

ACT No. XIX OF 1861.

PASSED BY THE LEGISLATIVE COUNCIL OF INDIA.

(Received the assent of the Governor-General on the 16th July 1861.)

An Act to provide for a Government Paper Currency.

WHEREAS it is expedient to provide for the issue by the Government of India of Promissory Notes payable to bearer on demand, and to regulate the mode of issuing and securing payment of the same ; and whereas due notice has been given by the Governor-General of India in Council to the Banks of Bengal, Bombay, and Madras respectively, as required by Acts VI of 1839, III of 1840, and IX of 1843, that the said Banks are to be modified by the power of the said Banks to issue Promissory Notes payable on demand ceasing from and after the day hereinafter provided ; It is enacted as follows :—

I. Section XXXI of the said Act VI of 1839, Section XXXI of the said Act III of 1840, and Section XXXIII of the said Act IX of 1843, so far as the said Sections authorize the Banks of Bengal, Bombay, and Madras respectively to issue Promissory Notes payable on demand, are repealed from and after the first day of March 1862.

II. After the passing of this Act, no Body Corporate, person or persons whatsoever, in British India, (except the Banks of Bengal, Madras, and Bombay, up to the said 1st day of March 1862, and except as hereinafter provided,) shall draw, accept, make, or issue any Bill of Exchange or Promissory Note, or engagement for the payment of money payable to bearer on demand, or borrow, owe, or take up any sum or sums of money on the Bills or Notes payable to bearer on demand of any such Body Corporate, or of any such person or persons. Provided that Cheques or Drafts payable to bearer on demand or otherwise may be drawn on Bankers, Sheriffs, or Agents by the

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by the customers or constituents of such Bankers, Shroffs, or Agents, in respect of deposits of money in the hands of such Bankers, Shroffs, or Agents, and held by them at the credit and disposal of the persons drawing such Cheques or Drafts.

III. There shall be established by the Governor-General of India in Council a department of the Public Service, to be called Department of Issue to be established. the Department of Issue, either in connection with the Mints or otherwise, and from and after the passing of this Act there may be issued from the said Department, as hereinafter provided, Promissory Notes of the Government of India payable to bearer on demand, for such sums, not being less than ten Rupees, as the Governor-General of India in Council shall from time to time direct.

IV. The Governor-General in Council, after the passing of this Act, shall appoint some person, who may be the Master of the Head Commissioner and Commissioners to be appointed. Mint at Calcutta, to be called the Head Commissioner of the Department of Issue, and two other persons, who may be the Master of the Mint at Madras and the Master of the Mint at Bombay, who shall be called respectively the Commissioners of the Department of Issue at Madras and Bombay, and it shall be lawful for the Governor-General of India in Council from time to time, by Rules to be published in the Gazettes of Calcutta, Madras, and Bombay, to make such arrangements through any Officers of Government or with any persons, Banks, or Bodies Corporate, either at Calcutta, Madras, and Bombay, or elsewhere, as may be required to regulate and facilitate the issue and payment, under the provisions of this Act, of Promissory Notes of the Government of India, of such denominations as shall be prescribed under the last foregoing Section, not being for any less sum than ten Rupees.

V. It shall be lawful for the Governor-General of India in Council from Power to Governor-General in Council to establish Circles of Issue. time to time, by order to be published in the Gazettes of Calcutta, Madras, and Bombay, to establish in British India, Districts, to be called "Circles of Issue," three of which Circles shall include the Towns of Calcutta, Madras, and Bombay, respectively, and in each Circle to appoint some one city or town to be the place of Issue of Notes, as hereinafter provided. It shall be lawful for the Governor-General of India in Council, by an order to be published as aforesaid, from time to time

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to time to alter or extend the limits of the said Circles or any of them. Promissory Notes of the Government of India may be issued in the several Circles of issue as hereinafter provided.

VI. For each Circle of Issue other than those which include the Towns of Calcutta, Madras, and Bombay, there shall be appointed by the Governor-General in Council an Officer of the Government or other person to be called the Deputy Commissioner of Issue. In any Circle of Issue there may be also established an Agency or Agencies of Issue in connection with a Bank or otherwise.

VII. For the purposes of this Act, the Commissioners at Madras and Bombay shall be subordinate to the Head Commissioner; the Deputy Commissioners and Agents in the Presidency of Fort William in Bengal shall be subordinate to the Head Commissioner; and the Deputy Commissioners and Agents in the Presidencies of Fort Saint George and Bombay shall be subordinate to the Commissioners of Madras and Bombay respectively.

VIII. The Head Commissioner of Issue for the time being shall provide, on paper to be specially manufactured for the purpose, Promissory Notes of the Government of India payable to bearer on demand, of the denominations which shall be from time to time prescribed under Section III of this Act, and shall supply or cause to be supplied to the Commissioners at Madras and Bombay, and to the several Deputy Commissioners and Agents, such Notes as they shall require for the purposes of this Act, and all Notes shall bear upon them the name of the city or town from which they are severally issued, and shall be payable only at the Office or Offices or Agencies of Issue of such city or town, and at the Presidency Town of the Presidency within which such city or town is situated.

IX. The Head Commissioner, the Commissioners, and the Deputy Commissioners and Agents shall, in their respective "Circles of Issue," on the demand of any person, Issue from such Office or Offices or Agencies of Issue as shall be established in the appointed city or town in

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town in their respective Circles, Promissory Notes of such denominations as shall be prescribed under Section III, not being for any less sum than ten Rupees, on the terms following :—

First, in exchange for the amount thereof in current silver coin of the Government of India.

Or, *secondly*, in exchange for the amount thereof in standard silver bullion or foreign silver coin computed according to such standard, at the rate of 979 Rupees per 1000 tolahs of standard silver fit for Coinage ;

Provided that the said Head Commissioner, Commissioners, Deputy Commissioners, and Agents shall, in all cases, be entitled to require such silver bullion and foreign coin to be melted and assayed at the expense of the person tendering the same, and provided also that in all places where there is no Mint of the Government of India, it shall be optional for any such Head Commissioner, Commissioner, Deputy Commissioners and Agents, to issue Notes in exchange for silver or foreign coin under this Section ;

Or, *thirdly*, in exchange for other Notes of the Government of India payable to bearer on demand of other amounts issued within the same Circle.

Provided also, that it shall be lawful for the Governor-General in Council from time to time to direct, by order to be published in the Gazettes of Calcutta, Madras, and Bombay, that Notes to an extent to be specified in the order, not exceeding one-fourth of the total amount of issues represented by coin and bullion as herein provided, shall be issued at such Offices or Agencies of Issue as may be named in the order, in exchange for gold coin of full weight of the Government of India, or for foreign gold coin or gold bullion computed at such rates and according to such rules and conditions as shall be fixed by such order, and which rates, rules, and conditions shall not be altered without six months' previous notice. Whenever such order shall be issued, the Head Commissioner, Commissioners, Deputy Commissioners, and Agents, at the Offices or Agencies specified in the order, shall be bound to issue Notes on demand in conformity with such order.

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X. The whole amount of the bullion and coin so received for Notes shall be retained and secured as a reserve to pay such Notes, with the exception of such an amount, not exceeding four crores of Rupees, as the Governor-General in Council, with the consent of the Secretary of State for India, shall from time to time fix. The amount so fixed shall be published in the Gazettes of Calcutta, Madras, and Bombay, and shall be invested in Government securities, and the said coin, bullion, and securities shall be appropriated and set apart to provide for the satisfaction and discharge of the said Notes; and the said Notes shall be deemed to have been issued on the security of the coin, bullion, and securities so appropriated and set apart, as well as on the general credit of the Government. Provided that any gold coin or bullion which may be received under this Act, may be sold or exchanged for silver coin or bullion to be so appropriated and set apart, instead of the gold coin or bullion.

XI. The Government Securities purchased under this Act in the Presidency of Fort William in Bengal shall stand in the name of the Head Commissioner and the Master of the Mint at Calcutta; the Government Securities purchased under this Act in the Presidency of Fort Saint George shall stand in the name of the Commissioner at Madras and the Master of the Mint at Madras; and the Government Securities purchased under this Act in the Presidency of Bombay shall stand in the name of the Commissioner at Bombay and the Master of the Mint at Bombay. Provided that if the Head Commissioner or Commissioner in any case be the Master of the Mint, the Governor-General in Council shall appoint another Trustee or Trustees in addition to the Master of the Mint.

XII. The Head Commissioner from time to time shall frame Rules to be approved by the Governor-General of India in Council, for keeping the accounts of the said Department of Issue, and for the auditing of such accounts, and for otherwise regulating the business of the Department; provided that such Rules shall be in no wise inconsistent with the provisions of this Act.

XIII. An abstract of the accounts of the Department, showing the whole amount of Notes in circulation, the amount of coin and bullion reserved, distinguishing gold from silver, and the amount

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amount of the Government Securities held by the said Department, shall be made up monthly in Calcutta, and published as soon as may be in the Gazettes of Calcutta, Madras, and Bombay.

XIV. It shall be lawful for the Head Commissioner in respect of the
Securities to be disposed of when necessary. Presidency of Fort William in Bengal, and for the Commissioners at Madras and Bombay in respect of the Presidencies of Madras and Bombay respectively, at any time when they shall be ordered so to do by the Governor-General of India in Council, to sell and dispose of any portion of the abovementioned limited amount of Government Securities standing in their names respectively, and in the names of the Masters of the Mint or Trustees as aforesaid; and for the purpose of effecting such sales, the said Masters of the Mint or Trustees respectively shall, on a request in writing from the said Head Commissioner or Commissioners in their respective Presidencies, at all times sign and endorse such Government Securities as shall stand in their names respectively, and it shall be lawful for the said Head Commissioner or Commissioners, if directed by the Governor-General of India in Council, to purchase Government Securities to replace their sales.

XV. The interest accruing due on the Government Securities purchased
Interest of Securities to be paid to the credit of Government. and held under this Act shall be entered in a separate account, to be annually rendered by the Head Commissioner to the Governor-General of India in Council; and the amount of such interest shall, from time to time, as it becomes due, be paid by the Accountants General in the several Presidencies of India, into the revenues of the Government of India, under the head of "Profits of Notes Circulation," and an account showing the amount of profits of the Note circulation and of the charges and expenses incidental thereto, shall be made up and published annually in the Gazettes of Calcutta, Madras, and Bombay.

XVI. Within any of the "Circles of Issue," as hereinbefore provided, a
Notes where legal tender. tender of a Note or Notes issued under this Act from any Office or Agency of Issue of such "Circle of Issue," shall be a legal tender to the amount expressed in such Note or Notes, and shall be taken to be valid as a tender to such amount in payment of any revenue or other claim to the amount of ten Rupees and upwards due to the Government of India, and in payment of any sum of ten Rupees and upwards due by the Government of India, or by any Body Corporate or by any person or persons
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in British India, on all occasions whatsoever on which any tender of money can be legally made. Provided that no such Note or Notes shall be deemed to be a legal tender of payment by the Government of India at any Office or at the Issue Department of any Agency of Issue.

XVII. The name of the Head Commissioner, of either of the Commissioners, of any Deputy Commissioner, or of any other person authorized by the said Head Commissioner, or by either of the said Commissioners, to sign Notes issued under this Act, may be impressed or affixed by machinery provided for that purpose by the Government of India, and such printed names shall be taken to be good and valid signatures to all intents and purposes, as if such Notes had been subscribed in the proper handwriting of any one of the persons aforesaid whose signatures the said printing purports to represent.

XVIII. All Notes issued under this Act shall be deemed and taken to be Promissory Notes of the Government of India, and may and shall be described as Promissory Notes of the Government of India in all indictments, and in Criminal and Civil proceedings, any law or usage to the contrary notwithstanding.

XIX. If any Body Corporate or person, after the passing of this Act, shall, contrary to the provisions of this Act, draw, accept, make, or issue any Bill of Exchange, Promissory Note, or engagement for the payment of money payable to bearer on demand, or borrow, owe, or take up any sum or sums of money on the Bills or Notes or engagements for the payment of money payable to bearer on demand of any such Body Corporate or person, such Body Corporate or person shall be liable to a penalty to the amount of every such Bill of Exchange, Promissory Note, or engagement for the payment of money, to be recovered on the prosecution of the Head Commissioner, Commissioner, or Deputy Commissioner, as the case may be, of the "Circle of Issue" in which such Bill of Exchange, Promissory Note, or engagement for the payment of money is issued, before any Police Magistrate or Magistrate within such "Circle of Issue," and in case of conviction, and default of payment of such penalty, the Police Magistrate or Magistrate who shall try the case shall issue his warrant to levy the amount thereof, together with the reasonable costs of the prosecution, by distress

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by distress and sale of the goods and chattels of the Body Corporate or person so convicted.

XX. The words "British India" in this Act shall denote the Territories that are or may be vested in Her Majesty by the Statute Definition of "British India." 21 and 22 Vic. c 106, entitled "An Act for the better Government of India," except the Settlement of Prince of Wales' Island, Singapore, and Malacca.