

ACT NO. XLV OF 1920.

[PASSED BY THE INDIAN LEGISLATIVE COUNCIL.]

(Received the assent of the Governor General on the 17th September 1920.)

An Act further to amend the Indian Paper Currency Act, 1910.

WHEREAS it is expedient further to amend the Indian Paper Currency Act, 1910; It is hereby enacted as follows :—

Short title and commencement.

1. (1) This Act may be called the Indian Paper Currency (Amendment) Act, 1920.

(2) It shall come into force on the first day of October, 1920.

Amendment of section 2 of Act II, 1910.

2. In clause (a) of section 2 of the Indian Paper Currency Act, 1910, (hereinafter referred to as the principal Act), for the words "or fifty rupees" the words "fifty rupees, or one hundred rupees" shall be substituted.

Amendment of section 3 of Act II, 1910.

3. In section 3 of the principal Act, for the words "Department of Paper Currency" the words "Currency Department" shall be substituted.

Amendment of section 4 of Act II, 1910.

4. In section 4 of the principal Act, for the words "Head Commissioner of Paper Currency" the words "Controller of the Currency, (hereinafter referred to as the Controller)" shall be substituted.

Amendment of section 6 of Act II, 1910.

5. In section 6 of the principal Act the following amendments shall be made, namely :—

(a) sub-section (1) shall be omitted; and

(b) in sub-section (2), the word "other" shall be omitted, and for the words "Commissioner of Paper Currency" the words "Deputy Controller of the Currency" shall be substituted.

6. For

6. For section 7 of the principal Act the following shall be substituted, namely :—

Substitution of new section for section 7 of Act II, 1910.

“7. For the purposes of this Act—

Subordination of Officers.

- (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.”

7. In sections 9, 10, 23, 24 and 25 of the principal Act, for the words “Head Commissioner” wherever they occur, the word “Controller” shall be substituted.

Amendment of sections 9, 10, 23, 24 and 25 of Act II, 1910.

8. (1) In sections 9 and 10 of the principal Act, for the word “Commissioners” wherever it occurs, the words “Deputy Controllers” shall be substituted.

Further amendment of sections 9 and 10 of Act II, 1910.

(2) In sub-section (1) of section 9 of the principal Act the words “and the Currency Agents subordinate to him” shall be omitted.

9. In clause (a) of section 11 of the principal Act, the word “silver” shall be inserted before the word “half-rupees.”

Amendment of section 11 of Act II, 1910.

10. In section 13 of the principal Act, the following amendments shall be made, namely :—

Amendment of section 13 of Act II, 1910.

- (a) for the word “Comptroller-General” the word “Controller” shall be substituted ; and
- (b) for the figures “7·53344” the figures “11·30016” shall be substituted.

11. In section 19 of the principal Act, the following amendments shall be made, namely :—

Amendment of section 19 of Act II, 1910.

- (a) to the opening words shall be prefixed the following words, namely, “Save as hereinafter provided in section 19-A,”
- (b) the word “silver” shall be inserted before the word “half-rupees,”
- (c) for the words “Government of India” the words “revenues of India” shall be substituted,

(d) in

(d) in the first proviso, for the words "any denominational value not exceeding" the words "the denominational value of fifty or" shall be substituted, and

(e) the following shall be substituted for the second proviso :—

" Provided further that all notes which are declared under the first proviso to this 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."

Paper
Currency Re-
serve.

12. (1) 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.

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

(a) the metallic Reserve, and

(b) the securities Reserve.

(3) 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.

(4) 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).

(5) 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.

(6) Save as hereinafter provided in section 19-A 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 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

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.

(7) 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.

(8) The foregoing provisions of 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.

(9) 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 (1) to (7) of this section 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, and thereupon the following amendments shall be made in the principal Act and this Act, namely:—

(i) sub-sections (1) to (7) of this section shall be substituted as a new section 19 for the existing section 19 of the principal Act;

(ii) sections 14 and 22 of the principal Act shall be omitted, and in section 23 of the principal Act for the words “purchased by the Governor General in Council shall be securities of the Government of India and” the words “of the Government of India in the Reserve” shall be substituted; and

(iii) section 11 of this Act shall be omitted.

13. Until

13. Until the provisions of section 12 of this Act are brought into operation, the following provisions shall be in force, but shall, as from the appointed day, be deemed to be repealed, namely :—

Temporary provisions.

(1) Section 22 of the principal Act shall be construed as if for the words "one hundred and forty millions" in that section the words "eight hundred and fifty millions" were substituted, and as if the proviso to that section were omitted.

(2) Notwithstanding anything to the contrary in the principal Act, any securities created by the Government of India and issued to the Controller shall, for the purposes of the principal 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 the principal 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 the principal Act shall be construed accordingly.

(3) 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 clause (2) of this 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 1921, 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 clause securities so created and issued shall be deemed to carry interest at the same rate as other similar securities.

14. After

Insertion of new section 19 A in Act II, 1910.

Power to issue currency notes against bills of exchange.

14. After section 19 of the principal Act the following section shall be inserted, namely :—

“ 19-A. Notwithstanding anything to the contrary in 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.”

Substitution of new section for section 21 of Act II, 1910.

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

15. For section 21 of the principal Act, the following shall be substituted, namely :—

“ 21. 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 section 19.”

Amendment of section 28 of Act II, 1910.

16. In section 28 of the principal Act, the following amendments shall be made, namely :—

(i) for the words “ Department of Paper Currency” the words “ Currency Department” shall be substituted ;

(ii) in

(ii) in clause (b) after the words "held by" the words "or on behalf of" shall be inserted ;

(iii) after clause (c) the following clause shall be inserted :—

"(d) the amount of currency notes issued against bills of exchange under the provisions of section 19-A;" and

(iv) for the words "Head Commissioner," the word "Controller" shall be substituted.

17. After section 28 of the principal Act the following section shall be inserted, namely :—

Insertion of new section 28 A in Act II, 1910. Provision as to lost, mutilated and imperfect notes.

"28-A. 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."

18. For clause (d) of sub-section (2) of section 29 of the principal Act, the following clause shall be substituted, namely :—

Amendment of section 29, Act II, 1910.

"(d) prescribe the circumstances, conditions and limitations under which the value of lost, mutilated and imperfect currency notes may be refunded at the office of issue."

XXI of 1910. 19. The Indian Paper Currency (Temporary Repeal Amendment) Act, 1920, is hereby repealed.