



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2012-13/83
DCM (NE) No. G- 1 /08.07.18/2012-13

July 02, 2012

**The Chairman and Managing Director / The Chief Executive Officer
All Banks**

Madam / Dear Sir

Master Circular – Facility for Exchange of Notes and Coins

Please refer to the [Master Circular DCM \(NE\) No. G- 1 /08.07.18/2011-12 dated July 01, 2011](#) containing instructions on the facility for exchange of notes and coins. A revised version of Master Circular on the subject is annexed for your information and taking appropriate action, where required. This Master Circular is available on our website www.rbi.org.in.

Yours faithfully

Sd/-

(B. P. Vijayendra)
Chief General Manager

Encl. As above

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हिंदी में काम करना आसान है , इसका प्रयोग बढ़ाइए ।

Master Circular – Facility for Exchange of Notes and Coins dated July 02, 2012

1. Facility for exchange of notes and coins at bank branches

(a) All branches of banks in all parts of the country should provide the following customer services, more actively and vigorously to the members of public so that there is no need for them to approach the RBI Regional Offices for this purpose:

- (i) Issuing fresh / good quality notes and coins of all denominations on demand,
- (ii) Exchanging soiled notes, and
- (iii) Accepting coins and notes either for transactions or exchange.

(b) All the “designated bank branches” should provide facility for exchange for mutilated / defective notes. For the present, the currency chest branches are the “designated branches”, for this purpose. These branches should also provide facility for exchange of soiled notes and issue of fresh notes / coins on demand to members of public without discrimination on all working days. In addition, however, the scheme of providing exchange facility by a few select currency chest branches on one of the Sundays in a month will remain unchanged. The names and addresses of such bank branches should be available with the respective banks.

(c) The availability of above-mentioned facilities at the bank branches should be given wide publicity for information of the public at large.

(d) None of the bank branches should refuse to accept small denomination notes and / or coins tendered at their counters.

2. Reserve Bank of India (Note Refund) Rules, 2009- Delegation of full powers

(a) In terms of Section 28 read with Section 58 (2) of Reserve Bank of India Act, 1934, no person is entitled as a right to recover from the Government of India or RBI the value of any lost, stolen, mutilated or imperfect currency note of the GOI or banknote. However, with a view to mitigating the hardship to the public in genuine cases, it has been provided that the RBI may, with the previous sanction of the Central Government, prescribe the circumstances in, and the conditions and limitations subject to which, the value of such currency notes or banknotes may be refunded as a matter of grace.

(b) With a view to extending the facility for the benefit and convenience of public, designated branches of banks have been delegated powers under Reserve Bank of India (Note Refund) Rules, 2009 for exchange of mutilated / defective notes free of cost.

3. Liberalized definition of a Soiled Note

In order to facilitate quicker exchange facilities, the definition of soiled note has been liberalized. A ‘soiled note’ means a note which has become dirty due to normal wear and tear and also includes a two piece note pasted together wherein both the pieces presented belong to the same note and form the entire note with no essential feature missing. These notes should be accepted

over bank counters in payment of Government dues and for credit to accounts of the public maintained with banks. However, in no case, these notes should be issued to the public as re-issuable notes and shall be deposited in currency chests for onward transmission to RBI offices as soiled note remittances for further processing.

4. Mutilated Notes – Presentation and Passing

A mutilated note is a note of which a portion is missing or which is composed of more than two pieces. Mutilated notes may be presented at any of the designated bank branches of the banks. The notes so presented shall be accepted, exchanged and adjudicated in accordance with Reserve Bank of India (Note Refund) Rules 2009.

5. Extremely brittle, burnt, charred, stuck up Notes

Notes which have turned extremely brittle or badly burnt, charred or inseparably stuck up together and, therefore, cannot withstand normal handling, shall not be accepted by the bank branches for exchange. Instead, the holders may be advised to tender these notes to the concerned Issue Office where they will be adjudicated under a Special Procedure.

6. Notes bearing "PAY"/"PAID" "REJECT" stamps

(a) Every Officer-in-charge of the branch i.e. the Branch Manager and every Officer-in-charge of the Accounts or Cash Wing of the Branch shall act as 'Prescribed Officer' in each designated branch to adjudicate the notes received at the branch for exchange in accordance with Reserve Bank of India (Note Refund) Rules, 2009. After adjudicating mutilated notes, the Prescribed Officer is required to record his order by subscribing his initials to the dated 'PAY'/ 'PAID'/ 'REJECT' stamp. The 'PAY' /'PAID' & 'REJECT' stamps should also carry the name of the bank and branch concerned and held under the custody of the 'Prescribed Officer' to avoid misuse.

(b) Mutilated / defective notes bearing 'PAY'/ 'PAID' (or 'REJECT') stamp of any RBI Issue Office or any bank branch, if presented for payment again at any of the designated bank branches should be rejected under Rule 6(2) of Reserve Bank of India (Note Refund) Rules, 2009 and the tenderer should be advised that the value of such note/s cannot be paid since the same has already been paid as is evident from the PAY/PAID stamps affixed on it/them. All bank branches have instructions not to issue notes bearing PAY/PAID stamps to the public even through oversight. The branches should caution their customers not to accept such notes from any bank or anybody else.

7. Notes bearing slogans / political messages, etc.

Any note with slogans and message of a political nature written across it ceases to be a legal tender and the claim on such a note will be rejected under Rule 6(3) (iii) of Reserve Bank of India (Note Refund) Rules, 2009. Similarly, notes which are disfigured may also be rejected under Rule 6(3) (ii) of Reserve Bank of India (Note Refund) Rules, 2009

8. Deliberately cut notes

The notes, which are found to be deliberately cut, torn, altered or tampered with, if presented for payment of exchange value should be rejected under Rule 6(3)(ii) of the Reserve Bank of India (Note Refund) Rules, 2009. Although it is not possible to precisely define deliberately cut, a close look at such notes will clearly reveal any deliberate fraudulent intention, as the manner in which such notes are mutilated will follow a broad uniformity in the shape / location of missing portions of the notes, especially when the notes are tendered in large numbers. The details of the case such as the name of the tenderer, the number of notes tendered and their denominations should be reported thereafter to the Deputy/General Manager, Issue Department, under whose jurisdiction the branch falls. The matter should also be reported to local police in case a large number of such notes are tendered.

9. Training

Our Issue Offices conduct training programmes for 'Prescribed Officers' of designated bank branches on a priority basis. As the training programmes are intended to provide knowledge and instill confidence in the Prescribed Officers in the process of adjudication of defective notes, it is imperative that the Prescribed Officers of the branches are deputed for such programmes.

10. Display of Notice Board

All designated bank branches are required to display at their branch premises, at a prominent place, a board indicating the availability of note exchange facility with the legend, "MUTILATED NOTES ARE ACCEPTED AND EXCHANGED HERE" for information of general public. Banks should ensure that all their designated branches provide facility for exchange of notes and coins not only to their customers but also others. However, they should ensure that the note exchange facility is not cornered by money changers / dealers in defective notes.

11. Disposal of notes adjudicated at designated branches

Regarding audit of the notes adjudicated by designated bank branches, the full value paid notes have to be remitted by designated branches to the Issue Office concerned together with the next soiled note remittance in the manner already laid down. The half value paid notes and rejected notes, which are held by the designated bank branches in its cash balance, may either be remitted separately packed together with the full value paid notes or sent by registered and insured post as and when required. The full value paid notes will be treated as chest remittance by the Issue Office while the half value paid notes and rejected notes will be treated as notes tendered for adjudication and processed accordingly. All designated bank branches are required to submit to our Issue Offices a monthly statement showing the number of notes adjudicated by them during the month.

12. Agreement between RBI and commercial banks

- (a) The bank branches should accept coins in exchange of notes.
- (b) They should accept coins of all denominations which are legal tender under the Indian Coinage Act, 1906 from any member of public without any restriction and pay the value in notes.

(c) They should use note counting machines or accept coins by weight for large receipts, as hitherto to facilitate the customers.

13. Withdrawn Coins

(a) The coins of denomination of 25 paise and below, issued from time to time, ceased to be legal tender for payments as well as account with effect from June 30, 2011 in terms of Gazette Notification No.2529 dated December 20, 2010 issued by the Government of India. All such coins should be retained in the Small Coin Depots (SCDs) of the bank till further advise from Reserve Bank of India.

(b) The cupronickel coins of 50 paise and rupee one denominations have been withdrawn and are to be remitted to the mints. These coins may be accepted denomination-wise and metal-wise and packed with 100 coins in each sachet on receipt from the customers. Similar arrangements may also be made for acceptance of current coins in 50 paise and rupee denominations.

(c) In order to obviate the problem of storage of uncurrent /withdrawn coins at the branches, cupronickel coins of 50 paise and ₹1 may be remitted to Government of India Mints at Mumbai/ Kolkata / Hyderabad with prior intimation to them through the designated branches of the bank concerned (or through link branches of other banks) as per the existing procedure . Stainless steel coins of 50 paise, ₹1 and ₹2 and cupronickel / stainless steel coins of ₹5 denominations should, however, be put back in circulation. ₹ 2 cupronickel coins may not be issued to the public but retained at the designated branches till further instructions. In case, the stocks of these coins reach beyond the holding capacity for lack of demand the Issue Department of the Circle should be approached for remittance of coins

14. Monitoring and Control

(a) The Regional Managers / Zonal Managers of the banks may pay surprise visits to the branches and report the position of compliance in this regard to the Head Office which will review such reports and take prompt remedial action, wherever necessary.

(b) Any non-compliance in this regard shall be viewed as violation of instructions issued by the Reserve Bank of India.

Master Circular – Facility for Exchange of Notes and Coins dated July 02, 2012

List of circulars / notifications consolidated by the Master Circular

| Circular / Notification No. | Date | Subject |
|-------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| DCM (Plg). No. 6983/10.03.03/2010-11 | 28.6.2011 | Call in from circulation coins of the denomination of 25 paise and below |
| DCM (Plg). No. 6476/10.03.03/2010-11 | 31.5.2011 | Call in from circulation coins of the denomination of 25 paise and below-complaints reading non-acceptance of |
| DCM (Plg). No. 4459/10.03.03/2010-11 | 09.2.2011 | Call in from circulation coins of the denomination of 25 paise and below. |
| DCM (Plg). No. 4137/10.03.03/2010-11 | 25.1.2011 | Call in from circulation coins of the denomination of 25 paise and below. |
| Gazette of India No. 2529 | 20.12.2010 | Notification for withdrawal of 25 paise and below coins |
| DCM(RMMT)No.1277/ 11.36.03/2010-11 | 24.8.2010 | Exchange Facilities by Currency Chest branches / scheme for providing facilities |
| DCM(NE)No.1612/08.01.01/2009-10 | 13.9.2009 | Notification of Note Refund(Rules), 2009 |
| RBI/2006-07/349/DCM (NE)No.7488/08.07.18/ 2006-07 | 25.4.2007 | Acceptance of Small Denomination Notes and Coins. |
| DCM(RMMT)No.1181/ 11.37.01/2003-04 | 05.4.2004 | Acceptance of coins. |
| DCM(NE)No.310/ 08.07.18/2003-04 | 19.1.2004 | Providing facilities to public for exchange of notes, coins, etc. |
| DCM(RMMT)No.404/ 11.37.01/2003-04 | 09.10.2003 | Acceptance of coins and availability of notes. |
| G-11/08.07.18/2001-02 | 02.11.2001 | Reserve Bank of India (Note Refund) Rules, 1975 – Delegation of note exchange powers to currency chest branches of Public/Private Sector Banks. |
| Cy.No.386/08.07.13/2000-2001 | 16.11.2000 | Reserve Bank of India (Note Refund) Rules, 1975 – Delegation of full note exchange powers to currency chest branches of Public/Private Sector Banks. |
| G-67/08.07.18/96-97 | 18.2.1997 | RBI (Note Refund) Rules, 1975, Delegation of full powers to private sector banks maintaining currency chests |
| G-52/08.07.18/96-97 | 11.1.1997 | RBI (NR) Rules Scheme of delegation of powers to PSBs for exchange of defective notes – Disposal of notes bearing PAY/PAID stamp. |
| G-24/08.01.01/96-97 | 03.12.1996 | Acceptance of Exchange of Cut Notes – Liberalization. |
| G-64/08.07.18/95-96 | 18.5.1996 | RBI(NR) Rules – Delegation of full powers to branches PSBs and publicity for exchange of |

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| | | defective notes. |
| G-71/08.07.18/92-93 | 22.6.1993 | RBI(NR) Rules – Scheme of delegation of full powers for exchange of defective notes to the branches of PSBs – Publicity. |
| G-83/CL-1(PSB)-91/92 | 06.5.1992 | RBI(NR) Rules – Delegation of powers to chest branches of PSBs. |
| G-74/CL-(PSB)(Gen)-90/91 | 05.9.1991 | RBI(NR) Rules – Delegation of full powers there under to PSBs. |
| 5.5/CL-1(PSB)-90/91 | 25.9.1990 | RBI(NR) Rules – Scheme of delegation of full powers to PSBs. |
| 8/CL-1(PSB)-90/91 | 17.8.1990 | RBI(NR) Rules – Scheme of delegation of full powers to PSBs. |
| G-123/CL-1(PSB)(Gen)-89/90 | 07.5.1990 | RBI(NR) Rules – Scheme of delegation of full powers to PSBs (Amendment). |
| G-108/CL-1(PSB)(Gen)-89/90 | 03.4.1990 | RBI(NR) Rules 1989 – Bank notes of Rs.500/- denomination – Exchange of defective notes at branches of PSBs. |
| G-8/CL-1(PSB)-89/90 | 12.7.1989 | RBI(NR) Rules – Defective notes branded with 'To Claims' stamp of RBI Issue Offices. |
| G.84/CL.1(PSB)-88/89 | 17.3.1989 | RBI(NR) Rules – Delegation of full note exchange powers to PSBs. |
| G.66/CL.1(PSB)-88/89 | 09.2.1989 | RBI(NR) Rules – Delegation of powers to PSBs – Training. |
| S.12/CL-1(PSB)-88/89 | 30.9.1988 | RBI(NR) Rules – Deliberately mutilated notes – Adjudication. |
| G.134/CL-1(PSB)-87/89 | 25.5.1988 | Implementation of the Scheme of delegation of full powers under RBI(NR) Rules. |
| 192/CL-1-(PSB)-86/87 | 02.6.1987 | RBI(NR) Rules – Scheme of delegation of full powers to PSBs. |
| 189/CL.2/86/87 | 02.6.1987 | Defacing currency notes by writing on them or inscribing messages, slogans etc. thereon. |
| 185/CL-1(PSB)-86/87 | 20.5.1987 | RBI(NR) Rules – Affixing of 'PAY' and 'REJECT' stamps on defective notes. |
| 173/CL.1/84/85 | 02.4.1985 | Delegation of full powers to PSBs for exchange of defective notes/procedures of the same. |
| Cy.No.1064/CL.1/76/77 | 09.8.1976 | Facilities to the public for exchange of soiled notes and slightly mutilated notes. |

