

THE INDIAN PAPER CURRENCY ACT, 1871.

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ACT No. III OF 1871.

PASSED BY THE GOVERNOR GENERAL OF INDIA IN COUNCIL.

(Received the assent of the Governor General on the 20th January
1871).

An Act to consolidate and amend the law relating
to the Government Paper Currency.

WHEREAS it is expedient to consolidate and amend the law relating to the Government Paper Currency; It is hereby enacted as follows:—

Preamble.

I.—Preliminary.

1. This Act may be called "The Indian Paper Currency Act, 1871":

Short title.

It extends to the whole of British India;

Local extent.

And it shall come into force on the passing thereof.

Commence-
ment.

2. The Acts mentioned in the schedule hereto annexed are repealed.

Acts repealed.

All appointments made, rules prescribed, circles of issue established, notifications published, and notes issued under any such Act shall be deemed to be respectively made, prescribed, established, published, and issued under this Act.

II.—The Department of Issue.

3. There shall continue to be a Department of the public service, to be called the Department of Issue, whose function shall be the issue of promissory notes of the Government of India payable to bearer on demand, for such sums, not being less than five rupees, as the Governor General in Council from time to time directs.

Functions of
Department
of Issue.

4. At the head of such Department shall be an officer called the Head Commissioner of the Department of Issue, and two other officers, called, respectively

Head Com-
missioner.

Commissioners at Madras and Bombay.

spectively, the Commissioner of the Department of Issue at Madras and the Commissioner of the Department of Issue at Bombay.

Power to establish Circles of Issue.

5. The Governor General in Council may from time to time, by order published in the *Gazette of India*,

establish Districts, to be called Circles of Issue, three of which circles shall include the Towns of Calcutta, Madras and Bombay, respectively,

appoint in each circle some one town to be the place of issue of notes, as hereinafter provided,

establish in such town an Office or Offices of Issue, and

declare that, for the purposes of this Act, any such town (other than Calcutta, Madras or Bombay) shall be deemed to be situate within such Presidency as is specified in the order.

Deputy Commissioners.

6. For each Circle of Issue other than those which include the Towns of Calcutta, Madras and Bombay, there shall be an officer called the Deputy Commissioner of Issue.

Subordination of Commissioners and Deputy Commissioners.

7. For the purposes of this Act, the Commissioners at Madras and Bombay shall be subordinate to the Head Commissioner :

the Deputy Commissioners in the Presidency of Fort William in Bengal shall be subordinate to the Head Commissioner ; and

the Deputy Commissioners in the Presidencies of Fort St. George and Bombay shall be subordinate to the Commissioners of Madras and Bombay, respectively.

Appointment, suspension, and removal of officers.

8. All officers under this Act shall be appointed, and may be suspended or removed, by the Governor General in Council.

III.—Supply and Issue of Currency Notes.

Head Commissioner to provide and distribute Currency notes.

9. The Head Commissioner of Issue shall provide promissory notes of the Government of India payable to bearer on demand, of the denominations prescribed under this Act, and shall supply the Commissioners at Madras and Bombay, and the several Deputy

Commissioners

Commissioners with such notes as they require for the purposes of this Act.

All such notes shall bear upon them the name of the town from which they are severally issued, and shall be payable only—

at the Office or Offices of Issue of such town and at the presidency town of the Presidency within which such town is situate.

10. The name of the Head Commissioner, of either of the Commissioners, of a Deputy Commissioner, or of some other person authorized by the said Head Commissioner, or by either of the said Commissioners, to sign notes issued under this Act, shall be subscribed to every such note, and may be impressed thereon by machinery.

Names so impressed shall be taken to be valid signatures.

11. The Head Commissioner, the Commissioners, and the Deputy Commissioners shall, in their respective Circles of Issue, on the demand of any person, issue from the Office or Offices of Issue established in their respective Circles, promissory notes of the Government of India payable to bearer on demand, of the denominations prescribed under this Act, on the terms following:—

(a) in exchange for the amount thereof in current silver coin of the Government of India, or,

(b) in exchange for the amount thereof in silver bullion or foreign silver coin at the rate of nine hundred and seventy-nine rupees per one hundred and eighty thousand grains of silver fit for coinage and of the standard fineness prescribed by the Indian Coinage Act, 1870:

Provided that in all places where there is no Mint of the Government of India, any such Head Commissioner, Commissioner, or Deputy Commissioner may refuse to issue notes in exchange for silver bullion or foreign coin under this section.

12. The Governor General in Council may from time to time, by order published in the *Gazette of India*, direct that notes to an extent to be specified

in

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 of Issue as are 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, at the rates and according to the rules and conditions fixed by such order.

Expense of melting and assaying bullion received for notes.

13. The Head Commissioner, Commissioners, and Deputy Commissioners may require any bullion or foreign coin received under section eleven or section twelve to be melted and assayed.

Loss of weight.

Any loss of weight caused by such melting or assay shall be borne by the person tendering the bullion or coin.

Certificates for bullion.

14. Every person so tendering bullion or foreign coin and depositing it in any Office of Issue shall, after the expiration of the time necessary for melting and assaying the same, be entitled to receive therefor a certificate signed by the person authorized to issue the notes aforesaid.

Contents of certificate.

Such certificate shall—

(a) acknowledge the receipt of such bullion or foreign coin,

(b) state the amount of notes issued under this Act, or of such notes and cash, to which the holder is entitled in exchange for such bullion or coin,

(c) state the interval on the expiration of which, if the certificate be presented to such office, the holder shall be entitled to receive such amount.

Notes where legal tender.

15. Within any of the said Circles of Issue a note issued under this Act from any Office of Issue in such Circle, shall be a legal tender to the amount expressed in such note, in payment or on account of—

any revenue or other claim to the amount of five rupees and upwards due to the Government of India,

any sum of five rupees and upwards due by the Government of India, or by any body corporate or person in British India :

Provided

Provided that no such note shall be deemed to be a legal tender by the Government of India at any Office of Issue.

IV.—Reserve.

16. The whole amount of the coin and bullion received under this Act for notes shall be retained and secured as a reserve to pay such notes, with the exception of such an amount, not exceeding sixty millions of rupees, as the Governor General in Council, with the consent of the Secretary of State for India, from time to time fixes.

Bullion received for notes to be kept as a reserve. Except amount fixed as minimum limit of circulation.

17. The amount so fixed shall be published in the *Gazette of India*, and the whole or such part thereof as the Governor General in Council from time to time fixes shall be invested in securities of the Government of India: 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 such coin, bullion and securities, as well as on the general credit of the Government:

Investment of such amount.

Appropriation of coin, bullion, and securities.

Provided that any silver bullion or foreign coin received under this Act may be sold or exchanged for silver coin of the Government of India, and that any gold coin or bullion 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.

Sale or exchange of bullion and foreign coin.

For the purposes of this section, silver bullion and coin shall be rated at ninety-eight rupees per eighteen thousand grains of standard fineness, and gold bullion and coin at the rates fixed by the Governor General in Council under section twelve.

18. The Government securities so purchased shall be held by the Head Commissioner and the Master of the Mint at Calcutta in trust for the Secretary of State for India in Council.

Trustees of securities purchased under Act.

19. The Head Commissioner may, at any time when ordered so to do by the Governor General in Council, sell and dispose of any portion of the above-mentioned limited amount of Government securities.

Power to sell such securities.

For

Power to
replace them.

For the purpose of effecting such sales, the Master of the Mint at Calcutta shall, on a request in writing from the Head Commissioner, at all times sign and endorse such Government securities, and the said Head Commissioner, if so directed by the Governor General of India in Council, may purchase Government securities to replace such sales.

Interest on
such securi-
ties to be en-
tered in a
separate
account.

20. The interest accruing due on the securities purchased and held under this Act shall be entered in a separate account, to be annually rendered by the Head Commissioner to the Governor General in Council.

“Profits of
Notes Circu-
lation.”

The amount of such interest shall from time to time, as it becomes due, be paid to the credit of the Government of India, under the head of “Profits of Notes Circulation,”

Annual ac-
count.

and an account showing the amount of such profits and of the charges and expenses incidental thereto, shall be made up and published annually in the *Gazette of India*.

V.—Private Bills payable to Bearer on Demand.

Prohibition of
issue of pri-
vate bills or
notes payable
to bearer on
demand.

21. No body corporate or person in British India shall draw, accept, make or issue any bill of exchange, hundí, 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, hundís or notes payable to bearer on demand, of any such body corporate or of any such person :

Exception in
favour of
cheques.

Provided that cheques or drafts payable to bearer on demand or otherwise, may be drawn on bankers, shroffs, or agents, by their customers or constituents, 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.

Penalty for
issuing such
bills or notes.

22. Any body corporate or person committing any offence under section twenty-one shall, on conviction before a Magistrate of Police or a person exercising the full powers of a Magistrate, be punished with a fine equal to the amount of the bill, hundí, note or engagement

engagement in respect whereof the offence is committed.

Every prosecution under this section shall be instituted by the Head Commissioner, Commissioner or Deputy Commissioner, as the case may be, of the Circle of Issue in which such bill, hundi, note or engagement is drawn, accepted, made or issued.

Prosecutions.

All fines imposed under this section may be recovered, if for offences committed outside the local limits of the presidency towns, in the manner prescribed by the Code of Criminal Procedure, and, if for offences committed within those limits, in the manner prescribed by any Act regulating the Police of those towns in force for the time being.

Recovery of fines.

VI.—Miscellaneous.

23. An abstract of the accounts of the Department of Issue showing—

Monthly abstracts of accounts.

- (a) the whole amount of notes in circulation,
- (b) the amount of coin and bullion reserved, distinguishing gold from silver, and
- (c) the 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 *Gazette of India*.

24. All notes issued under this Act shall be deemed to be promissory notes of the Government of India, and may be described as promissory notes of the Government of India in all indictments, and in criminal and civil proceedings.

Description of notes in indictments.

25. The Governor General in Council may from time to time, by notification in the *Gazette of India*—

Supplementary powers of the Government of India.

- (1) fix the amounts (not being less than five rupees) for which notes shall be issued under this Act,
- (2) alter the limits of any of the said Circles of Issue,
- (3) declare the places at which notes shall be issued under this Act,
- (4) fix the rates, rules and conditions at and according to which gold may be taken in exchange for Government promissory notes issued under this Act,

(5) fix

(5) fix the charge for melting and assaying bullion and foreign coin received for such notes,

(6) fix the interval on the expiration of which holders of certificates under section fourteen shall be entitled to receive such notes,

(7) regulate any matters relative to Paper Currency which are not provided for by this Act,

(8) revoke or alter any notification previously made under this Act.

Every such notification shall come into force on the day therein in that behalf mentioned, and shall have effect as if it were enacted in this Act:

Provided that no notification under clause (4) of this section shall have effect until six months have elapsed from the date of its appearance in the *Gazette of India*.

SCHEDULE.

Number and year of Act.	Title.
XIX of 1861 ...	An Act to provide for a Government Paper Currency.
XXIV of 1861 ...	An Act to enable the Banks of Bengal, Madras and Bombay to enter into arrangements with the Government for managing the issue, payment and exchange of Government Currency Notes and certain business hitherto transacted by the Government Treasuries.
I of 1866 ...	An Act to amend Act XIX of 1861 (to provide for a Government Paper Currency).
XXX of 1867 ...	An Act to amend Act XIX of 1861 (to provide for a Government Paper Currency).
XV of 1870 ...	An Act for the further amendment of Act No. XIX of 1861.