Polymer Currency: Field Trials of ₹10-₹20 Notes Approved

Economy and currency management | News context: July 2026 | Published: 17 October 2026

Background and Context

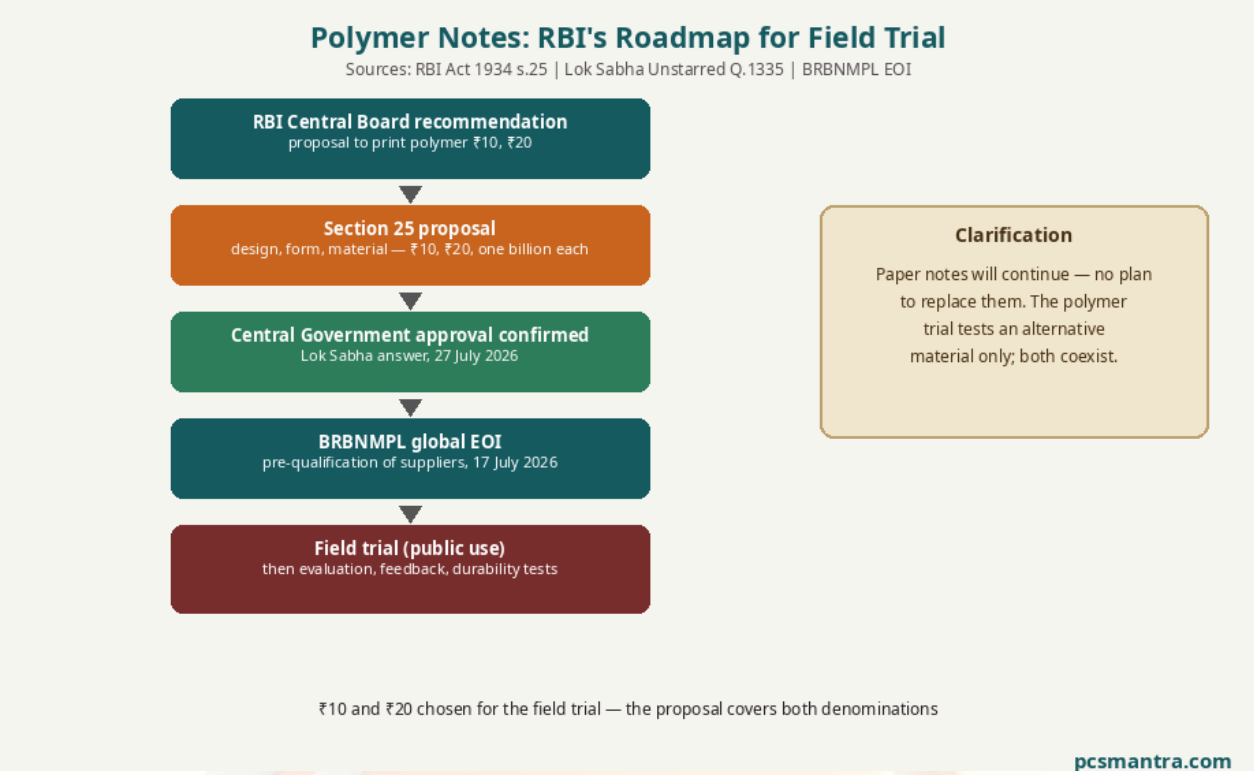
The strength of any currency note lies in its 'substrate' - that is, the base material on which it is printed. In India, notes are printed on cotton-based paper, which has a limited life because of wear, tearing and soiling. Notes printed on a polymer (plastic) substrate are considered more durable internationally - according to an answer the government gave in Parliament, the RBI has stated, citing international studies, that the lifespan of polymer notes is considerably longer than that of paper notes. Under Section 25 of the Reserve Bank of India Act, 1934, proposals about the form, size and material of notes are made with the government's approval on the recommendation of the RBI's Central Board - this same statutory route was the basis of this decision.

Why in the News

Two concrete steps towards polymer notes came out in July 2026. First: on 17 July 2026, the RBI's subsidiary Bharatiya Reserve Bank Note Mudran (BRBNMPL) issued a global Expression of Interest (Global EOI No. EOI/04/CO/2026-27) for the manufacture and supply of 'opeacified polymer substrate sheet with security features' - that is, the process of buying the raw material for the field trial. Second: on 27 July 2026, in the Lok Sabha, the Ministry of Finance confirmed (starred question 1335) that the government has approved the proposal sent on the recommendation of the RBI's Central Board - for a field trial of one billion polymer notes each of the ₹10 and ₹20 denominations, and for regular issue after successful testing. It also made clear: polymer notes will run alongside paper notes; there is no proposal to change paper currency; and the impact on digital payments can be assessed only after regular issue - notes and digital payments are complementary means.

The Key Concept: 'Substrate' - What Is the Body of a Note?

The substrate is the base material on which a note's design, security thread, watermark and ink rest. A cotton-paper substrate is cheap and familiar, but wears quickly from moisture, soil and folding. A polymer substrate (a kind of strong plastic sheet) is water-resistant, tough and long-lived, and additional security features such as a transparent 'window' can be put into it. A note's cost, life, resistance to counterfeiting and recycling - all are questions tied to the substrate; changing the substrate is therefore a structural decision of currency management, not an aesthetic one.



Original symbolic image: pcsmantra.com

Key Facts and Figures

Basis of the proposal	**Section 25 of the RBI Act, 1934 - the proposal to the government on the recommendation of the RBI Central Board (Lok Sabha answer 1335, 27 July 2026)**
Scope of the approval	One billion notes each of the ₹10 and ₹20 denominations for a field trial; regular issue after successful testing - 'the proposal approved by the government'
Procurement process	BRBNMPL Global EOI No. EOI/04/CO/2026-27 (17 July 2026) - a global search for opeacified polymer substrate sheet with security features
Paper notes	No replacement proposal - polymer notes will be issued alongside paper notes
Durability	According to international studies, the lifespan of polymer notes is longer than that of paper notes (as stated by the RBI, in the Lok Sabha answer)
Digital payments	An assessment of the impact is possible after regular issue; notes and digital payments are complementary means (government answer)

Why Towards Polymer - and How the Process Will Move Forward

Life-cycle economics: The longer a note lasts, the fewer the times printing, transport and destruction cost. The RBI has cited the international evidence on lifespan as the proposal's main argument - notes of small denominations (₹10/₹20) are replaced the fastest because of wear, so beginning the trial there is logical (analytical).

Security features: Features like a transparent window on a polymer sheet cannot be erased even after printing - the EOI itself asks for sheet 'with security features' (quoted from the document).

A phased path: Board recommendation → Section 25 proposal → government approval → substrate purchase (EOI) → field trial → evaluation → (on success) regular issue. That is, several stages remain before polymer notes reach the market (analytical).

The Significance of the Decision

Currency modernisation: After decades of the paper substrate, the first formal, phased experiment - on success, a long-term change in printing cost and note quality (analytical).

The balance of cash and digital: The government's clear statement - both are complementary means - shows this is not an anti-cash policy but a cash-improvement policy (based on the government answer).

An opportunity for domestic capability: BRBNMPL's role with a global EOI also opens the direction of indigenous substrate manufacturing in the future (analytical).

Challenges and Question Marks

The trial's uncertainty: The field trial's result is yet to come - polymer's behaviour in heat, humidity and Indian conditions of use will be the real test (analytical).

Machine adaptation: ATMs, counting-sorting machines and vending systems are calibrated for paper notes; recalibration for the new substrate will cost the banking system (analytical).

The environment debate: Polymer is durable but is plastic - without a life-cycle analysis (long life versus recycling difficulty), the claim of environmental benefit is incomplete (analytical).

Way Forward

Three steps will be decisive: (i) a transparent evaluation of the field trial - published criteria of durability, public acceptance and machine compatibility; (ii) parallel development of anti-counterfeiting features; (iii) the cost accounting of parallel operation of paper and polymer published separately in the RBI annual report, so that a public account remains of 'by when, how much benefit'.

Distinguishing the Concepts

Keep three differences clear: (1) a field trial versus regular issue - for now only the trial is approved, regular issue after success; (2) replacement versus parallel operation - paper notes will remain; (3) confirmation of approval versus the date of approval - 'confirmation' came in Parliament on 27 July 2026, but on which date the approval was given is not in the answer; the article makes no claim about an approval date.

Mains Perspective

GS-III: currency management, financial infrastructure, the economics of adopting technology. In the answer, carry the government answer's facts (Section 25; one billion each of ₹10/₹20; paper notes remain - attributed) and the reasoning of life-cycle economics/security features.

UPSC CSE Mains Style: Original Practice Question

Polymer banknotes are considered the forward-looking technology of cash. Examine the potential benefits and challenges of India's ₹10-₹20 field-trial decision.

(Give the answer in 150 words) | 10 marks

Answer Outline

Introduction: the two steps of July 2026; the concept - the substrate and Section 25.

Main Body: the argument - life-cycle economics, security features, the phased path; the limits - trial uncertainty, machine adaptation, environment.

Conclusion: the path - transparent evaluation and cost accounting.

Sources

- Lok Sabha starred question 1335 - the Ministry of Finance's answer (27 July 2026, primary)
- BRBNMPL - Global EOI EOI/04/CO/2026-27 (17 July 2026, primary)
- The Indian Express - report on the RBI polymer trial, 17 July 2026 (supplementary, press-based)

The basis of the proposal, the quantities, 'paper notes remain' and the statements of digital complementarity were verified verbatim from Lok Sabha answer 1335; the EOI details from the BRBNMPL document; no specific date of approval is in the source - nor in the article.

Read also: Cross-border payments in BRICS: settlement and trust beyond fast technology | FCNR(B) deposits and swaps: who holds the foreign-exchange risk?.

Remember: For now only this much is settled: a 'trial' of ₹10-₹20 polymer notes has been approved; paper notes are going nowhere. The real decision will come after the field trial's results - until then this is a trial of technology, not an overturning of currency policy.