

RBI FAQ : currency management

Recent in news:

The Report on Currency and Finance (RCF) for the fiscal year 2022–2023 has been made public by the Reserve Bank of India. "Towards a Greener Cleaner India" is the theme of the report.

Highlights

- The Report considers four key aspects of climate change, including the extraordinary pace and scale of climate change, its effects on macroeconomic stability, its implications for financial stability, and policy choices to reduce climate risks.
- India has embarked on a targeted and time-bound climate action plan to reduce carbon emissions and currently ranks the best amongst G-20 countries as per the Climate Change Performance Index, 2023.
- India's goal of achieving the net zero target by 2070 would require an accelerated reduction in the energy intensity of GDP by around 5 per cent annually and a significant improvement in its energy-mix in favour of renewables to around 80 per cent by 2070-71.
- India's green financing requirement is estimated to be at least 2.5 per cent of GDP annually till 2030.
- A balanced policy intervention with progress ensured across all policy levers will enable India to achieve its green transition targets by 2030, making the net zero goal by 2070 attainable.

Lets discuss the major FAQs related to currency management

1. What is the Indian currency called and what is its symbol?

The Indian currency is called the Indian Rupee (INR). One Rupee consists of 100 Paise. The symbol of the Indian Rupee is ₹. The design resembles both the Devanagari letter "₹" (rs) and the Latin capital letter "R", with a double horizontal line at the top.

2. What is legal tender?

A legal tender is a coin or a banknote that is recognized by law as a means to settle debt or obligation. The coins were issued by the Government of India under Section 6 of The Coinage Act, 2011. Every banknote issued by the Reserve Bank of India (₹2, ₹5, ₹10, ₹20, ₹50, ₹100, ₹200, ₹500, and ₹2000) guaranteed by the Central Government, subject to provisions Section 26(2) of RBI Act, 1934. ₹1 notes issued by the Government of India are also Legal Tender.

3. Where are banknotes and coins produced/minted?

Bank notes are printed at four currency presses, 2 of which are owned by the Government of India through its Corporation, Security Printing and Minting Corporation of India Ltd. (SPMCIL), and two are owned by the Reserve Bank, through its wholly-owned subsidiary, Bharatiya Reserve Bank Note Mudran Private Ltd. (BRBNMPL). The currency presses of SPMCIL are at Nasik (Western India) and Dewas (Central India). The two presses of BRBNMPL are Mysuru (Southern India) and Salboni (Eastern India).

Coins are minted in four mints owned by SPMCIL. The mints are located in Mumbai, Hyderabad, Kolkata, and NOIDA. The coins are issued for circulation only through the Reserve Bank in terms of Section 38 of the RBI Act.

4. What is a currency chest?

The currency chest is the storehouse of banknotes and coins. RBI authorized scheduled banks to have currency chest. There is a 3054 currency chest presently.

5. What is a small coin depot?

Some banks are authorized to establish Small Coin Depots to stock and distribute small coins i.e. coins of value below Rupee One to bank branches in their area of operation.

6. What is currency paper made up of?

The paper currently being used for printing banknotes in India is made using 100% cotton.

7. Is it possible to have two or more banknotes with the same serial number?

Yes, it is possible to have two or more banknotes with the same serial number, but they would either have a different Inset Letter or year of printing or the signature of a different Governor of RBI. An Inset Letter is an alphabet printed on the Number Panel of the banknote. There can be notes without any inset letter also.

8. How many languages appear in the language panel of Indian banknotes?

15 regional languages plus Hindi and English

9. What was the highest denomination note ever printed?

The highest denomination note ever printed by the Reserve Bank of India was the ₹10000 note in 1938 which was demonetized in January 1946. The ₹10000 was again introduced in 1954. These notes were demonetized in 1978.

10. Who decides on the figure to be printed on a new banknote?

According to Section 25 of the RBI Act, the design, form, and material of bank notes shall be such as may be approved by the Central Government after consideration of the recommendations made by the Central Board.

11. What is the Clean Note Policy?

Reserve Bank of India has been continuously making efforts to make good quality banknotes available to the members of the public. To help RBI and the banking system toward this objective, the members of the public are requested to ensure the following:

- Not to staple the banknotes
- Not to write/put rubber stamp or any other mark on the banknotes
- Not to use banknotes for making garlands/toys, decorating pandals and places of worship, showering on personalities in social events, etc

12. What is non-sequential numbering?

With a view to enhancing operational efficiency and cost effectiveness in banknote printing, non-sequential numbering was introduced in 2011 consistent with international best practices. Packets of banknotes with non-sequential numbering contain 100 notes which are not sequentially numbered.

13. What is a "star series" banknote?

Fresh banknotes issued by Reserve Bank of India till August 2006 were serially numbered. Each of these banknote bears a distinctive serial number along with a prefix consisting of numerals and letter/s. The banknotes are issued in packets containing 100 pieces.

The Bank adopted the "STAR series" numbering system for replacement of defectively printed banknote in a packet of 100 pieces of serially numbered banknotes. The Star series banknotes are exactly similar to the other banknotes, but have an additional character viz., a *(star) in the number panel in the space between the prefix.

MCQ for Practice

Q1. In which year non sequential numbering of bank notes was introduced?

- (a) 2000
- (b) 2005
- (c) 2011
- (d) 2019

Ans: 2011

Q2. What is the theme for the Report on Currency and Finance (RCF) for the fiscal year 2022-2023?

- (a) Towards a Greener Cleaner India
- (b) Life
- (c) Clean note policy
- (d) Green finance
- (e) None of these

Ans: Towards a Greener Cleaner India