

THE HYDERABAD COINAGE AND
PAPER CURRENCY (MISCELLANEOUS PROVISIONS) BILL, 1953

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH): Sir, I beg to move

"That the Bill to extend the period during which Hyderabad coins and notes of the denominational value of one rupee may continue to be legal tender, to repeal the Hyderabad Paper Currency Act No II of 1327F and to make certain other incidental provisions be taken into consideration"

Sir, I should like to take this opportunity of giving the House a brief account of the circumstances necessitating this piece of legislation. Hyderabad was one of the former Indian States which had a currency of its own. After integration it has been the policy of the Government to replace these local currencies by Indian currency as, in the economic interest of the country and the free flow of internal trade and commerce, it is undesirable to have a number of currencies in circulation at the same time. The first step in the process of replacement of the State currency was taken by the Hyderabad Government themselves just before integration when Indian currency was made legal tender in that State and the exchange value was fixed at six Indian rupees for seven Hali Sicca rupees. In 1951, when Parliament passed a law for the extension to the Part 'B' States of the Indian Coinage Act and of the Indian Currency Ordinance, 1940, provision was made for Hyderabad subsidiary coin, rupee coin and one rupee notes remaining legal tender for a period of two years commencing with the 1st April 1951. Meantime, Hyderabad currency notes issued in accordance with the Hyderabad Paper Currency Act, No. II of 1327F, continued to remain legal tender. Government have recently reviewed the position and they have decided that, considering the volume of the State currency in circulation,

some further time should be allowed before it is demonetised. The Bill before the House provides for the Hyderabad Currency continuing to remain legal tender for a further period of two years from the 1st April 1953. The Reserve Bank in consultation with the State Government are opening currency chests at a number of branches of the Hyderabad State Bank to provide facilities for the exchange of Hyderabad currency into Indian currency. Finance is being made available by the Centre to the State Government to enable them to acquire enough small coin from time to time for the provision of exchange facilities at treasuries and sub-treasuries. We are also considering the feasibility of providing more extensive facilities for exchange if actual experience indicates that this is necessary. Meanwhile, while the replacement of the currency will be gradually going forward and no fresh issues of the State currency will be made, the holders of the State currency are being protected by continuing its legal tender character so that the currency may continue to circulate freely and the holders may have ample time to arrange for the exchange of their holdings. I am sure the provisions of this Bill will be widely welcomed in the State and the extended period during which the State currency will remain legal tender will give ample time to the people to exchange their holdings and to the Central Government to effect an orderly withdrawal of the local currency. Sir, I move.

MR. DEPUTY CHAIRMAN: Motion moved.

"That the Bill to extend the period during which Hyderabad coins and notes of the denominational value of one rupee may continue to be legal tender, to repeal the Hyderabad Paper Currency Act No II of 1327F and to make certain other incidental provisions be taken into consideration."

SHRI RAJAGOPAL NAIDU: (Madras): I want a clarification. I find

that Bill No. 12 of 1953, viz., the Hyderabad Paper Currency Repealing Bill, has been introduced in the House of the People, and I find that the clause 2 there has been repeated here as clause 4. May I know, Sir, what is the difference, whether this Bill is an improvement over the Bill that has been introduced in the other House, and in what materials these two Bills differ?

SHRI M. C. SHAH: That Bill will be withdrawn from the House of the People. That Bill did not provide for the one rupee notes and other small coins to be legal tender. These one rupee notes and small coins were going to be not legal tender from 1st April 1953. In order to obviate that difficulty and in order to get this Bill passed into law before the 31st March 1953, this Bill is introduced in this Council of States, so that after this Bill is passed in this House, the Bill will go to the other House and before 31st March, will become law, so that from 1st April, all these one rupee notes and small coins will be legal tender in the Hyderabad State for two years more.

SHRI RAJAGOPAL NAIDU: My point is about the difference between this Bill and the Bill that is introduced in the House of the People.

MR. DEPUTY CHAIRMAN: That Bill is going to be withdrawn. Why worry about it?

SHRI RAJAGOPAL NAIDU: That Bill is not withdrawn. My question is whether, when one Bill is pending in the other House, another Bill can be introduced here on the same lines.

SHRI M. C. SHAH: We have consulted the Law Ministry, and this Bill is different from the other Bill. There is an addition in this Bill. The other Bill is restricted in its scope to certain notes of higher denominations than one rupee notes.

SHRI RAJAGOPAL NAIDU: I do not know.

SHRI M. C. SHAH: We have consulted the Law Ministry.

SHRI V. K. DHAGE (Hyderabad): I want a little information as to whether the Hyderabad Paper Currency Act permits the issue of one rupee notes also.

SHRI M. C. SHAH: It will not now.

SHRI V. K. DHAGE: My question is not answered. My question is whether the Hyderabad Paper Currency Act permits the issue of one rupee notes.

MR. DEPUTY CHAIRMAN: This will repeal the other Act. You make your speech. He will reply.

SHRI V. K. DHAGE: I want information before that. There is an Ordinance No. 40, which is also referred to in the Bill, which empowers the Government of India to issue one rupee notes. Is there a similar Ordinance or Act under which the Government of Hyderabad is empowered to issue one rupee notes?

SHRI GOVINDA REDDY (Mysore): Yes, there is.

SHRI M. C. SHAH: We want to have that Act repealed now. It is there. We have stated in the Bill, "Hyderabad coins and notes of the denominational value of one rupee may continue to be legal tender, to repeal the Hyderabad Paper Currency Act No. II of 1927F".

MR. DEPUTY CHAIRMAN: The Hyderabad Act will stand repealed when this Act comes into force and these one rupee notes and coins will be only temporary legal tender.

SHRI M. C. SHAH: For two years more.

SHRI V. K. DHAGE: I know the position so far as the Bill is concerned. What I want to know is this: There are three things so far as the Government of India is concerned. There is an Indian Coinage Act which empowers the Government of India to issue coins of one rupee denomination

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or of lower denominations in copper or any alloy or any metal they want. But they did not have the power to issue one rupee notes for that, they had issued an Ordinance, No. 40 of 1940, and under that Ordinance, 'hey could issue one rupee notes, which the Ordinance says, shall not be considered as paper currency but shall be considered more or less as coins. Under the Reserve Bank of India Act or some other Act, which I do not remember now, it is not the Government of India that issues paper currency, but it is the Reserve Bank that issues paper currency. Whereas in Hyderabad, there is only the Paper Currency Act, and here by clause 4, what is being repealed is otherwise than the one rupee denomination notes, i.e. higher denomination notes, like Rs. 5 and Rs. 10. May I ask what is the corresponding thing in Hyderabad to that of the Ordinance issued by the Government of India?

SHRI M. C. SHAH: It is no use just entering into a conversation. I will make a reply when the time comes.

MR. DEPUTY CHAIRMAN: You have expressed your doubt.

SHRI RAJAGOPAL NAIDU: It is all confusion.

SHRI V. K. DHAGE: Mr. Deputy Chairman, this morning's newspapers have carried the news that the demonetisation of the Hyderabad currency has provoked a lot of controversy, and an agitation is being carried on in Hyderabad. The Hyderabad people, as a whole, are not in favour of the demonetisation of the currency immediately. As a result of this, there has been a march of certain workers to the Assembly yesterday or day before yesterday. They had been lathi-charged and, as a result, some Legislative Assembly members staged a walk-out. The Commissioner of Hyderabad, I understand from the papers, has also promulgated an order by which no meeting shall be held and

he has also prohibited carrying of any lethal weapons for a period of fourteen days or fifteen days, I do not know the exact number

It is felt that the low income class of people in Hyderabad will be affected by the introduction of the Government of India currency in Hyderabad. The reason is that the Hyderabad currency in value is less than the currency in India by $\frac{1}{6}$ or $\frac{1}{7}$ as the hon. Minister has pointed out just now. But the unit by which the transaction 3 P.M. takes place among the low income classes is the $\frac{1}{6}$ anna pice which is prevalent in Hyderabad and not the $\frac{1}{4}$ anna pice which is prevalent in the Government of India. The large majority of the people are mostly those who are living in the villages, particularly, those whose income is not more than 3 to 4 annas a day and they have their transactions done in the 1 pice of the Government of Hyderabad. By the introduction of the I.G. Currency, which contains only 4 pice in an anna, the prices of the consumer goods, so far as low income group is concerned, will be affected and they will have to transact in terms of the 1 pice of the Government of India rather than the 1 pice which is $\frac{1}{6}$ anna of the Hyderabad Government. The prices in Hyderabad of the commodities thus are likely to be affected not in favour of the people.

Another thing is that with the exchange of the Hyderabad Currency into the I.G. Currency or vice versa, 7 pice of the Hyderabad currency i.e., 14 pies will equal 12 pies or 4 pice of the Government of India. In order that this change may not take place so abruptly, the Hyderabad people have been insisting that some such effort be made by which the balance in the purchase price of consumer goods is not affected. And it has been suggested that perhaps the Government of India might consider the re-introduction of the half-pice i.e., $1\frac{1}{2}$ pies coin, which was prevalent before, so that the price of the transaction will not be affected in Hyderabad entirely

The Bill that has been introduced by the Minister concerns three Acts. One is the Indian Coinage Act and the other is the Currency Ordinance of 1940 and the third is the Hyderabad Paper Currency Act of 1327 Fash. Under the Indian Coinage Act the Government of India is permitted to mint coins of the denomination of one rupee or of lower denominations either in silver or any other metal like copper etc. Under the Ordinance of 1940 the Government of India took power in order to be able to issue one rupee notes. Therefore the one rupee notes, which are prevalent in India, are issued by the Government of India and not by the Reserve Bank of India. Notes, of higher denominations than those of rupee one, are issued by the Reserve Bank of India under their own powers. I don't know which Act applies to them. Probably, it is the Reserve Bank of India Act. That being the case this Act after the integration of the B Class State was amended so as to permit the legal tender character of the Government of Hyderabad currency.

In 1951 the Indian Coinage Act was amended and the life of the legal tender of the rupee coin was extended by 2 years. Similarly the Ordinance of 1940 was also amended and a new clause included so far as the Hyderabad Currency was concerned, by which the life of the one rupee note was also extended by two years. But I don't think the Hyderabad Paper Currency Act was amended at all. It has continued to remain in force in spite of the fact that the two other Acts prevalent in the Government of India had been amended. It has now been suggested in the Statement of Objects and Reasons, which has been circulated that the repeal of the Paper Currency Act would give rise to a certain anomaly, and that anomaly is due to the fact that under the Paper Currency Act of Hyderabad, any person, having a Rs. 5 note or any other note of higher denomination can demand an exchange in the rupee coins, and if the rupee coin of Hyderabad is

demonetised, then that will present some difficulty. So it is said that, in order to remove this anomaly, the period of the legal tender of the rupee notes and rupee coins is further extended by 2 years.

Now I suggest that if the Paper Currency Act of Hyderabad has remained in force so far, I don't understand as to why it should be repeated and why clause 4 of this Bill should be there. In one breath it is repealed and in the other breath in clause 4 sub-clause (2) it is said:

"Notwithstanding such repeal currency notes of denominational values exceeding one rupee issued under the provisions of the repealed Act and in circulation as legal tender in the State of Hyderabad immediately before the commencement of this Act shall continue to be legal tender in that State for such period or periods not exceeding two years from such commencement etc. etc."

Now I don't understand as to what exactly is the reason that made the hon. Minister to repeal the Act at the same time, to let the nature of legal tender of the notes continue for another 2 years.

MR. DEPUTY CHAIRMAN: Only one rupee notes.

SHRI M. C. SHAH: Not only that but other denominations also.

SHRI V. K. DHAGE: By this Bill all the notes will be legal tender and also coins for 2 years now. I feel that this Clause 4 is absolutely redundant considering it from this point of view and unless the Government of India thinks that if the Hyderabad Paper Currency Act is not repealed the Hyderabad Government might resort to printing or issuing more currency notes. I don't see why, even if supposing the Government of Hyderabad wishes to do so, the Government of India should come in their way. If the Government of India is willing to issue as stated by the Minister, notes for Rs. 60 crores this year in order to

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meet the requirements of the State. what harm, if the Government of Hyderabad were to do likewise to a reasonable extent for similar purposes. for similar reason to meet their requirements; I don't see why they should not lighten their burden in this manner.

MR. DEPUTY CHAIRMAN: The section is very clear:

"Issued and under circulation."

They cannot print any more notes. The same thing is issued and they circulate. The repeal means they cannot print any further notes but for a period of 2 years those that are issued and are under circulation will be current. That is the meaning.

SHRI V. K. DHAGE: That will be the effect of this clause but if the clause were not to remain there then probably the Government of India would be afraid that the Government of Hyderabad will have the power to issue notes.

MR. DEPUTY CHAIRMAN: Yes, unless the Paper Currency Act is repealed.

SHRI V. K. DHAGE: If the legal tender character of the notes remains and the Act is not repealed, then probably Government of India is afraid of the Government of Hyderabad doing this. Even if it does, what harm does it cause to the Government of India?

Another point in the Bill that is introduced in the House of the People, is that clause 2 sub-clause (2) contains a period of 3 years for which the notes of the higher denomination will remain as legal tender, whereas in this Bill, the change has been made to 2 years. Now I feel that the Government of India is not quite wise in this regard. If the higher denomination notes and the lower denomination notes along with the coins are to cease to be legal tender simultaneously on the same day i.e., on the 1st April 1955,

it is likely to end in some sort of undesirable developments so far as the State is concerned, because the people will perhaps not take to I.G. currency immediately, however cautious the Government of India might move, to drop the Hyderabad currency. I therefore suggest that the higher denomination paper currency notes be first demonetised and give a period of one year more for the coins and one rupee note to be demonetised. Therefore, I suggest that in the amendment that has been moved here in clause 2 to section 24 of the Indian Coinage Act, instead of the word "4 years" the words "5 years" be substituted so that the coins and one rupee notes may continue to be legal tender for another 3 years. Then the sub-clause (2) of Clause 4 of this Bill by which the higher denomination notes will continue for 2 years, will be quite all right.

Now, Sir, in consequence of this demonetisation of the Hyderabad currency, there are certain things and results that will ensue. These are that a number of notes have been issued—the total number is with the Hyderabad Government as to how many notes have been issued—but it is quite possible that, after demonetisation of the Hyderabad Currency, several notes are not going to come back for purposes of exchange into the I.G. currency. They might have been destroyed; they might have been burnt or notes, that were hoarded, might have been completely dissolved.

KHWAJA INAIT ULLAH (Bihar): They might have been burnt in Telangana.

SHRI V. K. DHAGE: No; they might have been burnt by the Razakars; you can never say. I was not entering into any kind of controversy. I was just stating the general proposition. Somebody might perhaps have burnt a hundred rupee note to light a cigarette, I don't know.

SHRI H. P. SAKSENA (Uttar Pradesh): People do that.

SHRI V. K. DHAGE: However, these notes are not likely to return back to the Government or to the Government of Hyderabad for purposes of exchange. What I would like to make out is that for such notes as will not return back after a particular period the Government of India should give credit to the Government of Hyderabad. That is one thing.

Another point that I would like to make out, Sir, is that it is quite probable—I stand to be corrected if I am wrong—the Hyderabad one rupee coin and the other coins perhaps contain a little more of silver than the nickel coin of the Government. Now, when the Hyderabad coin is demonetised, these one rupee coins which contain more of silver will go back to the Government of India. I would like that when such a thing happens, the Government of India should give credit for the extra advantage that they get out of these coins to the Government of Hyderabad.

Thirdly, it is quite possible—I stand again to be corrected if I am wrong—that the backing, which the Government of Hyderabad maintains for the issue of the currency notes is perhaps of a higher ratio than that which is maintained by the Government of India. I would like the Government of India to take into consideration that factor also in giving credit to the Government of Hyderabad which would be due to them.

SHRI D. D. ITALIA (Hyderabad): Mr Deputy Chairman, Sir, while rising to support this Bill, I may say that I am coming from Hyderabad and I know well that when the Bill was introduced in the House of the People and announced in public that rupee one and small coins will cease to be legal tender from 1st April, 1953—it was just informed by my hon friend the Deputy Finance Minister that that Bill will now be withdrawn—there was a lot of confusion and panic among the people of Hyderabad about the one rupee and the small coins but, thanks to the hon the Finance Minister, who has brought this Bill, the

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poorer people will not be hard hit. As you know, so that most of the poorer people live in the villages and the villages are far away from even the tehsil treasury where the people go and exchange their notes and, as such, the villagers would have been hard hit if rupee one and small coins had ceased to be legal tender but thanks to the foresightedness of the hon the Finance Minister that realising this hardship he is kind enough to bring this Bill by which one rupee coins, eight annas, four annas, two annas, one anna etc. coins will remain as legal tender during the next two years.

While supporting this, I must inform you that it will no doubt hit hard the poorer people and the low paid Government servants. They will get as salary or wages 1/6th less than what they are getting at present. I know the Central Government has nothing to do with the proposal I make that Hyderabad Government—would pay the wages or salaries of the low paid people in I.G. equal to what they are paying at present in H.S. That means, supposing they are getting Rs. 100 in Hali currency, they must get in I.G. currency Rs. 100 in future, so that they will not be hard hit because the poor people have to get their daily requirements in smaller coins, e.g. 8 annas, ten annas or four annas, etc and have to pay I.G. instead of H.S. For that thing, I think the Government of India or the hon. Minister for Finance may move the Government of Hyderabad to see that something is done so that they may not be hard hit.

With these few words, Sir, I support the Bill because it is only in the interests of the people of Hyderabad.

SHRI KISHEN CHAND (Hyderabad): Mr Deputy Chairman, I just want to say a few words about this Bill. As has already been pointed out six rupees of Indian coin are equal to seven rupees Hali and an Indian rupee has got 64 pice while the Hali rupee has got 96 pice. If you take conversion into account, one rupee of Delhi is worth 112 pice of Hyderabad. With the introduction of this Bill and demoneti-

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sation of Hyderabad currency people will be getting 64 pice instead of 112. As has been pointed out low paid people generally deal with pice and their purchases and sales are made in pice and naturally they would be very much hard hit and this has caused a great deal of grievance. I would suggest to the hon the Finance Minister that instead of demonetising one rupee notes and the coins of four annas, eight annas, etc. It will be possible that the five rupee, ten rupee and other high denomination notes be demonetised. As far as the poorer class of people are concerned they are only interested in one rupee notes and small coins.

I would also like to point out that an agitation has been going on in Hyderabad that after the introduction of I.G. currency, the wages to be paid to labour and to Government servants should be the same in amount as they are at present enjoying in Hali currency. A peon now getting Rs 35 Hali as his monthly wage, when this change of currency comes, will get only Rs 30. The majority of the low paid people feel that when they get I.G. Rs 30 and when they go into the bazaar to make purchases, they will not get the same amount of goods from I.G. Rs 30 as they were formerly getting from Rs 35 Hali and naturally they would be hard hit. In this connection an agitation has been going on in Hyderabad and from yesterday's and today's papers we have learnt with regret that there has been a lathi charge and Section 144 has been promulgated in the city. This shows that there is a genuine grievance. I would suggest to the hon the Finance Minister that when he is introducing this Bill he should have asked the Hyderabad Government what steps they are going to take to ameliorate the conditions of the low paid staff and the workers in other walks of life. Before we pass this Bill, we would like to have an assurance from the hon. the Finance Minister that early steps will be taken to look into the griev-

ances of the low paid staff in Hyderabad.

Secondly, Sir, I endorse the points raised by Mr Dhage regarding the benefits which should accrue to the Government of Hyderabad after the demonetisation of the Hyderabad currency. As has been pointed out by him, there will be a large number of notes which will not come back for exchange. If the total note circulation of Hyderabad is of the order of forty crores, it is quite possible that when these notes are presented for exchange, only about Rs 35 crores may be presented. So, the Government of Hyderabad must get benefit of the notes which are not presented for exchange. I submit that in this Bill there should be a definite provision to that effect; otherwise, the Government of Hyderabad will unnecessarily suffer a loss. I also submit that the low paid workers and the low paid Government staff should be given due consideration with this change of currency.

SHRI RAMA RAO (Madras): Mr. Deputy Chairman this is not merely a Bill to pass, but a minor event to celebrate. Its political significance appeals to me more than even the financial or economic advantage that will accrue from the change it indicates. It is well known that the Nizam had been very tenaciously fighting for his rights till his sovereignty slipped out of his hands with the Police Action, and coinage right was one of them. Students of contemporary history will, no doubt, recall what happened at the Round Table Conferences in London. A whole delegation, composed of Muslim Leaguers, was in the pay of Hyderabad and was fighting the battles of the Nizam day in and day out. It was its business there to see that if Hyderabad acceded to the Federation it retained every possible advantage—political, economic and financial. I was somewhat intimately aware of those developments. We had a special correspondent in London who was sending us reports in an accurate and detailed manner and it was how we knew what was happening there. You will

remember that when the Princes in those days agreed to enter into the federal polity as conceived by Sir Samuel Hoare and the Tories of the day, their main object was to impose princely rule all over India on the day the Britisher agreed to walk out. If the Indian National Congress, under the leadership of Mahatma Gandhi and Pandit Jawaharlal Nehru had not resolutely opposed that federal polity, that disgraceful and disastrous federal polity, we would probably have been under a very strong princely rule today and not in the Republic of India.

This currency question that is now before us has also personal feelings for me and personal memories, not all of a very fragrant nature. When I started in my younger days from Bezwada to Bombay I had to pass through the Nizam's "dominion" and two things always hunted me up. One was the Nizam's currency and the other the Nizam's C.I.D. The C.I.D. would pay their respects to me, of course, without receiving return compliments. And then the Nizam's coins would begin to pursue me. Goodness knows the exchange difficulties that we had to experience on the way and there was a lot of swindling going on. These two started as soon as I passed Kondapalli and pursued me up to—I do not remember the name of the place now—till I emerged out at the other end.

This Bill speaks of "orderly withdrawal" of the currency. I agree to this proposal. Sir, some of our friends over there have spoken eloquently about the necessity of seeing to it that this change does not hit hard the lower-paid classes. But it unfortunately happens that in every case of exchange, certain amount of difficulty is bound to arise. I may add that this difficulty on account of exchange is not peculiar to India. When I was in Paris I saw people openly hawking about dollar notes at fancy prices. Therefore, let us not be under the impression that this is a national vice of ours.

Sir, this proposal has come soon after the Wanchoo Report and the

Government decision on it and for me and Andhra, it has therefore a historical significance. The Police Action came first. Then the Nizam's army was disintegrated and dissolved. Some sort of financial integration began with the disappearance of the customs. The Nizam's despotism is beginning to end, more or less, with the advent of democratic rule. Now the coinage is going and I hope, and I most fervently trust, that the Nizam is also going, that Hyderabad is disappearing, that the Andhras will be marching into Hyderabad.

AN HON. MEMBER: Imperialism?

SHRI H. P. SAKSENA: A day dream? A day dream!

MR. DEPUTY CHAIRMAN. Order, order.

SHRI RAMA RAO: You don't know Hyderabad. You don't understand it.

SHRI S. N. MAZUMDAR (West Bengal): Mr. Deputy Chairman, I had no intention of speaking on this Bill, but while listening to the speeches delivered by hon. Members and the hon. Minister, on the floor of this House I was wondering why the introduction of such a non-controversial measure has synchronised with lathi charges and cane charges and the promulgation of section 144 in the State of Hyderabad. Perhaps this is the Congress way of doing things. (Interruption.)

I say the Central Government also has some responsibility because it was their business to explain the position clearly to the people concerned. It was their responsibility to explain the measure and look into the real grievances and difficulties of the people and to allay their fears. The demands published in the papers show that the people there, particularly the workers, ask for a representative committee under an independent chairman to examine the pros and cons of this demonetisation of this currency and all these allied questions. There is also

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the demand that the wage-earners and the salaried employees should be compensated for the loss caused to them by this measure.

I do not want to take up more of the time of the House and before I sit down I would only request the hon. Minister to assure us that this matter will be looked into and the fears of the people, of the wage-earners and the low-income groups, will be allayed and their loss compensated.

With these words, Sir, I sit down.

SHRI M. C. SHAH: Sir, certain points have been raised by Members of the Opposition. First of all, I would say that we should take note of the fact that "Currency" and "Coinage" are Central subjects. The moment Hyderabad State integrated with the Union, the coinage and currency became Central subjects, and really speaking, from that time the Central Government inherited all the currency and coinage prevalent in Hyderabad State. The State of Hyderabad, before integration took place, had taken steps for the withdrawal of this currency and therefore they had made Indian currency legal tender before integration. At the same time, the ratio of exchange was fixed then, i.e. that Rs. 6 of Indian currency could be exchanged against Rs. 7 Hali currency. Now, in order to give some time and in order to lessen the inconvenience of the people who were used to this currency, they were allowed by the end of 1951 to have this coinage of Re. 1 and the smaller coins, as legal tender for two years more. Thereafter it was brought to the notice of the Government by the Hyderabad Government that there will be more inconvenience and that certain ignorant people in the villages may perhaps be put to great inconvenience in getting these coins exchanged. From the 1st of April 1953 these coins were not to be legal tender. The Government of India had already arranged for many places where exchange facilities were to be allowed. Still certain representations

came to the Central Government as well as to Members of Parliament from Hyderabad that some extension should be given. Thereafter the whole position was reviewed and the Central Government came to the conclusion that an extension should be given. Therefore this Bill was brought before this House. Before that, a Bill was introduced in the House of the People repealing the Act of 1327F of the Hyderabad Government, because there were certain notes of a denomination exceeding one rupee, and as long as that Act was not repealed, these notes could not be demonetised. Therefore, that Bill was introduced in the House of the People. Thereafter, because of all these representations, the Central Government came to the conclusion that one rupee coins and smaller coins also should be allowed to remain as legal tender for a further period. The whole position was reviewed and this Bill was brought forward fixing a uniform period of two years.

These coins will be legal tender till 31st March 1955, but thereafter also a reasonable period will be given, and exchange facilities will be given by the Government of India to exchange these one rupee coins and smaller coins as well as notes of higher denomination. The Hyderabad Government will not be allowed to issue one rupee notes or notes of higher denomination. As I said, that is a Central subject, and after the repeal of the Act of 1327F they are not entitled to issue them. By an Ordinance issued in 1940, one rupee notes became a Central subject and the Reserve Bank had nothing to do with them. That Ordinance was applied to the Hyderabad State also. Therefore, one rupee coins and smaller coins of Hyderabad State remain legal tender only till 31st March 1953. By this Bill they will remain as legal tender up to the 31st March 1955.

A point was raised that on account of the larger silver content there would be some advantage. But my hon. friend forgot the fact that currency and coinage are Central subjects. On

the day on which Hyderabad integrated with the Union, they became, really speaking, the property of the Central Government. The Hyderabad Government is not interested in them, and there is no question of sharing or anything of that sort, when exchange has been fixed and we are going to give all these facilities to the people in order to obviate any difficulty that they may experience.

These are the only points raised by my hon friends. Some other questions were raised about the amelioration of the condition of the lower paid staff. That is a different question. It has nothing to do with this Bill. It was well known before the integration that the exchange proportion was 6 7. That has operated for the last two years. As a matter of fact the information that my hon friend Mr Kishen Chand gave does not seem to be correct according to the figures that I have got. According to my figures, Osmanshahi currency notes are of the value of Rs. 27 86 crores, and one rupee notes and coins are of the value of Rs. 8 33 crores. The total is Rs. 36 19 crores, which is in circulation today. So, when he says that it is Rs. 50 crores, that is not borne out by the information that I have got.

SHRI KISHEN CHAND: I mentioned the figure of Rs. 40 crores merely by way of illustration if it was Rs. 40 crores, and Rs. 35 crores was returned, what of the balance of Rs. 5 crores? Rs. 40 crores was a hypothetical figure. I did not say that that was the amount in circulation.

SHRI M. C. SHAH: I am sorry if I heard the hon Member wrongly.

I say that this Bill ought to be welcomed by all coming from Hyderabad, because it seeks to remove the difficulties and apprehensions of the poor classes of people. Therefore, we have come in time before the 31st to get this Bill passed into law. I do not think there remains anything else to be explained. Therefore, I commend the Bill to the House.

SHRI V. K. DHAGE: The hon. Minister promised that he would furnish

information as to the law under which the one rupee notes of the Hyderabad Government were issued. I have not been able to get that information. The hon. Minister has not answered three other points which I had raised. One was: Would the Government consider the feasibility of re-introducing the half-pice coin which was prevalent in the Indian Union before, so that there may be no difference in the units of transaction so far as the people in Hyderabad are concerned, as they are used to the one-sixth anna coin of the Government of Hyderabad?

Another point that I had raised was this, that certain notes in circulation, which have been destroyed for some reason or other, which may not come back to the Government of India for exchange—will the Government of India give credit for them to the Government of Hyderabad?

Another point which I had raised and which he has not been able to explain properly was about the ratio of the backing which the Government of Hyderabad maintained, would that also be taken into consideration by the Government of India when the demonetisation takes place?

SHRI M. C. SHAH: There can only be one uniform policy in all the States of the Union as far as currency and coinage are concerned. So, the question about backing as far as Hyderabad State alone is concerned does not arise.

With regard to one-rupee notes, as I have said already, the Ordinance of 1940 was applied to the Hyderabad State and by that Ordinance one rupee notes were kept as legal tender till 31st March 1953. I have already pointed that out.

PRINCIPAL DEVAPRASAD GHOSH (West Bengal): I have only one enquiry to make. If this Bill has been welcomed so much in Hyderabad State, how does the hon. Minister explain the commotion and the lathi charges?

MR DEPUTY CHAIRMAN. Order, order. There are always people who take advantage of such occasions.

[Mr. Deputy Chairman.]

The question is.

"That the Bill to extend the period during which Hyderabad coins and notes of the denominational value of one rupee may continue to be legal tender, to repeal the Hyderabad Paper Currency Act No. II of 1927F and to make certain other incidental provisions be taken into consideration."

The motion was adopted.

MR. DEPUTY CHAIRMAN We proceed to the clause by clause consideration of the Bill There are no amendments of which notice has been received

Clause 2, 3 and 4 were added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill

SHRI M C SHAH. Sir, I move:

"That the Bill be passed."

SHRI V K DHAGE: Sir, may I say something? While the debate was on, Mr. Rama Rao touched upon a point which never came up in my speech . .

MR DEPUTY CHAIRMAN. Is that the reason why you should repeat it?

SHRI V K. DHAGE. Well, Sir, I will just say one sentence or two and nothing more In the suggestions that I had made, I had never intended to make a political issue. I had looked at it purely from the financial point of view and from the point of view of the people of Hyderabad. The question of the suzerainty of the Nizam was never in my view

SHRI RAMA RAO It was in my view

SHRI V K DHAGE The suzerainty of the Nizam, as Mr Rama Rao said, disappeared on the day the Police Action took place I do not know whether the symbol of the suzerainty of the Nizam with the question of the coinage continuing for another two years

MR. DEPUTY CHAIRMAN. All that is unnecessary.

SHRI S N MAZUMDAR. He has been maintained by the Congress Government as the Rajpramukh.

SHRI V K DHAGE: I would rather like to reply, Sir. The point has been raised by one gentleman here and, certainly, I would like to correct the impression which he has given to this House.

MR DEPUTY CHAIRMAN: Here is the third reading of the Bill. All this is irrelevant. You may take some other occasion . .

SHRI V. K DHAGE: What other occasion will there be for me to say as to how the journalists also—in the South—were in the pay of the Nizam before the Police Action took place? In any case, if you feel it is not necessary for me to say, I shall not say it

MR DEPUTY CHAIRMAN: The question is.

"That the Bill be passed."

The motion was adopted

ANNOUNCEMENT RE SITTINGS OF THE COUNCIL

MR. DEPUTY CHAIRMAN: There will be no sittings of the Council from the 30th March to 8th April 1953. Questions admitted for the sittings of the Council for that period will be transferred to appropriate dates after the 8th of April. If any Member desires that any particular Questions given notice of by him should be put down for answer on a particular date, he may give intimation to the Secretary accordingly by Wednesday, the 1st April afternoon.

The Council stands adjourned till 8-15 A.M. on Thursday, the 9th April 1953

The Council then adjourned till a quarter past eight of the clock in the morning on Thursday, the 9th April 1953.

Editor of Debates,
Rajya Sabha Secretariat.