



Standing Committee Report Summary

The Coinage Bill, 2009

- The Standing Committee on Finance (Chairperson: Shri Yashwant Sinha) tabled its 22nd Report on ‘The Coinage Bill, 2009’ on August 31, 2010. The Bill was introduced in the Lok Sabha on December 17, 2009.
- The Bill seeks to consolidate 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. The Committee recommended that the Bill be passed after incorporating the suggestions.
- The Committee suggested that the intrinsic value of the metal be comparatively lower than the face value of the coin in order to curb unauthorized melting of coins. It also emphasized on the strict enforcement of the penal provisions.
- In order to curb counterfeiting of coins, the Committee recommended that a proper mechanism should be put in place to identify coins and verify its genuineness.
- The Committee stated that the penalty for melting or making coins should be increased to a maximum of 10 years’ imprisonment from seven years as mentioned in the Bill. The Indian Penal Code penalizes counterfeiting currency notes by a maximum of 10 years’ imprisonment.
- The Committee noted that the definition of a “coin” needed to be modified to include one rupee currency note and add that credit cards, postal orders etc are outside the Act’s purview.
- In view of scarcity of metals, the Committee recommended that the Bill should mention that a coin may be made of any other material as the government determines in public interest.
- In view of the fact that the Bill allows minting of coins upto the value of Rs 1,000, the Committee proposed that the specific sums upto which coins can be used as legal tender be reviewed.
- The Bill states that if a coin has been defaced due to sweating it shall be deemed to be fraudulently defaced. However, since India is a tropical country, the Committee recommended that this provision should be deleted.
- The Committee proposed that the Security Printing and Minting Corporation of India Limited should be able to authorize any organization of the government to melt withdrawn coins.
- The Committee emphasized the need to make the currency visually impaired friendly. In view of increase in prices of materials used to make coins, the sizes should be modified. Also, the government may consider formally recalling 25 paisa coins.

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