

March 2009

Issue-2

MONEY KUMAR

AND CARING FOR YOUR CURRENCY



Financial Education Series



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

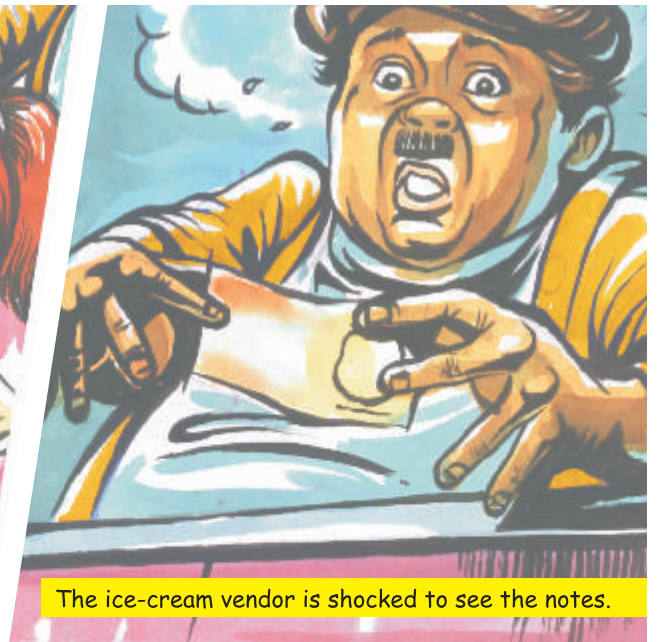


RBI fact-file!

The Reserve Bank of India was established on April 1, 1935 as per the Reserve Bank of India Act, 1934. The Central Office was initially in Calcutta, but was permanently moved to Mumbai in 1937. Though originally privately owned, it has been fully owned by the Government of India since it was nationalised in 1949.



One fine day at a picnic, the kids go to buy ice-cream.



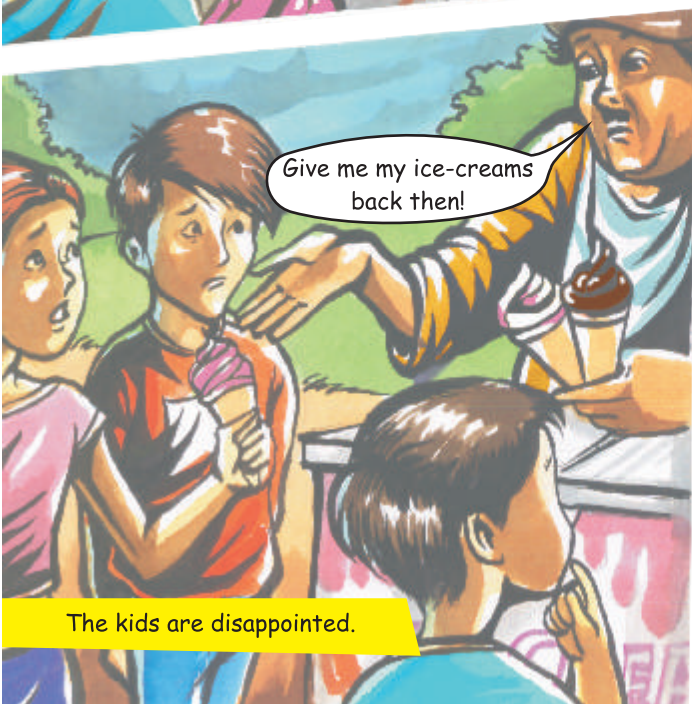
The ice-cream vendor is shocked to see the notes.



Hey! These won't do. They're soiled and torn!

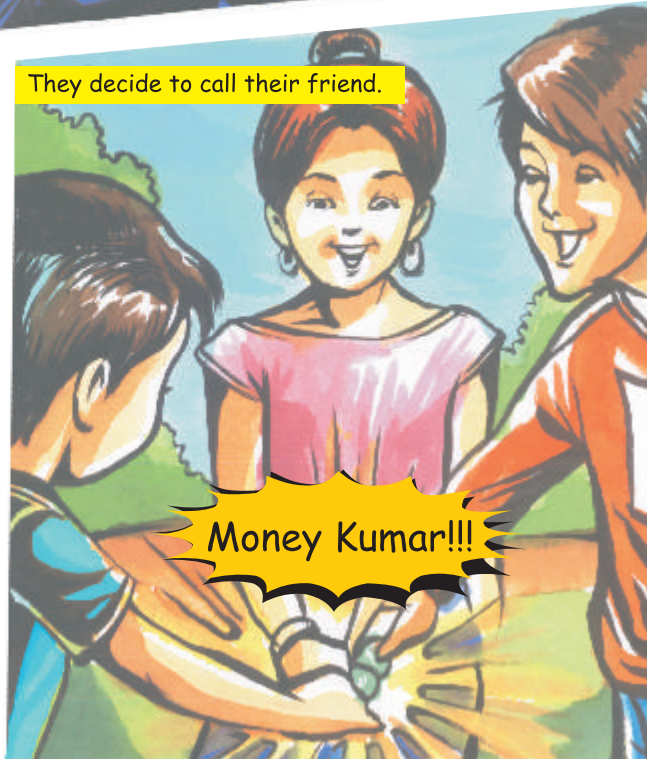


But that's what we've got!



Give me my ice-creams back then!

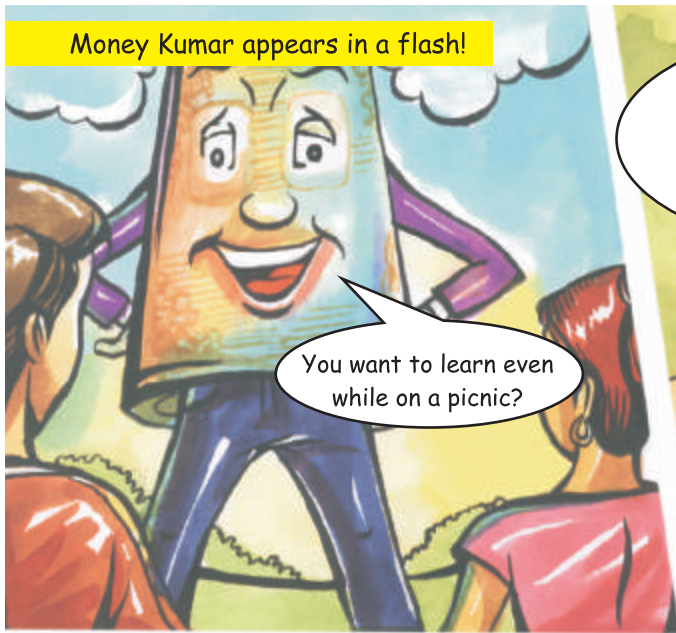
The kids are disappointed.



They decide to call their friend.

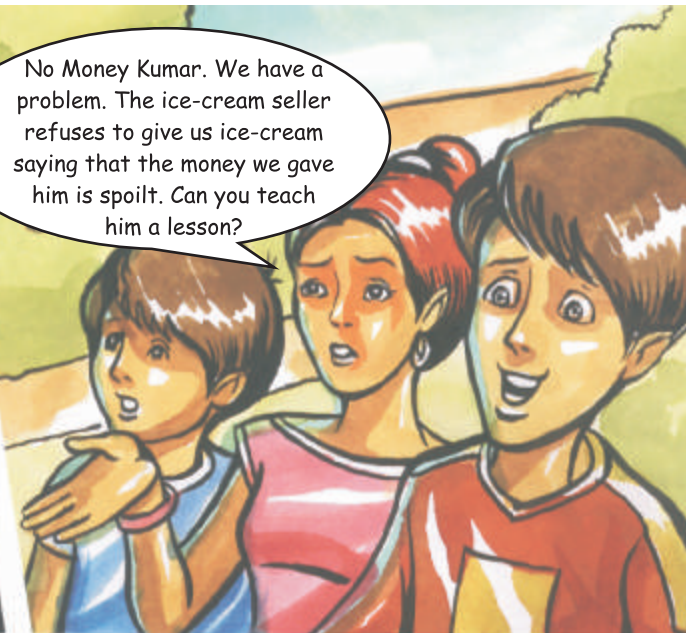
Money Kumar!!!

Money Kumar appears in a flash!



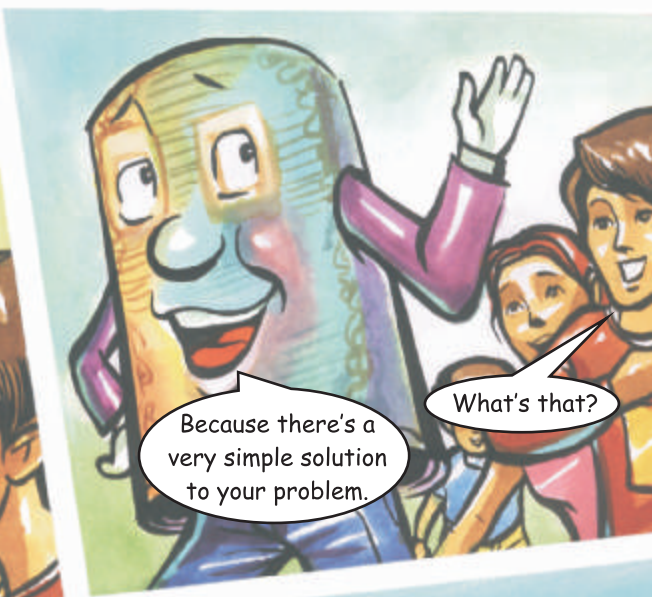
You want to learn even while on a picnic?

No Money Kumar. We have a problem. The ice-cream seller refuses to give us ice-cream saying that the money we gave him is spoilt. Can you teach him a lesson?



Are you crazy?

Why?



Because there's a very simple solution to your problem.

What's that?



Come with me. I'll show you!



Money Kumar takes them to the ice-cream seller.

Hey, why did you refuse the money?



What else could I do? They were torn, dirty and crumpled. See, I too have some, but nobody accepts them from me!



Then you come with me. I'll give you a simple solution for your problem.

Money Kumar takes them to a nearby bank branch.



You can exchange soiled notes for fresh ones at your nearest bank branch.



But Money Kumar, I don't have a bank account.



Hey! That doesn't matter. All banks exchange soiled notes across their counters for anyone... even a non-customer!

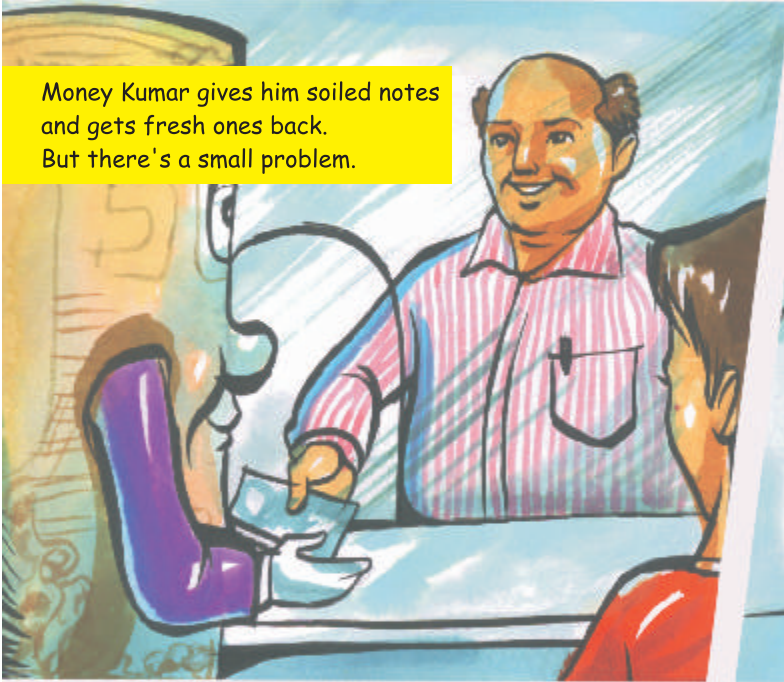


They all enter a bank.

Good morning Money Kumar!
What brings you here today?

We want to exchange
a few soiled notes.

Sure, give them to me.



Money Kumar gives him soiled notes
and gets fresh ones back.
But there's a small problem.



I'm afraid this note is mutilated.
It can be exchanged only
at our main branch.



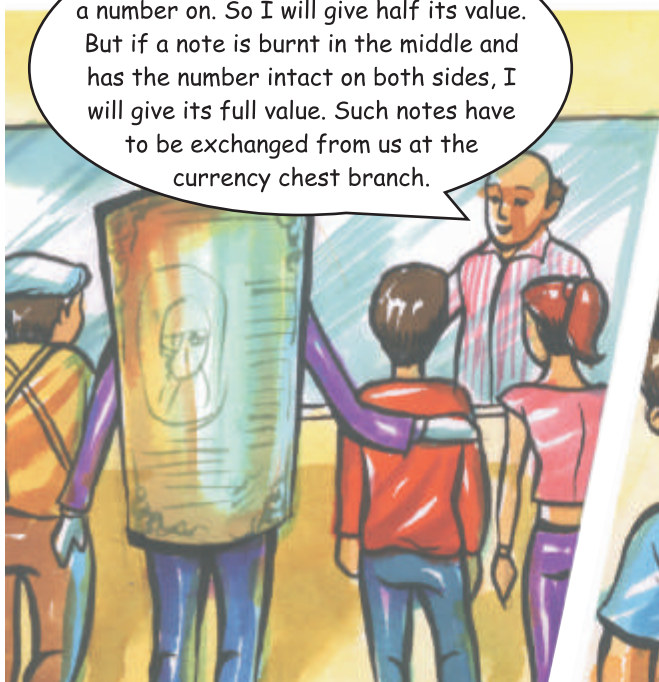
Mutilated? What's that?



If the notes have missing pieces or are disfigured, burnt, washed or eaten by white ants, then they are not soiled but mutilated. Some times, if some important elements of a note are missing, we give back only part value of the note. Look at this note. Its number on one side is missing. So, I will give only half its value.

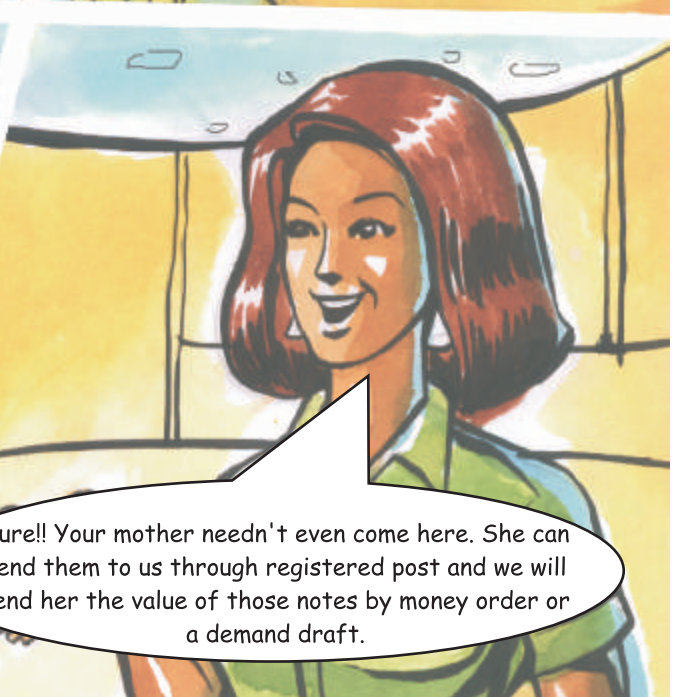
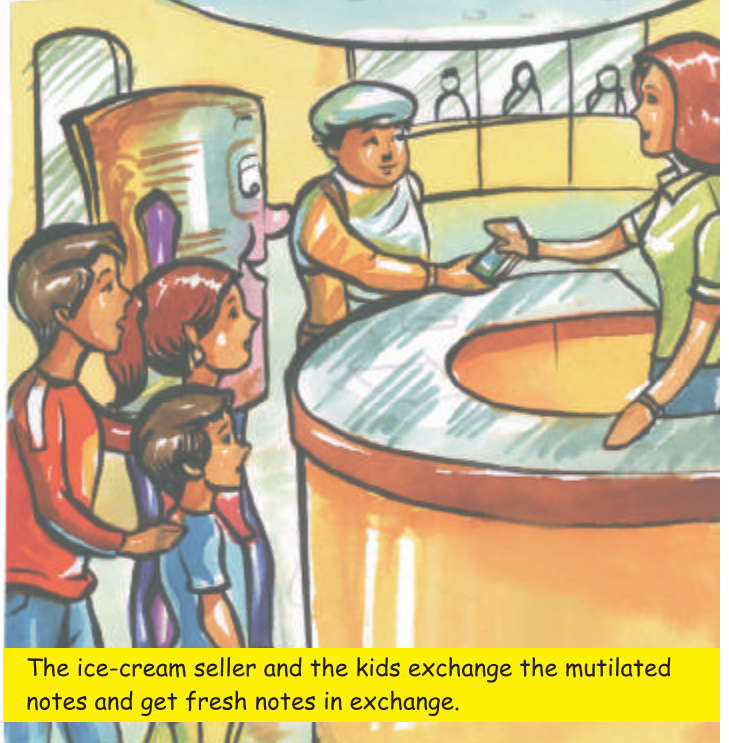
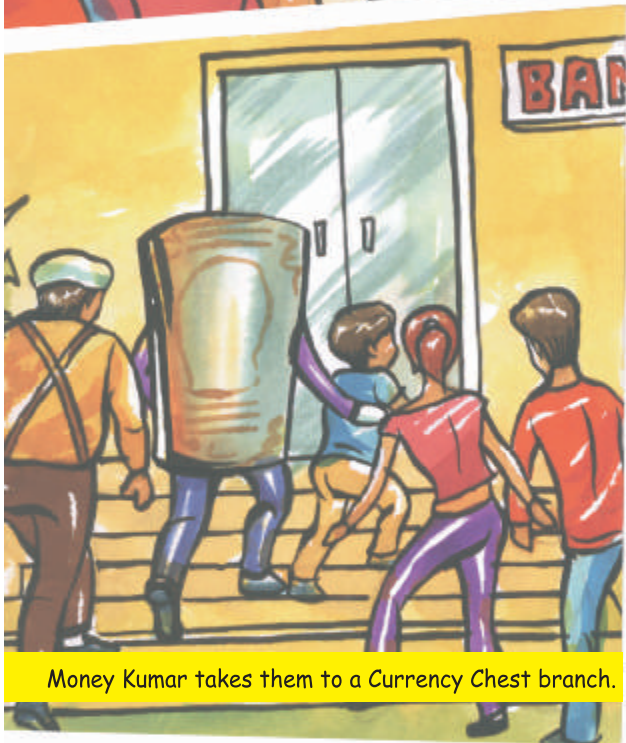


This too is torn into half but has a number on. So I will give half its value. But if a note is burnt in the middle and has the number intact on both sides, I will give its full value. Such notes have to be exchanged from us at the currency chest branch.



Currency chest?







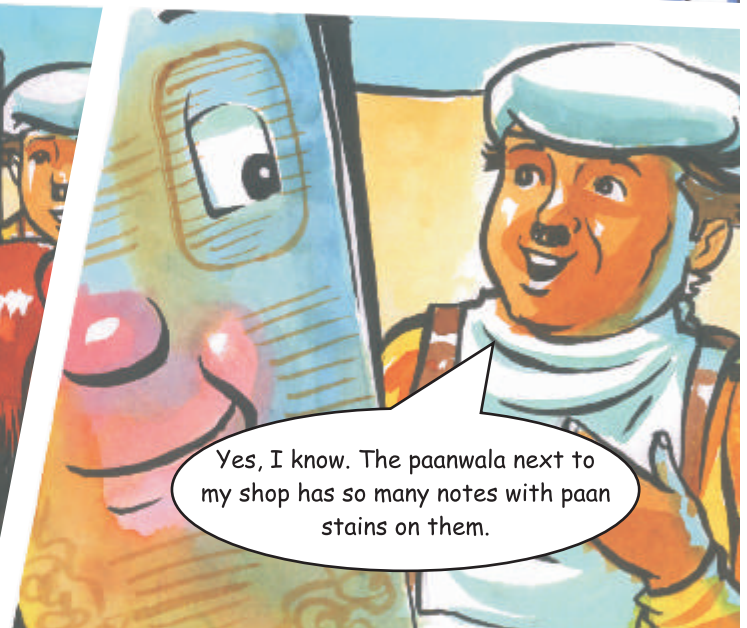
Great! I'll tell her to do just that!



But how do these notes get so dirty?



Because they change hands frequently. And not all hands take good care of them.



Yes, I know. The paanwala next to my shop has so many notes with paan stains on them.



I agree. Even the fisherwoman who comes to sell us fish folds and tucks the notes in her sari!!



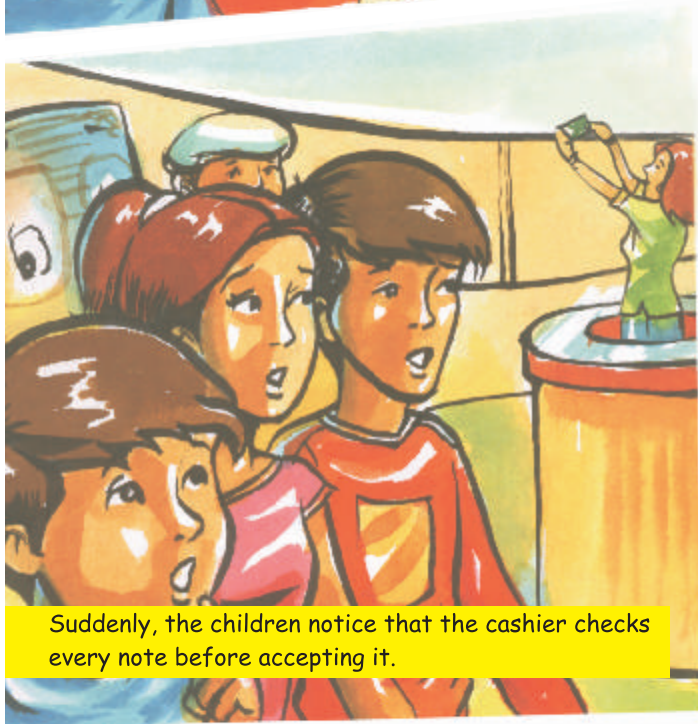
I know people who use them as writing pads and write telephone numbers on them. All such habits reduce the life of a note and reduce its value.



You mean, if we do not fold the note, do not write on them and take care of them, they will last longer?



Of course. They are currency notes after all. Should we not take good care of them?



Suddenly, the children notice that the cashier checks every note before accepting it.



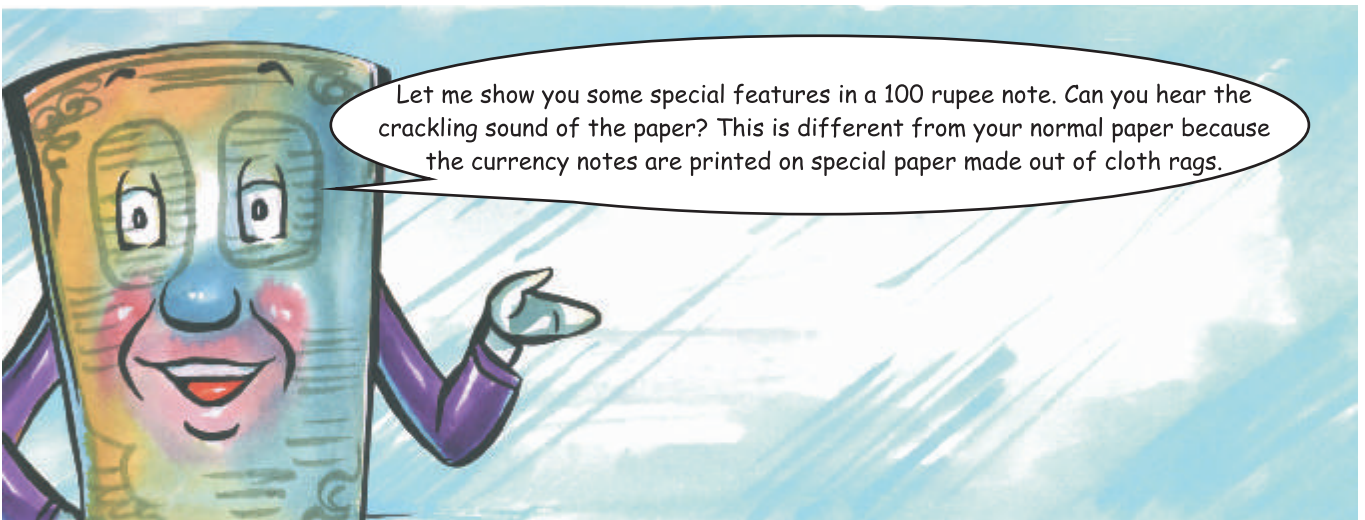
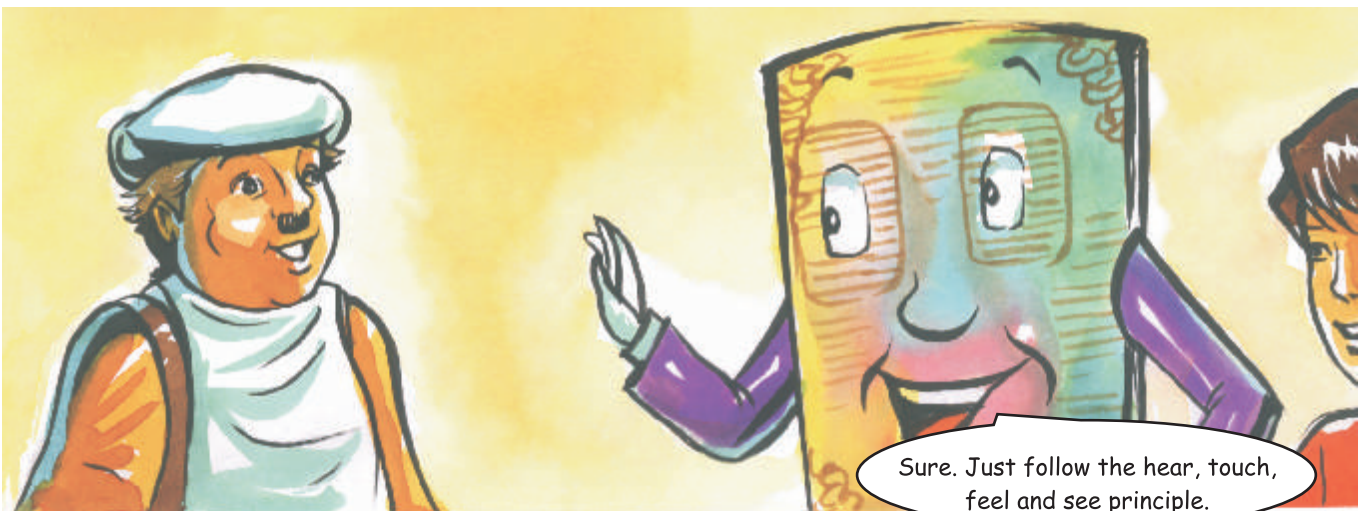
What is the lady looking for in those notes?



She is ensuring that the notes are genuine and not fake.



Wow! So you can find out for yourself if a note is fake?



OK. Now just run your fingers lightly over the note. Can you feel some portions of the note which have raised printing?

Now look at the security thread. Can you see "RBI" and "भारत" written alternately in the visible part of the thread?

Now raise the note against light. In the watermark window, you will see the portrait of Mahatma Gandhi, some criss-cross lines and also the numeral '100'.

Also look at this neat floral design. You will see a nice flower with the numeral '100' when held against light. But otherwise, it will appear like two different designs on the front and the back.



The children are awe struck and flip-flop the note.

Want to see some magic on the note? Try finding 100 in the vertical dark green band on the right side! Also examine the design on both sides of 'Reserve Bank of India'. These are placed here to make the note non-photocopyable. If a note is colour-xeroxed, these designs will not appear in the xerox! You can easily make out a genuine note from a forged one! Let me show you something else!



Do you have an ultra-violet lamp?

Sure, here it is!



This is a special lamp available at bank branches. If you place a note under it, you will see some haphazard coloured lines. With the help of a magnifying glass, you will also see 'RBI' and '100' written in the panel between Mahatma Gandhi's portrait and the dark green vertical band. In notes of higher denominations like Rs.500 and Rs.1000, we have an added security feature. If you slightly tilt the note, the numerals 500 and 1000 change colour from grey to green!

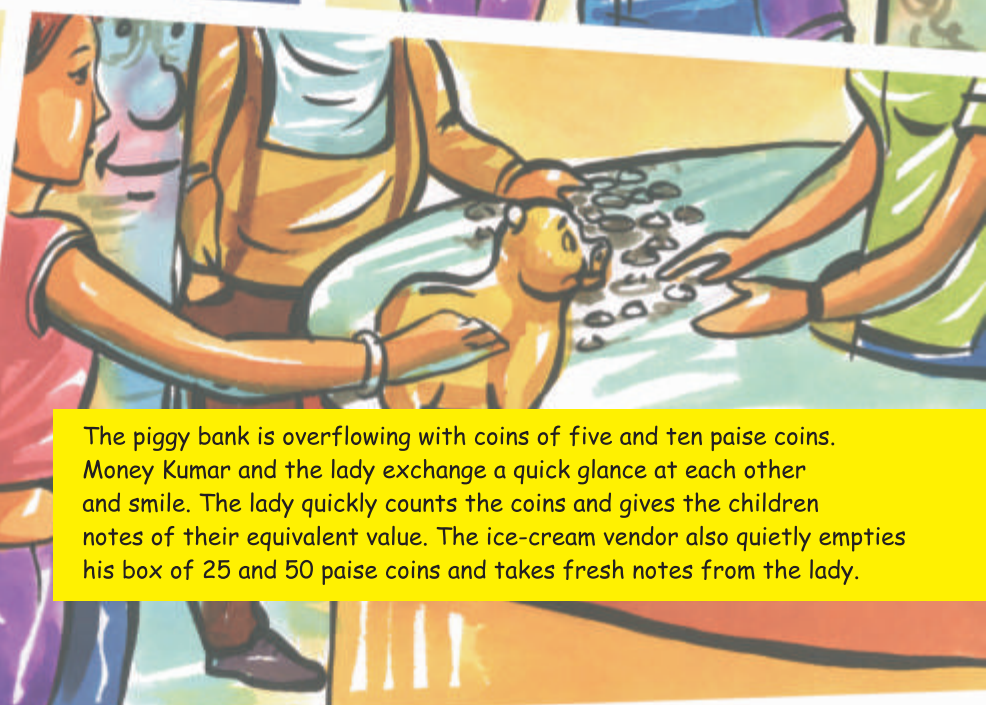


Well...we can only make it difficult.

But what if we still get a forged note?

Wow! I am sure it is virtually impossible to copy currency notes with so many security features!

Report it to the police. Your report can help the police track down criminals who forge notes.



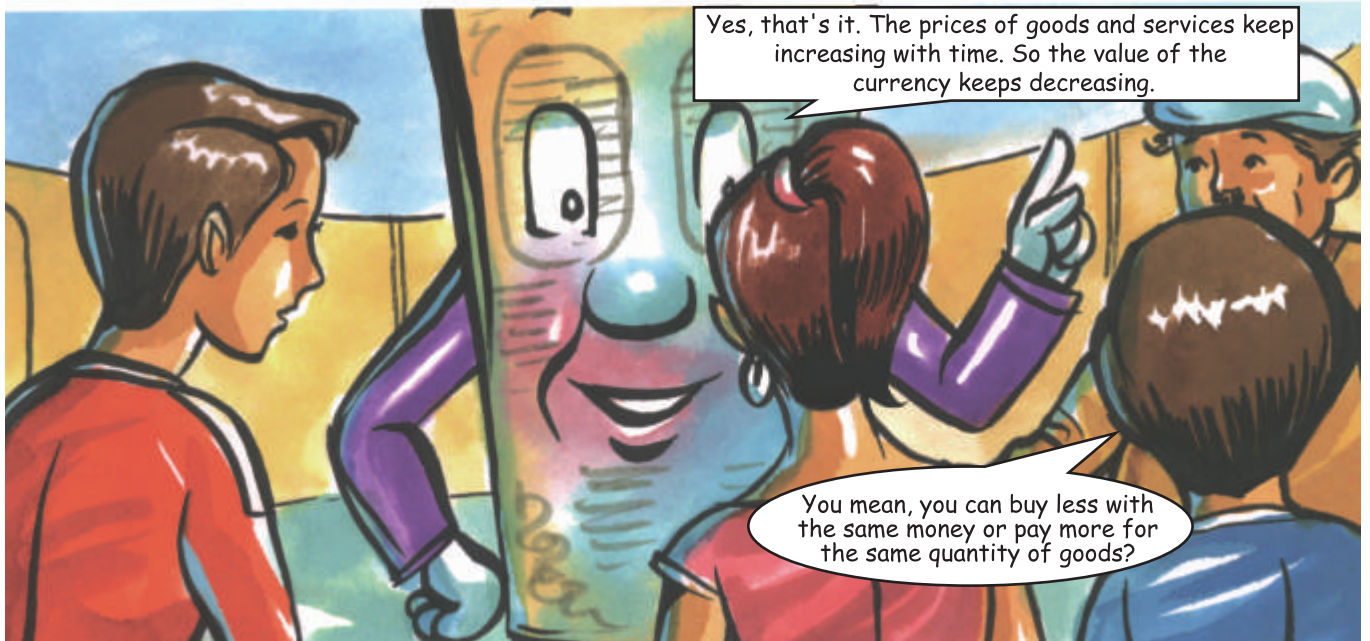


Yes! Rs.250

And how much did your t-shirt cost a year ago?

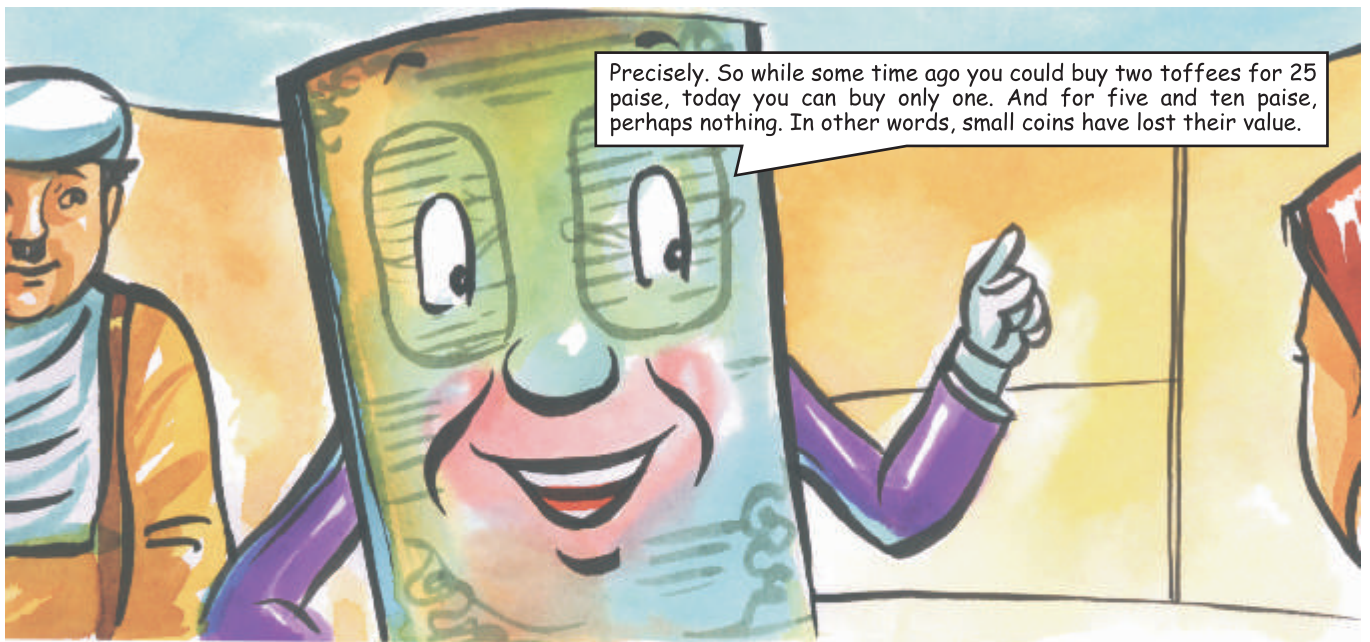


I don't know, but when we went to buy this t-shirt, my mother was complaining about prices being high...



Yes, that's it. The prices of goods and services keep increasing with time. So the value of the currency keeps decreasing.

You mean, you can buy less with the same money or pay more for the same quantity of goods?



Precisely. So while some time ago you could buy two toffees for 25 paise, today you can buy only one. And for five and ten paise, perhaps nothing. In other words, small coins have lost their value.



Then why did the lady give me the value of my coins in notes?

Because even if you cannot buy anything with these coins, they are still legal tender.

Legal tender?

Yes, legal tender. It means that if some one insists on paying the price of goods with coins, under the law, you must accept them.

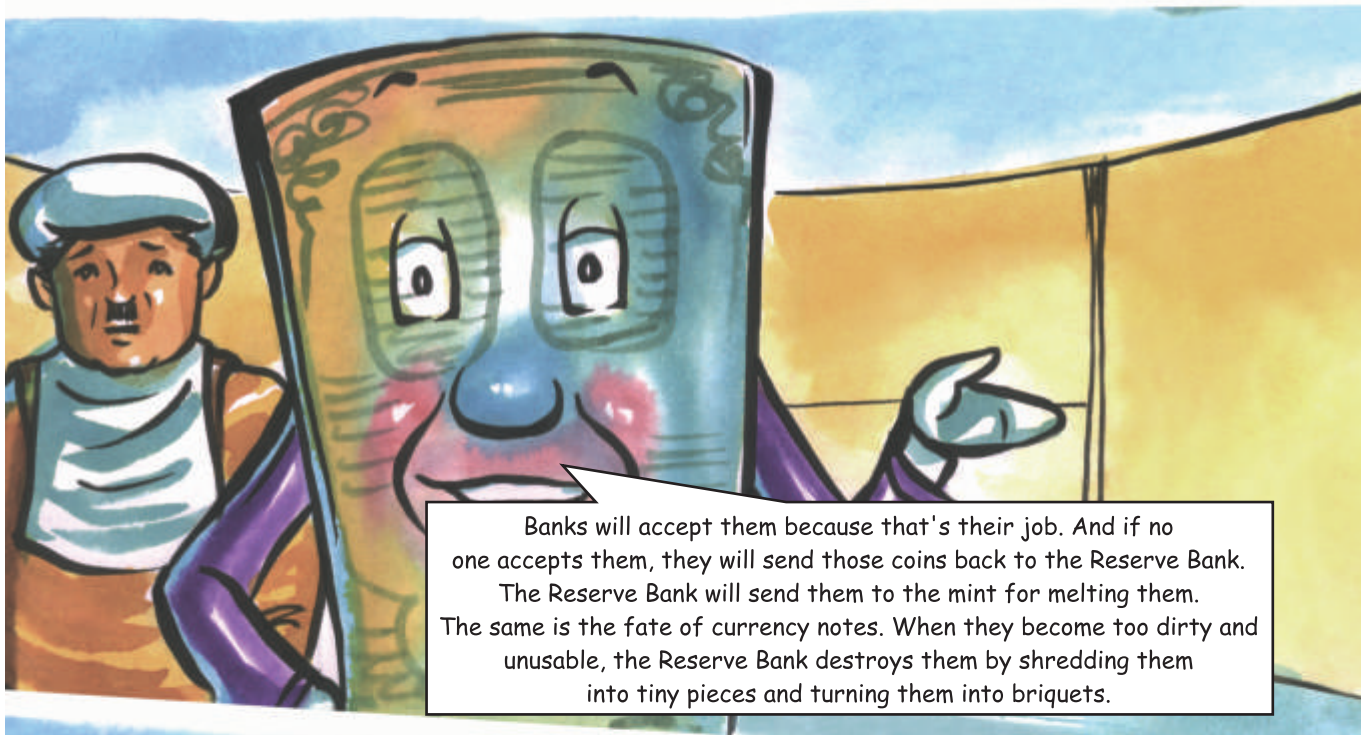


But I can't accept them. When I have so many customers, I better sell ice cream than count so many coins. In any case, what will I do with so many coins? No one will accept them from me.



You're right. So, the best thing to do is to go and deposit these unusable coins in a bank.

But if no one takes these coins, why would a bank accept them? What will it do with these coins?

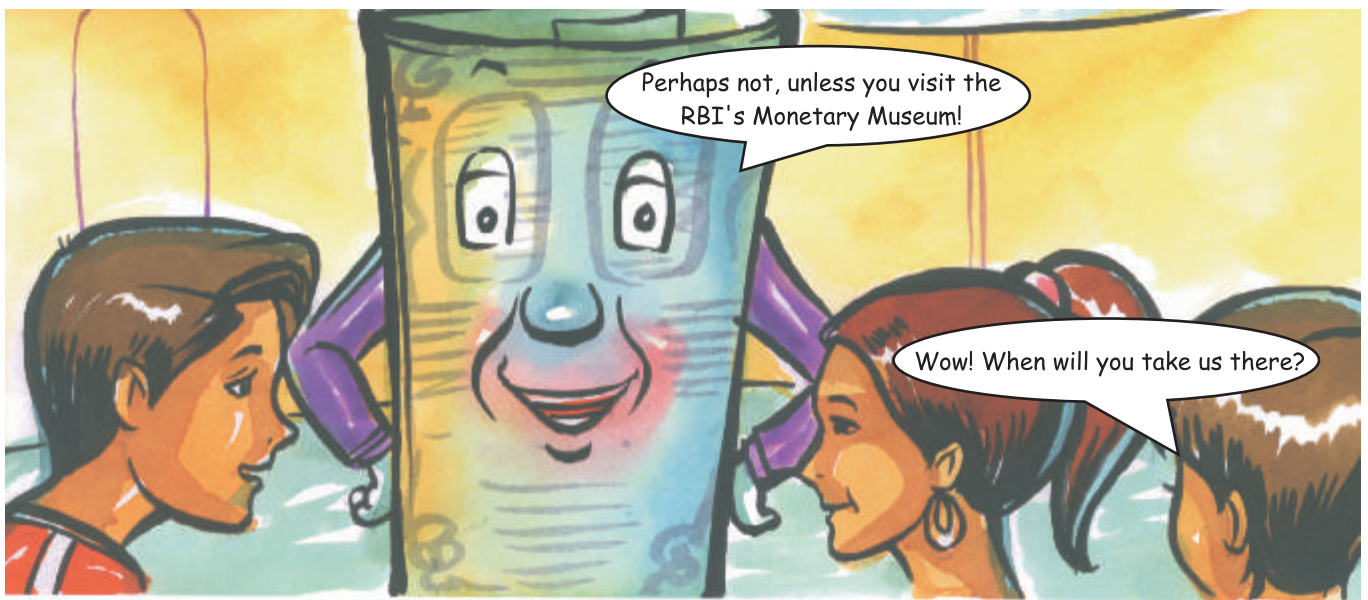


Banks will accept them because that's their job. And if no one accepts them, they will send those coins back to the Reserve Bank. The Reserve Bank will send them to the mint for melting them. The same is the fate of currency notes. When they become too dirty and unusable, the Reserve Bank destroys them by shredding them into tiny pieces and turning them into briquets.



The kids are horrified!

You mean, those coins and notes will vanish? We won't see them any more?



Perhaps not, unless you visit the RBI's Monetary Museum!

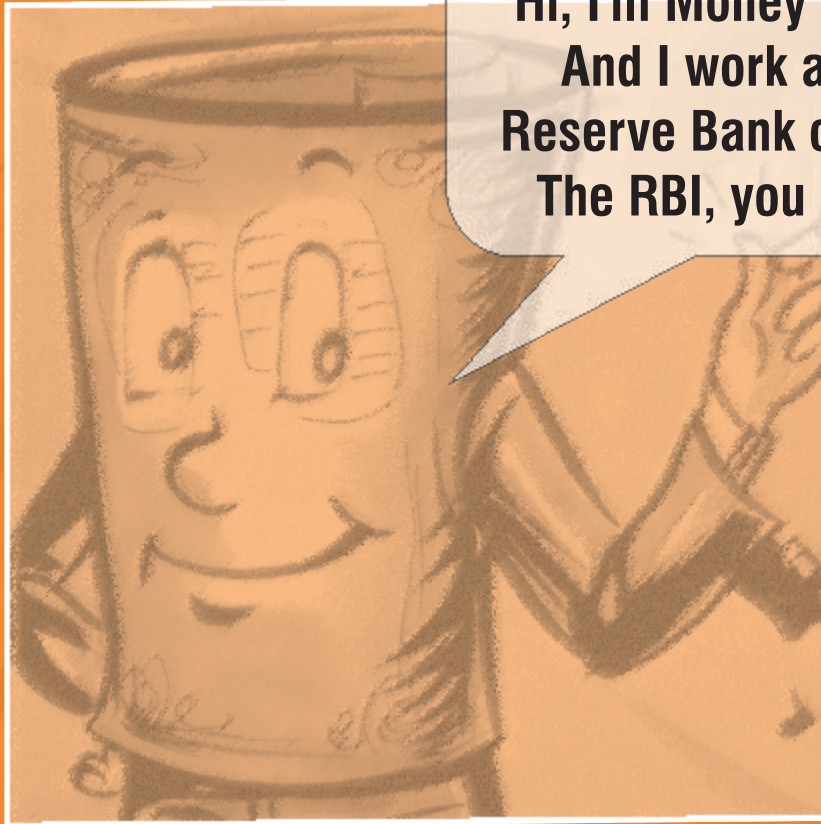
Wow! When will you take us there?



Oh, its right on your computer. Check it out at www.museum.rbi.org.in But we will certainly visit it some day!



Great! We've learnt a lot about currency today! Now...what's next?



**Hi, I'm Money Kumar.
And I work at the
Reserve Bank of India.
The RBI, you know!**

Learning about currency!

I've got a great job. But people don't know much about what I do. Most think about the RBI as a government organisation that's got nothing to do with them. But that's not how it is. Every single thing that I do at the RBI has an impact on the entire country. From the poorest farmer to the richest businessman.

Take the currency in your purse for instance. It's most likely printed in my printing press! And I also ensure that the market has enough notes that are clean and safe. I even tell people to respect the currency notes and handle them well.

As you can guess, it's a very interesting job with many responsibilities. Through this book, allow me to tell you some really interesting things about your currency! I'm sure, you really enjoy!



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