consultation and therefore, to and fro references. In this connection it might be pointed out that in the Indian Telephone Industries (P) Ltd., whose products are mainly consumed by the P & T Department, there exist three different Committees to keep liaison with the User Departments. *The Committee, therefore, feel that it would be desirable to set up a body consisting of the representatives of the India Security Press and its important consumers i.e., Reserve Bank of India, Posts and Telegraphs Department etc., to ensure co-ordination between them in the various matters relating to the jobs executed by the Press.*

(f) Issue of Notes

10. The Currency Note Press undertakes the printing of one rupee currency notes on behalf of the Government of India and other bank notes of denominations of Rs. 2 and above on behalf of Reserve Bank of India. In reply to a question, whether the Reserve Bank of India could not issue one rupee notes also it was stated in evidence that under the law, the responsibility of issuing one rupee notes which was technically a rupee coin rested with the Government of India and that any change would mean a departure from the policy of issuing all basic coins by the Government. *The Committee feel that this is a matter of policy as well as of public finance, on which they have no data. Nevertheless they feel that it might be possible to arrive at some arrangement under which the Reserve Bank of India could also take over the responsibility of issuing one rupee notes.*

II
ACCOUNTS AND FINANCE

(a) Capital

11. The following table compares the mean capital of the India Security Press, *vis-à-vis*, the output and sales during the last three years :—

	(Figures in lakhs of rupees)									
	1955-56		1956-57		1957-58					
	Mean Pro- Capital duction	Ratio Sales	Mean Pro- Capital duction	Ratio Sales	Mean Pro- Capital duction	Ratio Sales				
Stamp Press	174	1:0.72	199	145	1:1.7	187	195	1:1	248	1:1.3
Currency Note Press	188	1:1.7	179	176	1:1.9	217	173	1:1.8	238	1:1
TOTAL	362	1:1.7	378	321	1:1.8	404	368	1:1.9	486	1:1.2

12. Thus while the ratio of Production to the mean capital in the Stamp Press improved in 1957-58, it deteriorated in the case of Currency Note Press. The ratio of capital to sales for 1957-58 was 1:1.3 for Stamp Press as against 1:1 for Currency Note Press. *Apparently, therefore, the turnover of capital as well as its productivity is more in Stamp Press than in Currency Note Press. In fact, in the case of Currency Note Press the ratio of output to mean capital is not even 1:1. Even the ratio of capital to output of the two Presses together is only 1.9 which cannot be taken as satisfactory for an industrial unit like the India Security Press which has been in existence since 1925. It is evident therefore that there is scope to increase the production, especially in the Currency Note Press to the optimum capacity. The need for an expert examination in this connection has been pointed out later in view of the proposal to set up another Currency Note Press because of rise in the demand of notes.*

(b) Financial Results of Working

13. The table below gives certain figures relating to the working of India Security Press for the last 3 years:—

(Figures in lakhs of rupees)

Particulars		1955-56	1956-57	1957-58
Sales	} Currency Note Press .	176	220	238
	} Stamp Press .	164	163	248
Net Profits	} Currency Note Press .	25	32	37
	} Stamp Press .	21	13	43
% of Net Profits to Sales	} Currency Note Press .	14.4	14.5	15.6
	} Stamp Press .	13.0	8.1	17.4
% of Net Profits to Mean Capital	} Currency Note Press .	13.5	17.9	17.2
	} Stamp Press .	9.4	9.1	10.0
Sundry Debtors	} Currency Note Press .	1	5	12
	} Stamp Press .	15.2	15	20
Sundry Creditors	} Currency Note Press .	10	21	26
	} Stamp Press .	10	17	22
Cash Balance	} Currency Note Press .	4	1.8	1.7
	} Stamp Press .	2.1	1.9	2.4
Interest	} Currency Note Press .	6	6	7
	} Stamp Press .	6	7	6
Stores and Stock	} Currency Note Press .	191	145	182
	} Stamp Press .	126	135	137

14. (i) *Profits*: The Committee were informed that the Press was not a profit making concern and that as it served only Government Departments, there was no question of its making any substantial profit. When it was pointed out by the Committee that 10 per cent was being charged by the Press as profit, it was stated, that it was merely a notional profit for the purposes of commercial accounting and that it was purely *ad hoc*. Regarding the normal percentage of profit in such presses, they were informed that it was difficult to state it

because there was no comparable press in the country. The Press however charged 20 per cent profits on all indents placed by foreign Governments.

In regard to the variation between the percentage of profit to mean capital in the Currency Note Press and in the Stamp Press, it was stated that because the Stamp Press manufactured products of several varieties numbering about 1,200, which necessitated several short runs of machines, the percentage of profits was less in Stamp Press than in Currency Note Press whose products were of one variety viz., Currency and Bank Notes. *The Committee consider that this is an inadequate explanation for the variation between the percentages of profits on capital in the two Presses, which is of the order of about 7 per cent. and that the variation calls for further examination. The Committee also feel that since the profits of the two Presses are only notional and ad hoc they have no significance and do not help in assessing the efficiency of the India Security Press. They, therefore, suggest a review of the present practice of exhibiting unreal profits in the Accounts of the India Security Press. They further suggest that the efficiency of the India Security Press should be suitably assessed by a comparison with other presses in the country after making allowance for the special features of security printing.*

15. (ii) *Sundry Debtors*: It is seen from the statement given earlier that the position regarding the book debts of both the Presses is not very satisfactory and that at one stage on 31st March, 1958 the outstanding dues to the Presses were about Rs. 32 lakhs of which about Rs. 93 thousands were outstanding for more than 5 years. *The Committee do not feel happy that the Presses should have allowed such outstandings to accumulate. They recommend that early action be taken to expedite the payment of these dues.*

16. Further the Committee observe that no charge for interest is levied for delayed payment on account of supplies of goods etc. by the India Security Press. *They would suggest that the desirability of levying a charge of this nature in accordance with normal commercial practice should be considered.*

17. (iii) *Sundry Creditors*: The Committee find that as in the case of Sundry Debtors the position regarding Sundry Creditors is also not very satisfactory. On 31st March, 1958, the outstandings were of the order of about Rs. 48 lakhs. *The Committee do not understand why these should have been allowed to accumulate specially by a Government Department to whom funds are made available in advance.*

18. The Committee observe that a sum of Rs. 93,712 due to the Customs Department is outstanding for more than five years under Sundry Creditors. In regard to the non-payment of this amount it was stated that the Customs Department could not present their claims, since certain papers in that Department had been lost. *The Committee are surprised that a matter like this should be pending for five years between the sister departments of the same Ministry.*

(c) Trends in Expenditure

19. The following table gives figures for certain items of expenditure, production and sales etc. in the India Security Press for the last 3 years:

(Figures in lakhs of rupees)

Items		1955-56	1956-57	1957-58
Production	Stamp Press	127 (100)	145 (114)	195 (153)
	Currency Note Press	139 (100)	176 (126)	173 (124)
Sales	Stamp Press	164 (100)	163 (99)	248 (151)
	Currency Note Press	176 (100)	220 (125)	238 (135)
Salary and Allowances	Stamp Press	7 (100)	8 (114)	9 (129)
	Currency Note Press	4 (100)	5 (125)	6 (150)
Electricity, Light & Power	Stamp Press	1.5 (100)	1.9 (127)	2.3 (153)
	Currency Note Press	1.01 (100)	1.3 (129)	1.5 (149)
Security Charges	Stamp Press	2.7 (100)*	3.0 (111)*	3.3 (122)*
	Currency Note Press	..	..	..
Selling Expenses	Stamp Press	4.7	5.3	6
	Currency Note Press	..	..	..
Water Supply	Stamp Press	.5	.5	.5
	Currency Note Press	.3	.3	.3
Engraving	Stamp Press	.9 (100)	.4 (44)	1.4 (155)
	Currency Note Press	.4 (100)	.6 (150)	.4 (100)
Maintenance and Repairs	Stamp Press	.4 (100)	.6 (150)	1.0 (250)
	Currency Note Press	.3	.3	.2

20. It is seen from the above table that in the case of the Currency Note Press the increases in salary and allowances, electricity, light and power charges, and engraving charges have been somewhat disproportionate to the increases in the production and sales of that Press over the period 1955-1956 to 1957-58. Thus while production increased by about 24 per cent in 1957-58, the corresponding increases in the salary and allowances, electricity and light charges have been 50 per cent and 49 per cent respectively.

21. *The Committee suggest that the expenditure trends should be constantly analysed by the management and steps taken to control disproportionate increases specially in salary and allowances.*

(d) System of Accounts

22. The Accounts in the Stamp Press and the Currency Note Press are maintained under two systems. Under one system the Budgetary Accounts are maintained showing the expenditure incurred under various sub-heads under the Major Heads of Accounts as against the sanctioned grants under the respective heads. These accounts are compiled in the prescribed form and are submitted periodically to the Accountant General, Bombay. Side by side the

*These relate to both the Presses.

accounts are maintained under the Double Entry System for showing commercial results and a Balance Sheet, Trading Account, Manufacturing Account and Profit and Loss Account similar to the accounts exhibited by large manufacturing concerns are also maintained.

23. The Committee observe that though the accounts of the India Security Press are drawn up on commercial lines, strict accounting principles do not seem to have been followed in-as-much as certain expenses, e.g., Establishment Expenses, General Expenses, etc., which have been taken into account in calculating the total cost of production in the case of the Stamp Press have not been taken into account in the Manufacturing Account of the Currency Note Press.* Further, in the India Security Press, the Manufacturing and Profit & Loss Accounts seem to show only approximate costs based on *ad hoc* rates fixed some years back while the profits are only *ad hoc*, notional and not real.

The Committee have already pointed out that the Presses are commercial organizations, on account of which their accounts are maintained in the commercial form and that it is not clear why they are run departmentally when Government has adopted the company form for commercial undertakings. On the other hand, it is also not clear to them why, if the Presses are not commercial organizations, as assumed by the Special Secretary of the Ministry of Finance, an elaborate system of commercial accounts should be maintained and that too only on an ad hoc basis. It is also not clear what purpose such accounts serve. The Committee, therefore, suggest a review of the system of accounts.

(e) Cost Accounting

24. A system of cost accounts is stated to be followed in the Press. It was admitted by the representative of the Ministry of Finance during evidence, however, that it was more a system of estimating rather than of costing.

The Cost Accounts Officer of the Ministry of Finance who examined the system of costing in the Press was not, however, satisfied with it. In his report submitted in November, 1957 he stated that:

“The selling rates are varied by the master ISP from time to time when the profits made do not attain the required level or when in his opinion the cost of production of

*At the time of factual verification it was pointed out by the Ministry that “This does not seem to be quite correct as it will appear from the Manufacturing Account of the Currency Note Press that wages and allowances, salaries, cost of electricity, water charges etc., have been taken into account.” It is observed, however, that the Manufacturing Accounts of the Currency Note Press as furnished to the Committee, do not include items like General Expenses, Salaries, Allowances, Contribution for Leave, Pension, General Provident Fund etc., or General on Cost. These items have been shown in the Profit and Loss Accounts of the Currency Note Press whereas in the Stamp Press Accounts they have been shown in the Manufacturing Accounts. It is also significant that the percentage of the overheads in the Currency Note Press Works out only to about 2.6% of the total cost as against about 13% in the Stamp Press. Even if this be apparent due to difference in nomenclature, the Committee feel that it requires to be set right for the purpose of ensuring uniformity in regard to presentation of Accounts of the two Presses.

(Figures in Lakhs of Rupees)

S. No.	Particulars	1955-56				1956-57				1957-58			
		Stamp Press		Currency Note Press		Stamp Press		Currency Note Press		Stamp Press		Currency Note Press	
		Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
1.	Direct Material	98.6	76.3	118.6	84.5	111.3	75.6	144.3	83.2	150.9	76.8	138.0	81.8
2.	Direct Labour	12.5	9.6	18.1	12.9	16.0	10.9	25.0	14.4	21.5	10.9	25.8	15.3
3.	Overheads (including indirect expenditure)	18.2	14.1	3.7	2.6	19.8	13.5	4.1	2.3	24.1	12.3	4.9	2.9
	% age of overheads to Direct Labour	145.6		20.4		123.75		16.4		112.1		19.0	
	TOTAL COST†	129.3	100	140.4	100	147.1	100	173.4	100	196.5	100	168.7	100
	Total overheads for Stamp Press & Currency Note Press		21.9				23.9				29		
	Total Direct Labour of Stamp Press & Currency Note Press		30.6				41.0				47.3		
	Total Cost of Currency Note Press & Stamp Press		269.7				320.5				365.2		
	%age of Overheads to Direct Labour		71.56				58.3				61.3		
	%age of Overheads to Total Cost		8.1				7.5				8		

†Without making adjustment for other charges i. e. difference in opening and closing balance of work in progress, Sale of waste paper etc.

any particular item has gone up substantially. For the purpose of fixing such selling rates estimates of cost are prepared on various assumptions . . . No cost accounts as such are maintained."

Again, in his observation on the comments of the Press Master on his above-mentioned report the Cost Accounts Officer stated:

" at present there is no costing system as such obtaining in the Press. What is being done is merely estimation of prices based on various assumptions and also with reference to expenses incurred in the year immediately preceding the one in which prices are re-calculated. This can only be of the nature of technical costing and not susceptible of being checked with reference to the books of accounts in the actual costs incurred. My suggestion was intended to make the estimation of costs more related to the actual expenses incurred and output obtained in the different sections."

25. About the allocation of workshop charges the Cost Accounts Officer stated:

"At present the cost calculated for jobs do not take into account certain item like electricity, depreciation, etc. The over-head rates now adopted are too low to provide for all items of over-heads. Moreover, packing cases are manufactured in the workshop and this is a productive item. If the cost of packing cases are taken at a lower value than justified, it will result in rates fixed for the products being lower than what should be and is an avoidable loss."

He further stated:

"Thus, even if a full job costing system is not desired, it will be necessary to review the present methods of evaluating jobs and find justification for the large unabsorbed charges."

26. The representative of the Ministry of Finance stated during evidence that:

'We produce the things entirely for ourselves or for the various State Governments. Costing becomes an important issue only when we sell the products to outsiders.'

It was also contended that since there were 1200 varieties of jobs in the Press, it would require a number of men to do the job which would not be worthwhile specially when the Press was working only

for Government. As against this the Cost Accounts Officer in his report stated that:

“It is possible without increasing the work substantially to achieve accuracy in the calculations in the Press”.

27. The Committee do not understand why an undertaking working for Government should not have proper costing. They consider that a proper system of costing is not only necessary for fixing prices on a proper appreciation of cost but also for exercising control over the efficiency of the Presses.

28. The Committee find that the observations made by the Cost Accounts Officer on the comments which the Master, India Security Press offered on his report submitted in November 1957 are still under scrutiny. A concrete proposal for creation of a Cost Accounting Cell as recommended by the Cost Accounts Officer is also stated to be under submission to Government. The Committee feel that much time has been taken in scrutinising the proposals of the Cost Accounts Officer and recommend that action on the various recommendations of the Cost Accounts Officer be now expedited.

III

PRODUCTION AND DISTRIBUTION

(a) Extent of Production

29. The India Security Press does the following items of printing work for the Government:—

- (i) *Postal Stationery*: Impressed stamps, State adhesive stamps, Postal Orders, Post Office Cash Certificates, Postcards, Public Postage Stamps.
- (ii) *Bank & Currency Notes*.
- (iii) *Other items*: Cheques, Banderols, Ballot Papers, Passports, etc.

The Press also undertakes printing of postal and non-postal stamps, Banderols and Currency Notes and Ballot Papers for certain foreign Governments and printing of cheques, demand drafts and debentures forms, etc., for private bodies. *i.e.*, Banks and Municipal Corporations.

30. The following table gives the extent of production in the India Security Press during the last five years:

(Table on the next page)

	1953-54	1954-55	1955-56	1956-57	1957-58											
	Government	Private	Government	Private	Government	Private										
	For- eign Govts.	Govt. Bodies	For- eign Govts.	Govt. Bodies	For- eign Govts.	Govt. Bodies										
	110.2	1.6	5	117.3	3.1	1.01	124.1	1.9	1.4	141.4	2.3	1.5	189.7	3.9	.9	
Stamp Press	102.7	2.1	..	134.1	2.1	..	139.2	..	..	176.3	..	..	167.3	6.1	..
Currency Note Press	212.9	3.7	.5	251.4	5.2	1.01	263.3	1.9	1.4	317.7	2.3	1.5	357.0	10.0	.9	
GRAND TOTAL																

(In lakhs of Rupees)

(b) Expansion of the Press

31. In order to meet the increased demand for notes from the Reserve Bank of India, which is stated to have gone up by about 750 per cent since 1939-40, Government decided to set up an additional Currency Note Press at an estimated cost of about Rs. 115.5 lakhs. In reply to a question whether the present Currency Note Press could not have continued to work on double shift, the Committee were informed that from the security point of view, it was not advisable to have more than one shift. *They feel, however, that it might have been possible to work 2 shifts in the Press even during day time by employing fresh people in each shift. The Committee recommend that the feasibility of working two shifts and even at night should be examined further by experts.*

Asked whether the possibility of expanding the existing press was got examined by any expert, the Committee were informed that the whole position was reviewed and thoroughly considered by the Master, India Security Press and the Secretary, Ministry of Finance (Department of Economic Affairs) in December 1955 and it was then decided that there was no scope for any more expansion on the existing site. *The Committee feel that an independent expert examination by technical expert in this matter would have been desirable and suggest that it be arranged so as to ensure optimum utilisation of plant and machinery in future. In this connection the Committee would invite reference to their comments in para 12 where the scope of increasing production has been pointed out.*

32. The representative of the Ministry explained during evidence that "we have reached the optimum capacity. Actually, we had had to resort to overtime working in both the Presses." It was also stated that the Press could not undertake any work for foreign Governments and private bodies due to its limited capacity.

The Committee feel that the India Security Press could earn good profits by undertaking security printing for various banks and other institutions. In fact it was stated in evidence that two or three proposals had been received from private parties for work. The Committee would suggest that the feasibility of undertaking the entire work of security printing for the Central Government, foreign Governments, State Governments and the various public undertakings as well as private parties should be taken into account while considering the expansion of the present Presses.

(c) Processes in the Press

33. The Committee were informed that there were three different processes employed in the Press viz., letter-press printing process for printing service postal stamps and stationery, banderols, cheques etc.:

offset process for printing notes, cheques and banderols and the photo-gravure process for printing public postage stamps. The Press, it was stated, was lacking only in 'intaglio process', which was a very expensive and difficult process. When asked whether any special study of this technique had been made, the Committee were informed that 2½ years ago, the Master of the Press was sent to Europe and he examined the intaglio process in Switzerland, Austria and England. The Master had since retired. The result of this study was, however, stated to be available with the Government.

34. *The Committee regret that an officer who was about to retire was sent abroad on deputation to study the working of the new process and feel that the benefit of his study could not possibly be derived fully in the absence of the officer himself. They suggest that greater care should be exercised in such matters.*

35. About the introduction of the 'Intaglio' method in the Press, the Committee were informed by the representative of the Ministry that he was not convinced that the purchase of 'intaglio' machinery would improve the efficiency of the Press. In this connection the Committee understand that in advanced countries like U.K. and U.S.A., printing by intaglio has become quite common. They also understand that in U.S.A. various modern automatic methods for paper counting, take off delivery, replacing defective notes, processing and packaging stamps in coil form, printing of notes by non-offset ink, etc., are in vogue. *In order that the operations in the Press may be improved and simplified and costs reduced, the Committee suggest that the processes used in the India Security Press should be reviewed and efforts made to the extent possible to modernise the methods of work in the Press. In this connection they would also suggest that the practicability of creating self-contained operating units in which currency and complementary equipment could be grouped to provide a continuous process from start to finish within one area, might also be kept in view.*

(d) Quality of Production

36. The Committee were told that while the life of a one rupee note was hardly six months, that of a hundred rupee note was about a year. Life of other notes of intermediate denominations varied between six months to a year. This, it was stated, compared favourably with those in foreign countries. Efforts were also being made to increase the life of notes by using better quality paper. *While the Committee are glad to note this, the Committee would suggest that the India Security Press should undertake research on the physical properties of the paper as well as the ink used for notes and that in this work help could also be taken from the suppliers of such paper and from the national laboratories.*

(e) Wastage

37. The average normal percentages of wastage in the case of the chief products of the presses are as under:

<i>Stamp Press</i>	Approximate percentage of wastage
(i) Adhesive stamps	2
(ii) Offset products	3
(iii) Registration envelopes	2
(iv) Embossed envelopes	3
(v) Postcards	4.5
(vi) Inland Letter-cards	6
(vii) Public postage stamps produced by photogra- vure process	4.5
(viii) Banderols	7

Currency Note Press

(i) Re. 1 currency notes	4
(ii) Rs. 2 Reserve Bank of India Notes	4
(iii) Rs. 5 Do.	4
(iv) Rs. 10 Do.	4
(v) Rs. 100 Do.	5
(vi) Rs. 1000 Do.	10
(vii) Rs. 5000 Do.	20
(viii) Rs. 10000 Do.	20

38. The percentage of wastage is thus rather high in the case of Inland letter cards and Banderols and abnormal in the case of currency notes of high denominations. The Committee were informed that the percentages of wastage in the Stamp Press and the Currency Note Press were periodically reviewed and consolidated statements were submitted to Audit. *The Committee have no comments on the procedure but they feel that the percentage of wastage could be minimised by fixing 'spoilage standards' and proper training of supervisors as suggested by the Committee in para 73.*

(f) Cost of production

39. The following table gives the break-up of the cost of production in the Stamp Press and Currency Note Press during the last three years:

40. Thus, on an average, overheads in the Stamp Press during the last three years have been 13% of the total cost, as against 2.6% in the Currency Note Press during the same period. The Committee are surprised that there should be so much difference in the overheads of the two Presses. They feel that apparently the appropriation of common expenditure in the two Presses is not being done according to established principles of accounting. Further, cost of direct labour in the Stamp Press during the 3 years has been about 1/10 of the total cost of its production as against about 1/7 in the case of the Currency Note Press. *The Committee do not understand why labour should cost more in the Currency Note Press. They would suggest that the reasons for these should be investigated in consultation with Audit.*

41. It is also observed from the above table that while the overheads of Stamp Press have been declining, in the case of Currency Note Press they have increased *i.e.*, from 2.3% in 1956-57 to 2.9% in 1957-58, *i.e.* an increase of 26%. The overheads of Stamp Press and Currency Note Press together as compared to total direct labour and total cost also registered an increase of about 3.3% and 0.5% respectively in the year 1957-58 though they were less than in 1955-56. *The Committee would suggest that efforts should be made to reduce the overheads to a reasonable figure and thereby reduce the cost of production.*

42. In this connection the Committee might point out that the cost of producing 10,000 pieces of notes etc. in the Currency Note Press has risen from about Rs. 81* in 1955-56 to about Rs. 82* in 1956-57 to about Rs. 86* in 1957-58, *i.e.*, an increase of over 6% in the last three years. *The Committee, therefore, suggest that the feasibility of effecting economics in the cost of production in the India Security Press be examined.*

(g) Forged Notes

43. The Committee were informed by the representative of the Ministry during evidence that about ten cases of forgeries of notes generally came to the notice of the India Security Press every month through the Reserve Bank of India or the Police. The attempts were stated to be mostly crude. The Press Master admitted, however, that it was possible that while crude attempts were detected, refined attempts might go undetected, especially, since the illiterate people might not be able to detect them. In this connection, the Committee were also informed that it was impossible to produce a design which was forgery-proof.

*1.	<i>Rs. 174 lakhs (total cost of production during 1957-58)</i>	
	20098 lakhs (total quantity of notes etc. produced during 1957-58)	
2.	<i>Rs. 176 lakhs (cost of production)</i>	} 1956-57
	21319 lakhs (total quantity of notes, etc. produced)	
3.	<i>Rs. 139 lakhs (cost of production)</i>	} 1955-56
	17124 lakhs (total quantity of notes etc. produced)	

44. *Though the Committee note that deterrent punishment has been provided in the Indian Penal Code for forgery of currency notes, they feel that the scope of forgery of notes could be reduced to the minimum by a proper study of the techniques of forgery, use of intricate designs, specialised inks for printing notes, etc. They would, therefore, suggest that to minimise forgery of notes, Government might undertake a study of the methods employed in foreign countries in this connection.*

45. *As to the training which is now given in the Press to the officers of the C.I.D. and Police Departments of various States in detecting forged notes, the Committee would suggest that the desirability of prescribing a regular course for such training should be considered.*

(h) Distribution

46. At present while the products of Currency Note Press are made over to the Reserve Bank of India, the products of the Stamp Press are distributed to various Treasuries and sub-Treasuries through the Central Stamp Store maintained by the Press.

47. In reply to a question of the Committee whether it would not be desirable to deliver the products of the Stamp Press to indentors like D.G., P & T giving them the responsibility for distribution thereof, they were informed that this question had been considered time and again but the D.G., P & T had turned it down on the ground that it would not be feasible for him to establish a retail organization for distribution of stamps. It was stated, however, that the matter had not been examined by any other authority.

48. *The Committee feel that if the work of distribution of stamps, etc., is transferred to the D.G., P&T, much of the money now spent on the establishment and maintenance of Central Stamp Store would be saved. They, therefore, recommend that the matter should be got examined objectively to see to what extent it would be economical to decentralise the distribution of products of the Stamp Press through indentors like the D.G., P & T.*

IV

STORES, PLANT AND EQUIPMENT

(a) Purchase Procedure

49. The broad categories of raw materials etc. required by the India Security Press are: —

- (i) Paper (imported and indigenous);
- (ii) Inks (imported and indigenous);
- (iii) Miscellaneous Stores and Spare Parts; and
- (iv) Printing and other machinery (generally imported).

50. The India Security Press procures these stores and plant and equipment through the following sources:—

Imported Stores and Plant

- (i) D.G., I.S.D., London.
- (ii) Representatives in India of the manufacturers in England.

Indigenous

- (iii) Indian Paper Mills against rate contracts placed with the Mills through D.G., S. & D., New Delhi.
- (iv) Other stores purchased through D.G., S. & D. and directly.

The Master of the Press has also full powers for purchasing stationery and printing stores, other than those intended for office use, required in connection with security printing. In regard to the purchase of plant and machinery the Master has powers to incur an expenditure only upto Rs. 5,000.

51. When it was pointed out by the Committee that while some stores were imported through the India Stores Department, London others were being purchased through the representatives in India of the firms in England, it was stated by the Government representative in evidence that all security paper required for notes was acquired through the I.S.D., London and that required for the Stamp Press was purchased through the representatives of foreign manufacturers in India. *The Committee do not see any justification for this distinction. They suggest that as far as possible all imported items of stores including the paper required for the Currency Note Press should be procured through the representatives of foreign manufacturers in India preferably through the D.G., S.&D., and that imports through the I.S.D., London should be the minimum and limited only to those items which cannot be obtained through sources available in the country.*

52. As regards the powers of the Press Master to purchase stores, the Committee observe that on an average stores of the order of about Rs. *51 lakhs per year have been purchased directly by him. Since the annual purchases by the Master are quite significant, *the Committee suggest that before any orders for purchase of stores above a defined limit are placed by the Master, the whole matter should also be considered by the Board of Management as suggested by the Committee in para 6.*

(b) Procurement of Stores

53. In regard to the Policy followed by the India Security Press in the procurement and stocking of stores, it was stated in evidence that it depended upon a number of factors, such as the nature of stores, manner of indents, postal tariffs, international situation etc. While imported material like security paper had to be kept in substantial quantity in some cases even that required for two years, indigenous stores were stocked to the extent of 6—9 months requirements.

54. From a note furnished to the Committee, it is observed that the extent of stockpiling has been more in the case of miscellaneous stores than in the case of paper and ink. It has been the least in the case of packing cases. *In order that there might be no unnecessary stockpiling and also no bottlenecks in printing due to non-availability of raw material, the Committee suggest that the present procedure may be reviewed and stocking limits fixed for each type of raw material on the basis of past experience and time usually taken in procuring different kinds of stores.*

55. *In this connection, the Committee also suggest that since the India Security Press is intended to be a commercial organisation, realistic delivery dates should be stipulated for stores and penalties should be imposed for failure on the part of suppliers to supply the materials in time. Further, the India Security Press, should also take full advantage of periods when the prices of materials are at a low level to obtain and stock them and for this the Master of the Press should exercise his powers with proper discretion.*

*Average of direct purchases made during the last 3 years.

(c) Imports

56. The following table shows the raw materials etc. purchased from indigenous and foreign sources by the India Security Press during the last 5 years :—
(figures in lakhs of rupees)

	1953-54	1954-55	1955-56	1956-57	1957-58					
Stamp Press	Ind.*	Imp.**	Ind.*	Imp.**	Ind.*	Imp.**				
	45.2	31.4	79.4	11.1	8.1	41.0	28.2	110.2	37.5	
{ Plant & Machinery	..	3.4	..	1.6	.04	.3	.02	.3	.1	1.1
	TOTAL									
Currency Note Press	Ind.*	Imp.**	Ind.*	Imp.**	Ind.*	Imp.**	Ind.*	Imp.**	Ind.*	Imp.**
	45.2	34.8	79.4	12.7	78.14	41.3	82.72	28.5	110.3	38.6
{ Plant & Machinery	..	..	.02	..	.1	.5	.01	12.2	.7	34.9
	TOTAL									
GRAND TOTAL (Currency Note Press and Stamp Press)	51.4	107.4	87.9	119.8	87.3	195.6	96.4	129.3	126.7	259.3
	% indigenous for Stamp Press and Currency Note Press									
% indigenous for Currency Note Press	32.0	..	42.0	..	30.7%	..	42%	..	33%	..
	7.8%	..	7.3%	..	5.6%	..	11.9%	..	6.9%	..

* Indigenous.
**Imports.

57. Thus, the position of indigenous purchases improved in 1956-57, but deteriorated in 1957-58, when 2/3rd of the requirement of the India Security Press were met by imports. In the case of Currency Note Press the position is worse since the indigenous sources accounted for only 1/14th of the requirements of the Press.

58. The imported items of raw materials consists of water marked paper of different kinds, Photogravure Ink, Photograph Plates, Zinc Plates, Rubber Blankets, Sticking Wire, Naproller Skins, Damping Roller House, Sponges, etc. The annual imports of paper alone amount to about Rs. 172 lakhs. Besides, practically all printing machinery and the spare parts required in the India Security Press are also imported.

59. In regard to the steps taken by Government to encourage Indian Manufacturers to supply such stores as were imported, the Committee were informed by the representative of the Ministry during evidence that though the requirements of the Presses were made known to Indian manufacturers through the Development Wing of the Commerce & Industry Ministry, the manufacturers were reluctant to undertake the manufacture of such stores. Manufacture of paper required for the Presses would involve fresh outlay in new processes and this apparently was not sufficiently attractive. It was also stated that with the present shortage of ordinary paper in the country, the manufacturers found it more profitable to produce ordinary paper than to undertake a new experiment in security paper. The Ministry of Commerce & Industry was, however, stated to be processing a long-term project in this respect, but it was still in an exploratory stage. With regard to ink, the Committee were informed that recently some ink manufacturers in India had started manufacturing imported inks and that efforts were being made to replace the photogravure imported inks by those manufactured in the country one by one.

60. *While the Committee are glad to learn that steps are being taken to replace imported items of stores, they recommend that more concerted measures to locate and develop indigenous sources of supply of the various types of stores and spare parts of the machinery should be taken in consultation with the Development Wing of the Ministry of Commerce and Industry. The Committee also feel that by giving adequate encouragement it should be possible to induce indigenous manufacturers to take up production of the different kinds of stores now being imported.*

(d) Security Paper Mill

61. Security Paper required for currency and bank notes is being imported at the rate of Rs. 1.25 crores a year. Government of India, therefore, decided to set up a Security Paper Mill for the manufacture of currency and bank notes and security paper, in conjunction with Messrs. Portals Ltd. of U.K. The scheme is estimated to cost about

Rs. 400 lakhs of which Rs. 250 lakhs will be the foreign exchange component required for capital expenditure. The Planning Commission has, however, included an amount of Rs. 250 lakhs only for this purpose in the Second Five Year Plan.

62. The Committee were informed that though a provision of Rs. 10 lakhs was made for the scheme in the estimates for 1958-59 no expenditure had been incurred in 1956—59 so far on the scheme except that a small amount of Rs. 372.42 was spent on a survey for locating possibilities of the sites. As regards the delay in the completion of the scheme it was stated that since there was a rise in the British Bank Rate in July, 1957 Government were not able to get foreign exchange for the scheme and efforts were being made to set up the Mill as soon as possible. The Committee were also informed that the scheme was not in the core of the plan and would be taken up later when the foreign exchange position had eased and conditions were favourable.

63. The Committee understand that the proposal to set up the Security Paper Mill was mooted as early as 1949 but it never seemed to have been taken up seriously. They also understand that even though the present proposal was put up to Government as early as 1952, it has made no progress so far. *The Committee feel that the project which while requiring a foreign exchange of Rs. 2.5 crores would have saved Rs. 1.25 crores annually in foreign exchange on the import of security paper and as such should have been completed even during the First Plan. They consider it regrettable that in spite of the above consideration the project was not included not merely in the First Plan but also in the Second Plan. They recommend that the scheme be given first priority and should be completed without any further delay.*

64. *Since security paper would also be required for other financial purposes, the Committee suggest that the proposed Mill might take cognizance of the total demand for such paper in the country.*

V

PERSONNEL

(a) Strength of Staff

65. The following statement gives the strength of the staff and labour in the India Security Press for the years 1954-55 and 1957-58. The staff includes all staff—gazetted and non-gazetted—employed in the Press:

Category	Increase over			
	1954-55	1957-58	1954-55	
Stamp Press	Staff	301	327	8·6%
	Workers	1669	2229	33%
Currency Note Press	Staff	150	170	18%
	Workers	1310	1590	21%
	including all Categories			
TOTAL	3430	4323	26%	

66. Thus, during the period 1954-55 to 1957-58, while in the Stamp Press the strength of staff increased by 8·6% as against an increase of 33% in strength of labour, the corresponding increase in the staff strength of Currency Note Press was 18%, as against that of labour by 21%. *This shows that the increase in the ratio of staff to workers is relatively much more in Currency Note Press than in Stamp Press. The Committee recommend that attempts should be made to control the staff strength in the Currency Note Press. They feel that once man-power is controlled reduction in the overheads of the Press would also be possible.*

67. As regards the increase in the labour strength in the two Presses, the Committee were informed that it had been broadly commensurate with the increase in the output. However, they understand that a view had been expressed by an ex-Master of the Press that there was scope for reducing the strength of labour in the India Security Press, to the extent of 25%. When this was pointed out

during evidence the Press Master stated that "I remember, he (the predecessor in the office of the Press Master) spoke to me about it. What he gave me to understand is that 'if I were the owner of this concern, I shall retrench 25% of the workers straightaway'. That view I also subscribe to, but unfortunately I am not the owner of this concern, nor is he". Intervening the Special Secretary stated "Under the existing conditions of service it is my personal opinion that you cannot retrench staff. . .".

68. *The Committee recommend that a review of the labour strength should be conducted and the surplus labour in the Press, if any, should be utilised for some other work. In this connection, they suggest that the surplus labour should be adjusted against the requirements of labour in the new Currency Note Press, when it is ready.*

(b) Norms of Work

69. The Committee were informed by the representative of the Ministry that norms of work had been fixed in the Press, in certain cases, but they could not be laid down for persons working on the machines in the Workshop. During discussion, however, at the suggestion of the Committee, the representative promised to study the position in this respect obtaining abroad and in the Railway Workshops in India. *The Committee have not heard from the Government about action taken in the matter.**

70. *The Committee recommend that after studying the position in Railway Workshops and abroad, efforts should be made to fix norms of work for all workers in the Press. Fixation of correct norms, the Committee believe, would facilitate programming, manning, productivity measurement and cost control.*

(c) Incentive System of Wages

71. The Committee were informed that there was no incentive system of wages obtaining in the Press. The absence of such a system in the Press was ascribed by the Press Master in a note furnished to the Committee as due to the fact that it is run as a regular Government department. *The Committee cannot but feel surprised at this explanation. They do not understand why there should not be an incentive system of rates in industrial concerns run as regular Government Departments. Since wage incentive is necessary to provide a right attitude on the part of workers and staff so as to maximise the output, the Committee recommend that the India Security Press should introduce this system on a scientific basis.*

(d) Training Programmes

72. At present technical personnel are recruited as Technical or Control apprentices in the Press from amongst science graduates who

*At the stage of factual verification the Committee were, however, informed that the Master, India Security Press, had taken some action in this regard and that the information would be sent to them shortly.

are preferred to Inter Science, as and when necessary and there is no regular annual recruitment. The technical apprentices are given training in the special techniques employed in the Press for about 4-1½ years which comprises a theoretical study, practical experience of operating and mastering of various printing and other allied complicated machines and processes such as letter press, offset or photogravure etc. In the case of control apprentices, however, the training period extends to 3½ years. In the case of workshop staff, diploma-holders in electrical and/or mechanical engineering who are recruited as journeymen initially, the training period extends to 2 years only.

73. The Committee were informed that the existing training methods had worked fairly satisfactorily. *The Committee feel that the methods of training could be improved if the training programmes for different kinds of personnel, i.e., technical apprentices, control apprentices and workshop staff were put on a regular basis and courses prescribed for each. The Committee therefore suggest that the present system of training in the Press be reviewed and placed on a proper footing. There might also be short courses held from time to time to give the various classes of workers training in the right processes of work. Similarly Supervisors in the various sections of the Press might be given training so as to control cost of printing, spoilage and printing waste and also in modern methods of printing. In this connection the Committee would also recommend that refresher courses in the methods of work and control in the Press should be introduced for all categories of workers and staff.*

(e) Late Attendance and Absenteeism

74. At the instance of the Committee, the India Security Press made a rough assessment of the loss of working hours due to late attendance of workers in the Press, which disclosed an average loss of 11 man hours per day, i.e., about 3,200* man hours a year. It was stated that this loss was negligible and was not reflected in the output. *The Committee do not understand how the loss of working hours of the orders of 3,200 a year has been taken as negligible. The Committee would recommend that the Administration should examine the matter so as to minimise late attendance and consequent loss of output in the India Security Press.*

75. The average absenteeism without permission during the period February-November 1958 was stated to be 1.80% of the total number of man days scheduled to work, while the percentage of absenteeism during the same period both with leave and without permission averaged 7.80. It is evident that this results in considerable loss of output as well as in over-employment which becomes unavoidable on account of habitual absenteeism. *The Committee would recommend that workers and staff should be educated to reduce absenteeism and that recognition should be given to those who are prompt and always on job. In this connection they would recommend introduction of an 'Attendance Bonus Scheme' as in the Hindustan Aircraft (P) Ltd.*

*11 (hours) × 290 (working days).

(f) Reward for Suggestions

76. The Committee were informed that there is no scheme in the Press to reward suggestions received from staff and workers. It was stated, however, that suggestions when received were given full consideration by the management and if found practicable and useful they were given effect to, workers being kept informed. Further the management also gave the workers full scope to put forth their suggestions for the improvement of the working of the Press through the discussions in the Works Committee and Unit Production Committee and through their Unions. The desirability of starting a suggestion box was also stated to be under consideration.

77. *The Committee consider it unfortunate that though about 33 years have passed since the India Security Press was started a suggestion box has not been provided in the concern. They recommend that this may be arranged at an early date. They also recommend introduction of a suitable scheme to reward all accepted suggestions after making an assessment, wherever possible, of savings that will accrue from the implementation of the suggestion. Where, however, savings cannot be assessed in terms of money, ad hoc awards might be made depending upon the value and usefulness of the suggestions.*

(g) Works Committee

78. The Committee were informed that the Works Committee of the Press could not function till the Labour Ministry had decided a dispute relating to the election of representatives of the Works Committee which was pending with that Ministry for about 3 months. *While the Committee have not been furnished with further information about the matter, they hope that the Labour Ministry will expedite its decision and that the Works Committee will start functioning soon. Further since there is no Safety Committee in the Press, the Committee suggest that the scope of the present Works Committee might be expanded suitably so that it might function as a Safety Committee and also as a Production Committee.*

(h) Welfare Measures

79. In addition to the welfare measures required in the Factories Act, 1948, the India Security Press have provided other welfare measures which are run under the auspices of the India Security Press Labour Welfare Fund managed by a Committee which consists of 11 elected representatives of workers and 3 representatives of management nominated by the Master. The Fund provides a library, a reading room, a sports club and other cultural activities. The above Welfare Fund Committee also manages the T.B. and Anti-Leprosy Fund of the India Security Press which is raised on voluntary subscription from which monetary help is extended to employees who are victims of T.B. or Leprosy. There are also a gymkhana, a women's organisation which runs a workers' school and sewing and knitting classes, two cooperative credit and consumer societies.

80. *While the Committee appreciate the welfare measures existing in the India Security Press they would suggest that the desirability of the Welfare Fund being managed by a Committee consisting only of representatives of labour employees, for whom the Fund exists might be considered by Government.*

81. The Committee were informed that a scheme for building a labour colony at an estimated cost of Rs. 70 lakhs under which about 504 workers' quarters, a welfare centre, a school, a dispensary, a post office and a children's nursery etc. were to be built was included in the Second Five Year Plan. They were also informed that though the estimates have been prepared, scrutinised and approved, the scheme was awaiting administrative approval. During discussion, it was however stated that the whole colony would be ready by the end of the Second Plan period. In regard to the construction of staff quarters, it was stated that though a scheme to build about 120 quarters at an estimated cost of about Rs. 11.6 lakhs was included in the Second Five Year Plan, the estimates are still under the consideration of the Ministry of Finance. *The Committee regret the avoidable delay which has taken place in according administrative sanction to these schemes and recommend that every attempt be made to complete the construction of labour colony and staff quarters before the end of the Second Five Year Plan period.*

APPENDIX

Summary of conclusions and recommendations

Serial No.	Paragraph No.	Recommendation
1	2	3
1	5	The Committee do not appreciate the justification of keeping the Stamp Press and Currency Note Press separate with separate but similar Departments in each especially when the work in the two Presses is of allied nature. They feel that it might be advantageous if the two could be amalgamated so as to enable the two Presses to work with common Departments such as stores, control etc., and thus effect economy in expenditure. Such amalgamation might also be conducive to better utilisation of plant and machinery in the two Presses as also better control over their working. The Committee, therefore, suggest that the economics of amalgamating the two Presses should be got examined by Government at an early date as agreed to by the Special Secretary, Ministry of Finance, during his evidence.
2	6	The Committee feel that it would be advantageous to set up a Board of Management consisting of the Press Master and other senior officers of the Press for assisting the Press Master in the exercise of his powers, functions and responsibilities relating to the administration of the Press.
3	8	The Committee recommend that the Presses should be re-organised on commercial lines under the company form of management. They further suggest that when the limited company which Government propose to float for running the proposed Security Paper Mill is formed, the feasibility of running the Presses and the Mill as one company should be considered by Government. Such an arrangement, the Committee feel, will also make the India Security Press an integrated unit producing its own raw materials.
4	9	The Committee feel that it would be desirable to set up a body consisting of the representatives of the India Security Press and its important consumers, i.e.,

1

2

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Reserve Bank of India, Posts and Telegraphs Department etc. to ensure coordination between them in the various matters relating to the jobs executed by the Press.

- 5 10 The Committee feel that it might be possible to arrive at some arrangement under which the Reserve Bank of India could also take over the responsibility of issuing one rupee notes.
- 6 12 The turnover of capital as well as its productivity is more in Stamp Press than in Currency Note Press. In fact in the case of Currency Note Press the ratio of output to mean capital is not even 1:1. Even the ratio of capital to output of the two Presses together is only 1:9 which cannot be taken as satisfactory for an industrial unit like the India Security Press which has been in existence since 1925. It is evident, therefore, that there is scope to increase the production, especially in the Currency Note Press, to the optimum capacity. The need for an expert examination in this connection has been pointed out in para 31 in view of the proposal to set up another Currency Note Press because of rise in the demand of Notes.
- 7 14 (a) The Committee consider that the explanation that there was variation between percentage of profit to mean capital in the Stamp Press and Currency Note Press (which is of the order of 7%) because the Stamp Press manufactured 1,200 varieties of items which necessitated several short runs of machines and the Currency Note Press manufactured only one variety, *i.e.*, Currency and Bank Notes, is inadequate and that the variation calls for further examination.
- (b) The Committee feel that since the profits of the two Presses are only notional and *ad hoc* they have no significance and do not help in assessing the efficiency of the India Security Press. They, therefore, suggest a review of the present practice of exhibiting unreal profits in the Accounts of the India Security Press. They further suggest that the efficiency of the India Security Press should be suitably assessed by a comparison with other presses in the country after making allowance for the special features of security printing.
- 8 15 The Committee do not feel happy that the Presses should have allowed the Sundry Debts to accumulate. They recommend that early action be taken to expedite the payment of these dues.

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9	16	No charge for interest is levied for delayed payment on account of supplies of goods etc. by the India Security Press. The Committee would suggest that the desirability of levying a charge of this nature in accordance with normal commercial practice should be considered.
10	17	The Committee do not understand why Sundry Creditors of the order of Rs. 48 lakhs should have been allowed to accumulate specially by a Government Department to whom funds are made available in advance.
11	18	A sum of Rs. 93,712 due to the Customs Department is outstanding for more than 5 years because that Department could not present the claim since certain papers had been lost. The Committee are surprised that a matter like this should be pending for 5 years between sister departments of the same Ministry.
12	21	The Committee suggest that the expenditure trends in the India Security Press should be constantly analysed by the management and steps taken to control disproportionate increases specially in salary and allowances.
13	23	The Presses are commercial organisations, on account of which their accounts are maintained in the commercial form and it is not clear why they are run departmentally when Government has adopted the company form for commercial undertakings. On the other hand, it is not clear why, if the Presses are not commercial organisations, as assumed by the Special Secretary of the Ministry of Finance, an elaborate system of commercial accounts should be maintained and that too only on an <i>ad hoc</i> basis. It is also not clear what purpose such accounts serve. The Committee, therefore, suggest a review of the system of accounts.
14	27	The Committee do not understand why an undertaking working for Government should not have proper costing. They consider that a proper system of costing is not only necessary for fixing prices on a proper appreciation of cost but also for exercising control over the efficiency of the Presses.
15	28	The Committee feel that much time has been taken in scrutinising the proposals of the Cost Accounts Officer and recommend that action on the various recommendations of the Cost Accounts Officer be now expedited.

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- 16 31 (a) The Committee feel that it might have been possible to work 2 shifts in the Currency Note Press even during day time by employing fresh people in each shift. The Committee recommend that the feasibility of working two shifts and even at night should be examined further by experts.
- (b) The Committee feel that an independent expert examination by the technical experts in the matter of expansion of the present Currency Note Press on the existing site would have been desirable and suggest that it be arranged so as to ensure optimum utilisation of plant and machinery in future. In this connection the Committee would invite reference to their comments in para 12 where the scope of increasing production has been pointed out.
- 17 32 The Committee would suggest that the feasibility of undertaking the entire work of security printing for the Central Government, foreign Governments, State Governments and the various public undertakings as well as private parties should be taken into account while considering the expansion of the present Presses.
- 18 34 The Committee regret that an officer who was about to retire was sent abroad on deputation to study the working of the new process (Intaglio) and feel that the benefit of his study could not possibly be derived fully in the absence of the officer himself. They suggest that greater care should be exercised in such matters.
- 19 35 (a) In order that the operations in the Press may be improved and simplified and costs reduced, the Committee suggest that the processes used in the India Security Press should be reviewed and efforts made to the extent possible to modernise the methods of work in the Press.
- (b) The Committee would also suggest that the practicability of creating self-contained operating units in which currency and complementary equipment could be grouped to provide a continuous process from start to finish within one area, might also be kept in view.
- 20 36 The Committee would suggest that the India Security Press, should undertake research on the physical properties of the paper as well as the ink used for notes and that in this work help could also be taken from the suppliers of such paper and from the national laboratories.

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21	38	The Committee feel that the percentage of wastage in the Presses could be minimised by fixing 'spoilage standards' and proper training of supervisors as suggested by the Committee in para 73.
22	40	The Committee are surprised that there should be so much difference in the overheads of the Currency Note Press and Stamp Press. They feel that apparently the appropriation of common expenditure in the two Presses is not being done according to established principles of accounting. Further, cost of direct labour in the Stamp Press during the 3 years has been about 1/10th of the total cost of its production as against about 1/7th in the case of the currency Note Press. The Committee do not understand why labour should cost more in the Currency Note Press. They would suggest that the reasons for these should be investigated in consultation with Audit.
23	41	The Committee would suggest that efforts should be made to reduce the overheads to a reasonable figure and thereby reduce the cost of production.
24	42	The Committee suggest that the feasibility of effecting economies in the cost of production in the India Security Press be examined.
25	44	The Committee feel that the scope of forgery of notes could be reduced to the minimum by a proper study of the techniques of forgery, use of intricate designs, specialised inks for printing notes, etc. They would therefore, suggest that to minimise forgery of notes, Government might undertake a study of the methods employed in foreign countries in this connection.
26	45	As to the training which is now given in the Press to the officers of the C.I.D. and Police Departments of various States in detecting forged notes, the Committee would suggest that the desirability of prescribing a regular course for such training should be considered.
27	48	The Committee feel that if the work of distribution of stamps, etc., is transferred to the D.G., P. & T. much of the money now spent on the establishment and maintenance of Central Stamp Store would be saved.

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(b) The Committee also feel that by giving adequate encouragement it should be possible to induce indigenous manufacturers to take up production of the different kinds of stores now being imported for the Press.

- 33 63 The Committee feel that the project for the establishment of Security Paper Mill, while requiring a foreign exchange of Rs. 2.5 crores, would have saved Rs. 1.25 crores annually in foreign exchange on the import of security paper and as such should have been completed even during the First Plan. They consider it regrettable that in spite of the above consideration the project was not included not merely in the First Plan but also in the Second Plan. They recommend that the scheme be given first priority and should be completed without any further delay.
- 34 64 Since security paper would also be required for other financial purposes, the Committee suggest that the proposed Security Paper Mill might take cognizance of the total demand for such paper in the country.
- 35 66 The Committee recommend that attempts should be made to control the staff strength in the Currency Note Press. They feel that once manpower is controlled reduction in the overheads of the Press would also be possible.
- 36 68 The Committee recommend that a review of the labour strength should be conducted and the surplus labour in the Press, if any, should be utilised for some other work. In this connection, they suggest that the surplus labour should be adjusted against the requirements of labour in the new Currency Note Press, when it is ready.
- 37 70 The Committee recommend that after studying the position in Railway Workshops and abroad, efforts should be made to fix norms of work for all workers in the Press. Fixation of correct norms, the Committee believe, would facilitate programming, manning, productivity measurement and cost control.
- 38 71 Since wage incentive is necessary to provide a right attitude on the part of workers and staff so as to maximise the output, the Committee recommend that the India Security Press should introduce this system on a scientific basis.

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- 39 73 (a) The Committee feel that the methods of training in the Press could be improved if the training programmes for different kinds of personnel, *i.e.*, technical apprentices, control apprentices and workshop staff were put on a regular basis and courses prescribed for each. They suggest that the present system of training in the Press be reviewed and placed on a proper footing.
- (b) There might also be short courses held from time to time to give the various classes of workers training in the right processes of work.
- (c) Supervisors in the various sections of the Press might be given training so as to control cost of printing, spoilage and printing waste and also in modern methods of printing. In this connection, the Committee would also recommend that refresher courses in the methods of work and control in the Press should be introduced for all categories of workers and staff.
- 40 74 The Committee do not understand how the loss of working hours of the orders of 3,200 a year has been taken as negligible. They would recommend that the Administration should examine the matter so as to minimise late attendance and consequent loss of output in the India Security Press.
- 41 75 The Committee would recommend that workers and staff in the India Security Press should be educated to reduce absenteeism and that recognition should be given to those who are prompt and always on job. In this connection they would recommend introduction of an 'Attendance Bonus Scheme' as in the Hindustan Aircraft (P) Ltd.
- 42 77 (a) The Committee consider it unfortunate that though about 33 years have passed since the India Security Press was started, a suggestion box has not been provided in the concern. They recommend that this may be arranged at an early date.
- (b) The Committee also recommend introduction of a suitable scheme to reward all accepted suggestions after making an assessment, wherever possible, of savings that will accrue from the implementation of the suggestion. Where, however, savings cannot be assessed in terms of money, *ad hoc* awards might be made depending upon the value and usefulness of the suggestions.

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43	78	The Committee hope that the Labour Ministry will expedite its decision and that the Works Committee of India Security Press will start functioning soon. Further since there is no Safety Committee in the Press, the Committee suggest that the scope of the present Works Committee might be expanded suitably so that it might function as a Safety Committee and also as a Production Committee.
44	80	While the Committee appreciate the welfare measures existing in the India Security Press they would suggest that the desirability of the Welfare Fund being managed by a Committee consisting only of representatives of labour employees, for whom the Fund exists might be considered by Government.
45	81	The Committee regret the avoidable delay which has taken place in according administrative sanction to the schemes for the construction of Labour Colony and Staff Quarters for the Press and recommend that every attempt be made to complete their construction before the end of the Second Five Year Plan period.

APPENDIX II

Analysis of Recommendations contained in the Report and the estimated economy likely to result from their implementation

I—Classification of Recommendations

A. Recommendations for improving the Organisation and Working of the Press (S. Nos. 2—4, 7, 13—15, 20, 22, 25, 26, 29, 31, 37, 39, 42—44 of the Summary of Recommendations)	18
B. Recommendations for effecting economy which includes suggestions for increasing production (S. Nos. 1, 6, 8, 9, 12, 16, 17, 19, 21, 23, 24, 27, 28, 30, 32—36, 38, 40 and 41 of the Summary of Recommendations)	22
C. Miscellaneous (S. Nos. 5, 10, 11, 18 and 45 of the Summary of Recommendations)	5
TOTAL	45

II—Analysis of the more important recommendations directed towards economy

Serial No.	No. as per summary of Recommendations	Particulars
(1)	(2)	(3)
1	1	Amalgamation of the Stamp Press and Currency Note Press.
2	6, 16 and 17	For increasing production, working more shifts, higher capital output ratio etc. These would increase the utilisation of Plant and Machinery make for economy in overheads.
3	12, 21, 23, 24	For reducing overheads and wastage etc.
4	27	Saving in the Expenditure incurred on the maintenance of Central Stamp Store.

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5	28, 32 33 & 34	. For greater use of indigenous materials, etc. in the Press.
6	35 and 36	. Control of Staff and Labour Strength.
7	40 and 41	. For reducing late attendance and absenteeism.

III—Economy

It is not possible to calculate the money value of the economies suggested in the report.

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3.	British Book Depot, 84, Hazratganj, Lucknow.	28.	City Booksellers, Sohan-ganj Street, Delhi.	52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	29.	The National Law House, Near Indore General Library, Indore.	53.	(R. M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.
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11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.	60.	Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
12.	The Cuttack Law Times Office, Cuttack-2.	37.	Amar Kitab Ghar, Dia-gional Road, Jamshedpur-1.	61.	A. P. J. mbulingam, Trade Representative & Market-ing Consultant, Pru-dential Bank Building, Rashtrapathi Road, Secunderabad.
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14.	The New Book Depot, 79, The Mall, Simla.	39.	E. M. Gopalkrishna Kone, (Shri Gopal Mahal) North Chitrai Street, Madura.	63.	The New Order Book Co., Ellis Bridge, Ahmedabad.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	40.	Friends Book House, M. U., Aligarh.	64.	The Triveni Publishers, Masulipatnam.
16.	Lok Milap, District Court Road, Bhavnagar.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.	65.	Deccan Book Stall, Ferguson Colleg. Road, Poona-4.
17.	Reeves & Co., 20, Park Street, Calcutta-16.	42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatter-ji Street, Calcutta-12.	66.	Jayra Book Depot, Chap-parwal Kuan, Karol Bagh, New Delhi-5.
18.	The New Book Depot, Madi No. 3, Nagpur.	43.	People's Book House, B-2-829 1, Nizam Shahi Road, Hyderabad Dn.	67.	Book and, 663, Madar Gate, Ajmer (Raj-asthan).
19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.	68.	Oxford Book & Stationery Co., Scindia House, Con-naught Place, New Delhi.
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.	69.	Makkala Pustaka Press, Balamandir, Gandhi-nagar, Bangalore-9.
21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	46.	Hindustan Dairy Pub-lishers, Market Street, Secunderabad.	70.	Gandhi Smriti Trust, Bhavnagar.
22.	International Book House, Private Ltd., 9, Ash Lane, Bombay.	47.	Laxmi Narain Agarwal, Hospital Road, Agra.		
23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	48.	Law Book Co., Sardar Patel Marg., Allahabad.		
24.	The Kalpana Publishers, Trichinopoly-3.	49.	D. B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.		
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