

F.No. 10/09/2018-Coin(Pt.I)
Government of India
Ministry of Finance
Department of Economic Affairs
(C & C Division)

Room No.241-F, North Block, New Delhi
Dated the 18th October, 2019

OFFICE MEMORANDUM

Subject: Policy for Costing of Commemorative Coins-reg.

The undersigned is directed to refer to the subject mentioned above, and to inform that this Department has come out with a Policy for Costing of Commemorative Coins, which is enclosed. Accordingly, the costing of commemorative coins minted by SPMCIL will now be guided by this Policy with immediate effect.

2. The Policy for Costing of Commemorative Coins has the approval of Hon'ble Finance Minister.
3. This issues with the approval of the JS(C&C).

Encl: As stated above



(Sonamani Haobam)
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Distribution

1. **Shri S.C. Barmma**, Joint Secretary(Culture), M/o Culture, Shastri Bhawan, New Delhi
2. **Ms Tripti Patra Ghosh**, Chairman & Managing Director, Security Printing and Minting Corporation of India Limited, 16th Floor, Jawahar Vyapar Bhavan, Janpath, New Delhi-110001

F.No. 300406483/2019-Coin
Government of India
Ministry of Finance
Department of Economic Affairs
(C & C Division)

Room No.241-F, North Block, New Delhi
Dated, the 10th October, 2019

Subject: Policy for Costing of a Commemorative Coin

1. Once the gazette notification for issuance of a commemorative coin is issued, SPMCIL starts the production of the same and also simultaneously fixes their selling price.
2. The **sale price of a commemorative coin** shall be worked out as under:
 - (a) **General Principle:** The cost incurred on minting of commemorative coins shall be recovered on cost plus principle. A profit margin shall be added depending on type of commemorative coin. The price shall be finalised before commencing the sale.
 - (b) **Price Calculation:**
 - (1) **Metal Cost (A):** Metal cost, as per metal composition and weight of each metal component in the coin is recovered as per market rates. Metal rates are based on London Metal Exchange (**LME**) prices or any other neutral and fair sources of Indices.
 - (2) **Labour Cost (B):** Labour cost is calculated on the basis of actual labour hours put in by workers in concerned sections of coin production by applying the actual per hour rate of labour. Design cost is also included in labour cost as per the standard costing practices.
 - (3) **Direct Expenses/ Overheads (C):** Direct expenses/overheads consisting of the following are directly allocated to cost, as per the standard costing practices, being direct expense of commemorative coins:
 - a. Die cost
 - b. Electricity cost
 - c. Packing Material cost

There are three types of sets for packaging - Executive, Proof and UNC (Uncirculated coin). In terms of cost, Executive is at the top followed by Proof and UNC.

(4) Indirect Expenses/Overheads (D): Indirect expenses/ overheads consisting of following is apportioned to cost of commemorative coins on the basis of total cost of production and units of production:

- a. Administration Expenses
- b. Security Expenses

(5) Incidental Charges (E): Incidental charges @ 20% of total cost, equalling (A+B+C+D) is also charged to cover the expenses such as marketing expenses, including advertisement expenses and sales promotion expenses, process losses, depreciation on machinery etc. Increase in any of cost components, namely Metal rates, labour charges, direct/ indirect expenses is also covered through incidental charges. Further, incidental charges would also cover other costs not explicitly covered in the cost sheet e.g. capital cost, opportunity cost of own funds, process losses and contingent expenses, etc.

(6) Total Cost (F) = Metal Cost (A) + Labour cost (B) + Direct Expenses (C) + Indirect Expenses/ Overheads (D) + Incidental charges (E)

(7) Profit Margin (G) = X % of Total Cost (F)

Where X =

- (i) 10 for the commemorative coins minted for public personalities/ events (sponsored by Ministry of Culture)
- (ii) 50 for the Commemorative coins minted for public sector entities/ other public autonomous bodies
- (iii) 100 for private charitable sponsoring organisation
- (iv) 200 for private commercial sponsoring organisation.

(8) Postal Charges (H) = Actual postal charges

(9) GST (I) = 3% of (F + G + H)

(10) Selling Price = Total Cost (C) + Profit Margin (G) + Postal Charges (H) + GST (I).

(c) Minting of additional commemorative coins: Additional cost refers to the cost of production of additional lot over and above the initial planned quantity. There may not be any additional cost for minting of second and subsequent lots of commemorative coins and these coins are minted at essentially the same cost. However, to absorb the ramp up costs, and some other incidentals as well as to encourage single-go orders, each additional coin will be billed at 1.10 times the cost of initial lot.

3. The following shall be the terms and conditions for payment:

- i. The PSUs/ autonomous bodies/ private trusts, etc. will be required to pay the entire expected amount in advance. The Government/ Government Departments/ State/ UTs will be allowed to pay in 15 calendar days from date of delivery. Failure to make the payment within due date will lead to imposition of a penalty @ 15% per annum. Alternatively, they could choose to pay in advance.