

### 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



## RBI FAQ : Currency Management

*This is the part of the currency management FAQ.*

### What are the Security Features of banknotes in circulation?

**The security features in MG Series 2005 and MG (New) Series banknotes are as under:**

- i. Security Thread:** The silver coloured machine-readable security thread in ₹10, ₹20 and ₹50 denomination banknotes is windowed on front side and fully embedded on reverse side. The thread fluoresces in yellow on both sides under ultraviolet light. The thread appears as a continuous line from behind when held up against light. ₹100 and above denomination banknotes have machine-readable windowed security thread with colour shift from green to blue when viewed from different angles. It fluoresces in yellow on the reverse and the text will fluoresce on the obverse under ultraviolet light.
- ii. Intaglio Printing:** The portrait of Mahatma Gandhi, Reserve Bank seal, Guarantee and promise clause, Ashoka Pillar emblem, RBI's Governor's signature and the identification mark for the visually impaired persons are printed in intaglio in denominations ₹100 and above.
- iii. See through register:** On the left side of the note, a part of the numeral of each denomination is printed on the obverse (front) and the other part on the reverse. The accurate back to back registration makes the numeral appear as one when viewed against light.
- iv. Water Mark and electrotype watermark:** The banknotes contain the portrait of Mahatma Gandhi in the watermark window with a light and shade effect and multi-directional lines. An electrotype mark showing the denominational numeral in each denomination banknote also appears in the watermark window and these can be viewed better when the banknote is held against light.
- v. Colour Shifting Ink:** The numeral 200, 500 & 2000 on the ₹200, ₹500 and ₹2000 banknotes are printed in a colour-shifting ink. The colour of these numerals appears green when the banknotes are held flat but would change to blue when the banknotes are held at an angle.
- vi. Fluorescence:** The number panels of the banknotes are printed in fluorescent ink. The banknotes also have dual coloured optical fibres. Both can be seen when the banknotes are exposed to ultraviolet lamp.
- vii. Latent Image:** In the banknotes of ₹20 and above in the MG-2005 Series, the vertical band next to the (right side) Mahatma Gandhi's portrait contains a latent image, showing the denominational value as the case may be. The value can be seen only when the banknote is held horizontally and light allowed to fall on it; otherwise this feature appears only as a vertical band. In the MG (New) Series banknotes, the latent image exists in denominations ₹100 and above.
- viii. Micro letterings:** This feature appears at different places on the banknotes and can be seen better under a magnifying glass.
- ix. Additional Features introduced since 2015**
  - **New Numbering Pattern**

The numerals in both the number panels of the banknotes are in ascending size from left to right while the first three alpha-numeric characters (prefix) will remain constant in size.
  - **Angular Bleed Lines and Increase in the size of Identification Marks**

Angular Bleed Lines have been introduced in banknotes - 4 lines in 2 blocks in ₹100, 4 angular bleed lines with two circles in between in ₹200, 5 lines in 3 blocks in ₹500, 7 in ₹2000. In addition, the size of the identification marks in denominations ₹100 and above have been increased by 50 percent.

### **How can one distinguish the MG series-2005 banknotes?**

In addition to the security features listed above, banknotes issued after introduction of MG series-2005 have the year of printing on the reverse of the banknotes which is not present in the pre-2005 series.

### **What features on the banknote Mahatma Gandhi (New) Series (MGNS) can help visually challenged people identify the different denominations?**

The Mahatma Gandhi (New) Series banknotes have a sharp colour contrast scheme to facilitate identification by the partially visually challenged. The banknotes from ₹100 denomination onwards, have angular bleed lines (4 lines in 2 blocks in ₹100, 4 angular bleed lines with two circles in between in ₹200, 5 lines in 3 blocks in ₹500, 7 in ₹ 2000) and identification mark for the benefit of the visually challenged. There is an identification mark on the front side of each note which is in raised print (intaglio) and has different shapes for different denominations for e.g. Horizontal rectangle for ₹2000, circle for ₹500, raised Identification mark H for ₹200, triangle for ₹100. Further, in these denominations numerals are prominently displayed in the central area of the notes in raised print.

### **What is Mobile Aided Note Identifier (MANI)?**

Mobile Aided Note Identifier (MANI) is a mobile application launched by the Reserve Bank for aiding visually impaired persons to identify the denomination of Indian Banknotes. The free of cost application, once installed, does not require internet and is capable of identifying the denominations of Mahatma Gandhi Series and Mahatma Gandhi (New) series banknote by checking front or reverse side/part of the note including half folded notes at various holding angles and in a broad range of light conditions (normal light/day light/low light etc).

**Note:** This mobile application does not authenticate a note as being either genuine or counterfeit.

### **Why is One Rupee Note liability of the Government of India?**

The One Rupee notes issued under the Currency Ordinance, 1940 are legal tender and included in the expression Rupee coin for all the purposes of the Reserve Bank of India Act, 1934. Since the rupee coins issued by Government constitute the liabilities of the Government, one rupee Note is also liability of the Government of India.

### **What are the legal provisions relating to printing and circulation of forged banknotes?**

Counterfeiting banknotes/using as genuine, forged or counterfeit banknotes/possession of forged or counterfeit banknote/making or possessing instruments or materials for forging or counterfeiting banknotes/making or using documents resembling banknotes are offences under Sections 489A to 489E of the Indian Penal Code and are punishable in the Courts of Law by fine or imprisonment ranging from seven years to life imprisonment or both, depending on the offence.

The Government of India has framed Investigation of High Quality Counterfeit Indian Currency Offences Rules, 2013 under Unlawful Activities (Prevention) Act (UAPA), 1967. The Third Schedule of the Act defines High Quality Counterfeit Indian Currency Note. Activity of production, smuggling or circulation of High Quality Counterfeit Indian Notes has been brought under the ambit of UAPA, 1967.

### **Does possession of a forged note attract the punishment of fine or imprisonment?**

Mere possession of a forged note does not attract punishment. Possession of any forged or counterfeit banknotes, knowing or having reason to believe the same to be forged or counterfeit and intending to use the same as genuine or that it may be used as genuine, is punishable under Section 489C of Indian Penal Code, 1860

## Previous Year Questions: Topic Corporate Governance

**Directions (1-2):** Read the following paragraph and answer the following questions:

Every organisation needs good corporate governance, and independent directors play a crucial role in that. The independence of the independent directors, however, is highly contested. A committee to advise the Securities and Exchange Board of India (Sebi) on matters pertaining to corporate governance in Indian corporations was recently established. The committee will provide advice to the market regulator on matters such as ensuring that independent directors actively participate in the operations of companies, problems with listed companies' accounting and auditing practises, increasing the efficacy of board evaluation procedures, addressing problems with investors' voting and attendance at general meetings, and issues with disclosure and transparency.

**Q1. Who will chair the above-mentioned committee? -2017**

- (a) Kumar Mangalam Birla
- (b) N.K. Singh
- (c) Nandan Nilekani
- (d) Uday Kotak
- (e) Narayan Murthy

**S1. Ans.(d)**

**Sol.** A committee headed by Uday Kotak, executive vice chairman and managing director of Kotak Mahindra Bank Ltd., was established by the Securities and Exchange Board of India (SEBI) in June 2017 to advise it on matters pertaining to corporate governance in Indian companies. The committee, which consists of 21 people, represents other businesses, stock exchanges, trade associations, investor groups, legal firms, academics, research experts, and SEBI officials.

**Q2. What exactly is the purpose of the above-mentioned committee, apart from the areas already mentioned in the passage?. 2017**

- (a) Improving Disclosures of the Related Party Transactions
- (b) To find ways for board members to disclose their shareholding
- (c) To ensure proper way of resolving owner management conflicts
- (d) To improve the nominations of independent directors in the board
- (e) None of the above

**S2. Ans.(a)**

**Sol.** The mandate of the committee is to make recommendations on:

- Ensuring independence in spirit of independent directors and their active participation in functioning of the company.
- The steps that are need to be taken for improving safeguards and disclosures pertaining to related party transactions.
- To suggest measures for addressing issues faced by investors on voting and participation in general meetings
- The steps required for improving effectiveness of board evaluation practices. Suggest on issues pertaining to disclosure and transparency.



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**Q3. Identify the employee who is responsible for informing the public about the unethical behaviour taking place within the organisation. - 2018**

- (a) Sleeper Employee
- (b) Social Activist
- (c) Whistle Blower
- (d) Policy Crusader
- (e) None of the above

**S3. Ans.(c)**

**Sol.** A whistleblower is an employee who notices and reports wrongdoing within his company or organization, which could negatively affect the public as a whole. Whistleblowers are protected under the law. This means that whistleblowers should not have to fear retribution, such as the loss of their jobs, simply because they “blew the whistle,” speaking up against unlawful acts

**Directions (4-7): Read the following Paragraph and answer the questions which follows:**

Corporate social responsibility (CSR) is a self-policing corporate strategy that enables an organisation to be socially accountable to its customers, employees, and stakeholders. Companies can be aware of their impact on the economic, social, and environmental aspects of society by engaging in corporate social responsibility, often known as corporate citizenship. When a firm practises corporate social responsibility (CSR), it means that it operates in a way that benefits society and the environment rather than detracting from it. According to SEBI, companies eligible for CSR must establish a board-level Corporate Social Responsibility Committee made up of at least \_\_\_\_\_ "A" \_\_\_\_\_ directors, at least \_\_\_\_\_ "B" \_\_\_\_\_ of whom must be independent.

**Q4. According to Section 135 of the Companies Act, every business with a net value of at least Rs. \_\_\_\_\_ crore is eligible to participate in CSR initiatives? 2022**

- (a) 10 Crore
- (b) 50 Crore
- (c) 100 Crore
- (d) 500 Crore
- (e) None of the above

**S4. Ans.(d)**

**Sol.** As per section 135 of the companies Act, every company having net worth of rupees **five hundred crore** or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year is eligible to participate in CSR initiatives.

**Q5. According to Section 135 of the Companies Act, every firm with a net profit of at least Rs. \_\_\_\_\_ crore is eligible for CSR. 2022**

- (a) 5 Crore
- (b) 10 Crore
- (c) 15 Crore
- (d) 20 Crore
- (e) None of the above

**S5. Ans.(a)**

**Sol.** As per section 135 of the companies Act, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees **five crore** or more during the immediately preceding financial year is eligible to participate in CSR initiatives.

**Q6. Identify "A" from the following given options. 2022**

- (a) 1
- (b) 2
- (c) 3
- (d) 4
- (e) None of the above

**S6. Ans.(c)**

**Sol.** Corporate Social Responsibility Committee of the Board consists of three or more directors, out of which at least one director shall be an independent director

**Q7. Identify "B" from the following given options. 2022**

- (a) 1
- (b) 2
- (c) 3
- (d) 4
- (e) None of the above

**S7. Ans.(a)**

**Sol.** Corporate Social Responsibility Committee of the Board consists of three or more directors, out of which at least one director shall be an independent director

