

ESTIMATES COMMITTEE 1960-61

HUNDRED AND FOURTH REPORT (SECOND LOK SABHA)

MINISTRY OF FINANCE

(Department of Economic Affairs)

Action taken by Government on the recommendations contained in the Forty-Sixth Report of the Estimates Committee (Second Lok Sabha) on Government of India Mints and Assay Department.



LOK SABHA SECRETARIAT
NEW DELHI

March, 1961
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(1960-61)

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*Elected w. e. f. 25th November, 1960, *vice* Shri Dinesh Singh resigned.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Hundred and Fourth Report of the Estimates Committee of the Second Lok Sabha on the Action Taken by Government on the recommendations contained in the Forty-Sixth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Finance—Government of India Mints and Assay Department.

2. The Forty-Sixth Report of the Estimates Committee was presented to the Lok Sabha on the 30th April, 1959. Government furnished their replies indicating action taken on the recommendations contained in this Report between the 24th August, 1959 and the 2nd December, 1960. The replies were examined by a Study Group of the Estimates Committee on the 21st December, 1960.

3. The Report has been divided into four Chapters:

I—Report

II—Recommendations that have been accepted by the Government.

III—Replies of the Government that have been accepted by the Committee.

IV—Replies of Government that have not been accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Fourth Report (Second Lok Sabha) is given in Appendix I. It would be observed therefrom that out of 58 recommendations in the Report 41·4% of the recommendations have been fully accepted. Of the rest, the replies of Government in respect of 48·3% of the recommendations have been accepted by the Committee, while those in respect of 10·3 per cent of the recommendations have not been accepted by the Committee.

NEW DELHI;

March 1, 1961.

Phalgun 10, 1882 (S).

H. C. DASAPPA,

*Chairman,
Estimates Committee.*

CHAPTER I

REPORT

Organisation and Control of Mints

In paragraphs 6 and 7 of their Report, the Committee had observed that apart from the control exercised by the Ministry, there was no Central co-ordinating authority incharge of the working of the Mints and felt that it would be desirable if coordination of work and centralisation of authority in the Mints were provided by organising them on commercial lines under the company form of management. The Government in reply have stated that the products of the Mints are not commercial articles and, therefore, no useful purpose would be served by organising them on commercial lines and that for the coordination of work in the Mints it is not necessary that there should be a company form of management. Whether or not the products of the Mints are commercial articles, the Committee consider that the commercial character of Mints has been largely recognised inasmuch as they are required to prepare their Profit & Loss Accounts and Balance Sheets. What is more, as the Mints are engaged in a productive endeavour, it seems desirable that they should be organised in such a manner as to secure the most economical production. Judging from the poor capital output ratio (para 20 of the Report), widely varying and high cost of production (paras 47 and 49), the number of workers as compared to the Mints in other countries (para 79), high overheads (paras 44 and 45), resulting in continual losses as reflected in the financial results (para 27), it is apparent that the present working of the Mints is not satisfactory. The unfavourable features of the working of the Mints, it was felt, might be due to the rigidity in the organisation because of the departmental rules and regulations and lack of effective and direct control over the operations. Hence the Committee had recommended that the Mints might be reorganised on commercial lines under the company form of management. It has, however, been stated by the Ministry that a Government department can control the various organisations under them as efficiently as a company. *Nevertheless, the Committee consider that the functioning of the Mints requires a unified control in order to remove the various shortcomings which have been noticed. The Committee, therefore, feel that even though the present organisational pattern of the Mints is maintained, the necessity of changes in the control mechanism at the Ministry level as well as at the executive level may be examined.*

Strength of Staff

2. In para 78 of their Report the Committee expressed a feeling that there was scope for reduction of the staff employed in the Engraving Department in the Alipore and Bombay Mints and suggested that the strength of engravers might be reviewed since they found that the

total strength of Engravers in the Royal Mint, London, was comparatively much less. Government in their reply have stated, *inter alia*, that any comparison in this regard with the Royal Mint is not very helpful for it is a well-known fact that the *per capita* output of workers in India contrasts poorly in relation to the advanced countries where wages are high and equipment most modern. The Committee are unable to accept such an argument in support of the present large strength of engravers. *The Committee, therefore, reiterate their suggestion and trust that it would be re-examined thoroughly in all its aspects before any final decision is taken by the Government in this regard.*

Installation of Metal Detectors

3. The Committee in para 89 of their Report suggested that the possibility of installing metal detectors in the Mints like those in the Customs Department in India and in U.K. might be examined. Government in reply have stated that it may be difficult to implement this suggestion as most of the workers wear on their bodies metal ornaments such as rings, watches, chains with talisman etc., and the employees may not agree to remove them from their bodies on account of sentimental, religious and other reasons. But Government have also stated that the use of metal detectors in the Customs Department of India acts as disincentive to concealing gold or jewellery on person and that its use has not caused any greater resentment to the persons than that to the personal search. *The Committee feel that there should not be any insuperable difficulty in implementing their suggestion.*

Delay in construction of Silver Refinery

4. In para 109 of their Report the Committee recommended that a comprehensive enquiry be conducted into the reasons for delay, rise in costs, siting etc. of the Silver Refinery Project and that responsibility fixed therefor. The Public Accounts Committee (1959-60) in para 35 of their 25th Report (Para 20 of Audit Report 1959) had also had the occasion to refer to the extra expenditure of Rs. 4,34,827 (February, 1959) incurred due to delays in regard to the agreement entered into by Government in 1956 for the installation of Silver Refinery Plant. Government in their reply have admitted that the Silver Refinery Project has been the victim of many unexpected delays and difficulties and have stated that the delay in the erection of plant was mainly due to the late execution of certain civil engineering works to be done by the C.P.W.D. in accordance with the requirements of the suppliers of the plant. According to the Government's reply, the C.P.W.D. in turn have attributed the delay to difficulties in the procurement of steel, changes in the lay-out for structural reasons and to certain unforeseen difficulties arising during construction. *In view of the facts stated herein, the Committee do not accept the Government's view that the comprehensive enquiry suggested by them*

“would not bring out any useful result.” The Public Accounts Committee have chosen to await the results of examination of this matter by Government. This Committee also would desire that the matter should be examined with a view to fix the responsibility for the expenditure and loss due to delays.

Shifting of the Bombay Mint

5. In reply to the Committee's suggestion, made in para 118 of their Report that the economics of shifting the Bombay Mint from its present location in a very busy area to a more commodious site might be examined, Government have stated that although the economics of shifting the Bombay Mint from its present site was not worked out, the question was gone into from all angles in consultation with the Mint Master and they consider that it would be a waste of money particularly when the country is suffering from a shortage of resources for development to think of shifting an established and functioning unit somewhat on idealistic grounds. Besides, Government have also contended that there will be loss of production of coins for some time which will throw out of gear the demonetisation programme and the decimalisation of the country's coinage. *The Committee are fully aware of the limited resources for development activities of the country, but they do not feel convinced by the reply that the implementation of their suggestion would be a 'waste of money', particularly when the economics thereof such as the amount that would be realised by the sale of existing site and buildings and the amount required for the construction of a new building and shifting etc. has not been worked out by Government. They, therefore, suggest that the whole matter may be re-examined in the light of the experience gained by shifting the Calcutta Mint to Alipore in 1951.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

S.No. Reference (as in to para Appendix Number IV of the Report) Report	Summary of Recommendations/Conclusions	Reply of the Government
I	2	3
II	26	4
13	30	4

The Committee suggest that the trends of expenditure should be constantly analysed specially after the present high production tapers off, so as to control disproportionate increases particularly in salaries and overheads, whenever noticed.

This suggestion will be borne in mind.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The Committee feel that, from the point of view of economy, efficiency and uniformity in procedure, it would have been advantageous if the officer who examined the accounts of Alipore Mint, had been entrusted with similar work in respect of the other Mints as well. At this stage, they would suggest that improvements brought about in the accounts of Alipore Mint as a result of the recommendations made by that officer might be studied for adoption in the Bombay and Hyderabad Mints also.

The suggestion of the Estimates Committee is being examined.

[*Min. of Finance (Deptt. of E.A.) O.M. No. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The present position in this regard may be intimated.

(L. S. S. O. M. No. 25-PU/59, dated 18th December, 1959).

The Mint Master, Bombay, has already taken up this question, and such improvements as are possible in the accounts of the Bombay and Hyderabad Mints and may be introduced with advantage and economy will be carried out. The S.A.S. accountants from the Indian Audit Department who are expected to join the Alipore and the Bombay Mints shortly are also being asked to ensure that these improvements in the accounts are effected as early as possible.

[Min. of Finance (Deptt. of E.A.) D.O. letter No. 1/26/MSP(B)/59, dated 29th October, 1960].

14 32

The Committee are surprised that the importance of costing has not been realised even by senior executives although it has been recognised universally as a means of controlling costs in industrial units.

[Min. of Finance (Deptt. of E. A.) O.M. No. 1(26)-59/MSP(B), dated 24th August, 1959].

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The Committee regret the delay in introducing costing in the Govt. of India Mints, especially at Bombay & Hyderabad, more so when they are under the Ministry of Finance. They feel that there should be uniformity in such matters in similar organisations so that a comparative study of their costs etc. could be made. The Committee recommend that immediate steps be taken to introduce a uniform system of costing in all the Mints.

Sanctions for the posts of Cost Accountants for the Alipore Mint and the Bombay Mint have since been issued.

With a view to introducing a uniform system of costing, posts of Cost Accountants have been sanctioned for the Bombay & Alipore Mints as stated earlier. As the Mint at Hyderabad is under the overall control of the Mint Master, Bombay, the accounting procedure in the Bombay Mint will be introduced in the Hyderabad Mint.

[Min. of Finance (Deptt. of E. A.) O.M. No. 1(26)-59/MSP(B), dated 24th August, 1959].

18

The Committee suggest that the question of the existence of Hyderabad Mint as a separate unit as also the feasibility of its merger with one of the other two bigger Mints be examined.

39

All the Mints are working overtime at present to cope with the demand for decimal coinage which has been introduced in the country. The suggestion of the Committee will be taken into consideration when the heavy demand for coinage comes down to normal levels.

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

23

(a) The Committee are surprised that the Ministry of Finance, as the controlling Ministry, did not consider it necessary to obtain accurate and comparative figures of costs for controlling expenditure and ensuring efficiency in the Mints. They recommend that this be done and efforts made to reconcile the costs of production of coins in the two Mints.

46

The Committee's suggestion made at (a) is noted. As regards (b) the matter has been taken up with Audit.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

24

(b) The Committee suggest that the propriety of including the cost of construction of colony in the overheads of Alipore Mint be examined.

48

The Committee's suggestion has been noted. A closer control on costing will be possible when the costing system starts operating fully.

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

The Committee feel that in view of the wide variations in the costs of production of coins from Mint to Mint and even from month to month in the same Mint, there is scope for bringing them down if closer control is exercised. They, therefore, suggest that the production costs in the three Mints be regularly analysed and compared from month to month with a view to securing economy and avoiding wasteful expenditure.

The Committee feel that the practice of laying down permissible limits of operational losses is general and is meant only to provide a yardstick to the supervisory staff for judging the operational efficiency of the Units concerned. They, therefore, recommend that the maximum limits for operational losses in the various processes in Mints should be fixed as early as possible.

The present position in this regard may be intimated.

[L.S.S. O.M. No. 25-PU/59, dated 18th December, 1959].

As recommended by the Estimates Committee the feasibility of fixing operational efficiency of the units as well as laying down the operational losses at the different stages of work at the Mints is being examined.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F.1 (26)-59/MSP(B), dated 24th August, 1959].

Fixing of the maximum limits for operational losses would require a thorough examination of the various operations under normal working conditions and is likely to take at least 2 to 3 years.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-MSP(B)/59, dated the 16th August, 1960].

The reply to recommendation No. 26 could not be accepted by the Committee as it does not appear to indicate clearly the action taken or proposed to be taken by Government in the matter. In case, however, the Committee's recommendation for fixing the maximum limits for the operational losses in the various processes has been accepted by Government this fact may be specifically stated.

(L.S.S. D.O. Letter No. 25-PU/59, dated 14th February, 1961).

It is confirmed that Government accepts this recommendation in principle, and steps will be taken to implement it at the appropriate time.

[Ministry of Finance—Deptt. of E.A.—D.O. Letter No. F. 1(26)-MSP(B)/59, dated the 17th February, 1961].

I 2 *

3

28 The Committee suggest that with a view to increasing the durability of the dies, a comparative study of the properties of die steel and the technique employed in the manufacture of dies in foreign countries might be undertaken in collaboration with the National Metallurgical Laboratory.

The Committee's suggestion has been noted. The Mint Master, Alipore, has been advised to examine this question further in collaboration with the National Metallurgical Laboratory.

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

31

60 The Committee feel that the extent of counterfeiting in coins can be appreciably reduced if proper investigations into the nature of counterfeit coins as well as into the methods employed by counterfeiters are carried out on the one hand and the designs of coins and composition of metals used in their manufacture are made more complicated and intricate on the other. They suggest that the techniques employed in other countries in this matter might also be studied for adoption in this country.

The Committee's suggestions have been noted.

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959*]

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32

61 The Committee feel that it would be desirable if a Central Research Cell is established in the Mints to study not only their common problems but also the latest techniques in foreign countries with a view to increasing efficiency and economy in the Mints. They hope that with the amalgamation of the Assay Department with the Mints which they have recommended in para 96, it

Their recommendation is under consideration.

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

might be possible to centralise at one place all research work connected with the Mints.

The present position in this regard may be intimated.

(L.S.S. O.M. No. 25-PU/59, dated 18th December, 1959).

The views of the Mint Masters and the National Metallurgical Laboratory are under examination.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-MSP(B)/59, dated 29th July, 1960.]

Final Reply of Government

The Government has accepted the recommendation and has decided to enlarge the scope of the research activities undertaken in the Mints and the Assay Department by setting up a small research cell under the Chief Assayer. It may be noted that Govt. has already accepted the Estimates Committee's recommendations No. 47 & 48 and the Assay Deptt. has been merged with the Mints with effect from the 8th September, 1960.¶

[Ministry of Finance (Deptt. of Economic Affairs) D.O. Letter No. F. 1(26)-MSP(B)/59, dated 29th October, 1960.]

39 The Committee feel that there is scope for examining outmoded methods of work and staff placing in the Mints with a view to economy and efficiency of the workers in the Mints. They suggest that this matter might be investigated by a Committee of Technical Experts.

This is under examination.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.]

What action has been taken in the matter.

(L.S.S. O.M. No. 25-PU/59, dated 18th December, 1959.)

The question of appointment of a Committee of Technical Experts, envisaged in recommendation No. 39, is being examined in consultation with other Ministries (*viz.*, Ministry of Railways, Ministry of Commerce & Industry etc.) concerned. The question of laying down norms of work will also be considered along with recommendation No. 39.

[*Ministry of Finance (Deptt. of Economic Affairs)*
O.M. No. 1(26)-MSP(B)/59, dated 29th July, 1960.]

Final Reply

The proposal to fix norms of work and to conduct a job analysis, on the basis of which the strength of the staff may be fixed, will be feasible and useful, only when the Mints are working under normal conditions. They are at present working overtime for production of the decimal coins required for the replacement of the anna-pie coins. As the present production programme does not reflect the normal replacement demand, which can be ascertained only after the old coins have been completely replaced, and as the volume or pattern of the annual production

after the end of the transition period cannot yet be anticipated, it will also be difficult to fix any standards for the outturn of work at the present stage.

The Committee's suggestion will, however, be borne in mind and will be implemented at some convenient opportunity, after the Mints have reverted to normal working hours.

[*Ministry of Finance (Deptt. of Economic Affairs) D.O. Letter No. F. 1/26/MSP(B)/59, dated 29th October, 1960.*]

40 81 The Mints are industrial units and as such there should be a scientific and uniform basis to determine staff strength with a view to ensuring their optimum utilisation and preventing over-staffing. The Committee, therefore, consider that norms of work should be laid down for the various categories of staff as far as practicable.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

(Please see final replies of Government against S. No. 39.)

41 82 The Committee recommend that the team of technical experts suggested in para 80 might be asked also to conduct a job analysis in the various departments in the Mints to fix norms of work and to review comprehensively the staff strength in the Mints in the light of those obtaining in foreign countries.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F.1(26)-59/MSP(B), dated 24th August, 1959.*]

(Please see final reply of Government against S. No. 39).

43

The Committee feel that the 'suggestions' scheme can be made really effective and successful, if inducements for bringing forward good suggestions are offered to the individuals concerned, as is done at Chittaranjan Locomotive Works etc. They suggest that the introduction of similar schemes in the Mints might be considered.

84

This is under consideration.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

Final reply of the Government

Government accept this recommendation. Details are being worked out with a view to introducing the scheme in the Mints at an early date.

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The Committee feel that the Mints should devise, with the co-operation of workers, proper safeguards to prevent and eliminate causes of accidents. They recommend that the scope of the existing Works Committees might be enlarged suitably so that they might function as Safety Committees also.

86

The Committee's suggestion has been noted. At present the Works Committee at the Alipore Mint is not functioning because of the lack of co-operation amongst the workers. Efforts of the Regional Labour Commissioner, Calcutta, and the Mint Labour Officer to bring about a settlement have so far failed.

[*Ministry of Finance (Deptt. of Economic Affairs) D.O. Letter No. F. 1/26/MSP(B)/59, dated 29th October, 1960.*]

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The Committee regret to note that even after about three years of the inclusion of the schemes of construction of quarters in the Second Five Year Plan, there has been little progress in the matter, particularly at Bombay. They recommend that steps be taken to expedite the construction of quarters at both places.

Attempts are being made to expedite the work as far as possible.

[*Min. of Finance (Deptt. of E. A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The Committee do not feel convinced by the reasons advanced for according an independent status to the Assay Department. They feel that the purpose of ensuring an objective check on the correctness of coins etc., could as well be served by creating a separate special cell in the Mints for the Assay work.

Please see Government views below recommendation No. 48.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

The Committee feel that considerations of economy which led to the merger of the Assay Department with the Mints in 1932 are paramount even now and that a similar reorganisation would result in the reduction of the post of Master, Assay Department and Silver Refinery Project. They, therefore, recommend that the administrative control of the Assay Department be transferred to the Mint Masters.

The question whether the Assay Department should retain its independent status or should be merged with the Mints will be decided after the future set up of the Silver Refinery Plant at Calcutta is finally decided. If the Silver Refinery Plant remains a separate organisation under the Ministry of Finance, it may be more advantageous to have the Assay Offices as separate cells attached to the Silver Refinery than to the Mints.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

Final Reply of Government

(Please see reply to recommendation No. 32.)

The Committee recommend that the scope for increasing the volume of work received from private parties, etc., be examined by offering better facilities and by making suitable publicity.

The Committee's recommendation has been noted.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

51 103 The Committee doubt whether adequate thought was given to the details of the Silver Refinery Project while appointing the consulting engineers who had to be paid about Rs. 2.4 lakhs for services which were later found to be redundant.

The consulting engineers were appointed after examining the proposal in all its aspects. Their services would have continued to be utilised had not the Demag process been subsequently found to be cheaper.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

52 107 The Committee observed that the purpose for which the Silver Refinery Project was conceived, was not served by it. The refinery which was planned to have been commissioned in 1951 has not gone into operation yet. There have been a series of unfortunate delays at every stage of the project. The consultants were appointed after two years of the approval of the scheme.

No comments.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

55 113 (i) The Committee hope that early decision in the matter of alternative uses of the Silver Refinery, Alipore would be taken.

The matter is under active consideration of Government in consultation with the Council of Scientific and Industrial Research.

(ii) The Committee suggest that the demand for electrolytic copper in the country might be assessed and taken into account while examining the economics of converting the Silver Refinery into a Copper Refinery and the feasibility of adapting it to the

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B), dated 24th August, 1959.*]

demand as also of providing additional capacity in the country, if necessary, considered.

Final Reply

The Silver Refinery at Calcutta has started extracting silver from the quaternary coins which are in stock. This work is expected to keep the refinery occupied for some years. It is also likely that one or more electrolytic copper refineries will be set up in the public sector during the course of next few years. The feasibility of converting the silver refinery into a copper refinery or alternatively of utilising such machinery and equipment, as may be useful in any new copper refinery that may be set up, will be borne in mind at the appropriate time.

[*Ministry of Finance (Deptt. of Economic Affairs) D.O. letter No. F. 1/26/59/MSP(B) dated 29th October, 1960.*]

57

The Committee suggest that a consolidated report for all the Mints containing comprehensive information regarding their activities, might be prepared every year. They also suggest that the Annual Administrative Report of the individual Mints depicting the activities of their main departments might be appended to the Consolidated Report which should be placed before Parliament. The Committee feel that this would, apart from pooling the information at one place, facilitate a comparison of the working efficiency of the Mints.

116

The Committee's suggestion has been accepted. The administrative reports of Mints for the year 1958-59 onwards will be printed and placed before Parliament in due course.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Serial Number (as in the Appendix IV of the Report).	Summary of Recommendation/Conclusion	Reply of the Government
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2 8 The Committee suggest that in view of the capacity and scope for undertaking the manufacture of a variety of products in the Mints for the State Governments, private parties etc. and of the experience of the Ministry of Commerce and Industry in running industries, the control of the Mints might with advantage be transferred to the latter Ministry so as to enable it to utilise the capacity in the Mints to the maximum advantage.

The main business of the Mints is to produce coins for circulation which is the responsibility of the Finance Ministry. No commercial products for general consumption are made and there is no point in transferring the Mints to the Commerce and Industry Ministry.

[*Min. of Finance (Deptt. of E.A.) O. M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The reason why the administration of the Mints cannot be transferred to the Ministry of Commerce and Industry has already been indicated. In view of the heavy coinage programme which is necessary for replacing the anna-pie coins completely, the question of utilising any spare

or surplus capacity does not also seem to arise. If it becomes necessary for the Mints to undertake the manufacture of any new items in the future, such additional work can easily be undertaken without any change in the existing position.

[*Min. of Finance (Deptt. of E.A.) D.O. letter No. F. 1(26)/59-MSP(B) dated 29th October, 1960.*]

The Mint is a department of Government and in a Government department the head of the department is responsible for the affairs of the organisation. He may delegate his powers to subordinate officers to exercise some powers in his behalf within certain monetary limits, if necessary. Masters of the Mint are in touch with the activities to the minutest detail of each department of the Mint, and all problems technical, administrative, and others are fully discussed with the various officers of the Mint before any final decisions are taken.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

Unlike the refinery which receives raw materials in the shape of cut coins the position at the Mints is totally different in that the Mints handle bullion and coins simultaneously and adequate safeguard is considered essential in the larger public interests. In this behalf, a Mint compares favourably with any bank or treasury where also dual control by Accountant and Cashier is considered absolutely essential. This question will, however,

The Committee suggest that a Board of Management, consisting of the Mint Master and other Senior Officers of the Mint, should be constituted in each Mint for assisting the Mint Masters in exercise of their powers, functions and responsibilities relating to the administration of the Mints.

The Committee feel that since gold and silver coins are no longer minted, a rigid control over bullion transactions at every stage is probably not warranted. They, therefore, recommend that a system of combined bullion keeping and registry be introduced not only in the Silver Refinery at Calcutta but in the mints also [and economies effected.

be examined further in consultation with the Comptroller and Auditor General of India to find out if any economy in this regard is possible. It will also be examined whether stocks of metal and other stores can be brought under the charge of one authority.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The Committee consider that the system of appointing Deputy Bullion Keepers and Assistant Bullion Keepers from amongst the nominees of Bullion Keeper is likely to be a source of nepotism. They recommend that this practice be stopped and recruitment to these posts made in the normal manner.

Although the Assistant Bullion Keepers are appointed from amongst the nominees of the Bullion Keeper, such appointments require the final approval of the Mint Master and therefore the charges of nepotism arising out of this arrangement are more imaginary than real. As the Bullion Keeper cannot be present in all the departments dealing with metals and bullion simultaneously he cannot take the responsibility to make good shortages unless men in whom he has confidence are placed under him. In the circumstances some departure from normal rules of recruitment is unavoidable.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

The Committee recommend that the strength of security staff at the various Mints particularly at Alipore and Hyderabad might be reviewed with a view to achieving economy.

The Mints at Alipore and Bombay were recently inspected by the Industrial Security Inspection Team of the Intelligence Bureau and they recommended the strengthening of the security arrangements at both these places. The attention of the Intelligence Bureau will be drawn to this recommendation and they will be requested to find out if any reduction in the strength of the security staff is desirable in any of the Mints.

[*Min. of Finance (Deptt. of E.A.) M.O. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

The Committee feel that it would be desirable to set up an Advisory Committee consisting of representatives of the Reserve Bank of India, Ministry of Finance, Mint Masters, representatives from institutions of Arts etc. on the lines of the Advisory Committee in the Royal Mint, London.

Changes in designs of coins are not frequently undertaken and no permanent Committee is required as all the interests concerned are consulted. As regards medals, the Mints only undertake the manufacture whereas the planning or designing is done by the authority requiring such medals.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

(i) The Committee observe that while separate Production Accounts have been compiled in the case of Alipore Mint, no such Accounts have been attempted for the Bombay and Hyderabad Mints, though Balance Sheet and Profit & Loss Accounts have been drawn up. The difference in practice is difficult to understand since Production Accounts are usually prepared in all the manufacturing units even if run as Government Departments.

The Comptroller & Auditor General is being consulted in regard to the compilation of accounts of the various Mints and as stated earlier, attempts will be made to maintain uniformity.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

(ii) The Committee are surprised that the Ministry of Finance as the supervising or coordinating authority did not consider it necessary to obtain Production Accounts in respect of Bombay and Hyderabad Mints.

(iii) The Committee recommend that the Bombay and Hyderabad Mints should also compile a Production Account every year.

9 22 The Committee regret that the Ministry did not find it necessary to calculate the capital output ratios with a view to assessing the comparative productivity of capital in the three Mints.

As the Mints do not produce coins, which is their main product, with reference to commercial connotations but to meet the demand from time to time as assessed by the Reserve Bank, capital output ratios are only of academic interest. If the coinage demand of the country becomes low it is not possible to scrap the capital which will necessarily have to remain idle. These ratios will, however, be worked out and shown in the administrative reports in future.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

10 23 As the productivity of capital in Alipore Mint is abnormally low, the need for expert enquiry in respect of all Mints so as to increase their productivity by extending the scope of production to items other than coins, is evident.

Costing cells are being set up in the Mints and after the results of this costing system are known it will be decided whether there is any need for expert enquiry in the matter.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

It is evident that the profits and losses as exhibited in the Profit and Loss Accounts, at present, do not in any way reflect the efficiency of the working of the Mints. The Committee do not quite appreciate the advantages of maintaining accounts in this manner. They would suggest that the question might be reviewed in consultation with Comptroller & Auditor General of India with a view to evolving a system which while suiting such establishments would exhibit their working faithfully. The practice followed in other countries in this regard might also be studied before finalising the procedure.

The action taken in the matter may please be intimated.

[L.S.S. O.M. No. 25-PU dated 18th December, 1959.]

The matter is being taken up with the Comptroller & Auditor General of India.

[Min. of Finance (Deptt. of E.A.) O.M. No. 1(26)/59-MSP(B) dated 24th August, 1959.]

The question of introducing, in relation to the Indian Mints, a system of profit and loss accounts on the lines of the accounts prepared in the United Kingdom (*vide* the Trading Accounts and Balance Sheets of Commercial Trading Accounts and Balance Sheets of Commercial Services published in that country) has been considered in consultation with the Comptroller & Auditor General. As the Mints have not so far undertaken any substantial amount of work on behalf of private parties or other Governments, and as the introduction of profit and loss accounts as in the case of the United Kingdom will necessitate a radical change in the accounting arrangements in connection with our coinage operations, the advantages, if any, of changing the existing procedure will have to be considered very carefully. It is relevant in this connection that, as the Committee are already aware, a system of

cost accounting is being introduced at the Mints and it is hoped that the cost of production can be effectively controlled in the near future with reference to these accounts. It is not clear whether the advantages of adopting a system of commercial accounts, as in the case of United Kingdom, over and above the system of costing which is already being adopted, will be so great as to justify a radical change in the present accounting arrangements. The practice obtaining in the other leading Mints of the world is, however, being ascertained and it is proposed that a final decision should be taken on this question in the light of the information which may be obtained and in consultation with the Comptroller and Auditor General.

The results of the further investigation and the decision which is actually reached will be intimated to the Lok Sabha Secretariat as soon as possible.

[*Min. of Finance (Deptt. of Economic Affairs O.M. No. F. 1(26)-MSP(B)/59 dated 1st December, 1959.*]

15 34 The Committee regret that the work relating to the introduction of costing should have been interrupted in this manner and left unfinished due to the promotion of the person concerned. They feel that it should have been possible to foresee

As the preliminary stage of introducing costing system of Accounts in the Mints was finalised by the Officer concerned it was thought that his continuance there at a higher salary would be uneconomical. The post of a Cost Accountant has

the promotion before deputing him for this job. Further, even if the promotion could not be foreseen or helped it should have been possible to allow the person to complete his work by giving him suitable protection under the usual rules.

17 38 The Committee fail to understand why there should be so much disparity in working hours in different industrial units under the Government. They therefore recommend that steps should be taken to bring about uniformity in this matter as early as possible.

since been sanctioned and another officer has joined the Mint to do the work.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B) dated 24th August, 1959].

Orders were issued in 1951 increasing the working hours of the Mint from 37½ to 40 per week. The workers' union of Alipore Mint filed a case in the court of the Authority under the Payment of Wages Act, West Bengal, Calcutta, against this order and it was decided by the court that the increase of normal working hours without proportionate increase in wages was not justified. An appeal was made by Government against this decision but the Small Causes Court, Calcutta, found the orders increasing the working hours not in conformity with the provisions of the Industrial Employment (Standing Orders) Act. An attempt was also made to bring in uniformity in the conditions of service of industrial employees but no final decision could be taken pending the receipt of recommendations of the Pay Commission. Any attempt to secure uniformity which may involve increase in the normal working hours in the Mint without proportionate increase in the emoluments may lead to labour discontent and raise other problems.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.]

19

41 The Committee feel that after the work relating to the circulation of one rupee H.S. currency notes was stopped with effect from 1-8-53 there was no need for maintaining the Currency Note Section in the Mint and that its work could have been transferred to the Reserve Bank of India.

The Currency Section in the Hyderabad Mint had to be retained for the residual work in regard to the withdrawal etc. of one-rupee H.S. currency notes as the Reserve Bank of India had no power under the Reserve Bank of India Act to deal with such currency.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

20

42 (i) The Committee regret that no attempt was made to put the idle capacity of Hyderabad as well as of other Mints prior to 1956, to alternative uses.

At present there is no scope for the Mints accepting additional work. The Committee's proposal will however, be examined at the time when demands for coinage work start slackening.

(ii) The Committee feel that there might be considerable scope for undertaking in the Mints, a variety of work on behalf of private parties, Government Departments and adjacent countries. They, therefore, recommend the appointment of a team of experts to examine the feasibility of undertaking additional items of work in Mints so as to utilise the spare capacity therein.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.*]

21

43 The Committee would suggest that with a view to maintaining efficiency in the Mints, the staff

After the costing system is introduced in the Mints on right lines the exact position in this regard

rendered idle on account of fall in production of coins etc. might be segregated and accounted for separately as was being done in the case of Ordnance Factories when they faced a similar problem.

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The Committee would suggest that efforts be made to reduce the overheads to a reasonable figure in the three Mints and thereby reduce the cost of production

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After the costing system has been established ways and means for reducing the overheads to the extent possible will be considered.

will be known and suggestions made by the Committee will be considered.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1(26)/59-MSP(B), dated the 24th August, 1959.*]

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1(26)/59-MSP(B) dated the 24th August, 1959.*]

25

(i) The Committee recommend that the feasibility of utilising cheaper substances and economical processes with a view to reducing cost of production of coins, should be constantly explored.

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The Committee's suggestions have been noted. It may, however, be mentioned in this connection that in the matter of selecting cheaper metal for coinage purposes special care is to be taken to find out whether the metals selected will give inducement to counterfeiters to intensify their activities. There is a proposal already under consideration to use an alloy of manganese for coinage purposes. The Alipore Mint is processing this in conjunction with the National Metallurgical Laboratory.

(ii) The Committee hope that decisions regarding the use of cheaper metals for coins of lower denominations would be expedited.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

At present there exists a fairly satisfactory check on quality control at every stage. How far this control can be improved upon will be considered when production costs are determined on a scientific basis and the permissible limits on operational losses are fixed.

The Committee recommend that statistical quality control methods might also be introduced in the Mints so as to reduce wastages and to secure greater and effective control over production costs and also to improve the quality of products.

[*M. of F. (Deptt. of E.A.) O.M. No. F. 1(26)/59 MSP(B), dated the 24th August, 1959.*]

The Committee's suggestion has been passed on to the Ministry of Steel, Mines and Fuel.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. 1(26)-MSP(B)/59 dated the 24th August, 1959.*]

It was not due to any defect in the design of the two-anna coins that such coins of the nickel brass composition were counterfeited on a large scale as the two anna coins of the cupro-nickel composition were also of the same design but the counterfeiting in cupro-nickel two-annas was not so rampant. The metal composition, was changed from cupro-nickel (75% copper and 25% nickel) to nickel brass (79% copper, 20% zinc and 1% nickel) during the war period due to shortage of nickel, an imported metal. The nickel-brass alloy is for example used in manufacturing 3d. coins of U.K., 2, 5, 10 and 20 Cents

The Committee recommend that the question relating to the manufacture of die steel in India be taken up with the Ministry of Steel, Mines & Fuel.

The Committee regret that the design etc. of the brass two-anna coins, which were counterfeited on a large scale, was such that it did not make a counterfeiting difficult.

of Ceylon, 6d. Shilling and Florin of British West Africa and 10 Cents of Hongkong. Government have discarded this alloy as unfit for coinage purposes as counterfeiters find it easy to handle this alloy to gain their ends.

[*M. of F. (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

33 The Committee regret the dependence on imported metals for the coinage of the Country. Apart from the important consideration of conserving foreign exchange, it is desirable that indigenous metals are used for coins to the extent possible. The Committee, therefore, urge that the possibilities of utilising indigenous metals in the manufacture of coins might be examined in collaboration with the National Metallurgical Laboratory, Jamshedpur.

65 Government are already seized of this problem. The National Metallurgical Laboratory in conjunction with the Alipore Mint have been trying to develop and perfect a method to produce a manganese alloy suitable for adoption as a coinage metal. It will take sometime before the various processes are established and a new alloy suitable for adoption is evolved. A proposal to use stainless steel and copper/brass/nickel clad steel for coinage purposes was examined by the Alipore Mint, the National Metallurgical Laboratory and the Assay Department. They are unanimous in the view that clad steel should not be used for coinage purpose for a variety of reasons. A suggestion to use light aluminium alloys was also considered but had to be rejected for the reason that aluminium scrap is cheap and available in the market in large quantities and counterfeiting on a large scale may develop.

[*Min. of Finance (Deptt. of E.A.) O.M. No. 1(26)/59-MSP(B) dated 24th August, 1959.*]

The Committee's suggestion has been noted and the Mint Master, Alipore, advised to take up the question with the Hindustan Steel Ltd.

The Committee suggest that the question of supply of nut coke be taken up with the Hindustan Steel Ltd.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

The Reserve Bank of India will not agree to hold stocks of gold and silver on behalf of Govt. of India free of cost. At the same time, no appreciable saving will accrue at the Mints by such arrangement as the Mints will have to maintain their security arrangements for other metals in any case. Moreover, after the transfer of silver to the U.S.A. Government for the repayment of lease lend silver, stock at Mints of silver has come down to a very low level. Similarly, the stock of gold at the Mints will also be negligible shortly as the existing stock of gold is proposed to be used for payment of India's additional subscription to the International Monetary Fund.

The Committee feel that since the main function of the Mints is to manufacture coins, they should not be burdened with the responsibility of holding stocks of precious metals (*viz.*, gold and silver, etc.) for which considerable security arrangements are required. They, therefore, suggest that the feasibility of relieving the Mints of this responsibility by transferring these stocks to the Reserve Bank of India might be examined.

[*Min. of Finance. (Deptt. of E.A.) O.M. No. 1(26)/59-MSP(B) dated 24th August, 1959.*]

The Mint Masters have given full justification for the retention of these posts but this will be

The Committee recommend that the scope of economy in regard to the posts of Deputy Works

reviewed again when the coinage work at the Mints is reduced.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F.1(26)/59-MSP(B) dated 24th August, 1959.*]

The Committee's recommendation is under examination.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-59/MSP(B) dated 24th August, 1959.*]

The details regarding the practice followed in other organisations and Ministries in this regard are being collected with a view to see how far the recommendations can be implemented in the Mints.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 1(26)-MSP (B)/59 dated 29th July, 1960.*]

Final reply of Government

There is no excessive or abnormal absenteeism in the Mints. In order to complete the process of decimalisation of coins within a short space

Managers at the Alipore and Bombay Mints should be examined.

The Committee suggest that the feasibility of introducing Attendance Bonus Scheme etc. in the Mints might be examined.

The present position in this regard may please be intimated.

(*L.S.S. O.M. No. 25-PU/59 dated 18th December, 1959.*)

of time, the Mints are on the other hand working overtime, and as the additional remuneration for the hours of overtime is appreciable, there is already an incentive to report regularly for work. Orders sanctioning new scales of pay for the Mint workmen have also been issued recently on the recommendations of the Central Pay Commission, and as the Commission's recommendations do not provide for the grant of any attendance bonus, the introduction of a scheme for the payment of any such bonus, over and above the revised scales of pay, is likely to add appreciably to the cost of production. In view of this possibility, there may not be any substantial gain or advantage as a result of the introduction of the scheme, but this question will, however, be reconsidered, if necessary, at some more convenient opportunity.

[*Ministry of Finance (Deptt. of Economic Affairs)*
D.O. Letter No. F. 1 (26) /MSP (B) 59 dated
29th October, 1960.]

The Committee recommend that the schedule of charges in the Assay Department be revised so as to correspond to reasonable costs, in so far as the work done for the Government Departments is concerned.

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The charges recovered by the Assay Department from the Mints are shown only in the proforma accounts without any cash payment as decided in consultation with the Director of Commercial Audit. If the proforma accounts of the Mints

are not to be maintained at market cost a special concessional rate may be allowed to Mint and other Government departments. The matter is being taken up with the Audit Department. The schedule of Assay charges need not however be reduced in the case of private parties as such charges are already lower than those of the Govt. Test House or reliable private firms who are working on the line.

[*Min. of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B) dated 24th August, 1959.*]

54 III The Committee feel that most of the expenditure on staff could have been avoided, had the custody of Q.A. coins not been transferred from the Mints till the commissioning of the Silver Refinery Plant. They suggest that the premature transfer of the custody of Q.A. coins might be examined with a view to fixing responsibility therefor.

31 The bulk of the Q.A. coins was stored in the vaults of the old Calcutta Mint. On account of shortage of space in the new Mint at Alipore it was not possible to remit these coins from the old Calcutta Mint site to the new Mint at Alipore nor was it considered economical to do so as it was thought at that time that these coins were to be sent again to the Silver Refinery Plant at the old Calcutta Mint site very soon for melting and extraction of silver. It was anticipated at that time that the plant would start work in 1955. Government, therefore, decided that the custody of Q.A. coins in the old Calcutta Mint should be handed over to the officer who was in charge of Silver Refinery Plant and the old Calcutta Mint buildings.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 20th August, 1959.*]

56 115 The Committee suggest that the feasibility of merging the two Refineries (*viz.* Calcutta and Bombay) together and bringing them under the management might be examined.

It will not be an economical proposition to shift the Bombay Refinery, which was commissioned in 1929, from its present location to Calcutta. Machinery which has been depreciated for nearly 30 years will certainly be liable to damage if it is uprooted from its present position where it is well set. Moreover, Bombay being an active centre for bullion and precious metals the Bombay Silver Refinery can be run more advantageously by leaving it undisturbed where it is. If the Calcutta Refinery is converted into a copper refinery either very shortly or after the extraction of silver from Q.A. coins is over the necessity for transferring the Bombay Refinery to Calcutta will also disappear.

[Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP(B), dated 24th August, 1959.]

CHAPTER IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial Number as in the Appendix IV of the Report	Reference to para No. of the report	Summary of Recommendation/ Conclusion	Reply of the Government	Comments of the Committee
1	2	3	4	5
1	6-7	<p>(i) The Committee find that apart from the control exercised from the Ministry there is no central co-ordinating and controlling authority in charge of the working of the Mints with the result that there is absence of uniformity among them even in matters like the system of maintaining accounts. They feel that</p>	<p>The products of the Mints are not commercial articles and, therefore, no useful purpose will be served by organising them on commercial lines. For the co-ordination of work in the Mints it is not necessary that there should be a company form of management. A Government department can control the various organisations under them as</p>	<p>Please see para 1 of Chapter I.</p>

such a central control and direction would facilitate planning of production and distribution of work among the Mints, introduction of modern techniques, uniformity in standards of work, welfare measures etc.

(ii) Since the Mints are industrial undertakings, the Committee feel that it would be desirable if co-ordination of work and centralisation of authority in the Mints is provided by organising them on commercial lines under the company form of management.

efficiently as a company. There is no such diversity in the working of the Mints as regards the techniques employed in minting coins, striking medals etc., with such modifications as are necessary for the proper and efficient implementation of the nature and kind of installed machinery. The welfare measures are already under control of a single authority viz., the Ministry of Labour and Employment whose advices and directives are implemented. As regards the system of maintaining accounts, this is supervised by the Comptroller and Auditor-General of India whose attention is being drawn to this recommendation and uniformity in the system of maintaining accounts will be attempted as far as practicable.

[*Ministry of Finance (Deptt. of E.A.) O.M. No. F. 1(26)/59-MSP (B) dated 24th August, 1959.*]

For ensuring uniformity in accounts the Comptroller & Auditor-General of India has suggested the introduction of Production Accounts in all the Mints. The Alipore Mint already prepares a Production Account, while in Bombay & Hyderabad Mints, steps are being taken to have such an account produced as early as possible. In order to improve the existing system of accounts to which this may be possible, it has also been decided to post two S.A.S. accountants from the Indian Audit Department as "Accountants" in the Alipore and the Bombay Mints. They are expected to join shortly.

[*Ministry of Finance (Deptt. of E.A.) D.O. letter No. F. 1/26/MSP(B)/59 dated 29th October, 1960.*]

36 (i) The Committee consider it surprising that base metals, which are stores for all practical purposes, should have been excluded from the requirements of rules regarding cent per cent annual verification of all these years. They suggest that the circumstances in which the rules were not observed in this case be examined and responsibility fixed therefor.

(ii) They also hope that the procedure for cent per cent verification of all such stores would be finalised expeditiously.

Metals, whether precious or base, were all along treated in a manner different from ordinary stores. With regard to all precious metal balances, cent per cent verification is undertaken annually by the Audit Department and only a percentage check is done in the case of base metals. As the departmental mintage accounts maintained for the purpose are elaborate any pilferage of a serious nature cannot take place. This is mainly the reason why cent per cent annual verification of these base metals was not carried out departmentally. It is not, therefore, as if there is any lapse on the part of any officer in observing the prescribed procedure. The procedure for cent per cent verification of all such metals departmentally is under active consideration.

[Ministry of Finance (Department of E.A.) O.M.]

The reply of the Ministry that due to the elaborate maintenance of departmental mintage accounts, any pilferage of a serious nature cannot take place is not correct as a loss of Rs. 6,454 occurred in 1954 which has been referred to in para 71 of the Report. Moreover any detailed maintenance of accounts cannot obviate the necessity of annual verification of stores. The Committee, therefore, reiterate the recommendation.

No. F. 1(26)/59-MSP(B)
dated 24th August, 1959.]

Please see para 2 of Chapter I:

(i) The Committee consider that the staff employed in the Engraving Department in the Alipore and Bombay Mints is on the high side and that there is a scope for its reduction. They, therefore, suggest that the strength of engravers might be reviewed.

(ii) They further suggest that the feasibility of centralising the work relating to the Die, Engraving and Medal Departments in one Mint to the extent possible, might also be examined.

Touching up of the dies is required even during the course of multiplication of dies for which assistance of engravers is necessary. One of the main reasons for having a large number of engravers in the Alipore Mint is that various types of medals and decorations of intricate designs particularly for the Defence Ministry and the Home Affairs Ministry have to be undertaken and executed in this Mint. Moreover any comparison in this regard with the Royal Mint is not very helpful. It is a well-known fact that the *per capita* output of workers in India contrast poorly in relation to Western advanced countries where wages are high and equipments are most modern.

As regards the recommendation for centralising the work relating to the Die Engraving and Medal Department in one Mint, this will require

a detailed study by the Mint Masters who have already taken up this work.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1 (26)/59-MSP(B) dated 24th August, 1959.*]

46 The Committee feel that the system of physical search must be taking long time and is also irksome. They, therefore, suggest that the possibility of installing metal detectors in the Mints like those in the customs department in India and U.K. might be examined.

This may be difficult to implement as most of workers and staff wear on their bodies some metal ornaments such as rings, watches, chains with talisman etc., and the employees may not agree to remove them from their bodies on account of sentimental, religious and other reasons. The exact procedure followed by the Customs Department in India and U. K. is being ascertained.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 1(26)-59/MSP (B) dated 24th August, 1959.*]

Please see para 3 of Chapter I.

The Customs Houses in India follow, in carrying out physical search, the provisions of the Sea Customs Act, (Section 169). Under this Act, any officer of Customs duly employed in the prevention of smuggling may search any person on board any vessel in any part or any person who has landed from any vessel, provided such officer has reason to believe that such person has dutiable or prohibited goods secreted about his person.

Normally physical searches are conducted in a separate enclosure. Metal detectors are used in cases where the persons are suspected to have concealed gold or jewellery on their persons. If the suspect is noticed wearing or having any metallic objects on his persons, these articles are first removed before he is placed before the metal detector, so as to eliminate the possibility of a positive reaction due to the presence of such articles.

46

89—*contd.*

Though it cannot be claimed that the use of metal detectors has reduced the incidence of smuggling to any appreciable extent the knowledge that the customs have such a gadget acts as disincentive to concealing gold or jewellery on person. This practice is understood by the persons and there has not been any greater resentment to the metal detector test than that to the personal search.

No information is available about the procedure followed by the Customs Department in the United Kingdom.

[*Ministry of Finance O. M. No. F. 1(26)-MSP(B)/59 dated 29th July, 1960.*]

53

109

The Committee cannot help feeling that the planning, including location and execution of the entire scheme of

Government do not consider that a comprehensive enquiry in the manner suggested by the the Estimates Committee

Please see para 4 of Chapter I.

the Silver Refinery Project, was not undertaken with the care it deserved. They wonder whether, in view of the subsequent developments, the expenditure on this project was at all necessary. They recommend that a comprehensive enquiry be conducted into the reasons for delay, rise in costs, siting etc., of the Silver Refinery Project and responsibility fixed therefor.

would bring out any useful result.

[*Ministry of Finance (Department of Economic Affairs O.M. No. F.1(26)-59/MSP(B) dated 24th August, 1959).*]

A note in justification of the Ministry's reply may be furnished.
(L.S.S. O.M. No. 25-PU/59 dated 18th December, 1959).

Final reply of Government

The Silver Refinery Project has been the victim of many unexpected delays and difficulties. The delay in the erection of plant was mainly due to the late execution of certain civil engineering works to be done by the C.P.W.D. in accordance with the requirements of the suppliers of the plant. These works which were started on 31st January, 1955 were to be completed by the end of October, 1955 but were actually ready only in July 1957. The C.P.W.D.

have attributed the delay to difficulties in the procurement of steel, changes in the lay-out plan for structural reasons and to certain unforeseen difficulties arising during construction. This delay has been the subject of an Audit Para (*vide* para 20 of part I of the Audit Report 1959) which has been discussed by the Public Accounts Committee last year.

Silver is now being refined regularly and the rate of production is being gradually increased.

[*Ministry of Finance O. M. No. F. 1(26)-MSP(B)/59 dated 16th August, 1960.*]

58 The Committee feel that the existence of industrial units in the heart of the city and consequently also their residential area, aggravates the

The Bombay Mint is located near the sea at almost the southern tip of the island of Bombay. While it is a fact that the heart of the city is

Please see para 5 of Chapter I.

problem of congestion and tends to further the growth of slums. They therefore, suggest that the economics of shifting the Bombay Mint from its present location in a very busy area to a more commodious site might be examined.

congested with industrial units, mostly textile mills, the same could not be said of the Bombay Mint area. There are no slums around the Bombay Mint area or at the sites chosen for the residential colonies of the Mint. Moreover shifting of old and established industrial units such as the Bombay Mint will be a very expensive and wasteful process as, in dismantling and transportation, many useful but old machineries may be discarded and broken.

[*Ministry of Finance (Department of Economic Affairs)*
O. M. No. F. 1(26)-59/MSP
(B) dated 24th August, 1959].

Final Reply

The present position in this regard may please be indicated.

(*L.S.S. O.M. No. 25-PU/59,*
dated 18th December, 1959).

Although the detailed economics of shifting the Bombay Mint from its present site was not worked out, the question was gone into from all angles in consultation with the Mint Master. It will be a waste of money, particularly when the country is suffering from a shortage of resources for

development to start shifting an established and functioning unit like the Mint on somewhat idealistic grounds. Besides other losses in terms of money and man-hours, there will be loss of production of coins for some time which will throw out of gear the demonetisation programme and the decimalisation of the country's coinage.

[*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F. 1(26)-MSP(B)
59 dated 16th August, 1960.]

NEW DELHI ;

March 1, 1961

Phalguna 10, 1882(S)

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the Forty Sixth Report of the Estimate Committee (Second Lok Sabha)

1. Total number of recommendations	58
2. Recommendations accepted fully by Government.	
No.	24
Percentage of total	41·4
3. Recommendations not accepted by the Government but replies in respect of which have been accepted by the Committee	
No.	28
Percentage of total	48·3
4. Recommendations not accepted by Government	
No.	6
Percentage of total	10·3
