

**THE RESERVE BANK OF INDIA
(AMENDMENT) BILL, 1959**

(AS INTRODUCED IN LOK SABHA
ON 27TH APRIL, 1959)

**THE RESERVE BANK OF INDIA (AMENDMENT)
BILL, 1959**

(AS INTRODUCED IN LOK SABHA)

A

BILL

further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

1. This Act may be called the Reserve Bank of India (Amendment) Act, 1959. Short title.

5 2. After section 28 of the Reserve Bank of India Act, 1934, the following section shall be inserted, namely:— Insertion of new section 28A in Act 2 of 1934.

10 '28A. (1) For the purpose of controlling the circulation of bank notes without India, the Bank may, notwithstanding anything contained in any other provision of this Act, issue bank notes of such design, form and material as may be approved under sub-section (3) (hereinafter in this section referred to as special bank notes) of the denominational values of five rupees, ten rupees and one hundred rupees. Issue of special bank notes and special one rupee notes in certain cases.

15 (2) For the purpose of controlling the circulation of Government of India one rupee notes without India, the Central Government may, notwithstanding anything contained in any other provision of this Act or in the Currency Ordinance, 1940, issue Government of India notes of the denominational value of 4 of 1940.

one rupee of such design, form and material as may be adopted under sub-section (3) (hereinafter in this section referred to as special one rupee notes).

(3) The design, form and material of the special bank notes shall be such as may be approved by the Central Government after consideration of the recommendations made by the Governor and of the special one rupee notes shall be such as the Central Government may think fit to adopt.

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(4) Neither the special bank notes nor the special one rupee notes shall be legal tender in India.

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(5) The special one rupee note shall be deemed to be included in the expression "rupee coin" for all the purposes of this Act except section 39, but shall be deemed not to be a currency note for any of the purposes of this Act.

(6) Where a special bank note is on its face expressed to be payable at a specified office or branch of the Bank, the obligation imposed by section 39 shall be only on the specified office or branch and, further, shall be subject to such regulations as may be made under this section.

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(7) The Bank may, with the previous sanction of the Central Government, make regulations to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this section, and, in particular, the manner in which, and the conditions or limitations subject to which—

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(i) bank notes and one rupee notes in circulation in any country outside India may be replaced by special notes issued under this section;

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(ii) any such special notes may be exchanged for any other bank notes or one rupee notes.

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STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to amend the Reserve Bank of India Act, 1934, to enable the Reserve Bank of India to issue special bank notes which will not be legal tender in India but which will otherwise be in the same position as other bank notes and similarly to enable the Government of India to issue special one rupee notes. The issue of these notes has been found necessary for the purpose of controlling the circulation of Reserve Bank of India notes and Government of India one rupee notes without India. The Bill authorises the issue of the special notes and provides for the Reserve Bank, with the previous sanction of the Central Government, making the necessary regulations for the purpose of giving effect to the provisions of the Bill.

MORARJI DESAI.

NEW DELHI;
The 24th April, 1959.

FINANCIAL MEMORANDUM

The Bill provides for the issue of special one rupee notes of the Government of India and special bank notes by the Reserve Bank of India. The cost of printing the bank notes is borne by the Reserve Bank while the Government of India bear the cost of printing the rupee notes. The expenditure on the printing of the initial supply of one rupee notes is estimated at Rs. 2,70,000.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The object of this amendment being the control of the circulation of bank notes outside India, regulations may be necessary to provide for the manner in which and the conditions or limitations subject to which bank notes and one rupee notes in circulation outside India may be replaced by the special notes which will not be legal tender in India. Provision may also be necessary for exchange of special notes for other bank notes, for exchange of mutilated special notes by new notes and the like. The regulation-making power is thus of a normal character.

LOK SABHA

A BILL

further to amend the Reserve Bank of India Act, 1934.

The President has, in pursuance of clauses (1) and (3) of article 117 of the Constitution of India, recommended to Lok Sabha, the introduction and consideration of the Bill.

M. N. KAUL,
Secretary.

(*Shri Morarji Desai,*
Minister of Finance.)