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# The Coinage Act, 2011

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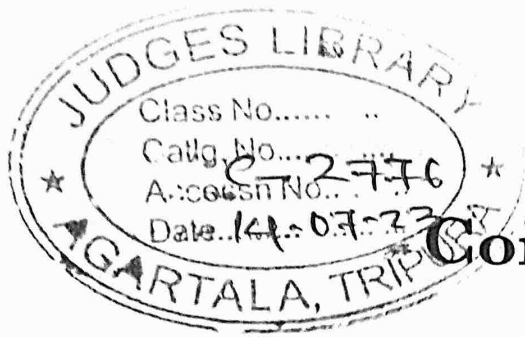
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# The Coinage Act, 2011<sup>1</sup>

[Act 11 of 2011]

[1st September, 2011]

*An Act to consolidate the laws relating to coinage and the Mints, the protection of coinage and to provide for the prohibition of melting or destruction of coins and prohibit the making or the possession thereof for issue and for matters connected therewith or incidental thereto*

Be it enacted by Parliament in the Sixty-second Year of the Republic of India as follows—

**Statement of Objects and Reasons.**—The Coinage Act, 1906 provides for applicability, denomination, dimension, design and composition of coins, standard weight of coins and the limit up to which the coin is a legal tender. It empowers the Central Government to establish and abolish Mints and to call in coins and also power to certain persons to cut diminished or counterfeit or defaced coins and also provides for the procedure in regard to cut coins or coins liable to be cut. The Act also includes saving provision for making of other coins for issue as money by the Government of other territory beyond the limits of India. It also includes a temporary provision with respect to certain Hyderabad coins which should be continued as a legal tender in that State as it used to be before the commencement of this Act.

In order to take care of acute shortage of small coins in the country, the Small Coins (Offences) Act, 1971 was enacted to take steps to avoid such shortages in the interest of the general public. It provides for prevention of melting or destruction of small coins or hoarding of small coins for the purpose of melting and destruction and provides punishment for melting and destruction of coins.

In order to prohibit the making or the possession for issue or the issue by private person of pieces of metal for use as money, the Metal Tokens Act, 1889 was enacted to prohibit the Railways administration and the local authorities to receive or introduce any piece of metal token as money. It provides for penalty for unlawful making, issue or possession of such metal token. It empowers the Central Government to restrict the import of such piece of metals as may be used as money. Further, the Bronze Coin (Legal Tender) Act, 1918 was enacted to provide that where bronze coins of any of the denominations specified in Section 8 of the Coinage Act, 1906 are coined outside Part A and Part B States at the request of the Central Government and if it is satisfied that such coins are in accordance with the requirements of Section 9 and of any notification for the time being in force under Section 10, it may, by notification in the Official Gazette, direct the issue of any such coins, and thereafter any such coins shall be legal tender in payment or on account in the same way and to the same extent as if they were coins referred to in Section 10, and the provisions shall apply accordingly.

2. The Then Minister of Finance, in the Budget Speech of 1993, announced setting up of a special review group in every Ministry or Department to review the existing laws and procedures and identify changes needed in the light of the new policies. The Group constituted in the Department of Economic Affairs and subsequently another Expert Group constituted by the Cabinet Secretariat in 1997, and thereafter, a Commission constituted to review administrative laws in 1998 recommended the amalgamation of the Coinage Act, 1906, the Metal Tokens Act, 1889 and the Small Coins (Offences) Act, 1971 in one comprehensive Act. The Law Commission in its 159th Report on Repeal and Amendments of Laws had also recommended for consolidation of the above Acts. Later on, it was

1. Received the assent of the President on September 1, 2011 and published in the Gazette of India, Extra., Part II, Section 1, dated 2nd September, 2011, pp. 1-7, No. 16

felt that the Bronze Coin (Legal Tender) Act, 1918 may also be repealed, having become obsolete as bronze coins have been removed from circulation many years back.

3. In the meantime, the management of all the India Government Mints was transferred to a Corporation, namely, the Security Printing and Minting Corporation of India Limited which was formed in 2006 after consideration and approval of the Cabinet in its meeting held on 23-8-2005 to reorganise Mints as per their operational requirements and this development has been factored in while preparing the Coinage Bill, 2009.

4. The salient features of the Bill, inter alia, are as follows—

- (i) it provides for amalgamation of four Acts, namely, the Metal Tokens Act, 1889, the Coinage Act, 1906, the Bronze Coin (Legal Tender) Act, 1918 and the Small Coins (Offences) Act, 1971 into one Act;
- (ii) it provides for punishment with imprisonment which may extend to seven years and with fine if a person is found to be making or melting or destructing the coins and for deletion of the provisions of abovementioned four Acts which have since become redundant;
- (iii) it repeals the four aforesaid Acts which have since become obsolete.

5. The Bill seeks to achieve the above objectives.

## CHAPTER I PRELIMINARY

**1. Short title, extent and commencement.**—(1) This Act may be called the Coinage Act, 2011.

(2) It extends to the whole of India.

(3) It shall come into force on such date<sup>2</sup> as the Central Government may, by notification in the Official Gazette, appoint.

**2. Definitions.**—In this Act, unless the context otherwise requires,—

(a) “coin” means any coin which is made of any metal or any other material stamped by the Government or any other authority empowered by the Government in this behalf and which is a legal tender including commemorative coin and Government of India one rupee note.

*Explanation.*—For the removal of doubts, it is hereby clarified that a “coin” does not include the credit card, debit card, postal order and e-money issued by any bank, post office or financial institution;

(b) “commemorative coin” means any coin stamped by the Government or any other authority empowered by the Government in this behalf to commemorate any specific occasion or event and expressed in Indian currency;

(c) “deface” means any type of 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;

(d) “Government” means the Central Government;

(e) “issue” means to put a coin into circulation for use as money;

- (f) “metal” means any metal, base metal, alloy, gold, silver or any other material which may be prescribed by the Government for the purpose of any coin;
- (g) “Mint” means the Security Printing and Minting Corporation of India Limited formed and incorporated under the Companies Act, 1956 (1 of 1956) or any other organisation established by or under the authority of the Government to make a coin by stamping metal;
- (h) “notification” means notification published in the Official Gazette;
- (i) “per cent” means the percentage of metals prescribed for any coin;
- (j) “prescribed” means prescribed by rules made under this Act;
- (k) “remedy” means variation from the standard weight and fineness;
- (l) “standard weight” means the weight prescribed for any coin.

## CHAPTER II

### ESTABLISHMENT OF MINTS

**3. Power to establish and abolish Mints.**—The Government may, by notification,—

- (a) establish a Mint at any place which may be managed by it or by any other person, which may be authorised for this purpose:

Provided that the Mints established before the commencement of this Act shall be deemed to have been established by the Government under this section:

Provided further that where the Government is of the opinion that it is necessary or expedient in the public interest so to do, it may authorise the minting of coins by any organisation or Government of any foreign country, within or beyond the limits of India and acquire such coins either by way of import or otherwise for issue under its authority;

- (b) abolish any Mint.

## CHAPTER III

### COINAGE

**4. Denominations, dimensions, designs and composition of coins.**—Coins may be minted at the Mints or at any other place authorised under the proviso to Section 3 of such denominations not higher than one thousand rupees and of such dimensions and designs and containing such metals or mixed metals of such composition or any other material as may be prescribed by the Government.

**5. Standard weight and remedy.**—The standard weight of the coin of any denomination, minted under the provisions of Section 4, and the remedy allowed in making of such coins, shall be such as may be prescribed in this behalf by the Government from time to time.

**6. Coin when a legal tender.**—(1) The coins issued under the authority of Section 4 shall be a legal tender in payment or on account, in case of—

- (a) a coin of any denomination not lower than one rupee, for any sum not exceeding one thousand rupees;



- (b) a half-rupee coin, for any sum not exceeding ten rupees;
- (c) 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 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, Number S.R.O. 1120, dated the 11th May, 1956, issued 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, in case of,—

- (a) a half-rupee or fifty naye paise coin, for any sum not exceeding ten rupees;
- (b) any other coin, for any sum not exceeding one rupee.

**7. Decimal system of coinage.**—(1) The rupee shall be divided into one hundred units and any such unit may be designated by the Government, by notification, under such name as it thinks fit.

(2) 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, paisa and pies shall be construed as references to that value expressed in units referred to in sub-section (1) converted thereto at the rate of sixteen anna, sixty-four paise or one hundred and ninety-two pies to one hundred units referred to in sub-section (1).

(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 in naya paisa or naye paise shall be construed as references to that value expressed respectively in units referred to in sub-section (1).

**8. Power to call in coin.**—Notwithstanding anything contained in Section 6, the Government may, by notification, call in with effect from such date as may be specified in the notification, any coin, of whatever date or denomination and on and from the date so specified, such coin shall cease to be a legal tender, save to such extent as may be specified in the notification.

#### CHAPTER IV

#### DIMINISHED, DEFACED AND COUNTERFEIT COINS

**9. Power to certain persons to cut, diminished or defaced coins.**—(1) Where any coin which has been minted and issued by or under the authority of the Government is tendered to any person authorised by it 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 per cent below standard weight as provided in Section 5; or
- (b) has been defaced, he shall, by himself or through another person, cut or break the coin.

(2) A person cutting or breaking coin under the provisions of clause (a) of sub-section (1) shall receive and pay for the coin at its face value.

(3) A person cutting or breaking coin under the provisions of clause (b) of sub-section (1) 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 reason to believe, that the coin has not been fraudulently defaced, he shall receive and pay for the coin at its face value.

**10. Power to certain persons to cut counterfeit coins.**—Where any coin minted or issued by or under the authority of the Government is tendered to any person authorised by the Government under Section 9 and such person has reason to believe that the coin is counterfeit, he shall by himself or through another person cut or break the coin, and the tenderer shall bear the loss caused by such cutting or breaking.

**11. Power of Mint to delegate its functions.**—The Mint may in writing authorise any other organisation of the Government to melt withdrawn coins or take any help of such organisation for the said purpose.

*Explanation.*—For the purposes of this section “organisation” means any Government industrial unit or public sector undertaking possessing melting facilities.

## CHAPTER V

### OFFENCES AND PENALTIES

**12. Prohibition of making or melting or destruction of coins.**—(1) No person shall—

- (i) use any metal piece as coin whether stamped or unstamped, intended to be used as money except by the authority of the Government, or
- (ii) melt or destroy any coin, or
- (iii) use coin other than as a medium of exchange, or
- (iv) have in his possession, custody or control,—
  - (a) any melted coin, whether in the molten state or in a solid state, or
  - (b) any coin in a destroyed or mutilated state, or
  - (c) coins substantially in excess of his reasonable requirements for the purpose of selling such coins for value other than their face value or for melting or for destroying or for disposing these coins other than as a medium of exchange.

*Explanation.*—For the purposes of determining the reasonable requirements of coins of a person, due regard shall be had to—

- (i) his total daily requirements of coins;
- (ii) the nature of his business, occupation or profession;
- (iii) the mode of his acquisition of coins; and
- (iv) the manner in which, and the place at which, such coins are being possessed, held or controlled by him.



(2) Whoever is found to be in possession of any metal or material which contains alloys in the same proportions in which they have been used in the manufacture of any coin shall be presumed, until the contrary is proved, to have contravened the provisions of sub-section (1).

(3) Nothing in this section shall apply—

- (i) to any person who is found in possession of any metal or scraps or scissel, etc., of non-recyclable coinage metal, which he may so possess as a result of valid disposal by auctions by a Mint;
- (ii) to the Mint, Reserve Bank of India and its authorised agents, and suppliers of coins or coin blanks to the extent of orders placed by or under the authority of the Government until their supply or completion of orders placed by the Government;
- (iii) to any prospective supplier who intends to supply coin or coin blanks as samples against a valid tender documents purchased by him provided that quantity is in reasonable agreement with quantity of samples to be supplied.

**13. Penalty for contravention of Section 12.**—Whoever contravenes any provisions of Section 12 shall be punishable with imprisonment which may extend to seven years and with fine.

**14. Prohibition and penalty for unlawful making, issue or possession of pieces of metal to be used as money.**—(1) No person shall—

- (a) make or issue or attempt to issue any metal piece except as provided under Section 4 for the purpose of coin;
- (b) possess, custody or control of any metal piece with the intent to issue the piece for use as money for a medium of exchange.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with imprisonment which may extend to one year or with fine or with both:

Provided that if any person convicted under this section is again convicted, he shall be punishable with imprisonment which may extend to three years or with fine or with both.

**15. Prohibition and penalty for bringing metal piece for use as coin.**—(1) No person shall bring by sea or by land or by air into India of any piece of metal to be used as coin except with the authority or permission of the Government.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with imprisonment which may extend to seven years and with fine.

**16. Offences by companies.**—(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of its business, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any person liable to any punishment, if he proves that the offence was committed without his



knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding, anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer, such director, manager, secretary or other officer of the company shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm, society or other association of individuals; and

(b) “director”, in relation to—

(i) a firm, means a partner or proprietor of the firm;

(ii) a society or other association of individuals, means the person who is entrusted, under the rules of the society or other association, with the management of the affairs of the society or other association of the individuals, as the case may be.

## CHAPTER VI

### MISCELLANEOUS

**17. Forfeiture.**—Any coin or metal in relation to which any offence under this Act has been committed shall be forfeited to the Government.

**18. Probation of Offenders Act, 1958 not to apply to offences under this Act.**—Nothing in the Probation of Offenders Act, 1958 (20 of 1958) shall apply to offences under this Act.

**19. Offences to be cognizable, bailable and non-compoundable.**—Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), offences under this Act shall be cognizable and bailable, but shall not be compoundable.

**20. Amendment of Act 2 of 1934.**—In the Reserve Bank of India Act, 1934,—

(i) in Section 2, in clause (d), for the words and figures “the Indian Coinage Act, 1906 (3 of 1906)”, the words and figures “the Coinage Act, 2011” shall be *substituted*;

(ii) in Section 39, for the words and figures “the Indian Coinage Act, 1906 (3 of 1906)”, at both the places where they occur, the words and figures “the Coinage Act, 2011” shall be *substituted*.

**21. Offences may be tried summarily.**—Notwithstanding anything contained in Section 260 of the Code of Criminal Procedure, 1973 (2 of 1974), offences under this Act may be tried summarily by a Judicial Magistrate of the first class or a Metropolitan Magistrate.

**22. Protection of action taken in good faith.**—No suit or other legal proceedings shall lie against any person in respect of anything which is in good

faith done, or intended to be done, under or in pursuance of the provisions of this Act.

**23. Power to remove difficulties.**—(1) If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act as may appear it to be necessary or expedient for removing the difficulty:

Provided that no such order shall be made under this section after the expiry of five years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

**24. Power to make rules.**—(1) The Government may, by notification, make rules to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely—

- (a) the use of metal for the purpose of making any coin under clause (f) of Section 2;
- (b) the per cent of metals for any coin under clause (i) of Section 2;
- (c) the standard weight for any coin under clause (l) of Section 2;
- (d) the dimensions, designs, metals, mixed metals or their composition, for coins under Section 4;
- (e) the standard weight of coins and the remedy allowed in making such coins under Section 5.

**25. Rules to be laid before Parliament.**—Every rule made under this Act 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.

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

**27. Repeal and savings.**—(1) The following enactments are hereby repealed—

- (a) the Metal Tokens Act, 1889 (1 of 1889);
- (b) the Coinage Act, 1906 (3 of 1906);
- (c) the Bronze Coin (Legal Tender) Act, 1918 (22 of 1918);
- (d) the Currency Ordinance, 1940 (Ord. IV of 1940);

(e) the Small Coins (Offences) Act, 1971 (52 of 1971).

(2) The repeal by this Act of the enactments and Ordinance specified in sub-section (1) shall not—

- (a) affect any other enactment in which the repealed enactment or Ordinance has been applied, incorporated or referred to;
- (b) affect the validity, invalidity, effect or consequences of anything already done or suffered, or any right, title, obligation or liability already acquired, accrued or incurred or any remedy or proceeding in respect thereof, or any release or discharge of or from any debt, penalty, obligation, liability, claim or demand, or any indemnity already granted, or the proof of any past act or thing;
- (c) affect any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure, or existing usage, custom, privilege, restriction, exemption, office or appointment, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in or from any enactment or Ordinance hereby repealed;
- (d) revive or restore any jurisdiction, office, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not now existing or in force.

(3) The mention of particular matters in sub-section (1) shall not be held to prejudice or affect the general application of Section 6 of the General Clauses Act, 1897 (10 of 1897), with regard to the effect of repeals.

**28. Continuance of existing coins.**—Notwithstanding the repeal of the enactments and the Ordinance specified in sub-section (1) of Section 27,—

- (a) all coins issued under the said enactments; and
- (b) Government of India one rupee note issued under the Currency Ordinance, 1940 (Ord. IV of 1940),

which are legal tender immediately before the commencement of the Coinage Act, 2011 shall be deemed to be the coin and continue to be legal tender in payment or on account under the corresponding provisions of this Act.

