

ACT No. X OF 1923.

[PASSED BY THE INDIAN LEGISLATURE.]

(Received the assent of the Governor General on the
5th March, 1923.)

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

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

Preliminary.

1. (1) This Act may be called the Indian Paper Currency Act, 1923. Short title and extent.

(2) It extends to the whole of British India, inclusive of British Baluchistan and the Santhal Parganas.

2. In this Act, "universal currency note" means— Definition.

(a) a note of the denominational value of one rupee, two and a half rupees, five rupees, ten rupees, fifty rupees, or one hundred rupees, or

(b) a note of any other denominational value which the Governor General in Council may, by notification in the Gazette of India, specify in this behalf.

The Currency Department.

3. There shall continue to be a Department of the public service, to be called the Currency Department, whose function shall be the issue of promissory notes of the Government of India, to be called currency notes, payable to bearer on demand, and

Currency Department for issue of currency notes.

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[Price four annas and three pies.]

of such denominational values as the Governor General in Council may direct.

Controller of the Currency.

4. At the head of the Department there shall be an officer to be called the Controller of the Currency (hereinafter referred to as the Controller).

Power to establish circles of issue, offices of issue, and currency agencies.

5. The Governor General in Council may, by notification in the Gazette of India,—

- (a) establish districts, to be called circles of issue, seven of which circles shall include the towns of Calcutta, Madras, Bombay, Rangoon, Lahore, Cawnpore and Karachi, 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; and
- (d) establish in any town situate in any circle an office, to be called a currency agency.

Deputy Controllers of the Currency and Currency Agents.

6. For each circle of issue there shall be an officer in charge to be called the Deputy Controller of the Currency, and for each Currency Agency an officer to be called the Currency Agent.

Subordination of Officers.

7. For the purposes of this Act—

- (a) Deputy Controllers of the Currency shall be subordinate to the Controller; and
- (b) the Currency Agent at any town shall be subordinate to the Deputy Controller of the Currency for the circle of issue in which that town is situate.

Appointment of Officers.

8. All officers under this Act shall be appointed by the Governor General in Council.

Supply and Issue of Currency Notes.

Controller and Deputy Controllers to provide and distribute currency notes.

9. (1) The Controller shall provide currency notes of the denominational values prescribed under this Act, and shall supply the Deputy Controllers with such notes as they need for the purposes of this Act.

(2) The

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(2) The Deputy Controllers 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, other than a universal currency note, shall bear upon it the name of the town from which it is issued.

10. The name of the Controller or one of the Deputy Controllers, or of some other person authorised by the Controller or by one of the Deputy Controllers, to sign currency notes, shall be subscribed to every such note, and may be impressed thereon by machinery, and, when so impressed, shall be deemed to be a valid signature.

Signatures to currency notes.

11. The officers in charge of circles of issue shall, in their respective circles, on the demand of any person, issue, from the office or offices of issue established in their respective circles, currency notes of the denominational values prescribed under this Act, in exchange for the amount thereof—

Issue of currency notes for silver or gold coin by officers in charge of circles.

(a) in rupees or silver half-rupees or in gold coin which is legal tender under the Indian Coinage Act, 1906, or

III of 1906.

(b) in rupees made and declared to be a legal tender under the provisions of the Native Coinage Act, 1876.

IX of 1876.

12. Any Currency Agent to whom currency notes have been supplied under section 9 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 section 11.

Issue of currency notes for silver or gold coin by Currency Agents.

13. The officers in charge of circles of issue shall, on the requisition of the Controller, issue to any Government Treasury currency notes in exchange for gold coin which is not legal tender under the Indian Coinage Act, 1906, or for gold bullion at the rate of one rupee for 11·30016 grains troy of fine gold.

III of 1906.

Issue to Government Treasuries of currency notes for gold coin not legal tender or gold bullion.

Currency Notes where legal tender and where payable.

14. A universal currency note shall be a legal tender at any place in British India, and

Currency notes where legal tender.

any

any other currency note shall be a legal tender at any place within the circle from which the note was issued,

for the amount expressed in the note in payment or on account of—

- (a) any revenue or other claim, to the amount of one rupee or upwards, due to the Government of India, and
- (b) any sum of one rupee or upwards, due by the Government of India or by any body corporate or other person in British India :

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

Currency notes where payable.

15. A currency note shall be payable at the following offices of issue, namely :—

- (a) a universal currency note at any office of issue ;
- (b) a currency note other than a universal currency note at any office of issue in the town from which it was issued :

Provided that any such note issued before the 18th day of February, 1910, shall also be payable,—

- (i) in the case of a note issued from the office at Cawnpore or Lahore, at any office of issue in Calcutta, and
- (ii) in the case of a note issued from the office at Karachi, at any office of issue in Bombay.

Currency notes issued from currency agencies where deemed to be issued.

16. For the purposes of sections 14 and 15, currency notes issued from any currency agency shall be deemed to have been issued from the town appointed under section 5 to be the place of issue in the circle of issue in which that agency is established.

Provision in case of closure of office.

17. Where an office of issue is closed, the Governor General in Council shall, by notification in the Gazette of India, direct that, with effect from the

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the date of the closing of such office, all currency notes issued therefrom shall, for the purposes of sections 14 and 15, be deemed to have been issued from such other office as may be specified in such notification.

Reserve.

18. (1) The provisions contained in this section shall not come into operation until such day (hereinafter referred to as the appointed day) as the Governor General in Council may direct in this behalf. Paper Currency Reserve.

(2) A Reserve shall be maintained for the satisfaction and discharge of the currency notes in circulation and all such notes shall be deemed to have been issued on the credit of the revenues of India as well as on that of the Reserve.

(3) The Reserve shall consist of two parts, namely:—

- (a) the metallic Reserve, and
- (b) the securities Reserve.

(4) The metallic Reserve shall consist of the total amount represented by the sovereigns, half-sovereigns, rupees, silver half-rupees, and gold and silver bullion for the time being held on that account by the Secretary of State for India in Council and by the Governor General in Council:

Provided that no amount of gold coin and bullion held by the Secretary of State in the United Kingdom in excess of fifty millions of rupees in value reckoned at the rate hereinafter provided for shall be included in the metallic Reserve.

(5) The securities Reserve shall consist of the securities which are for the time being held on that account by the Secretary of State for India in Council and on behalf of the Governor General in Council:

Provided

Provided that—

- (a) no securities held by the Secretary of State for India in Council, other than securities of the United Kingdom the date of maturity of which is not more than one year from the date of their purchase, shall be included in the securities Reserve; and
- (b) the securities held on behalf of the Governor-General in Council shall be securities of the Government of India and shall not exceed in amount two hundred millions of rupees, of which an amount of not more than one hundred and twenty millions of rupees may be securities created by the Government of India and issued to the Controller (such securities being hereinafter referred to as created securities).

(6) For the purposes of this section the expression "currency notes in circulation" means the whole amount of currency notes at any time in circulation:

Provided that currency notes which have not been presented for payment, in the case of notes of the denominational value of fifty or one hundred rupees, within forty years, and in the case of notes of any denominational value exceeding one hundred rupees, within one hundred years, from the first day of April following the date of their issue, shall be deemed to be not in circulation:

Provided, further, that all such notes shall be deemed to have been issued on the credit of the revenues of India and shall, if presented for payment, be paid from such revenues.

(7) Save as hereinafter provided in section 20, the amount of currency notes in circulation at any time shall not exceed the amount of the metallic Reserve together with the amount of the securities Reserve:

Provided

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Provided that it shall not be lawful for the Governor General in Council to direct the issue of currency notes, if or to the extent that such issue would have the effect of raising the amount of notes in circulation to an amount in excess of twice the amount for the time being of the metallic Reserve.

(8) For the purpose of determining—

(a) the amount of the metallic Reserve, gold bullion shall be reckoned at the rate of one rupee for 11·30016 grains troy of fine gold, and silver bullion at the price in rupees at which it was purchased,

(b) the amount of the securities Reserve, purchased securities shall be reckoned at the price at which they were purchased and created securities at the market price of similar securities on the date of their issue.

(9) The securities of the Government of India in the Reserve shall be held by the Controller and the Master of the Mint at Calcutta or of such other Mint as the Governor General in Council may direct in this behalf, in trust for the Secretary of State for India in Council.

19. (1) As soon as conveniently may be after the relation of the amount of the currency notes in circulation to the amount of the Reserve has been brought into conformity with sub-sections (2) to (8) of section 18 and the metallic Reserve is not less than half the amount of currency notes in circulation, the Governor General in Council shall fix the appointed day.

Temporary provisions.

(2) The provisions contained in this section shall be in force until the appointed day, but shall, as from that day, be deemed to be repealed.

(3) Save as hereinafter provided in section 20, the whole amount of currency notes at any time in circulation shall not exceed the total amount represented

represented by the sovereigns, half-sovereigns, rupees, silver half-rupees and gold bullion, and the sum expended in the purchase of the silver bullion and securities, which are for the time being held by the Secretary of State for India in Council and by the Governor General in Council as a reserve to provide for the satisfaction and discharge of the said notes, and the said notes shall be deemed to have been issued on the credit of the revenues of India as well as on the security of the said coin, bullion and securities :

Provided that, for the purposes of this sub-section, currency notes which have not been presented for payment, in the case of notes of the denominational value of fifty or one hundred rupees within forty years, and, in the case of notes of any denominational value exceeding one hundred rupees, within one hundred years, from the first day of April following the date of their issue, shall be deemed not to be in circulation :

Provided, further, that all notes which are declared under the first proviso to this sub-section not to be in circulation shall be deemed to have been issued on the credit of the revenues of India and shall, if subsequently presented for payment, be paid from such revenues.

(4) The securities mentioned in sub-section (3) shall be securities of the United Kingdom of Great Britain and Ireland or of the Government of India, or securities issued by the Secretary of State for India in Council under the authority of Act of Parliament and charged on the revenues of India, and the value of them at the price at which they are purchased shall not exceed eight hundred and fifty millions of rupees.

(5) If the Secretary of State for India in Council consents to hold in gold coin or bullion or in silver bullion or in securities of the kinds mentioned in sub-section (4), the equivalent in value to notes issued in India as a reserve to secure the payment of such notes, the Governor General in Council may from time to time direct that currency notes shall

be

Issue of currency notes for certain gold coin or gold or silver bullion or securities held by Secretary of State.

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be issued to an amount equal to the value of the coin, bullion and securities so held by the Secretary of State for India in Council.

(6) Notwithstanding anything to the contrary in this Act, any securities created by the Government of India and issued to the Controller shall, for the purposes of this Act, be deemed to be securities purchased by the Governor General in Council, and the market price, on the day such securities were so issued, of similar securities shall be deemed to be the price at which the securities so created were purchased, and all references to securities so purchased, wherever occurring in this Act, shall be deemed also to refer to securities so created, and all references to sums expended in such purchases or to prices paid therefor shall be deemed, in the case of securities so created, to refer to such prices, and this Act shall be construed accordingly.

(7) As long as the value of securities created by the Government of India and issued to the Controller and deemed in accordance with the provisions of the foregoing sub-section to be securities purchased by the Governor General in Council exceeds one hundred and twenty millions of rupees, all interest derived from the securities in the Reserve shall, with effect from the first day of April, 1923, be applied in reduction of such excess holding of securities and the Auditor-General shall in every year grant a certificate of the amount of such interest and shall also certify whether or not it has been so applied. For the purposes of this sub-section securities so created and issued shall be deemed to carry interest at the same rate as other similar securities.

(8) The securities purchased by the Governor General in Council shall be securities of the Government of India, and shall be held by the Controller and the Master of the Mint at Calcutta or of such other Mint as the Governor General in Council may direct in this behalf, in trust for the Secretary of State for India in Council.

20. Notwithstanding

Power to issue currency notes against bills of exchange.

20. Notwithstanding anything to the contrary in section 18 or section 19, the Governor General in Council may authorise the Controller to issue currency notes to an amount in all not exceeding fifty millions of rupees against bills of exchange which will mature within ninety days from the date of such issue and satisfy such other conditions as the Governor General in Council may, by general or special order, prescribe. Currency notes so issued shall be in addition to those against which the Reserve is held and shall be deemed to have been issued on the credit of such bills and of the revenues of India and shall, when presented, be paid from such revenues.

Power to dispose of coin and bullion in reserve.

21. Subject to the provisions of sections 18 and 19, the Governor General in Council may at any time, if he thinks it expedient, convert any of the coin or bullion for the time being held by him as a part of the reserve into coin of any of the kinds mentioned in section 11 or into gold or silver bullion.

Coin or bullion not in India when deemed to be part of the reserve.

22. Notwithstanding anything to the contrary in this Act, any coin or bullion which is held by or on behalf of the Secretary of State for India in Council in the United Kingdom or under the control of the Government of any part of His Majesty's Dominions for the purpose of coinage for, or transmission to, the Governor General in Council and any coin or bullion which is in course of transmission from the Secretary of State for India in Council or the Government of any part of His Majesty's Dominions to the Governor General in Council and any coin or bullion which is in the course of transmission from the Governor General in Council to the Secretary of State for India in Council or the Government of any part of His Majesty's Dominions shall be deemed, during the period such coin or bullion is so held or is so in course of transmission, to be part of the reserve referred to in sections 18 and 19.

Power to sell and replace Indian securities.

23. (1) The Controller may, at any time, when ordered so to do by the Governor General in Council, sell and dispose of any of the securities held under

under sub-section (9) of section 18 or sub-section (8) of section 19.

(2) For the purpose of effecting such sales, the Master of the Mint at Calcutta or of such other Mint as aforesaid shall, on a request in writing from the Controller at all times sign and endorse the securities, and the Controller, if so directed by the Governor General in Council, may purchase securities of the Government of India to replace such sales.

24. An account showing the amount of the interest accruing on the securities held as part of the reserve under this Act and the expenses and charges incidental thereto, shall be rendered annually by the Controller to the Governor General in Council, and published annually in the Gazette of India.

Account of interest on securities.

Private Bills payable to Bearer on Demand.

25. No 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 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 person contravening the provisions of section 25 shall, on conviction by a Presidency Magistrate or a Magistrate of the first class, be punishable 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 and institution of prosecutions.

(2) Every prosecution under this section shall be instituted by the officer in charge of the circle of issue

issue

issue in which the bill, hundi, note or engagement is drawn, accepted, made or issued.

Supplementary Provisions.

Abstracts of accounts.

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

- (a) the whole amount of currency notes in circulation;
- (b) the amount of coin and bullion reserved, distinguishing gold from silver, and showing separately the amount of coin or bullion held by or on behalf of the Secretary of State for India in Council, or in transit from or to India, or in the custody of the Mint Master during coinage;
- (c) the nominal value of, and the price paid for, the securities held as part of the reserve, showing separately those held by the Secretary of State for India in Council and those held in India under sub-section (9) of section 18 or sub-section (8) of section 19; and
- (d) the amount of currency notes issued against bills of exchange under the provisions of section 20;

shall be made up four times in each month by the Controller, and published, as soon as may be, in the Gazette of India.

Provision as to lost, mutilated and imperfect notes.

28. Notwithstanding anything contained in any enactment or rule of law to the contrary, no person shall as of right be entitled to recover from the Government of India the value of any lost, mutilated or imperfect currency note:

Provided that the Governor General in Council may by rule prescribe the circumstances, conditions and limitations under which the value of such notes may be refunded as of grace.

29. (1) The

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29. (1) The Governor General in Council may ^{Power to} make rules to carry out the purposes and objects of ^{make rules.} this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may—

- (a) fix the denominational values for which currency notes shall be issued;
- (b) provide for the alteration of the limits of any of the circles of issue;
- (c) declare the places at which currency notes shall be issued; and
- (d) prescribe the circumstances in, and the conditions and limitations subject to, which the value of lost, mutilated or imperfect currency notes may be refunded at the office of issue.

(3) Every such rule shall be published in the Gazette of India, and, on such publication, shall have effect as if enacted in this Act.

30. The enactments mentioned in the Schedule ^{Repeals.} are hereby repealed to the extent specified in the last column thereof :

of 1910.

Provided that all securities purchased and notes issued under the Indian Paper Currency Act, 1910, and all securities and notes which, under section 30 of that Act, are to be deemed to have been purchased or issued thereunder shall, if undisposed of or in circulation at the commencement of this Act, be deemed to have been respectively purchased and issued under this Act :

Provided, further, that all currency notes, which, under the said section 30, are to be deemed to have been issued from the office of issue in the town of Cawnpore, shall still be deemed to have been issued from that office.

THE SCHEDULE.

Indian Paper Currency. [ACT X OF 1923.]

THE SCHEDULE.

[ENACTMENTS REPEALED.]

(See section 30.)

Year.	No.	Short title.	Extent of repeal.
1910	II	The Indian Paper Currency Act, 1910.	So much as has not been repealed.
1911	VII	The Indian Paper Currency (Amendment) Act, 1911.	The whole.
1914	X	The Repealing and Amending Act, 1914.	So much of the Second Schedule as relates to the Indian Paper Currency Act, 1910.
1917	XIX	The Indian Paper Currency (Amendment) Act, 1917.	So much as has not been repealed.
1920	XLV	The Indian Paper Currency (Amendment) Act, 1920.	The whole.
1922	XII	The Indian Finance Act, 1922.	Section 6.