



सत्यमेव जयते

BANKING LAWS COMMITTEE

(GOVERNMENT OF INDIA)

REPORT ON INDIGENOUS NEGOTIABLE INSTRUMENTS (HUNDIS) 1978

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BANKING LAWS COMMITTEE

भारत सरकार
GOVERNMENT OF INDIA

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मद्रास-600 008

Chairman's Office

9, Victoriya Crescent Road,

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26th September 1978

Dear Shri Patelji,

I am very happy to submit the Banking Laws Committee's Report on Hundis. Accepting the recommendation of the Banking Commission (1972), the Government entrusted to our Committee the task of codification of hundi rules and usages. We are happy to report the successful completion of this work, which has resulted in our recommendations for a Hundi Code.

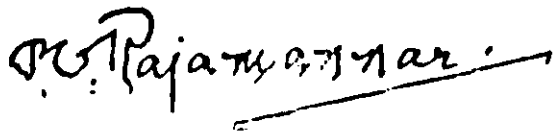
2. The work of codification is a major banking law reform which had been overdue in our country for nearly a century. The indigenous banking system was not given the attention it deserved, before the attainment of our Independence. Moreover, this work required the voluntary co-operation and participation of leading sharafi associations, chambers of commerce and industry and other trade bodies of our country concerned with hundi transactions. Either for want of sufficient attention or due to lack of understanding, the earlier attempts towards codification were not successful. We were fortunate in getting such co-operation, which was probably also due to a favourable climate which enabled the concerned associations to appreciate the value of codification for developing the indigenous banking system on sound and healthy lines.

3. The great merit of the hundi is the link it has with a specified association, which ensures that there is an inexpensive and expeditious settlement of disputes concerning hundi transactions with the legal aid and assistance available from the associations. This link of the hundi with the association is essential for the vibrant strength and vitality of the system. The provisions in the proposed Hundi Code for the issue of praman patra and majarenama and the various other functions given to the associations with reference to hundis ensure that this sustaining force behind the hundi system not only is preserved but is further strengthened.

4. Codification should help in a better recognition of the system, facilitate the removal of unnecessary constraints on the working of the indigenous banking system and it should also facilitate the study of the indigenous banking system by the organised banking sector. Hundis should then have greater currency and wider acceptability as the means for settling commercial claims. On this occasion, I would also like to thank you and the Government of India for the special support and facilities given, which really helped us to successfully complete this task of codification which has been long overdue in our country.

With regards,

Yours sincerely,



(P. V. RAJAMANNAR)

Hon'ble Shri H. M. Patel,
Finance Minister,
Government of India,
North Block,
NEW DELHI.

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