

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3470  
ANSWERED ON:15.12.2006  
LIFE OF CURRENCY NOTES  
Nizamuddin Shri G.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has assessed the life of currency notes;
- (b) if so, the details thereof;
- (c) whether life of currency can be increased by using more improved paper; and
- (d) if so, the details thereof ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) & (b): A study on the statistical estimation of life of Indian Banknotes had been entrusted by RBI to the Indian Statistical Institute, Kolkata which submitted its report in 2003. The life of a banknote was defined as the period between the date of issue from Reserve Bank of India as fresh note and the date of return from circulation as soiled note. The estimates arrived at by the Indian Statistical Institute, on the average life of notes, are as under:

Denomination	Rs.10	Rs.20	Rs.50	Rs.100	Rs.500
Average	3 years.	4 years.	5 years.	5 years.	5 years
Mean Life	6 months	9 months	10 months	10 months	5 months

(c) & (d): Circulation life of banknotes depends on factors like climatic conditions, usage, handling habits, velocity and the overall growth in economy. Considering the above factors, exploration of scientific alternatives to increase the life of Indian banknotes are resorted to as a continuous process.