

# BANK EXAMS

## GENERAL AWARENESS

### RBI and Issuing of Currency

RBI has the sole right to issue currency notes. However one rupee notes and coins are issued by the government of India. So that RBI issue major currency in India. RBI issue notes of different denominations as decided by the Central Government, based on the recommendations made by the Central Board of the bank from time to time. Such notes should be legal tender at any place in India.

In the Paper Currency presently there are 8 denominations issuing by RBI ranging from Rs.2 to Rs.1000. RBI handles the currency management through its Department of Currency Management in Mumbai. The Reserve Bank currency management is handled through two department's viz., the Issue Department and the Banking Department. Bank notes in the Mahatma Gandhi Series introduced in 1996.

**If the major currency is issued by single Central bank, it will have the following advantages:**

- 1) It brings uniformity in notes issue
- 2) It makes possible effective state supervision
- 3) It is easier to control and regulate credit in accordance with the requirements in the economy
- 4) It keeps faith of the public in the paper currency.

#### Security Features on Indian Bank notes:

**Water Mark:** Mahatma Gandhi Series of bank notes contain the Mahatma Gandhi watermark with a light and shade effect and multi-directional lines in the watermark window.

**Latent Image:** On the obverse side of Rs.1000, Rs.500, Rs.100, Rs.50 and Rs.20 notes, a vertical band on the right side of the Mahatma Gandhi's portrait contains a latent image showing the respective denominational value in numeral. The latent image is visible only when the note is held horizontally at eye level.

**Microlettering:** This feature appears between the vertical band and Mahatma Gandhi portrait. It contains the word 'RBI' in Rs.5 and Rs.10. The notes of Rs.20 and above also contain the denominational value of the notes in micro letters. This feature can be seen better under a magnifying glass.

**Intaglio Printing:** The portrait of Mahatma Gandhi, the Reserve Bank seal, guarantee and promise clause, Ashoka Pillar Emblem on the left, RBI Governor's signature are printed in intaglio i.e., in raised prints, which can be felt by touch, in Rs.20, Rs.50, Rs.100, Rs.500 and Rs.1000 notes.

**Identification Mark:** A special feature in intaglio has been introduced on the left of the watermark window on all notes except Rs.10/- note. This feature is in different shapes for various denominations (Rs. 20 - Vertical Rectangle, Rs.50 - Square, Rs.100 - Triangle, Rs.500 - Circle, Rs.1000 - Diamond) and helps the visually impaired to identify the denomination.

**Fluorescence:** Number panels of the notes are printed in fluorescent ink. The notes also have optical fibres. Both can be seen when the notes are exposed to ultra-violet lamp.

**Optically Variable Ink:** This is a new security feature incorporated in the Rs.1000 and Rs.500 notes with revised colour scheme introduced in November 2000. The numeral 1000 and 500 on the obverse of Rs.1000 and Rs.500 notes respectively is printed in optically variable ink viz., a colour-shifting ink. The colour of the numeral 1000/500 appears green when the note is held flat but would change to blue when the note is held at an angle.

**See through Register:** The small floral design printed both on the front (hollow) and back (filled up) of the note in the middle of the vertical band next to the Watermark has an accurate back to back registration. The design will appear as one floral design when seen against the light.

**Security thread:** Present Rs.1000 notes introduced in October 2000 contain a readable, windowed security

thread alternately visible on the obverse with the inscriptions 'Bharat' (in Hindi), '1000' and 'RBI', but totally embedded on the reverse. The Rs.500 and Rs.100 notes have a security thread with similar visible features and inscription 'Bharat' (in Hindi), and 'RBI'.

- ★ When held against the light, the security thread on Rs.1000, Rs.500 and Rs.100 can be seen as one continuous line. The Rs.5, Rs.10, Rs.20 and Rs.50 notes contain a readable, fully embedded windowed security thread with the inscription 'Bharat' (in Hindi), and 'RBI'. The security thread appears to the left of the Mahatma's portrait. Notes issued prior to the introduction of the Mahatma Gandhi Series have a plain, non-readable fully embedded security thread.
- ★ To enhance operational efficiency and cost effectiveness in banknote printing, non-sequential numbering was introduced in 2011 consistent with international best practices. Packets of bank notes in non-sequential number will have 100 notes which are not sequentially numbered.

### MODEL QUESTIONS

1. Which Agency in India is called the 'Issuer of Currency'?
  - 1) SBI
  - 2) Ministry of Finance
  - 3) RBI
  - 4) IDBI
  - 5) Prime minister
2. Regarding the Indian Currency issue by RBI, statements given. Pick the incorrect one.
  - 1) It issues Rs.2 and above Paper Currency till Rs.1000 paper currency now
  - 2) It was given power to issue the paper currency denomination up to Rs.10,000
  - 3) It issue Rs.1 also
  - 4) Coins mint by Government of India
  - 5) It acts as the government's agent for issue and distribution of coins
3. Who put the signature on the paper currency having denomination of Rs.2 and more?
  - 1) Finance minister
  - 2) Finance Secretary
  - 3) RBI governor
  - 4) Prime Minister
  - 5) None
4. .... puts signature on one rupee paper currency?
  - 1) Finance Secretary
  - 2) RBI governor
  - 3) President
  - 4) Prime Minister
  - 5) Finance Minister
5. Nasik and Dewas security presses supply white paper, are owned by Security Printing and Minting Corporation of India (SPMCIL), a wholly owned company of .....
  - 1) RBI
  - 2) SBI
  - 3) State Governments
  - 4) Union Government
  - 5) None
6. Mysore and Salboni Security presses are owned by.....established on 3<sup>rd</sup> Feb 1995?
  - 1) Security Printing and Minting Corporation of India (SPMCIL)
  - 2) National Bank for Agriculture and Rural Development (NABARD)
  - 3) Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)
  - 4) National Rural Bank of India( NRBI)
  - 5) None
7. Indian Security presses import ink from.....to mint paper currency?
  - 1) UK
  - 2) Saudi Arabia
  - 3) Australia
  - 4) Switzerland
  - 5) Italy

8. Who has authority to impound Counterfeit Notes?
- 1) All branches of Public Sector Banks and All branches of Private sector Banks and Foreign Banks
  - 2) All branches of Co-operative Banks & Regional Rural Banks
  - 3) All Treasuries and Sub-Treasuries
  - 4) Issue Offices of Reserve Bank of India
  - 5) All of above
9. The date for exchanging the pre-2005 banknotes extended to.....?
- 1) 1<sup>st</sup> June 2015
  - 2) 1<sup>st</sup> Jan 2016
  - 3) 30<sup>th</sup> Apr 2015
  - 4) 30<sup>th</sup> June 2016
  - 5) 30<sup>th</sup> June 2015
10. Indian Currency abbreviated form ....?
- 1) IN
  - 2) INNR
  - 3) IRN
  - 4) INR
  - 5) IRN
11. In the paper currency above Rs.2 denomination 'I Promise to Pay' clause signed by...?
- 1) Finance Minister
  - 2) President of India
  - 3) RBI Deputy governor
  - 4) RBI governor
  - 5) None
12. If a bank note become dirty due to usage and also includes a two piece note pasted together wherein both the pieces presented belong to the same note, and form the entire note, it is called.....
- 1) counterfeit note
  - 2) fake note
  - 3) rough note
  - 4) soiled note
  - 5) None
13. Soiled banknotes are exchanged for....
- 1) total value
  - 2) nil value
  - 3) half value
  - 4) full value
  - 5) None
14. If a bank note not possess the characteristics of genuine Indian currency notes is called.....
- 1) forged note
  - 2) counterfeit note
  - 3) fake note
  - 4) all of above
  - 5) None
15. The RBI based on the demand requirement indicates the volume and value of bank notes to be printed each year to the Government of India which get finalized after mutual consultation. The quantum of banknotes to be printed, broadly depends on the.....
- 1) demand for banknotes
  - 2) GDP growth
  - 3) replacement of soiled banknotes
  - 4) reserve stock requirements
  - 5) All of above
16. The Issue Department is responsible for the issue of notes as per demand made by Banking Department of R.B.I. From 1939 to 1956 it followed Proportional Reserve System. It means....?
- 1) R.B.I was required to hold 50% worth of assets in the form of Gold / foreign securities against issue of currency. However the worth of gold must not be below than Rs. 50 Crores.
  - 2) R.B.I was required to hold 60% worth of assets in the form of Gold / foreign securities against issue of currency. However the worth of gold must not be below than Rs. 60 Crores.

- 3) R.B.I was required to hold 45% worth of assets in the form of Gold / foreign securities against issue of currency. However the worth of gold must not be below than Rs.45 Crores.
- 4) R.B.I was required to hold 70% worth of assets in the form of Gold / foreign securities against issue of currency. However the worth of gold must not be below than Rs.70 Crores.
- 5) R.B.I was required to hold 40% worth of assets in the form of Gold / foreign securities against issue of currency. However the worth of gold must not be below than Rs.40 Crores.

**ANSWERS**

1-3; 2-3; 3-3; 4-1; 5-4; 6-3; 7-4; 8-5; 9-5; 10-4; 11-4; 12-4; 13-4; 14-4; 15-5; 16-5.

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