

*The focus of currency management during the year continued on making available adequate quantity of clean notes in circulation, especially in the backdrop of the second wave of the COVID-19 pandemic. The Reserve Bank made an attempt to gauge trends and preferences in public usage of banknotes with a view to optimise the currency management operations.*

VIII.1 In the wake of the second wave of COVID-19 pandemic, which induced renewed restrictions on movement in various parts of the country, the efforts of the Reserve Bank remained focused on ensuring adequate supply of clean banknotes in the economy while accelerating the pace of disposal of soiled notes, a process that was severely disrupted in the previous year. Simultaneously, the Reserve Bank also attempted to gather meaningful insights about the pattern of usage of cash by the public given the rise in digital payments in the recent past.

VIII.2 Against this backdrop, the rest of the chapter is organised into five sections. The next section presents the important developments in currency in circulation during the year. Section 3 covers the implementation status of the agenda for 2021-22 and section 4 presents the developments with regard to Bharatiya Reserve Bank Note Mudran Private Ltd. (BRBNMPL), a wholly-owned subsidiary of the Reserve Bank. Section 5 sets out the agenda for 2022-23, while concluding observations are set out in the last section.

## 2. Developments in Currency in Circulation

VIII.3 Currency in circulation (CiC) includes banknotes and coins. Presently, the Reserve Bank issues banknotes in denominations of ₹2, ₹5, ₹10,

₹20, ₹50, ₹100, ₹200, ₹500 and ₹2000. Coins in circulation comprise 50 paise and ₹1, ₹2, ₹5, ₹10 and ₹20 denominations.

### Banknotes

VIII.4 The value and volume of banknotes in circulation increased by 9.9 per cent and 5.0 per cent, respectively, during 2021-22 as compared with 16.8 per cent and 7.2 per cent, respectively, during 2020-21 (Table VIII.1). In value terms, the share of ₹500 and ₹2000 banknotes together accounted for 87.1 per cent of the total value of banknotes in circulation as on March 31, 2022, as against 85.7 per cent as on March 31, 2021. In volume terms, ₹500 denomination constituted the highest share at 34.9 per cent, followed by ₹10 denomination banknotes, which constituted 21.3 per cent of the total banknotes in circulation as on March 31, 2022.

### Coins

VIII.5 The total value of coins in circulation increased by 4.1 per cent in 2021-22, while the total volume increased by 1.3 per cent during the same period (Table VIII.2). As on March 31, 2022, coins of ₹1, ₹2 and ₹5 together constituted 83.5 per cent of the total volume of coins in circulation, while in value terms, these denominations accounted for 75.8 per cent.

**Table VIII.1: Banknotes in Circulation (end-March)**

Denomination (₹)	Volume (pieces in lakh)			Value (₹ crore)		
	2020	2021	2022	2020	2021	2022
1	2	3	4	5	6	7
2 and 5	1,12,203 (9.7)	1,11,728 (9.0)	1,11,261 (8.5)	4,331 (0.2)	4,307 (0.2)	4,284 (0.1)
10	3,04,022 (26.2)	2,93,681 (23.6)	2,78,046 (21.3)	30,402 (1.3)	29,368 (1.0)	27,805 (0.9)
20	82,994 (7.2)	90,579 (7.3)	1,10,129 (8.4)	16,599 (0.7)	18,116 (0.6)	22,026 (0.7)
50	86,009 (7.4)	87,524 (7.0)	87,141 (6.7)	43,004 (1.8)	43,762 (1.5)	43,571 (1.4)
100	1,99,021 (17.2)	1,90,555 (15.3)	1,81,420 (13.9)	1,99,021 (8.2)	1,90,555 (6.7)	1,81,421 (5.8)
200	53,646 (4.6)	58,304 (4.7)	60,441 (4.6)	1,07,293 (4.4)	1,16,608 (4.1)	1,20,881 (3.9)
500	2,94,475 (25.4)	3,86,790 (31.1)	4,55,468 (34.9)	14,72,373 (60.8)	19,33,951 (68.4)	22,77,340 (73.3)
2000	27,398 (2.4)	24,510 (2.0)	21,420 (1.6)	5,47,952 (22.6)	4,90,195 (17.3)	4,28,394 (13.8)
<b>Total</b>	<b>11,59,768</b>	<b>12,43,671</b>	<b>13,05,326</b>	<b>24,20,975</b>	<b>28,26,863</b>	<b>31,05,721</b>

Note: 1. Figures in parentheses represent the percentage share in total volume/value.

2. Figures may not add up due to the rounding-off of numbers.

Source: RBI.

### Currency Management Infrastructure

VIII.6 The functions relating to the issuance of currency (both banknotes and coins) and their

management are performed by the Reserve Bank through its issue offices, currency chests and small coin depots spread across the country.

**Table VIII.2: Coins in Circulation (end-March)**

Denomination (₹)	Volume (pieces in lakh)			Value (₹ crore)		
	2020	2021	2022	2020	2021	2022
1	2	3	4	5	6	7
Small coins	1,47,880 (12.1)	1,47,880 (12.0)	1,47,880 (11.9)	700 (2.7)	700 (2.6)	700 (2.5)
1	5,08,878 (41.8)	5,12,597 (41.7)	5,15,879 (41.4)	5,089 (19.3)	5,126 (19.1)	5,159 (18.4)
2	3,35,158 (27.5)	3,37,863 (27.5)	3,40,792 (27.3)	6,703 (25.5)	6,757 (25.1)	6,816 (24.4)
5	1,75,992 (14.4)	1,79,360 (14.6)	1,84,331 (14.8)	8,800 (33.5)	8,968 (33.4)	9,217 (33.0)
10	50,130 (4.1)	51,391 (4.2)	54,044 (4.3)	5,013 (19.1)	5,139 (19.1)	5,404 (19.3)
20	-	896 (0.1)	3,372 (0.3)	-	179 (0.7)	674 (2.4)
<b>Total</b>	<b>12,18,038</b>	<b>12,29,988</b>	<b>12,46,298</b>	<b>26,305</b>	<b>26,870</b>	<b>27,970</b>

-: Not applicable.

Note: 1. Figures in parentheses represent the percentage share in total volume/value.

2. Figures may not add up due to the rounding-off of numbers.

Source: RBI.

**Table VIII.3: Currency Chests and Small Coin Depots**

Category	Number of Currency Chests	Number of Small Coin Depots
1	2	3
State Bank of India	1,544	1,291
Nationalised Banks	1,067	832
Private Sector Banks	253	160
Cooperative Banks	5	4
Foreign Banks	4	3
Regional Rural Banks	4	5
Reserve Bank of India	1	1
<b>Total</b>	<b>2,878</b>	<b>2,296</b>

Source: RBI.

As on March 31, 2022, the State Bank of India accounted for the highest share (53.6 per cent) of currency chests (Table VIII.3).

### Indent and Supply of Currency

VIII.7 The indent of banknotes for 2021-22 was marginally lower by 1.8 per cent than that of a year ago (Table VIII.4). The supply of banknotes was also marginally lower by 0.4 per cent during 2021-22 than the previous year.

VIII.8 During 2021-22, the indent and supply for coins was lower by around 73.3 per cent and 73.0 per cent, respectively, as compared with last year due to accumulated stock and lower demand in last few years (Table VIII.5).

### Disposal of Soiled Banknotes

VIII.9 The disposal of soiled banknotes increased by 88.4 per cent to 1,878.01 crore pieces during 2021-22 from 997.02 crore pieces in the previous year (Table VIII.6).

**Table VIII.4: Indent and Supply of Banknotes by BRBNMPL and SPMCIL (April to March)**

(Pieces in lakh)

Denomination (₹)	2019-20		2020-21		2021-22	
	Indent	Supply	Indent	Supply	Indent	Supply
1	2	3	4	5	6	7
5	-	60	-	-	-	-
10	14,700	14,702	2,840	2,846	7,500	7,510
20	12,500	13,390	48,750	38,520	20,000	20,000
50	24,000	23,431	14,000	13,887	15,000	15,000
100	33,000	32,708	40,000	37,270	40,000	40,002
200	20,500	19,588	15,000	15,106	12,000	11,991
500	1,46,300	1,19,996	1,06,000	1,15,672	1,28,000	1,28,003
2000	-	-	-	-	-	-
<b>Total</b>	<b>2,51,000</b>	<b>2,23,875</b>	<b>2,26,590</b>	<b>2,23,301</b>	<b>2,22,500</b>	<b>2,22,505</b>

-: Not Applicable.

BRBNMPL: Bharatiya Reserve Bank Note Mudran Private Limited. SPMCIL: Security Printing and Minting Corporation of India Limited.

**Note:** Figures in the columns may not add up to the total due to the rounding-off of the numbers.

**Source:** RBI.

**Table VIII.5: Indent and Supply of Coins by Mints (April to March)**

(Pieces in lakh)

Denomination (₹)	2019-20		2020-21		2021-22	
	Indent	Supply	Indent	Supply	Indent	Supply
1	2	3	4	5	6	7
1	1,000	1,093	1,000	1,000	-	-
2	8,000	7,993	9,500	6,718	2,000	2,000
5	10,000	9,984	11,000	10,995	2,000	2,000
10	12,000	11,565	5,500	5,852	2,000	2,000
20	3,000	458	3,000	5,061	2,000	2,000
<b>Total</b>	<b>34,000</b>	<b>31,093</b>	<b>30,000</b>	<b>29,626</b>	<b>8,000</b>	<b>8,000</b>

-: Not Applicable.

Source: RBI.

*Counterfeit Notes*

VIII.10 During 2021-22, out of the total Fake Indian Currency Notes (FICNs) detected in the banking sector, 6.9 per cent were detected at the Reserve Bank and 93.1 per cent at other banks (Table VIII.7).

VIII.11 Compared to the previous year, there was an increase of 16.4 per cent, 16.5 per cent, 11.7

per cent, 101.9 per cent and 54.6 per cent in the counterfeit notes detected in the denominations of ₹10, ₹20, ₹200, ₹500 (new design) and ₹2000, respectively. The counterfeit notes detected in the denominations of ₹50 and ₹100 declined by 28.7 per cent and 16.7 per cent, respectively (Table VIII.8).

*Expenditure on Security Printing*

VIII.12 The total expenditure incurred on security printing during April 1, 2021 to March 31, 2022 was ₹4,984.8 crore as against ₹4,012.1 crore in the previous year (July 1, 2020 to March 31, 2021).

**Table VIII.6: Disposal of Soiled Banknotes (April to March)**

(Pieces in lakh)

Denomination (₹)	2019-20	2020-21	2021-22
1	2	3	4
2000	1,768	4,548	3,847
1000	-	-	-
500	1,645	5,909	22,082
200	318	1,186	6,167
100	44,793	42,433	59,203
50	19,070	12,738	27,696
20	21,948	10,325	20,771
10	55,744	21,999	46,778
Up to 5	1,244	564	1,257
<b>Total</b>	<b>1,46,530</b>	<b>99,702</b>	<b>1,87,801</b>

-: Not Applicable.

Note: Figures in the columns may not add up to the total due to the rounding-off of the numbers.

Source: RBI.

**Table VIII.7: Number of Counterfeit Notes Detected (April to March)**

(Number of pieces)

Year	Detection at Reserve Bank	Detection at Other Banks	Total
1	2	3	4
2019-20	13,530 (4.6)	2,83,165 (95.4)	2,96,695 (100.0)
2020-21	8,107 (3.9)	2,00,518 (96.1)	2,08,625 (100.0)
2021-22	15,878 (6.9)	2,15,093 (93.1)	2,30,971 (100.0)

Note: 1. Figures in parentheses represent the percentage share in total.

2. Does not include counterfeit notes seized by the police and other enforcement agencies.

Source: RBI.

**Table VIII.8: Denomination-wise Counterfeit Notes Detected in the Banking System (April to March)**

Denomination (₹)	(Number of pieces)		
	2019-20	2020-21	2021-22
1	2	3	4
2 and 5	22	9	1
10	844	304	354
20	510	267	311
50	47,454	24,802	17,696
100	1,68,739	1,10,736	92,237
200	31,969	24,245	27,074
500 (Specified Banknotes)	11	9	14
500	30,054	39,453	79,669
1000 (Specified Banknotes)	72	2	11
2000	17,020	8,798	13,604
<b>Total</b>	<b>2,96,695</b>	<b>2,08,625</b>	<b>2,30,971</b>

Source: RBI.

### 3. Agenda for 2021-22

VIII.13 Last year, the Department had set out the following goals:

- Augmentation of disposal of soiled notes (Paragraph VIII.14);
- Procurement of new Shredding and Briquetting Systems (SBS) (*Utkarsh*) [Paragraph VIII.15]; and
- Establishment of a state-of-the-art facility for conducting cutting edge research to test the robustness of security features of banknotes and introduction of new security features (*Utkarsh*) [Paragraph VIII.15].

#### **Implementation Status**

##### *Augmentation of Disposal of Soiled Banknotes*

VIII.14 The disposal of soiled banknotes was severely affected during the second and third waves of COVID-19 pandemic. However, as a result of concerted efforts, the disposal of soiled

banknotes improved significantly as alluded to earlier under paragraph VIII.9.

##### *Other Goals*

VIII.15 The remaining goals set for 2021-22 are under various stages of implementation and have thus been carried forward to the agenda for 2022-23.

#### **Major Activities**

##### *Microsite for Banknotes*

VIII.16 A new microsite for banknotes is being launched by the Reserve Bank, hosting information on security features and exchange facility for banknotes. The hallmark of the microsite is that the information will be disseminated not only through multiple modes such as 360-degree views of the design and security features of banknotes, explanatory videos and animations, but also through interactive games.

##### *Awareness Campaign on Exchange of Banknotes*

VIII.17 With a view to enhance customer service, the Reserve Bank embarked on an awareness campaign exclusively on exchange facilities for banknotes. The media mix of the campaign included TV commercials and print advertisements in newspapers. The campaign which was conducted from March 16 to 31, 2022 is expected to provide further impetus to the exchange facility for banknotes.

##### *Banknote Survey of Consumers*

VIII.18 The Department launched a banknote survey of consumers with the objective of (i) assessing demand for cash as well as denomination preferences at the consumer level; (ii) measuring awareness of consumers about various security features of the banknotes; and (iii) gauging the level of satisfaction with banknotes and coins among the

**Box VIII.1****Banknote Survey of Consumers: Major Findings**

A diverse sample of 11,000 respondents from rural, semi-urban, urban and metropolitan areas, spanning 28 states and three union territories participated in the survey. The survey also included 351 visually impaired respondents (VIR). The survey covered respondents from the age of 18 to 79 years with a gender representation of 60:40 for males and females.

The survey findings revealed that, among banknotes, ₹100 was the most preferred while ₹2000 was the least preferred denomination. Among coins, denomination

of ₹5 was the most preferred whereas ₹1 was the least preferred. Watermark of Mahatma Gandhi's image followed by windowed security thread were the most recognised security feature. Around three per cent of the respondents were not aware of any banknote security feature. Overall, approximately 7 out of 10 respondents were found to be satisfied with the new series of banknotes. Among the VIR, majority were found to be aware of the quality of paper and size of the banknotes.

**Source:** RBI.

general public as well as visually impaired persons (Box VIII.1).

#### *Procurement of New Security Features for Indian Banknotes*

VIII.19 The Reserve Bank is actively involved in taking the process of introduction of new security features for banknotes forward.

#### *Strengthening Currency Management Operations*

VIII.20 The Reserve Bank continued to focus on the enhancement of its production and processing capabilities towards strengthening the currency management operations in the economy.

#### *Scheme of Penalty for Non-replenishment of ATMs*

VIII.21 A scheme of penalty for non-replenishment of ATMs was introduced for banks/White Label ATM Operators (WLAOs) to ensure that sufficient cash is made available to the public through ATMs.

#### *Increasing Incentives for Distribution of Coins*

VIII.22 Currency Distribution and Exchange Scheme (CDES) for banks was reviewed wherein the incentive for distribution of coins was increased from ₹25 to ₹65 per bag. An additional incentive of ₹10 per bag will be payable for coin distribution in rural and semi-urban areas. While

the need of engaging business correspondents (BCs) and cash in transit (CIT) companies by banks for distribution of coins was re-emphasised, banks were also advised to provide coins to bulk customers which was not permitted earlier.

#### **4. Bharatiya Reserve Bank Note Mudran Private Ltd. (BRBNMPL)**

VIII.23 BRBNMPL is a wholly-owned subsidiary of the Reserve Bank, which is playing a crucial role in designing, printing and supply of banknotes. In the COVID-19 pandemic-induced environment, BRBNMPL achieved production of 13,350 million pieces of banknotes in 2021-22. The two-fold increase in direct remittances by BRBNMPL to currency chests aided the unfettered availability of banknotes during the pandemic. Colour Shift Intaglio Ink (CSII), a security feature used in the Indian banknotes that was imported earlier, is now being indigenously manufactured at Varnika, the Ink Manufacturing Unit at BRBNMPL, Mysuru, meeting the entire requirement of both BRBNMPL and SPMCIL. This has resulted in significant reduction in import dependency for banknote production as also saving of foreign exchange. During the year, the Governor, Reserve Bank

dedicated the Ink Manufacturing Unit (Varnika) of BRBNMPL, Mysuru to the nation.

### 5. Agenda for 2022-23

VIII.24 During the year, the Department will focus on the following:

- Procurement of new Shredding and Briquetting Systems (SBS) [*Utkarsh*];
- Establishment of a state-of-the-art facility for conducting cutting edge research to test the robustness of security features of banknotes and introduction of new security features (*Utkarsh*);
- Study on automation and logistics in currency management;
- Mobile Aided Note Identifier (MANI) App for the visually impaired persons - introduction of 11 regional languages in the App in addition to Hindi and English already available; and

- Survey on the usage of cash, coins and digital mode for payments.

### 6. Conclusion

VIII.25 In sum, during 2021-22, the Reserve Bank focused on augmenting disposal of soiled notes, enhancing public awareness, understanding public demand and expectations from banknotes, making available adequate quantity of clean notes and maintaining sufficient buffer stock to meet any contingency requirements on account of COVID-19 pandemic. Going ahead, the Reserve Bank's endeavour would be to further modernise the processing of banknotes, rationalise currency management processes, promote analytical research for strengthening the integrity of banknotes, frame a strategy for complete indigenisation of raw materials for banknote production, increase public awareness through technological aids and study the public usage of cash, coins and digital mode through a pan-India survey.