

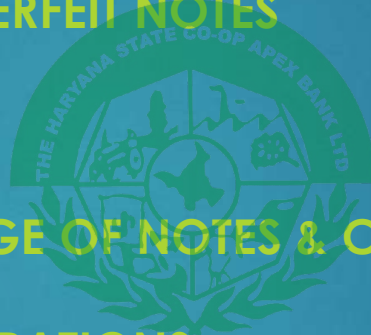
CLEAN NOTE POLICY

NOTE REFUND RULES



SESSION OUTLINE

- CLEAN NOTE POLICY
- HANDLING OF COUNTERFEIT NOTES
- NOTE REFUND RULES
- FACILITY FOR EXCHANGE OF NOTES & COINS
- CURRENCY CHEST OPERATIONS
- RBI GUIDELINES FOR LEVY OF PENAL INTEREST OR /AND WRONG REPORTING



Clean Note Policy

Objective of Clean Note Policy of RBI is to provide good quality currency notes & coins to general public.

It implies that that note packets are not to be stapled with pins but are to be secured with paper bands etc.

Writing on currency notes is also discouraged.

RBI has directed all banks to sort out notes into issuable and non-issuable, and issue to the public only the clean notes.

Banks are also required to extend note exchange facilities to public freely based on their guidelines & note refund rules.

Clean Note Policy

Similarly, the customers will tender at their banks notes only in unstapled condition

Under the present system of mechanized processing of banknotes, inscription or scribbling on any part of the banknote would render it to be classified as unfit for reissue

So, dealing officers and staff to forthwith stop writing / scribbling of any kind on any part of the banknote to ensure achievement of the objectives of clean note policy

Branches will strictly follow the RBI's instructions issued, from time to time, under the Clean Note Policy

Clean Note Policy

Bank has installed note sorting machines capable of segregating the notes into issuable, non-issuable and suspect categories in all bank branches.

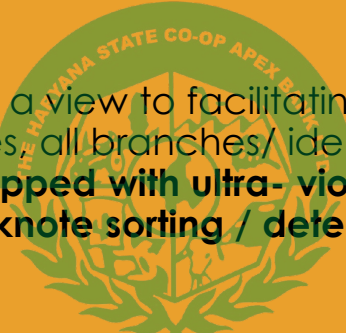
Note packets are to be prepared as per Clean Note Policy of Reserve Bank of India.

The remittances of non-issuable, soiled and mutilated notes are required to be sent to RBI at regular intervals.

RBI has a scheme of incentives & penalties for banks in this regard. It is known as the Currency Distribution & Exchange Scheme for rendering customer service to public.

Handling of Counterfeit Currency Note

Failure of the branch/back office/Currency Chest to impound counterfeit notes detected at their end **will be construed as willful involvement of the receiving Cashier/Cash officer/Joint Custodian concerned in circulating counterfeit notes** and penalty, if any imposed by RBI will be recovered from erring employees apart from taking action as Bank may deem fit.



With a view to facilitating the detection of counterfeit notes, all branches/ identified back offices should be **equipped with ultra- violet lamps / other appropriate banknote sorting / detection machines.**

The branches shall maintain a daily record of the notes processed through the Note Sorting machines, including the number of counterfeits detected.

Handling of Counterfeit Currency Note

- ▶ It is necessary to ensure that the cash handling staff in banks and treasuries / subtreasuries is **fully conversant with the security features of a banknote**
- ▶ The design and security features of all the banknotes must be displayed prominently at the branches for information of the public
- ▶ Details of security features are available at the link <https://www.paisaboltahai.rbi.org.in/>



Handling of Counterfeit Currency Note

Counterfeit money is imitation currency produced without the legal sanction of the government

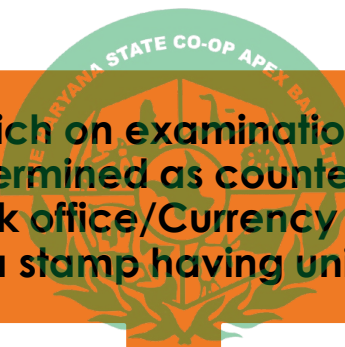
Bank notes tendered over the counter or received directly at the back office/ Currency Chest through bulk tenders should be examined for authenticity through Note Sorting Machines (NSMs).

Counterfeit notes shall be impounded by all Bank branches.

In no case, the counterfeit notes should be returned to the tenderer or destroyed by the bank branches.

No credit to customer's account is to be given for counterfeit note, if any, detected in the tender received at branches over the counter or at the back-office / currency chest.

Handling of Counterfeit Currency Note



Each Bank Note which on examination of various security features/parameters is determined as counterfeit one by the concerned official at counter or back office/Currency Chest will be stamped as “Counterfeit Note” with a stamp having uniform size of 5 cm X 5cm.

Each such impounded note shall be recorded under authentication, in Forged Note Detection and Impounding Register under authentication of cash officer and Accountant of the branch/office concerned

Issue of Receipt to tenderer

When a banknote tendered at the counter of a branch/back office or currency chest is found to be **counterfeit**, an acknowledgement receipt must be issued to tenderer in the prescribed format

The receipt in running serial number should be authenticated by receiving official and tenderer.

The receipt is to be issued even in cases where the tenderer is unwilling to countersign it.

Handling of Counterfeit Currency Note

Counterfeit notes so detected and impounded must be entered on the same day in Counterfeit Currency Reporting (CCR) portal, available in SBI Times=> More Links=> SBI Single Sign on => Counterfeit Currency Reporting.

Branches will report such Fake Indian Currency Notes (FICNs) on CCR portal also which are detected by RBI in remittances sent to them or detected during inspection conducted by RBI

Issue of Receipt to tenderer

an acknowledgement receipt must be issued to tenderer in the prescribed format, after stamping of notes as prescribed above. The receipt in running serial number should be authenticated by receiving official and tenderer. The receipt is to be issued even in cases where the tenderer is unwilling to countersign it.



Notice to this effect should be displayed prominently at the offices / branches for information of the public

Reporting to Police

For cases of detection of counterfeit notes up to 4 pieces, in a single transaction, a consolidated branch wise report in the prescribed format (Annex III) based on data extracted from CCR portal should be sent by the Branch Manager to the Police Authorities or the Nodal Police station, along with the suspect counterfeit notes, **at the end of the month.**

For cases of detection of counterfeit notes of 5 or more pieces, in a single transaction, the counterfeit notes should be forwarded by the branch immediately to the local police authorities or the Nodal Police Station for investigation by filing FIR in the prescribed format (Annex IV)

Branch would also forward a copy of the format to the Nodal Officer for information. Acknowledgement to be obtained and kept on record.

FILING OF FIR

Chief Manager (Compliance & Risk) of the concerned RBO will act as Nodal Bank Officer for all the districts falling under the jurisdiction of the RBO

All cases of reporting of counterfeit note detected should be routed through the Nodal Bank Officer only and he will be the single point of contact for all activities related to detection, impounding and reporting.

However, reporting through the Nodal Bank Officer may delay due to large number of branches in an RBO spread over districts/geographies.

Branches should, therefore, report to Police Authorities under advice to Nodal Bank Officer to minimize delay and ensuring better compliance

Reporting to Police

In case any difficulty is faced by the Offices/ Branches due to reluctance of the police to receive monthly consolidated statement/ file FIRs, the matter may be sorted out in consultation with the Nodal Officer of the police authority designated to coordinate matters relating to investigation of counterfeit bank notes cases.



The list of Nodal Police Station may be obtained from the respective Regional Office of Reserve Bank.

A copy of the monthly consolidated report/ FIR shall be sent to the Forged Note Vigilance Cell constituted at LHO by the Nodal Officer

Preservation of Counterfeit Notes received from Police Authorities

- ▶ All Counterfeit Notes received back from the police authorities/ Courts be advised to FNVC and should be carefully preserved in the safe custody of the branch where these were detected and a record thereof be maintained by the branch in a separate folio in Branch Documents Register.
- ▶ Counterfeit Notes, which are the subject matter of litigation in the court of law should be preserved by the branch concerned for three years after conclusion of the court case
- ▶ These Counterfeit Notes at branches should be subjected to verification on a half-yearly basis (on 31st March and 30th September) by the Branch Manager.

Reserve Bank of India (Note Refund) Rules, 2009

- ▶ SOILED NOTES
- ▶ MUTILATED NOTES
- ▶ EXTREMELY BRITTLE
- ▶ BURNT
- ▶ CHARRED
- ▶ DELIBERATELY CUT NOTES



Reserve Bank of India (Note Refund) Rules, 2009

- ▶ **Soiled Notes-** 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.

EXCHANGE OF SOILED NOTES

- ▶ **Notes presented in small number:** Where the number of notes presented by a person is up to 20 pieces with a maximum value of Rs.5000 per day, banks should exchange them over the counter, free of charge.
- ▶ **Notes presented in bulk:** Where the number of notes presented by a person exceeds 20 pieces or Rs.5000 in value per day, banks may accept them, against receipt, for value to be credited later. Banks may levy service charges
- ▶ In case tendered value is above Rs.50000, banks are expected to take the usual precautions.

MUTILATED NOTES

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 bank branches.

The notes so presented shall be accepted, exchanged and adjudicated in accordance with Reserve Bank of India (Note Refund) Rules

Notes of less than Rs.50 denomination

Full Value will be paid if the single **largest undivided piece** of the "mutilated" note is more than 50% of the area of the respective denomination.

NIL- if the largest undivided piece of the damaged note is 50% or less than the area of the original note

No provisions for payment of Half Value

Notes of denomination Rs.50 or more

Zero Value : If the area of the single largest undivided piece of the mutilated note is less than 40% of the area of the respective denomination

Half Value : If the area of the single largest undivided piece is between 40% to 80% of the original note

Full Value : If the area of the single largest undivided piece is more than 80%.

Full Value : If there are two pieces of the same note and each piece has an area of 40% or more.

MUTILATED NOTES

- ▶ 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. 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 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

MUTILATED NOTES

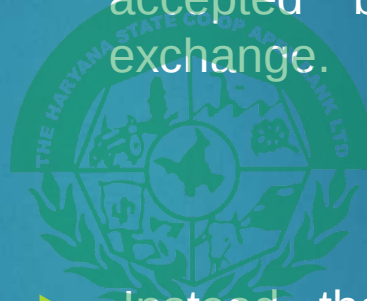
- ▶ The full value paid notes have to be remitted by all branches to the chest branches with which they have been linked and therefrom to the Issue Offices concerned together with the next soiled note remittance
- ▶ The half value paid notes and rejected notes, which are held by the chest branches in their 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

Facility for exchange of notes and coins

- ▶ All branches of banks in all parts of the country are mandated to provide the following customer services:
- ▶ (i) Issuing fresh / good quality notes and coins of all denominations on demand,
- ▶ (ii) Exchanging soiled / mutilated / defective notes, and
- ▶ (iii) Accepting coins and notes either for transactions or exchange. In terms of section 6 (1) of The Coinage Act, 2011,
- ▶ None of the bank branches shall refuse to accept small denomination notes and / or coins tendered at their counters. All coins in the denomination of 50 paise, ₹1, ₹2, ₹5, ₹10 and ₹20 of various sizes, theme and design issued from time to time by the Government of India continue to be legal tender

Extremely Brittle, Burnt, Charred, Stuck-Up Notes

- ▶ Notes which have turned extremely brittle or are 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 shall be advised to tender these notes to the Issue Office of Reserve Bank of India concerned where they will be adjudicated under a Special Procedure.



Cash Retention Limit

- ▶ Cash held by our Non currency Chest Branches is the property of SBI whereas cash in currency chest branches is the property of RBI.
- ▶ Cash balances at Hand Balance branches are idle assets and have opportunity loss
- ▶ Every Branch is required to maintain an optimum cash **balance** at branches to meet the requirements of customers. Any excess cash holding beyond a limit is shifted to linked currency chest branch/CAC.
- ▶ A limit for every branch is required to be fixed. This limit is called Cash Retention Limit.



Cash Retention Limit

- 
- Branches, Urban and Metro Branches serviced by CAC/SCAB and other Branches.
 - Insurance of Cash and other valuables “On Premises” and “In Transit”.
 - Cash Retention Limit of Branches may be reviewed in the months of May/June every year and to make it applicable w.e.f. 1st July every year.

Cash Retention Limit

- 
- ▶ Cash retention limit of branches is fixed as under:
 - ▶ Rural – up to Rs. 10.00 lacs**
 - ▶ Semi-Urban – above Rs. 10.00 lacs-Rs.20.00 lacs
 - ▶ Urban & Metro – Above Rs. 20.00 lacs.
 - ▶ All Branches required to pay Central Office Interest on cash available at the Branches @9% p.a. (Cash available at the Branch = Branch Cash Balance + Cash Balance with SWO).

Approval of Cash Retention Limit

► Cash Retention Limit

Approval By

- Upto ₹10 lakhs
(Compliance

Manager (GB)



Chief Manager

&Operation / Chief

- >₹10 lakhs & upto ₹20 lakhs

Regional Manager

- > ₹20 lakhs
(B&O)

Deputy General Manager



THANK YOU