

Indian Paper Currency. [Act No. 1882]

THE INDIAN PAPER CURRENCY ACT, 1882.

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ACT No. XX OF 1882.

PASSED BY THE GOVERNOR GENERAL OF INDIA IN COUNCIL.

(Received the assent of the Governor General on the 26th
October, 1882.)

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

Preamble.

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

I.—Preliminary.

Short title.

1. This Act may be called the Indian Paper Currency Act, 1882:

Local extent.

It extends to the whole of British India;

Commencement.

and it shall come into force on the passing thereof.

Act No. III

1871
repealed.

2. (1) Act No. III of 1871 (to consolidate and amend the law relating to the Government Paper Currency) is hereby repealed.

(2) All appointments made, rules prescribed, notifications published, authorities conferred, securities purchased and notes issued under the said Act, or any Act thereby repealed, shall, if in force, undisposed of or in circulation when this Act comes into force, be deemed to be respectively made, prescribed, published, conferred, purchased and issued under this Act. And all references made to any portion of the Indian Paper Currency Act, 1871, or any Act thereby repealed, in Acts or Regulations passed before this Act comes into force, shall be deemed to be made to the corresponding portion of this Act.

III of 1871-

II.—The

II.—The Department of Paper Currency.

3. (1) There shall continue to be a Department of the public service, 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.

Department
of Paper
Currency.

(2) Such notes shall be called currency notes.

(3) The Department shall be called the Department of Paper Currency.

4. At the head of the Department there shall be an officer called the Head Commissioner of Paper Currency, and there shall be three other officers, called, respectively, the Commissioner of Paper Currency for Madras, the Commissioner of Paper Currency for Bombay and the Commissioner of Paper Currency for Rangoon.

Head Com-
missioner.

Commis-
sioners for
Madras,
Bombay and
Rangoon.

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

Power to
establish Cir-
cles of Issue,
&c.

(a) establish districts, to be called Circles of Issue, four of which circles shall include the towns of Calcutta, Madras, Bombay and Rangoon, respectively,

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

(c) establish in each such town an office or offices of issue,

(d) establish in any town situate in any circle an office, to be called a Currency Agency, and

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

6. For each Circle of Issue, other than those which include the towns of Calcutta, Madras, Bom-

Deputy Com-
missioners
and Currency
Agents.

bay

bay and Rangoon, there shall be an officer, called the Deputy Commissioner of Paper Currency, and for each Currency Agency an officer, called the Currency Agent.

7. For the purposes of this Act,

(a) the Commissioners of Paper Currency for Madras, Bombay and Rangoon, and the Deputy Commissioners of Paper Currency in the Presidency of Fort William in Bengal, shall be subordinate to the Head Commissioner of Paper Currency; and

(b) the Deputy Commissioners of Paper Currency in the Presidencies of Fort St. George and Bombay, and in the Province of British Burma, shall be subordinate to the Commissioners of Paper Currency for Madras, Bombay and Rangoon, respectively.

(c) The Currency Agent at any town shall be subordinate to the Head Commissioner, Commissioner or Deputy Commissioner, as the case may be, of Paper Currency for the circle of issue in which that town is situate.

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.

9. (1) The Head Commissioner shall provide currency notes of the denominations prescribed under this Act, and shall supply the Commissioners and the Currency Agents subordinate to him, and the Deputy Commissioners, with such notes as they need for the purposes of this Act.

(2) The Commissioners and Deputy Commissioners shall supply the Currency Agents subordinate to them, respectively, with such notes as those Agents need for the purposes of this Act.

(3) Every such note shall bear upon it the name of the town from which it is issued.

10. (1) The name of the Head Commissioner, of one of the Commissioners, of a Deputy Commissioner

Subordin-
ation of Com-
missioners,
&c.

Appointment,
suspension
and removal
of officers.

Head Com-
missioner to
provide and
distribute
currency
notes.

Signatures to
notes.

or of some other person authorized by the Head Commissioner, or by one of the Commissioners, to sign currency notes, shall be subscribed to every such note, and may be impressed thereon by machinery.

(3) 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, currency notes of the denominations prescribed under this Act, in exchange for the amount thereof—

Issue of notes for silver by Head Commissioner, Commissioners and Deputy Commissioners.

(a) in current silver coin of the Government of India,

(b) in current silver coin made under the Portuguese Convention Act, 1881,

(c) in current silver coin made under the Native Coinage Act, 1876, as to which coin a declaration has been made under section 3 of that Act; or

(d) in silver bullion or foreign silver coin, not being coin of the descriptions mentioned in clauses (b) and (c), 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 the bullion or coin receivable under clause (d).

12. Any Currency Agent to whom notes have been supplied under section nine may, if he thinks fit, on the demand of any person, issue from his agency any such notes in exchange for the amount thereof in any coin specified in clause (a), ~~clause (b)~~ or clause (c) of section eleven.

Issue of notes for silver by Currency Agents.

13. The

XVII of 1881.

IX of 1876.

XXIII of 1870.

Terms of
notes for
gold.

13. The Governor General in Council may, from time to time, by order notified in the *Gazette of India*, direct that currency 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 provided by this Act, 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 that order.

Melting and
assaying
bullion or
coin received
for notes.

14. (1) The Head Commissioner, Commissioners, and Deputy Commissioners may require any bullion or foreign coin received under section eleven, clause (d), or under section thirteen, to be melted and assayed.

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

Certificates
for bullion
or coin.

15. (1) Every person tendering bullion or foreign coin under section eleven, clause (d), or under section thirteen, 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 for it a certificate signed by the person authorized to issue the notes aforesaid.

(2) The certificate shall—

- (a) acknowledge the receipt of the bullion or 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 the bullion or coin, and
- (c) state the interval on the expiration of which, if the certificate is presented to the office, the holder shall be entitled to receive that amount.

IV.—Notes where legal tender and where payable.

16. Within any of the said Circles of Issue, a
currency

Notes where
legal tender.

currency note issued from any town in that circle shall be a legal tender for the amount expressed in that note, in payment or on account of—

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

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

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

17. A currency note shall be payable only—

Notes where payable.

(a) at the office or offices of issue of the town from which it has been issued, and

(b) in the case of notes issued from any town not situate in British Burma, also at the Presidency-town of the Presidency within which that town is situate.

18. For the purposes of sections sixteen and seventeen, notes issued from any Currency Agency shall be deemed to have been issued from the town appointed under section five to be the place of issue in the Circle of Issue in which that Agency is established.

Notes issued from Currency Agencies to be deemed to be issued from place of issue of circle.

V.—Reserve.

19. The whole amount of the coin and bullion received under this Act, and under Act III of 1871, for currency notes, shall be retained and secured as a reserve to pay those 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.

Coin and bullion received for notes to be kept as a reserve except amount fixed as hereinafter provided.

20. 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.

Investment of such amount.

21. (1) The

Appropriation of coin, bullion and securities.

21. (1) 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 said coin, bullion and securities, as well as on the general credit of the Government of India:

Provided that any silver bullion or coin received under section eleven, clause (d), may be sold or exchanged for silver coin of the Government of India, and that any gold coin or bullion received under section thirteen may be sold or exchanged for silver coin or bullion, to be so appropriated and set apart instead of the coin or bullion sold or exchanged.

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

Trustees of securities purchased under Act.

22. The securities purchased under section twenty 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.

Power to sell and replace securities.

23. (1) 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 investment.

(2) 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 the securities, and the Head Commissioner, if so directed by the Governor General in Council, may purchase securities of the Government of India to replace such sales.

Accounts of interest on securities.

24. (1) 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.

(2) The amount of the interest shall, from time to time, as it becomes due, be paid to the credit of

the

the Government of India, under the head of "Profits of Notes Circulation".

(3) An account showing the amount of the profits and of the charges and expenses incidental thereto, shall be made up and published annually in the *Gazette of India*.

VI.—Private Bills payable to Bearer on Demand.

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

Prohibition of issue of private bills or notes payable to bearer on demand.

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 those bankers, shroffs or agents and held by them at the credit and disposal of the persons drawing such cheques or drafts.

26. (1) Any body corporate or person committing any offence under section twenty-five shall, on conviction before a Presidency Magistrate, or a Magistrate of the first class, be punished with a fine equal to the amount of the bill, hundi, note or engagement in respect whereof the offence is committed.

Penalty for issuing such bills or notes.

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

Prosecutions.

VII.—Miscellaneous.

27. An abstract of the accounts of the Department of Paper Currency, showing—

Monthly abstracts of accounts.

(a) the whole amount of currency notes in circulation,

(b) the

- (b) the amount of coin and bullion reserved, distinguishing gold from silver, and
- (c) the nominal value of, and the price paid for, the Government securities held by the said Department,

shall be made up monthly by the Head Commissioner, and published, as soon as may be, in the *Gazette of India*.

28. (1) The Governor General in Council may, from time to time, by notification in the *Gazette of India*,—

- (a) fix the amounts (not being less than five rupees) for which currency notes shall be issued :
- (b) alter the limits of any of the Circles of Issue :
- (c) declare the places at which currency notes shall be issued :
- (d) fix the rates, rules and conditions at and according to which gold may be taken in exchange for currency notes :
- (e) fix the charge for melting and assaying bullion and foreign coin received for such notes :
- (f) fix the interval on the expiration of which holders of certificates under section fifteen shall be entitled to receive such notes :
- (g) regulate any matters relative to paper currency which are not provided for by this Act : and
- (h) revoke or alter any notification previously published under this Act.

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

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