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FM lays Foundation Stone for Bank Note Paper Mill at Mysore

“Currency continues to be a dominant means of payment in the country’s economy. The ratio of currency to GDP which was 12 per cent in 1951 is currently around 13 percent currently. For a vast and growing country like India, indigenisation of the process of manufacture of currency notes including its various inputs like paper, ink, etc., is of strategic importance. Besides, it will also give the benefits of backward integration in the form of assured, smooth and timely supplies, cost savings, security and generation of employment, etc. As a significant milestone in the indigenisation process, Shri Pranab Mukherjee, Hon’ble Minister of Finance, Government of India laid the foundation stone of a new banknote paper mill at Mysore this afternoon, in the premises of the Bharatiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL), where the mill will be located.

The Reserve Bank of India Governor, Dr. D. Subbarao, Deputy Governor Smt. Usha Thorat, who is also the Chairperson of BRBNMPL, CMD, Security Printing and Minting Corporation of India Ltd, Shri M.S. Rana, MD, BRBNMPL Shri S.C.Agrawal, Member of Parliament, Shri A H Viswanath and Shri Dhruv Narayana and Members of Legislature Assembly and Mayor of Mysore Shri. Purushotham attended the ceremony.

The banknote paper mill is a joint venture between the BRBNMPL, the note printing unit of the Reserve Bank of India and the SPMCIL, a Government of India Undertaking - the two agencies which are collectively responsible for printing of all currency notes in the country. This plant, located in close proximity of the note printing press in Mysore, will suitably have production capacity of 6000 metric tonnes with an additional line of equal capacity to be installed in the second phase.

“I congratulate MOF and the RBI for having conceptualised the architecture of this project and put the implementation thereof on a fast track in a relatively short period of time. Indigenisation of bank note paper manufacturing will provide the benefits of backward integration in the form of assured, smooth & timely supplies, cost savings, employment generation and effective deterrent to counterfeiting. Hence this project is of great strategic consequence and we must remain resolutely committed to its success” the Finance Minister said in his speech.

In his remarks, the Governor Dr. D. Subbarao traced the history of paper currency in India and outlined the significance and the need for the paper mill. He

stated that it was Reserve Bank of India's responsibility as the sole issuer of notes, to make available to the public good and clean notes in adequate quantity.

In 2008-09, the Reserve Bank got 15 billion notes printed through the four printing presses. In the current year, it has indented for about 17 billion notes requiring approximately 18000 MT of banknote paper. The requirement of notes and the demand for paper is expected to go up further in the near future. "We are the second largest country in the world in terms of number of notes printed," he pointed out and added that the entire quantity of currency notes needed is printed within the country. However, insofar as the paper requirement for note printing is concerned, India produces (through Hoshangabad Security Paper Mill) hardly 5 per cent of the paper required for currency notes printing. For the balance 95 per cent requirement, India relies on imports. "We need to alter this position. This plant in Mysore will be a state of the art production unit that will showcase to the world India's capacity to produce Bank Note Paper conforming to the best international quality and security standards " the Governor said .

Background

- Since the time the Reserve Bank was established, the value of notes in circulation in the country has increased from about Rs. 172 crore in 1935 to more than Rs.7,00,000 crore in 2009.
- In terms of volume, notes in circulation have increased from 124 million pieces in 1935 to more than 51 billion pieces in September 2009.
- Currently there are four printing presses – two owned by the Government of India and located at Nashik, Maharashtra (established in 1928) and another at Dewas, M.P (1975), and two owned by the Reserve Bank - at Mysore, Karnataka (1996) and Salboni, West Bengal (1996). In 2008-09, more than 15 billion notes were printed by these four presses and in the current year, it is likely to go up to about 17 billion notes. With this magnitude, India is the second largest country in the world in terms of notes printed.
- India produces only 5 per cent of the paper required annually for currency note printing.
- Presently, the annual requirement of paper for banknotes is around 18,000 Tonnes.
- After China, India is the largest producer and consumer of currency notes.
- Major countries viz. USA, Japan, China, Brazil, Russia and countries in the European Union, and even small countries like, South Korea, Indonesia, Iran and Pakistan, make their own currency note paper.