

During 2008-09, there was a marked improvement in the quality of banknotes. The value of banknotes increased by 17.1 per cent and by 10.7 per cent in volume terms. The Reserve Bank has taken further steps to strengthen mechanised processing of banknotes, as a part of the Clean Note Policy. The Reserve Bank is examining various options to increase the life of banknotes, especially in the lower denominations. For the third year in succession, the indent for banknotes for 2008-09 was met in full by the printing presses. The Bank continued its efforts to bring down the cost of banknotes while maintaining their quality. The policy of rationalisation and consolidation of currency chests resulted in further decline in the number of chests maintained by the public sector banks. The Reserve Bank has taken several steps to check the menace of counterfeit banknotes.

VIII.1 Issue and management of currency continues to be one of the traditional functions of the Reserve Bank since its inception. But the challenges to managing currency have increased over time. Given the expansion of the economy and the growing needs for banknotes, the task of currency management has become increasingly complex. Distribution of fresh notes as well as withdrawal and destruction of soiled notes constitute the core of the currency management operations of the Reserve Bank.

VIII.2 The Reserve Bank, during 2008-09, continued to take various measures to meet the increased public demand for banknotes and coins while simultaneously improving the quality of banknotes. The demand for banknotes was thus met in full during 2008-09 along with a marked improvement in the quality of banknotes, particularly in Rs.10 denomination banknotes. The number of soiled banknotes disposed of by the Reserve Bank during 2008-09 increased significantly, following continued and concerted efforts to increase its disposal capacity. All the currency chests maintained with the banks have already been equipped with Note Sorting Machines (NSMs). Going forward, the Reserve Bank has taken steps to procure and install desktop NSMs in select 210 non-currency chest branches during

2008-09. NSMs have been installed at 192 branches as a part of this initiative.

VIII.3 During 2008-09, the indent for banknotes placed with the printing presses was met in full in terms of volume and substantially in terms of value. The Reserve Bank also adequately met the increased demand for coins, which began from October 2006 and strengthened further during 2008-09. The total number of currency chests declined during 2008-09, reflecting the impact of the ongoing policy of rationalisation and consolidation of currency chests by public sector banks. This chapter documents the measures and initiatives taken by the Reserve Bank during the course of the year on specific aspects of currency management.

BANKNOTES IN CIRCULATION

VIII.4 The value as well as the volume of banknotes continued to increase during 2008-09 (Table 8.1). The growth in the volume of banknotes, however, was lower than that in value terms, reflecting the gradual compositional shift towards higher denomination banknotes, particularly Rs.1,000 and Rs.500. The volume of Rs.10 denomination banknotes, however, increased by 31.0 per cent due to sustained efforts to infuse a

Table 8.1: Banknotes in Circulation

Denomination	Volume (Million pieces)			Value (Rupees crore)		
	End-March 2007	End-March 2008	End-March 2009	End-March 2007	End-March 2008	End-March 2009
1	2	3	4	5	6	7
Rs.2 and Rs.5	6,008 (15.1)	7,405 (16.7)	7,867 (16.1)	2,334 (0.5)	2,747 (0.5)	2,936 (0.4)
Rs.10	7,155 (18.0)	9,333 (21.1)	12,222 (25.0)	7,155 (1.4)	9,333 (1.6)	12,222 (1.8)
Rs.20	2,089 (5.2)	2,054 (4.6)	2,200 (4.5)	4,178 (0.8)	4,108 (0.7)	4,399 (0.6)
Rs.50	5,590 (14.0)	5,302 (12.0)	4,888 (10.0)	27,951 (5.6)	26,508 (4.6)	24,440 (3.6)
Rs.100	13,544 (34.0)	13,457 (30.4)	13,702 (28.0)	1,35,444 (27.3)	1,34,575 (23.1)	1,37,028 (20.1)
Rs.500	4,508 (11.3)	5,262 (11.9)	6,166 (12.6)	2,25,400 (45.4)	2,63,108 (45.2)	3,08,304 (45.3)
Rs.1,000	937 (2.4)	1,412 (3.2)	1,918 (3.9)	93,676 (18.9)	1,41,219 (24.3)	1,91,784 (28.2)
Total	39,831	44,225	48,963	4,96,138	5,81,598	6,81,113

Note: Figures in parentheses in columns 2 to 7 indicate percentage to total banknotes in circulation.

greater number of fresh banknotes into circulation for improving the quality of such banknotes.

VIII.5 The long-run secular decline in the share of currency in broad money (M_3) continued in 2008-09. The ratio has declined steadily from as high as 39.7 per cent as at end-March 1971 to 16.0 per cent as at end-March 2001 and gradually thereafter to 14.0 per cent as at end March 2009, reflecting financial deepening, increased use of credit and debit cards and liquid financial markets. The ratio of currency with the public to GDP, however, increased to 12.5

per cent in 2008-09 from 12.0 per cent a year ago (Chart VIII.1).

VIII.6 In volume terms, Rs.100 denomination banknotes had the largest share, while in terms of value, Rs. 500 denomination banknotes had the largest share as at end-March 2009 (Chart VIII.2).

COINS IN CIRCULATION

VIII.7 The increased demand for coins that started from October 2006, continued during 2008-09.

Chart VIII.1: Currency and Major Aggregates

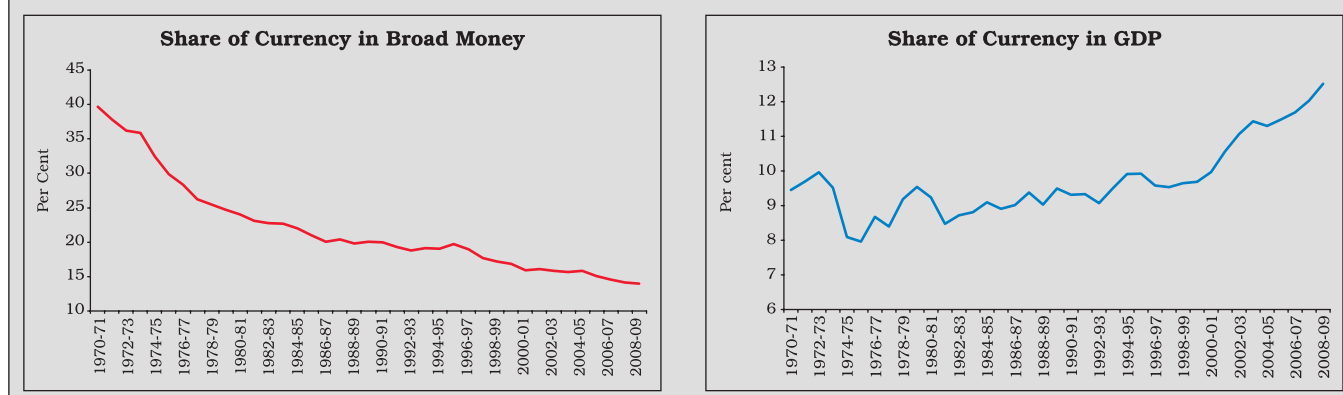
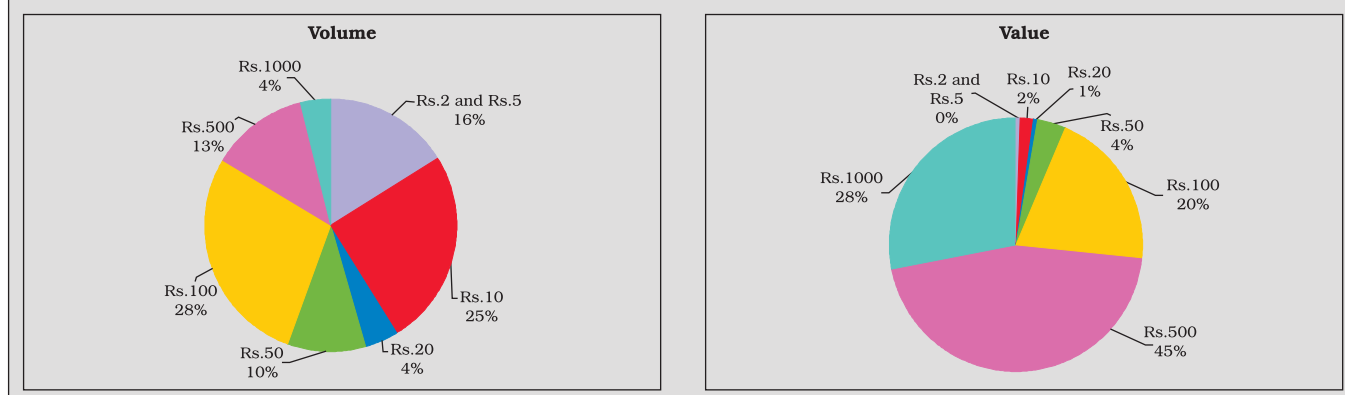


Chart VIII.2: Banknotes in Circulation: End-March 2009



The total value of coins, including small coins in circulation, increased by 9.6 per cent during 2008-09 as compared with 13.3 per cent in the previous year. In volume terms, the increase was 4.7 per cent during 2008-09 as compared with 5.7 per cent a year ago (Table 8.2).

CURRENCY OPERATIONS

VIII.8 Reserve Bank continued with its efforts to provide good quality banknotes and took a series of initiatives under a multi-pronged approach involving regular supply of fresh banknotes, speedier disposal of soiled banknotes and extended mechanisation of cash processing activity. The Reserve Bank has also been examining various

options to enhance the life of the banknotes as part of its clean note policy.

Currency Chests

VIII.9 The core central banking function of note issue and currency management is performed by the Reserve Bank through its 19 Issue Offices, a currency chest at Kochi and a wide network of 4,279 currency chests and 4,040 small coin depots (Table 8.3 and Table 8.4). The Reserve Bank has agency arrangements, mainly with scheduled commercial banks, under which currency chest facility is granted to them. The currency chests with Sub

Table 8.2: Coins in Circulation

Denomination	Volume (Million pieces)			Value (Rupees crore)		
	End-March			End-March		
	2007	2008	2009	2007	2008	2009
1	2	3	4	5	6	7
Small coins	54,277 (60.1)	54,735 (57.3)	54,736 (54.7)	1,364 (17.0)	1,455 (16.0)	1,455 (14.6)
Re. 1	22,878 (25.3)	24,721 (25.9)	26,957 (26.9)	2,288 (28.5)	2,472 (27.2)	2,696 (27.1)
Rs. 2	7,441 (8.2)	9,535 (10.0)	11,179 (11.2)	1,488 (18.6)	1,907 (21.0)	2,236 (22.5)
Rs. 5	5,761 (6.4)	6,500 (6.8)	7,141 (7.1)	2,881 (35.9)	3,250 (35.8)	3,570 (35.9)
Total	90,357	95,491	1,00,013	8,021	9,084	9,957

Note : Figures in parentheses in columns 2 to 7 indicate percentage to total coins in circulation.

Table 8.3: Currency Chests

Category	Number of Currency Chests as at the End of			
	June, 2006	June, 2007	June, 2008	Dec., 2008
1	2	3	4	5
Treasuries	116	23	19	15
State Bank of India	2,182	2,127	2,089	2,166*
SBI Associate Banks	994	988	985	900
Nationalised Banks	1,028	1,061	1,084	1,090
Private Sector Banks	83	94	101	102
Co-operative Banks	1	1	1	1
Regional Rural Banks	0	0	0	1
Foreign Banks	4	4	4	4
Reserve Bank (offices and currency chests)	20	20	20	20
Total	4,428	4,318	4,303	4,299

* : Includes 84 currency chests belonging to the erstwhile State Bank of Saurashtra.

Table 8.4: Small Coin Depots

Category	Number of Small Coin Depots as at the End of			
	June, 2006	June, 2007	June, 2008	Dec., 2008
1	2	3	4	5
Treasuries	1	-	-	-
State Bank of India	2,088	2,043	2,019	2,098*
SBI Associate Banks	1,013	965	965	882
Nationalised Banks	895	917	943	953
Private Sector Banks	80	92	100	101
Co-operative Banks	1	1	1	1
Regional Rural Banks	0	0	0	1
Foreign Banks	4	4	4	4
Reserve Bank (offices and currency chests)	20	20	20	20
Total	4,102	4,042	4,052	4,060

* : Includes 83 small coin depots belonging to the erstwhile State Bank of Saurashtra.

Treasury Offices (STOs) are being gradually phased out and their number reduced further to 15 during 2008-09. The State Bank Group continued to have the largest share (71.3 per cent) of currency chests, followed by nationalised banks (25.3 per cent).

Indent and Supply of Fresh Banknotes

VIII.10 For the third year in succession, the indent for banknotes for 2008-09 was met in full by the printing presses. The indent was matched by the supply both in volume and value terms (Tables 8.5 and 8.6), which affirms the effective monitoring of

supplies and efficient allocation and management of the capacities at the banknote presses.

VIII.11 The Bharatiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL), a wholly owned subsidiary of the Reserve Bank was set up in 1996 to take over the work of the New Note Press project. BRBNMPL prints bank notes at its two note presses viz., Mysore (Karnataka) and Salboni (West Bengal). The total supply of banknotes by BRBNMPL during 2008-09 (July-June) was 8,501 million pieces as compared with 8,488 million pieces during 2007-08. During 2008-09, 5,160 million pieces of notes were supplied by Government owned Security Printing and Minting Corporation of India Limited (SPMCIL) as compared with 5,442 million pieces in 2007-08.

Printing Costs of Banknotes

VIII.12 It has been the Reserve Bank's effort to consistently bring down the cost of printing banknotes and to encourage the note printing presses to bring about greater efficiencies in their operations, while maintaining the quality of the printed banknotes. As a part of these ongoing efforts, the Reserve Bank continued to source banknotes from the lowest cost producers, viz., the Security Printing and Minting Corporation of India Ltd. (SPMCIL) and the Bharatiya Reserve Bank Note Mudran (Pvt.) Ltd. (BRBNMPL) (Table 8.7).

Table 8.5: Volume of Banknotes Indented and Supplied

(Million pieces)

Denomination	2006-07			2007-08			2008-09			2009-10
	Indent	Supply	% of supply to indent	Indent	Supply	% of supply to indent	Indent	Supply	% of supply to indent	Indent
1	2	3	4	5	6	7	8	9	10	11
Rs. 5	-	50	-	-	-	-	250	250	100	1,000
Rs. 10	3,500	3,480	99	4,200	4,193	100	5,000	5,030	101	5,000
Rs. 20	500	438	88	600	636	106	500	500	100	800
Rs. 50	1,400	1,458	104	1,200	1,213	101	1,000	1,008	101	1,000
Rs. 100	4,000	4,034	101	4,200	4,199	100	4,200	4,215	100	4,000
Rs. 500	1,500	1,473	98	1,800	1,805	100	3,500	3,459	99	4,000
Rs. 1,000	600	589	98	700	699	100	800	763	95	1,000
Total	11,500	11,522	100	12,700	12,745	100	15,250	15,225	100	16,800

Table 8.6: Value of Banknotes Indented and Supplied

(Rupees crores)

Denomination	2006-07			2007-08			2008-09			2009-10
	Indent	Supply	% of supply to indent	Indent	Supply	% of supply to indent	Indent	Supply	% of supply to indent	Indent
1	2	3	4	5	6	7	8	9	10	11
Rs. 5	-	25	-	-	-	-	125	125	100	500
Rs. 10	3,500	3,480	99	4,200	4,193	100	5,000	5,030	101	5,000
Rs. 20	1,000	876	88	1,200	1,272	106	1,000	999	100	1,600
Rs. 50	7,000	7,292	104	6,000	6,065	101	5,000	5,042	101	5,000
Rs. 100	40,000	40,348	101	42,000	41,990	100	42,000	42,152	100	40,000
Rs. 500	75,000	73,655	98	90,000	90,250	100	1,75,000	1,72,950	99	2,00,000
Rs. 1,000	60,000	58,910	98	70,000	69,900	100	80,000	76,247	95	1,00,000
Total	1,86,500	1,84,586	99	2,13,400	2,13,670	100	3,08,125	3,02,545	98	3,52,100

Indent, Supply and Distribution of Coins

VIII.13 The demand for coins that increased in the last few years continued during 2008-09. Accordingly, there was a spurt in the indent placed by the Reserve Bank on the mints (Tables 8.8 and 8.9). The Reserve Bank continued with its measures to meet the increased demand for coins, which included (i) arrangements for retail distribution through post offices, RRBs and UCBs, in addition to bank branches; (ii) identification of 2,000 bank branches across the country for distribution of coins; (iii) issuance of press release informing the public of the identified bank branches and placing the list of these bank branches on the Reserve Bank website; (iv) organisation of coin melas by several Issue Offices of the Reserve Bank at prominent centres for disbursing coins directly to consumers; (v) bulk issuance of coins to

registered associations of hotels, retail shops and chemists; and (vi) participation of the Reserve Bank offices in exhibitions/trade fairs and distribution of coins directly to the members of public.

VIII.14 During the year, for the first time new bi-metallic Rs.10 coins (with themes 'Unity in Diversity' and 'Connectivity and Information Technology') were introduced. A total of 80 million pieces of the same were minted and issued through public counters of RBI/banks.

Disposal of Soiled Banknotes

VIII.15 During 2008-09, as many as 11,962 million pieces of soiled banknotes (24.4 per cent of banknotes in circulation) were processed and removed from circulation (Table 8.10). As against this, 13,809 million pieces of fresh banknotes were

Table 8.7: Supply and Cost of Banknotes

Year (July-June)	SPMCIL		BRBNMPL		Total	
	Supply (Million pieces)	Cost (Rupees crore)	Supply (Million pieces)	Cost (Rupees crore)	Supply (Million pieces)	Cost (Rupees crore)
1	2	3	4	5	6	7
2004-05	4,160	783	7,391	660	11,551	1,443
2005-06	2,697	406	4,194	629	6,891	1,035
2006-07	5,136	1,042	7,348	978	12,484	2,020
2007-08	5,442	908	8,488	1,118	13,930	2,026
2008-09	5,160	906	8,501	1,157	13,661	2,063

SPMCIL : Security Printing and Minting Corporation of India Ltd.
BRBNMPL : Bharatiya Reserve Bank Note Mudran (Pvt.) Ltd.

Table 8.8: Indent and Supply of Coins (Volume)

(Million pieces)

Denomination	2006-07		2007-08		2008-09		2009-10
	Indent	Supply	Indent	Supply	Indent	Supply	Indent
1	2	3	4	5	6	7	8
50 paise	0	0	185	127	400	153	200
Re. 1	0	45	1,500	1,294	2,500	2,110	3,000
Rs. 2	700	686	1,500	1,562	1,800	1,671	2,000
Rs. 5	0	11	300	173	1,200	335	800
Rs. 10	0	0	0	0	0	80	100
Total	700	742	3,485	3,156	5,900	4,349	6,100

Table 8.9: Indent and Supply of Coins (Value)

(Rupees crores)

Denomination	2006-07		2007-08		2008-09		2009-10
	Indent	Supply	Indent	Supply	Indent	Supply	Indent
1	2	3	4	5	6	7	8
50 paise	-	-	9	6	20	8	10
Re. 1	-	5	150	129	250	211	300
Rs. 2	140	137	300	312	360	334	400
Rs. 5	0	5	150	87	600	168	400
Rs. 10	0	0	0	0	0	80	100
Total	140	147	609	534	1,230	801	1,210

supplied to members of public and currency chests during the year. The number of banknotes withdrawn from circulation and eventually disposed of at the Reserve Bank offices increased during the year as part of the ongoing efforts for speedier removal of soiled banknotes from currency chests and augmenting the disposal capacity at Reserve Bank offices.

VIII.16 Out of 11,962 million pieces of banknotes disposed during 2008-09, 6,748 million pieces were processed through 54 Currency Verification and Processing Systems (CVPS) (6,287 million pieces a year ago). The remaining banknotes were disposed of under the Dynamic Working Model, which is a statistical method employed for processing notes up to Rs.50 denomination in

which a representative sample of a lot (*i.e.*, soiled banknotes considered for processing) is taken for checking of discrepancies, *i.e.*, shortages and counterfeits. If the discrepancies detected in the representative sample are within the 'tolerance limit', then the remaining lot is shredded, otherwise it is subjected to 100 per cent checking.

Mechanisation

VIII.17 Mechanisation of cash processing activity and disposal of soiled banknotes continued to be one of the major thrust areas of the Reserve Bank in currency management. With all the currency chests currently equipped with at least one note sorting machine, banks have been advised to install desktop note sorting machines (NSMs) in non-

Table 8.10: Disposal of Soiled Notes and Supply of Fresh Banknotes

Denomination	Volume in million pieces					
	2006-07		2007-08		2008-09	
	Disposal	Supply	Disposal	Supply	Disposal	Supply
1	2	3	4	5	6	7
Rs. 1,000	7	405	17	663	39	664
Rs. 500	276	1,427	444	1,756	735	2,611
Rs. 100	2,360	3,716	3,727	4,015	3,690	4,277
Rs. 50	1,456	1,438	2,172	1,522	2,403	1,042
Rs. 20	489	739	834	728	1,003	605
Rs. 10	2,243	2,719	3,030	4,580	3,700	4,607
Up to Rs. 5	494	259	472	478	392	3
Total	7,325	10,703	10,696	13,742	11,962	13,809
<i>Memo:</i>						
Total Banknotes in circulation	39,831		44,225		48,963	
Note : Supply figures are notes issued to public and remittances sent to currency chests by the Reserve Bank and, therefore, differ from the figures in Table 8.5, which gives notes supplied by presses to the Reserve Bank.						

Table 8.11: Counterfeit Notes Detected

Denomination	Number of pieces			Value (Rupees)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
1	2	3	4	5	6	7
Rs. 10	110 (-)	107 (-)	68 (-)	1,100	1,070	680
Rs. 20	305 (0.1)	343 (0.2)	341 (0.2)	6,100	6,860	6,820
Rs. 50	6,800 (1.2)	8,119 (1.5)	12,792 (2.6)	3,40,000	4,05,950	6,39,600
Rs. 100	68,741 (5.1)	1,10,273 (8.2)	1,33,314 (9.7)	68,74,100	1,10,27,300	1,33,31,400
Rs. 500	25,636 (5.7)	66,838 (12.7)	2,19,739 (35.6)	1,28,18,000	3,34,19,000	10,98,69,500
Rs. 1,000	3,151 (3.4)	10,131 (7.2)	31,857 (16.6)	31,51,000	1,01,31,000	3,18,57,000
Total	1,04,743 (2.6)	1,95,811 (4.4)	3,98,111 (8.1)	2,31,90,300	5,49,91,180	15,57,05,000

– : Negligible.

Note: 1. Data are exclusive of the counterfeit notes seized by police and other enforcement agencies.

2. Figures in parentheses in columns 2, 3 and 4 indicate pieces per million (ppm) to total banknotes in circulation (Table 8.1).

currency chest branches also based on, *inter-alia*, volume of cash handled. The Reserve Bank has also taken steps for installation of 250 NSMs at its offices and select non-currency chest bank branches across the country. Reserve Bank's New Delhi office has started distribution of coins in pouches and note packets through Prototype Vending Machines. Based on the feedback from the public and further refinements, such machines will be introduced in other offices as well.

Counterfeit Banknotes

VIII.18 Detection of counterfeit banknotes showed a rising trend. 3,98,111 counterfeit banknotes were detected at the Reserve Bank's offices and bank branches during 2008-09 as compared to 1,95,811 in the previous year (Table 8.11). Out of this, 3,42,281 pieces were detected at bank branches, which indicates the increased use of NSMs at their end (Table 8.12).

VIII.19 The Reserve Bank has taken several steps to check the menace of counterfeit bank notes (Box VIII.1). The installation of NSMs by all the banks at their currency chest branches (to facilitate examination and detection of counterfeit notes at

Table 8.12: Number of Counterfeit Notes Detected at the Reserve Bank and Bank Branches

Year	Detection at Reserve Bank	Detection at other banks	Total
1	2	3	4
2006-07	59,048 (56.4)	45,695 (43.6)	1,04,743
2007-08	62,134 (31.7)	1,33,677 (68.3)	1,95,811
2008-09	55,830 (14.0)	3,42,281 (86.0)	3,98,111

Note : Figures in parentheses in columns (2) and (3) represent the shares in total.

the currency chest level itself), and the setting up of the Forged Note Vigilance Cells (FNVCs) at the banks (to ensure stringent levels of anti-counterfeit management in the banking system) helped significantly in the increased detection of counterfeit bank notes.

Computerisation of Currency Management

VIII.20 In order to achieve seamless flow of information from currency chests to Reserve Bank on stock position *etc.* the Reserve Bank established the Integrated Computerised Currency Operations and Management System (ICCOMS).

Box VIII.1**Steps taken by the Reserve Bank to curb currency counterfeiting**

To check the menace of counterfeiting of banknotes, the Reserve Bank initiated several measures. These measures include augmenting security features on the banknotes so as to render counterfeiting difficult and expensive and running education campaigns for members of public and cash handlers so as to facilitate detection of counterfeits. Some of the steps taken in this regard are as follows:

- All currency chest branches of banks (and certain identified non-chest branches which are close to international borders or have heavy cash transactions) have been equipped with Note Sorting Machines to detect and curb the circulation of counterfeit notes.
- The Reserve Bank has been co-ordinating with the investigating agencies as well as State police authorities for information sharing. State Level Committees headed by Director General of Police involving all agencies concerned have been formed to deal with the issue of counterfeiting.
- Forged Note Vigilance Cells have been formed at all the banks to pay focused attention to counterfeiting.
- As a part of the ongoing endeavour to stay ahead of the counterfeiters, new security features/ new designs in the banknotes in all denominations were introduced in 2005-06, incorporating improved anti-counterfeiting design and security features.
- The Reserve Bank regularly conducts training programmes for employees of banks and other organisations handling bulk quantities of cash like Railways *etc.* as well as police authorities.
- As a part of the public awareness campaign, the Reserve Bank has placed on its web site extensive information on security features of Indian banknotes. Posters on 'Know Your Banknotes' are also displayed at bank branches.
- A film on 'Know Your Banknotes' got prepared by RBI through Films Division, has been supplied across our Issue offices/Currency Chests, public utilities, theatres and other media for screening.

During 2008-09, ICCOMS was implemented successfully at all issue circles. ICCOMS comprises three components, *viz.*, Currency Chest Reporting System (CCRS), ICCOMS-Issue Department (ICCOMS-ID) and Currency Management Information System (CMIS) at currency chests maintained by various banks, Issue Departments in regional offices and in the Central Office respectively. Implementation of ICCOMS has facilitated prompt, efficient and error-free reporting and accounting of the currency chest transactions and seamless flow of information among Currency Chests, the Issue Departments and the Central Office in a secure manner with proactive monitoring. The CCRS component under ICCOMS has enabled the Reserve Bank to account for currency transfer transactions efficiently. Under the second component, *viz.*, ICCOMS-ID, transactions are put through by all the 19 offices of the Reserve Bank on a 'straight through put' process. As part of CMIS, the data replicated from all the issue offices has enabled the Reserve Bank to identify stock of banknotes and coins, accumulation and disposal of soiled notes, and notes in circulation at any point of time on an all-India basis. In the first quarter of 2009-10, the module on the CMIS is expected to be completed.

Customer Service

VIII.21 During the year, the Reserve Bank stepped up its measures towards improvement of customer services in matters relating to issue/acceptance of coins from public and exchange of soiled and mutilated banknotes. The Reserve Bank reiterated its directions to all scheduled commercial banks to issue/accept coins and soiled banknotes in transactions or for exchange without any restriction. Reserve Bank also advised its Regional Offices to arrange for organisation of coin camps in consultation with the banks at the identified locations where there was increased demand. Efforts were continued to provide timely and efficient customer service not only at the public counters of Reserve Bank's offices but also at the chests and the bank branches.

VIII.22 The Reserve Bank has finalised simplification of the existing Note Refund Rules to improve customer service in exchange of mutilated banknotes.

VIII.23 The Citizens Charter for currency management has been revised in order to provide better customer service.

VIII.24 Providing adequate supply of good quality banknotes and coins in the country would continue to be the focus of currency management operations in the Reserve Bank. With the computerisation of currency chests along with enhanced mechanisation of note processing activities, the Reserve Bank would continue to effectively respond to the emerging challenges. It would also continue with its efforts to further strengthen security features

in the banknotes to mitigate the risk posed by counterfeiting. The initiatives in other areas of currency management would also be pursued vigorously, particularly examining various options for increasing the circulation life of banknotes of lower denominations, ensuring printing of banknotes meeting very strict quality rules/standards, reviewing the banknotes and coins handling practices including recycling of banknotes and coins *etc.*