



RESERVE SPEAK

CURRENCY MATTERS



RBI Financial Literacy Series

Published by Reserve Bank of India, Chennai

June 2007

**All rights reserved. Reproduction is permitted
provided an acknowledgement of the source is made**

For further information please visit
our website www.rbi.org.in or contact us at

**Reserve Bank of India
Fort Glacis, Rajaji Salai
Chennai 600 001
E-mail id: rdchennai@rbi.org.in**

Story and text by
Chandini.Moolchandani, Arun Vishnu Kumar, Haridas Sarode, Harita Thacker, Jayanthi.N,
P.S. Ravi, Siddharth Prakash, Nawas.J, Alexander C.K., Chandran.A, R.G. Nair

ONE FINE MORNING AT A BUSY MARKET PLACE...



LEAVING THE SHOP IN CARE OF HIS ASSISTANT, THE VENDOR AND THE MAN WALK TO THE BANK.

OUR CURRENCY NOTES ARE PRINTED ON SPECIAL PAPER.



BUT STILL THEY GET SPOILT VERY SOON BECAUSE WE MISHANDLE THEM.



SIR, WHY DON'T WE SEE FRESH 1 RUPEE, 2 RUPEE AND 5 RUPEE NOTES NOW-A-DAYS?



BANK

BEING OF VERY LOW VALUE, THEY ARE FREQUENTLY EXCHANGED AND GET TORN FASTER SO THEY HAVE BEEN REPLACED WITH COINS.



AT THE BANK'S CASH COUNTER



IF THE NOTES ARE TORN OR HAVE MISSING PIECES, DISFIGURED, BURNT, WASHED, EATEN BY WHITE ANTS ETC THEY ARE KNOWN AS MUTILATED NOTES.



THEY ARE JOINED BY AN EMPLOYEE OF THE BANK





RESERVE BANK IS THE SOLE AUTHORITY TO ISSUE BANK NOTES IN INDIA. THE NOTES ARE PRINTED AT THE PRINTING PRESSES LOCATED AT SALBOMI, MYSORE, DEWAS & NASIK. GOVERNMENT OF INDIA GETS THE COINS MINTED AT ALIPORE, NOIDA, MUMBAI AND HYDERABAD.



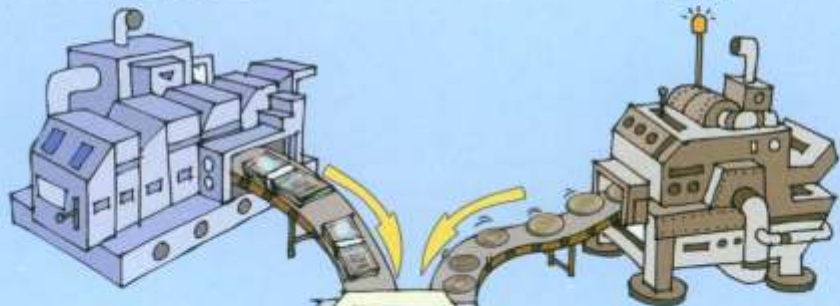


WHAT IS A CURRENCY CHEST?

CURRENCY CHESTS ARE EXTENDED ARMS OF RBI AND FACILITATE DISTRIBUTION OF FRESH NOTES TO THE PUBLIC AS WELL AS MOPPING UP SOILED NOTES FROM THEM TO ENSURE THAT CLEAN NOTES ARE IN CIRCULATION. RBI DISTRIBUTES THE NOTES AND COINS THROUGH A NETWORK OF 18 ISSUE OFFICES, MORE THAN 4000 CURRENCY CHESTS AND MORE THAN 4000 SMALL COINS DEPOTS SPREAD ACROSS THE COUNTRY.

PRINTING PRESS

MINT



DESTRUCTION



CURRENCY CHEST

BANK BRANCHES



PUBLIC



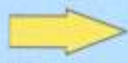
PUBLIC



PUBLIC



PUBLIC



FRESH NOTES



SOILED NOTES





OPTICALLY VARIABLE INK – THAT
CHANGES COLOURS AT DIFFERENT ANGLES

500

LATENT IMAGE – VISIBLE WHEN
HELD HORIZONTALLY AT EYE LEVEL

IDENTIFICATION MARK
FOR HELPING
THE VISUALLY IMPAIRED



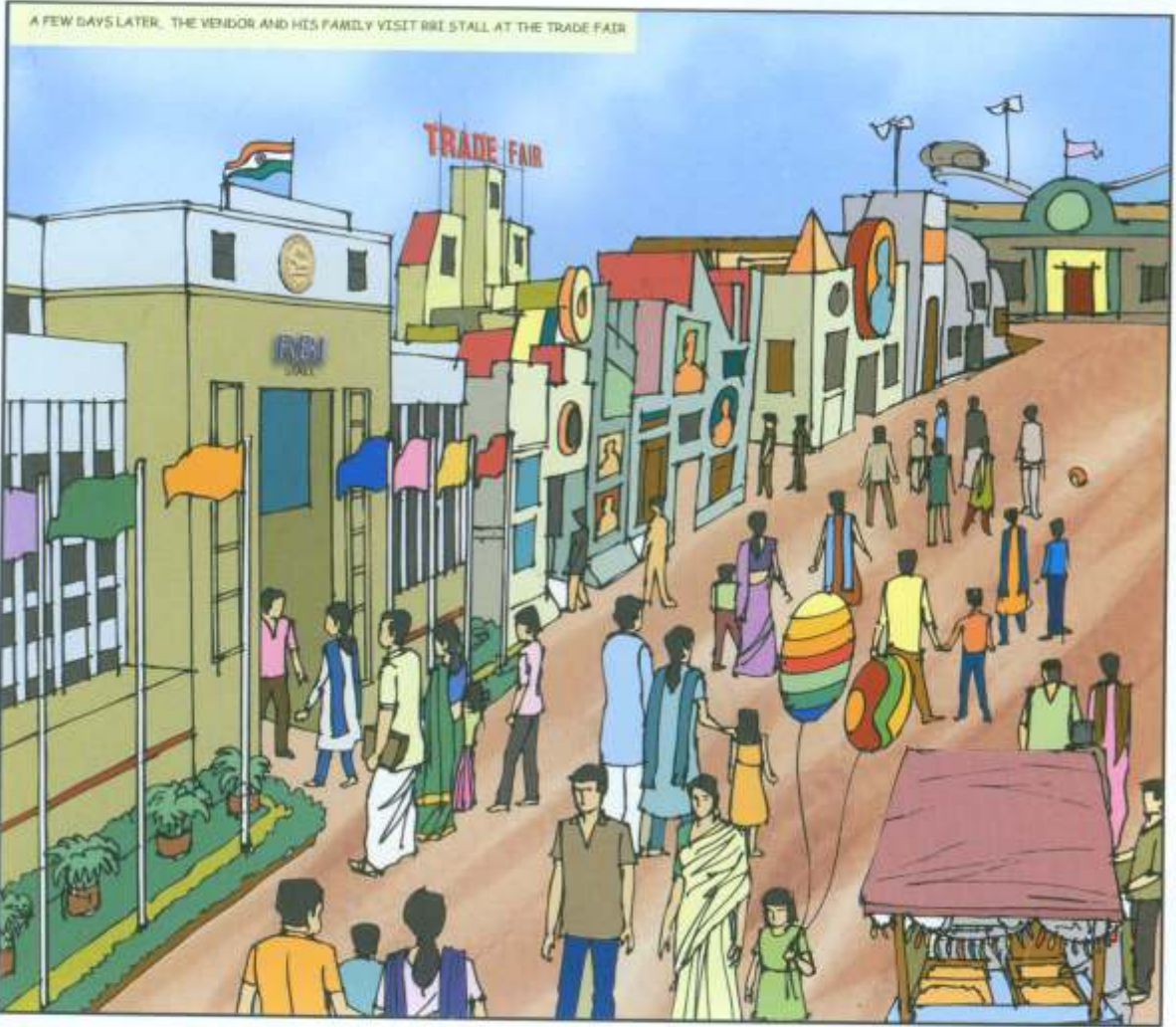
WATERMARK OF MAHATMA
GANDHI WITH LIGHT
& SHADE EFFECT



WINDOWED SECURITY THREAD –
WITH THE WORDS "BHARAT"
& RBI ALTERNATIVELY

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

पाँच सौ रुपये
500
















**THE RESERVE BANK OF INDIA
NOT ONLY ENSURES
ADEQUATE SUPPLY OF
CLEAN NOTES, BUT ALSO ENSURES
THAT THE VALUE OF THE RUPEE
IS MAINTAINED SO THAT
PEOPLE CONTINUE TO HAVE
FAITH AND TRUST
ON THE CURRENCY.**

THE INDIAN CURRENCY - NATION'S PRIDE

CURRENCY NOTES ARE A NATION'S PRIDE AND REPRESENT THE NATION'S IDENTITY, CULTURE AND HISTORY. THE INDIAN CURRENCY IS CALLED THE INDIAN RUPEE (INR) AND THE COINS ARE CALLED PAISE. ONE RUPEE CONSISTS OF 100 PAISE

-  THE RESERVE BANK OF INDIA HAS THE SOLE RESPONSIBILITY FOR THE PRINTING AND ISSUE OF NEW CURRENCY NOTES.
-  THE BANK SPENT RS.1034 CRORE IN THE YEAR 2005- 06 (JULY-JUN2) FOR PRINTING OF NEW NOTES
-  THE EXPENDITURE INCURRED IN THE PRINTING OF NEW CURRENCY NOTES IS A COST TO THE NATION. THIS COST CAN BE SUBSTANTIALLY REDUCED BY INCREASING THE AVERAGE LIFE SPAN OF OUR CURRENCY NOTES.
-  THE AVERAGE LIFE SPAN OF OUR CURRENCY NOTES IS ABOUT 6 MONTHS. YOU CAN INCREASE THIS AVERAGE BY PROPER HANDLING OF THE CURRENCY NOTES.
-  BANKNOTES AND COINS CAN BE EXCHANGED AT RBI OFFICES AND AT ALL THE DESIGNATED BRANCHES OF BANKS.
-  ALL BANK BRANCHES ARE AUTHORIZED TO ACCEPT SOILED BANKNOTES ACROSS THEIR COUNTERS AND PAY THE EXCHANGE VALUE.
-  RBI PUTS INTO CIRCULATION THE COINS MINTED BY THE GOVERNMENT OF INDIA.
-  CUSTOMERS CAN APPROACH THE BANKING OMBUDSMAN IN CASE NON-ACCEPTANCE, WITHOUT SUFFICIENT CAUSE, OF SMALL DENOMINATION NOTES AND COINS TENDERED FOR ANY PURPOSE, AND FOR CHARGING OF COMMISSION FOR THIS SERVICE.
-  BEWARE! COUNTERFEITING AND MELTING OF COINS ARE ACTS WHICH ARE PUNISHABLE IN THE COURTS OF LAW.



THE RESERVE BANK OF INDIA (RBI) BY VIRTUE OF BEING THE 'CENTRAL BANK' OF THE COUNTRY IS UNIQUELY PLACED TO PERFORM CERTAIN SPECIFIC AND CHALLENGING PUBLIC RESPONSIBILITIES. RBI ABOVE ALL IS A PUBLIC INSTITUTION SERVING PUBLIC INTEREST. THE BANK HAS RECENTLY UNDERTAKEN A FINANCIAL EDUCATION AND FINANCIAL LITERACY DRIVE FOR THE COMMON MAN SO THAT HE KNOWS WHAT TO EXPECT, WHAT CHOICES HE HAS, WHAT HIS RIGHTS AND OBLIGATIONS ARE IN RELATION TO BANKING SERVICES.

WITH THIS COMMITMENT OF REACHING OUT TO ONE AND ALL, THE RESERVE BANK INTENDS TO PUT FORTH A SERIES OF PICTORIAL BOOKLETS UNDER THE NAME 'RESERVE SPEAK – FIN LIT SERIES' THAT AIM TO INTRODUCE THE FUNCTIONING OF RBI AND ENHANCE THE COMMON MAN'S KNOWLEDGE OF FINANCIAL MATTERS.

AS A PART OF THE ABOVE SERIES, THIS BOOKLET ON 'CURRENCY MATTERS' DEALS WITH CURRENCY MANAGEMENT WHICH IS AN IMPORTANT FUNCTION OF RBI. FRESH BANK NOTES ARE ISSUED BY THE RESERVE BANK AND THE OLD ONES WITHDRAWN AND DESTROYED. THEIR DESIGN, PRODUCTION AND DISTRIBUTION ACROSS THE ENTIRE COUNTRY ARE MANAGED BY RBI AS WELL. AS PORTRAYED ON THE CURRENCY NOTES, THE DENOMINATION IS WRITTEN IN TWO OFFICIAL LANGUAGES (ENGLISH AND HINDI) AND FIFTEEN NATIONAL OR REGIONAL LANGUAGES. IT REFLECTS THE DIVERSITY OF OUR COUNTRY AND THE RESERVE BANK'S COMMITMENT TO REACH OUT TO ONE AND ALL.

OTHER BOOKLETS IN THE SERIES ARE:
BANK MATTERS.