

CURRENCY

Indian Currency

The Indian Rupee (INR) is the official currency of India. One rupee consists of 100 Paise.

Who Issues Indian Currency?

Under Section 22 of the RBI Act 1934, The Reserve Bank of India is solely responsible for managing currency in India, except One Rupee Note which is issued by Union Ministry of Finance but circulated by RBI.

RBI is responsible for its designing, production and overall management of the nation's currency, with the objective of ensuring an adequate supply of clean and genuine notes.

RBI is also responsible to enhance security features to reduce the risk of counterfeiting or forgery of the currency notes.

The Central government approves the design of banknotes on the recommendation of the central board of the Reserve Bank of India.

The currency notes are printed at:

- ☞ The Currency Note Press in Nashik
- ☞ The Bank Note Press in Dewas
- ☞ The Bharatiya Reserve Bank Note Mudran (P) Ltd at Salboni and Mysore
- ☞ The Watermark Paper Manufacturing Mill in Hoshangabad (produces papers for banknotes and non-judicial stamps).

Different Series of banknotes circulating at present

- As of 24 August 2017, the current circulating banknotes in denominations of ₹5, ₹10, ₹20, ₹50 and ₹100 are of the Mahatma Gandhi Series.
- The denominations of ₹50, ₹200, ₹500 and ₹2,000 are of the new Mahatma Gandhi New Series.
- RBI has issued new ₹100 note under Mahatma Gandhi New Series.
- The denomination of ₹1 is of the Lion Capital Series.

Languages on the Currency Notes

- There are 17 languages written on the Currency Note out of the 22 official languages of India that are mentioned in the VIII Schedule of the Constitution of India.
- 2 languages (Hindi and English) are written on the front side and 15 on the backside (Assamese, Bengali, Gujarati, Kannada, Kashmiri, Konkani, Malayalam, Marathi, Nepali, Odia, Punjabi, Sanskrit, Tamil, Telugu, Urdu).

Issuance of Coins

- The coins, under The Coinage Act 1906, are minted by the Government, not by RBI.
- The distribution of Coins is undertaken by RBI as an agent of the Government.
- The Coins are minted by Security Printing and Minting Corporation of India Limited (SPMCIL), a wholly owned company of Govt. of India, at the four mints located at Mumbai, Kolkata, Hyderabad and Noida.

History Of India Currency

Currency in the Early Period

The history of currency in India dates back to the ancient times in the 6th or 7th Century B.C. Coins were documented during this period in the Mahajanapada kingdoms. These coins came in irregular shapes and standard weight, with distinct markings.

For instance, the Saurashtra coins had markings of a humped bull; the Dakshin Panchala had a marking of a Swastika symbol, while the Magadha coins had numerous symbols as the marking. These coins lasted until the end of the Maurya rule.

Then came the Mauryans with punch-marked coins that were usually stamped bars of copper, silver, and gold. The Indo-Greeks introduced the custom of printing portraits of mythological deities on the coins.

The most number of gold coins were produced in the Gupta period (320-470 C.E.). That is the reason why this period is known as the 'Golden period'. Further, the evolution of coins happened through the subsequent Indian dynasties- from the Mughal and Rajput Empires in the north to the kingdoms of Vijayanagara and Maratha in the south.

By the 12th Century A.D., the Turkish Sultans of Delhi replaced the royal Indian designs with Islamic calligraphy. The currency, known as Tanka, was made of copper and silver, and the coins of low value were known as Jittals. From 1526 A.D., the Mughal Empire consolidated the monetary system for the entire empire. Evolution of Indian currency happened soon after Sher Shah Suri conquered Humayun and issued a 178 gm silver coin, known as 'rupiya'.

During the British Era

With the introduction of the Coinage Act of 1835, uniform coinage came into existence all over the country. The Mughal Empire ended subsequently in 1858, and the British gained control over the princely states. Portraits of the Monarch of Great Britain replaced the images on the medieval coins. King George VI replaced the local designs on coins and banknotes, and introduced Rupee as the official currency of Colonial India, after the 1857 revolts.

During World War I (1914), one-rupee coins made of silver were in use. However, due to the crisis following the war, one-rupee coins could not be generated. Hence, for the very first time, one-rupee notes were introduced. Finally, after the establishment of the Reserve Bank of India in 1935, the Govt. of India was empowered with the issuance of Indian currency notes. The very first paper currency that the RBI issued in 1938 was a five-rupee note, which had a portrait of King George VI. Later, Rs.10000, Rs.2, and Re.1 were added to the existing denomination.

Post-Independence Era

After independence (1947) when India finally became a Republic in 1950, the modern Rupee returned to the signature design of Rupee coin. The Lion Capital at Sarnath was the chosen symbol for the paper currency. This symbol replaced the banknotes with images of King George VI. Therefore, the first banknote that was printed in India post independence was a one-rupee note.

The Reserve Bank of India printed currency notes with the image of Mahatma Gandhi in 1996. These notes are still in circulation and come with enhanced security measures as well as tangible aids for visually impaired people. However, the use of high-denomination notes of Rs.5000, Rs.10000, and Rs.1000 was stalled because they were being used in illegal transactions. After the demonetization in November 2016, Rs.1000 and Rs.500

notes were replaced with new banknotes of the same value. An addition to the denomination has been the 2000-rupee note.

Modern Indian Banking System

The banking industry in India became a large employer by the 1960s and now plays a crucial role in expanding Indian economy. Computerization entered the banking industry for the first time in 1988, followed by Internet Banking in the 1990s. However, it was in the 21st century that online payment modes such as NEFT, RTGS, and EFT, came into play.

Earlier, India was reliant on cash but now with the changing time, the country is moving ahead in the path of a 'cashless economy'. With the advent of digital wallets like Paytm, PayU etc. transferring money has become a lot quicker and easier.

Digital payments are evolving at a rapid pace with the advent of cryptocurrency. Since these are a highly secure and decentralized form of money, currencies like Monero and Bitcoin are gaining popularity worldwide. While it may take time for them to gain acceptance as the formal currency by the Indian Government, they are the next step in the evolution of monetary transactions.