

The Coinage Act, 1906

ACT NO. 3 OF 1906 1 [2nd March, 1906.]

An Act to consolidate and amend the law relating to Coinage and the Mint.

WHEREAS it is expedient to consolidate and amend the law relating to Coinage and the Mint; it is hereby enacted as follows:--

1. Short title and extent.

(1) This Act may be called the ² Coinage Act 1906 ; and ³ (2) It extends to the whole of India ⁴ .]

2. Definitions. In this Act, unless there is anything repugnant in the subject or context,--

(a) " deface", with its grammatical variations and cognate expressions, includes clipping, filing, stamping, or such other alteration of the surface or shape of a coin as is readily distinguishable from the effects of reasonable wear;

(b) " the Mint" includes the Mints now existing and any which may hereafter be established;

(c) " prescribed" includes prescribed by a rule made under this Act;

(d) " remedy" means variation from the standard weight and fineness; and

(e) " standard weight" means the weight prescribed for any coin.

3. Power to establish and abolish Mints. The Central Government may, by notification in the Official Gazette,--

(a) establish a Mint at any place at which a Mint does not for the time being exist; and

1. This Act has been extended to Goa, Daman and Diu by Reg. 6 of 1962, s. 6, to Dadra and Nagar Haveli by Reg. 6 of 1963, s. 2 and Sch. I and to Laccadive, Minicoy and Amindivi Islands by Reg. 8 of 1965, s. 3 and Sch. and to the State of Sikkim vide Notifin. S. O. 4756, dated 8- 8- 1975, Gazette of India, Part II, Sec. 3 (ii), Page 3937 (w. e. f. 1- 7- 1975).

2. The word " Indian" omitted by Act 47 of 1975, s. 2.

3. Subs. by the A. O. 1950, for the former sub- section 2.

4. The words " except the State of Jammu and Kashmir" omitted by Act 62 of 1965 s. 2 and Sch.

(b) abolish any Mint, whether now existing or hereafter established. ¹ .

4. [Silver coins.] Rep. by the Indian Coinage (Amendment) Act, 1947 (28 of 1947), s. 2.

5. [Standard weight and fineness.] Rep. by s. 2, *ibid.* ² COINAGE

6. Denominations, dimensions, designs and composition of coins.

(1) ⁸ Coins may be coined at the Mint for issue under the authority of the Central Government, ³ of such denominations not higher than one thousand rupees], of such dimensions and designs, and of such metals or of mixed metals of such composition as the Central Government may by notification in the Official Gazette, determine.]

(2) ⁸ Notwithstanding anything contained in sub- section (1), if the Central Government is of opinion that it is necessary or expedient in the public interest so to do, it may authorise the coining in like manner as is provided in that sub- section, of coins by any person (including the Government of any foreign country), beyond the limits of India and import such coins for issue under its authority under that sub- section.]

7.⁴ Standard weight and remedy. The standard weight of the coins of any denomination coine under the provisions of section 6, and the remedy allowed in the making of such coins shall be such as may be prescribed in this behalf by the Central Government.]⁵ .

10. [Power to direct coining, and to prescribe dimensions and designs.] Rep. by the Indian Coinage (Amendment) Act, 1947 (28 of 1947), s. 4.

11. [Demonetization of sovereign and half- sovereign.] Rep. by s. 4, *ibid.*

12. [Silver coin when a legal tender.] Rep. by s. 4, *ibid.*

13.⁶

(1) The coins issued under the authority of section 6 shall be a legal tender in payment or on account,---

(a)⁷ in the case of a coin of any denomination not lower than one rupee], for any sum;

1. The heading" silver coinage" rep. by Act 28 of 1947, s. 2.

2. The heading" Coinage" and s. 6 subs. by s. 3 *ibid.*, for the former heading and s. 6.

3. Subs. by Act 47 of 1975, s. 3 for certain words.

4. Subs. by Ordinance 4 of 1942, s. 2, for the former ss. 7, 8 and 9.

5. The heading" Dimensions and Designs of Coins" rep. by Act 28 of 1947, s. 4.

6. Subs. by s. 5, *ibid.*, for the former s. 13, which had been subs. by Ordinance 4 of 1942, s. 4, for ss. 13 and 14.

7. Subs. by Act 28 of 1968, s. 3, for certain words (w. e. f. 1- 11- 1968).

8. Renumbered and ins. by Act 33 of 1985, s. 2.

(b) in the case of a half- rupee coin, for any sum not exceeding ten rupees;

(c) in the case of any other coin, for any sum not exceeding one rupee: Provided that the coin has not been defaced and has not lost weight so as to be less than such weight as may be prescribed in its case.

(2) All silver coins issued under this Act after the 10th day of March, 1940¹ and before the commencement of the Indian Coinage (Amendment) Act, 1947] (28 of 1947). shall continue as before to be a legal tender in payment or on account,-

(a) in the case of a rupee coin, for any sum;

(b) in the case of a half- rupee coin, for any sum not exceeding ten rupees:

(c) in the case of a quarter- rupee, for any sum not exceeding one rupee Provided that the coin has not been defaced and has not lost weight so as to be less than-

(i) 176. 4 grains Troy in the case of a rupee coin, or

(ii) 88. 2 grains Troy in the case of a half- rupee coin, or

(iii) such weight as may be prescribed in the case of a quarter- rupee coin.

(3) All nickel, copper and bronze coins which may have been issued under this Act before the 24th day of January, 1942 shall continue as before to be a legal tender in payment or on account for any sum not exceeding one rupee.]

(4)² All new coins in the naya paisa series, designated as such under the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs, No. S. R. O. 1120, dated 11th May, 1956 which may have been issued under this Act prior to the commencement of the Indian Coinage (Amendment) Act, 1964 (17 of 1964). shall continue to be a legal tender in payment or on account,-

(a) in the case of a half- rupee or fifty naye paise coin, for any sum not exceeding ten rupees;

(b) in the case of any other coin, for any sum not exceeding one rupee.]

1. Ins. by Act 28 of 1968, s. 3 (w. e. f. 1- 11- 1968).

2. Ins. by Act 17 of 1964, s. 2 (w. e. f. 1- 6- 1964).

14.¹ Decimal system of coinage.

(1) The rupee shall be divided into one hundred units and the new coin representing such unit may be designated by the Central Government, by notification in the Official Gazette, under such name as it thinks fit, and the rupee, half- rupee and quarter- rupee shall be respectively equivalent to one hundred, fifty and twenty- five such new coins and shall, subject to the provisions of sub- section (1) and sub- section (2) of section 13 and to the extent specified therein, be a legal tender in payment or on account accordingly.

(2) All coins issued under the authority of this Act in any denominations of annas, pice and pies shall, to the extent specified in section 13, be a legal tender in payment or on account at the rate of sixteen annas, sixty- four pice or one hundred and ninety- two pies to one hundred new coins, referred to in sub- section (1), calculated in respect of any such single coin or number of such coins, tendered at one transaction, to the nearest new coin, or where the new coin above and the new coin below are equally near, to the new coin below.

(3) All references in any enactment or in any notification, rule or order under any enactment or in any contract, deed or other instrument to any value expressed in annas, pice and pies shall be construed as references to that value expressed in new coins referred to in sub- section (1) converted thereto at the rate specified in sub- section (2).]

(4)² As from the commencement of the Indian Coinage (Amendment) Act, 1964 (17 of 1964). all references in any enactment or in any notification, rule or order under any enactment or in any contract, deed or other instrument to any value in naya paisa or naye paise shall be construed as references to that value expressed respectively in paisa or paise, being the new coins designated as such from 1st day of June, 1964 .]

15. [Coin made under former Acts.] Rep. by the Indian Coinage (Amendment) Act, 1947 (28 of 1947), s. 6.

16. Power to certain persons to cut diminished or defaced silver coins. Where any silver coin which has been coined and issued under the authority of the Central Government is

tendered to any person authorised by the Central Government ⁶ to act under this section, and such person has reason to believe that the coin-

(a) has been diminished in weight so as to be more than such percentage below standard weight as may be prescribed as the limit of reasonable wear, or

(b) has been defaced, he shall, by himself or another, cut or break the coin.

1. Subs. by Act 28 of 1947, s. 7, for" any of those sections".

2. The words, brackets and figures" other than the rupee and half rupee referred to in subsection (1) of section 12" omitted by Ordinance 12 of 1940, s. 2.

3. Subs. by s. 2, *ibid.*, for" save at a Govt. Currency Office".

4. The proviso omitted by s. 2, *ibid.*

5. The word" Silver" omitted by Act 21 of 19 19, s. 6 (1).

6. The words" or by the L. G." omitted by the A. O. 1937.

17. Procedure in regard to coin cut under section 16 (a). A person cutting or breaking coin under the provisions of clause (a) of section 16 shall observe the following procedure, namely.:-

(a) if the coin has been diminished in weight so as to be more than such percentage below standard weight as may be prescribed as the limit of reasonable wear, but not more than such further percentage as may be prescribed in this behalf, he shall either return the pieces to the person tendering the coin, or, if such person so requests, shall receive and pay for the coin at such rates as may be prescribed in this behalf; and

(b) if the coin has been diminished in weight so as to be more than such further percentage below standard weight so prescribed as aforesaid, he shall return the pieces to the person tendering the coin, who shall bear the loss caused by such cutting or breaking.

18. Procedure in regard to coin cut under section 16 (b). A person cutting or breaking coin under the provisions of clause (b) of section 16 shall observe the following procedure, namely:-

(a) if such person has reason to believe that the coin has been fraudulently defaced, he shall return the pieces to the person tendering the coin, who shall bear the loss caused by such cutting or breaking;

(b) if such person has not reason to believe that the coin has been fraudulently defaced, he shall receive and pay for the coin at its nominal value. Explanation.- For the purposes of this section a coin which, there is reason to believe, has been defaced by sweating shall be deemed to have been fraudulently defaced.

19. Procedure in regard to coin which is liable to be cut under both clause (a) and clause (b) of section 16. If a coin is liable to be cut or broken under the provisions of both clause (a) and clause (b) of section 16, the person cutting or breaking the coin shall deal with it,-

(a) if he has reason to believe that the coin has been fraudulently defaced, under clause (a) of section 18, and

(b) in other cases, under section 17.

20. Power to certain persons to cut counterfeit or fraudulently defaced coin and procedure regard to coin so cut. Where any ¹ coin purporting to be coined or issued under the authority of the Central Government is tendered to any person ² authorized by the Central Government ³ to act under

1. The words " silver or other" rep. by Act 28 of 1947, s. 8.

2. For persons so authorized, see Gen. R. and O., Supplementary Vol. VI, p. 232.

3. The words " or by the L. G." rep. by the A. O. 1937.

this section, and such person has reason to believe that the coin is counterfeit ¹ or has been fraudulently defaced], he shall by himself or another cut or break the coin, and may at his

discretion either return the pieces to the tenderer, who shall bear the loss caused by such cutting or breaking, or² in the case of silver coin] receive and pay for the coin according to the value of the silver bullion contained in it. SUPPLEMENTAL PROVISIONS

21. Power to make rules.

(1)³ The Central Government may, by notification in the Official Gazette, make rules] to carry out the purposes and objects of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may-⁴ .

(b) provide for the guidance of persons authorized to cut or break coin under sections 16 and 20;

(c) determine the percentage of diminution in weight below standard weight not being less⁵ than two percent in the case of silver coins or five percent. in the case of pure nickel coin], which shall be the limit of reasonable wear;

(d) prescribe the further percentage referred to in clause (a) of section 17, and the rates at which payments shall be made in the case of coins falling under the same clause;^{6 6} .

(3)⁷ Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.]

1. Ins. by Act 28 of 1947, s. 8.

2. Ins. by Act 21 of 1919, s. 6 (2).

3. Subs. by Act 47 of 1975, s. 4, for certain words.
4. Cl. (a) rep. by Act 28 of 1947, s. 9.
5. Subs. by s. 9, *ibid.*, for " in any case than two per cent."
6. The word " and" and cl. (e) rep. by Act 4 of 1927, s. 2.
7. Subs. by Act 47 of 1975, s. 4, for sub- section (3).

22. Bar of suits. No suit or other proceeding shall lie against any person in respect of anything in goods faith done, or Intended to be done, under or in pursuance of the provisions of this Act.

23. Saving of making of other coins at Mints. Nothing in this Act shall be deemed to prohibit or restrict the making at the Mint of coins intended for issue as money by the Government of any territories beyond the limits of ¹ India.]

24. ² Temporary provisions with respect certain Hyderabad coins. Notwithstanding anything in section 6 of the Part B States (Laws) Act, 1951 (3 of 1951), coins of such description as at the commencement of the said Act were in circulation as legal tender in ³ the State of Hyderabad] shall continue to be legal tender in that State to the like extent and subject to the same conditions as immediately before the commencement of the said Act for such period, not exceeding ⁴ four years] from such commencement, as the Central Government may, by notification in the Official Gazette, determine.]