



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2020-21/07
DCM (NE) No.G-3/08.07.18/2020-21

July 01, 2020

The Chairman and Managing Director /
The 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-2/08.07.18/2019-20 dated July 01, 2019](#) 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 necessary action. This Master Circular is placed in our website www.rbi.org.in.

Yours faithfully

(Ishan Shukla)
Chief General Manager

Encl. As above

Master Circular – Facility for Exchange of Notes and Coins dated July 01, 2020

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

(a) All branches of banks in all parts of the country are mandated to 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 / mutilated / defective notes,*

* Small Finance Banks and Payment Banks may exchange mutilated and defective notes at their option.

and

(iii) Accepting coins and notes either for transactions or exchange.

It will be preferable to accept coins, particularly, in the denominations of ₹ 1 and 2, by weight. However, accepting coins packed in sachets of 100 each would perhaps be more convenient for the cashiers as well as the customers. Such sachets may be kept at the counters and made available to the customers.

(b) All branches should provide the above facilities to members of public without any discrimination on all working days. 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 the 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. 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.

2. Reserve Bank of India (Note Refund) Rules, 2009 [As amended by Reserve Bank of India (Note Refund) Amendment Rules, 2018] - Delegation of 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, all branches of banks have been delegated powers under Rule 2(j) of Reserve Bank of India (Note Refund) Rules, 2009 [As amended by Reserve Bank of India (Note Refund) Amendment Rules, 2018] (hereinafter referred to as NRR, 2009) for exchange of mutilated / defective notes free of cost.

(c) The NRR, 2009 were amended to enable the public to exchange mutilated notes in Mahatma Gandhi (New) series, which are smaller in size compared to the earlier series. The minimum area of the single largest undivided piece of the note required for payment of full value for notes of rupees fifty and above denominations were also revised. The Reserve Bank of India (Note Refund) Amendment Rules, 2018 have since been notified in the Gazette of India on September 6, 2018.

3. Liberalized definition of a Soiled Note

In order to facilitate quicker exchange facilities, the definition of soiled note has been expanded. 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 bank branches. The notes so presented shall be accepted, exchanged and adjudicated in accordance with [NRR, 2009](#).

5. 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 may be advised to tender these notes to the Issue Office concerned where they will be adjudicated under a Special Procedure.

6. Procedure for exchange of soiled/mutilated/imperfect notes

6.1 Exchange of soiled notes

6.1.1 Notes presented in small number: Where the number of notes presented by a person is up to 20 pieces with a maximum value of ₹ 5000 per day, banks should exchange them over the counter, free of charge.

6.1.2 Notes presented in bulk: Where the number of notes presented by a person exceeds 20 pieces or ₹ 5000 in value per day, banks may accept them, against receipt, for value to be credited later. Banks may levy service charges as permitted in Master Circular on Customer

Service in Banks ([DBR.No.Leg.BC.21/09.07.006/2015-16 dated July 1, 2015](#)). In case tendered value is above ₹ 50000, banks are expected to take the usual precautions.

6.2 Exchange of mutilated and imperfect notes

6.2.1 While designated branches may continue to follow the procedure as laid down in Part III of NRR, 2009 (www.rbi.org.in→Publications→Occasional) for exchanging mutilated and imperfect notes and issue receipt for the notes presented for adjudication, non-chest branches are required to follow the following procedure for notes presented in small numbers and in bulk.

6.2.2 Notes presented in small number : Where the number of notes presented by a person is up to 5 pieces, non-chest branches should normally adjudicate the notes as per the procedure laid down in Part III of NRR, 2009 and pay the exchange value over the counter. If the non-chest branches are not able to adjudicate the mutilated notes, the notes may be received against a receipt and sent to the linked currency chest branch for adjudication. The probable date of payment should be informed to the tenderers on the receipt itself and the same should not exceed 30 days. Bank account details should be obtained from the tenderers for crediting the exchange value by electronic means.

6.2.3 Notes presented in bulk: Where the number of notes presented by a person is more than 5 pieces not exceeding ₹ 5000 in value, the tenderer should be advised to send such notes to nearby currency chest branch by insured post giving his / her bank account details (a/c no, branch name, IFSC, etc.) or get them exchanged thereat in person. All other persons tendering mutilated notes whose value exceeds ₹ 5000 should be advised to approach nearby currency chest branch. Currency chest branches receiving mutilated notes through insured post should credit the exchange value to the account of sender by electronic means within 30 days of receipt of notes.

6.3 Tenderers aggrieved with the service provided by the banks in this regard may approach Banking Ombudsman concerned, following the procedure as laid under Banking Ombudsman Scheme, 2006 with the bank /postal receipts as proof for necessary action.

7. 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 branch to adjudicate the notes received at the branch for exchange in accordance with NRR, 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 bank branches should be rejected under Rule 6(2) of NRR, 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.

8. Notes with slogans/ scribbling/ stain etc

(a) Notes with slogans, political or religious messages, scribbling, stain (including colour stain) etc are unfit for usage and circulation and go against Clean Note Policy of RBI.

(b) Such notes received from members of public may not be reissued for circulation. They may be remitted to currency chest for onward remittance to RBI offices.

(c) Any note with slogans and message of a political or religious 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 NRR, 2009. Similarly, notes which are disfigured may also be rejected under Rule 6(3) (ii) of [NRR, 2009](#).

(d) All Bank notes with scribbling / stain (including colour stain) on them continue to be legal tender. Such notes can be deposited or exchanged in any bank branch.

9. 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 NRR, 2009. Although it is not possible to precisely define deliberately cut notes, 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.

10. Training

Our Issue Offices conduct training programmes for 'Prescribed Officers' of 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.

11. Display of Notice Board

All bank branches are required to display at their branch premises, at a prominent place, a board indicating the availability of note and coin exchange facility with the legend, "SOILED/MUTILATED NOTES AND COINS ARE ACCEPTED AND EXCHANGED HERE" for information of general public. Banks should ensure that all their 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.

12. Disposal of notes adjudicated at bank branches

Regarding audit of the notes adjudicated by bank branches, 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 in the manner already laid down. 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. All chest branches are required to submit to our Issue Offices a monthly statement showing the number of notes adjudicated during the month.

13. Uncurrent Coins

The coins 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.

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 01, 2020

List of circulars / notifications consolidated by the Master Circular

Sr.No	Circular / Notification No.	Date	Subject
1.	DCM (NE) No.3057/08.07.18/2018-19	26.06.2019	Acceptance of coins
2.	DCM (NE) No.657/08.07.18/2018-19	07.09.2018	Amendments to Reserve Bank of India (Note Refund) Rules, 2009
3.	RBI/2017-18/132 DCM (RMMT) No. 2945/11.37.01/2017-18	15.02.2018	Acceptance of coins
4.	DCM(NE)No.120/08.07.18/2016-17	14.07.2016	Facility for Exchange of Soiled/ Mutilated/ Imperfect Notes
5.	DCM(NE)No.3498/08.07.18/2012-13	28.01.2013	Facility for exchange of notes and coins
6.	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
7.	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
8.	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.
9.	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.
10.	Gazette of India No.2529	20.12.2010	Notification for withdrawal of 25 paise and below coins
11.	DCM(RMMT)No.1277/11.36.03/2010-11	24.8.2010	Exchange Facilities by Currency Chest branches / scheme for providing facilities
12.	DCM(NE)No.1612/08.01.01/2009-10	13.9.2009	Notification of Note Refund(Rules), 2009
13.	RBI/2006-07/349/DCM (NE)No.7488/08.07.18/2006-07	25.4.2007	Acceptance of Small Denomination Notes and Coins.
14.	DCM(RMMT)No.1181/11.37.01/2003-04	05.4.2004	Acceptance of coins.
15.	DCM(NE)No.310/08.07.18/2003-04	19.1.2004	Providing facilities to public for exchange of notes, coins, etc.
16.	DCM(RMMT)No.404/11.37.01/2003-04	09.10.2003	Acceptance of coins and availability of notes.
17.	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.
18.	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.
19.	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
20.	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.
21.	G-24/08.01.01/96-97	03.12.1996	Acceptance of Exchange of Cut Notes – Liberalization.
22.	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 defective notes.
23.	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.
24.	G-83/CL-1(PSB)-91/92	06.5.1992	RBI(NR) Rules – Delegation of powers to chest branches of PSBs.
25.	G-74/CL-(PSB)(Gen)-90/91	05.9.1991	RBI(NR) Rules – Delegation of full powers there under to PSBs.
26.	5.5/CL-1(PSB)-90/91	25.9.1990	RBI(NR) Rules – Scheme of delegation of full powers to PSBs.
27.	8/CL-1(PSB)-90/91	17.8.1990	RBI(NR) Rules – Scheme of delegation of full powers to PSBs.
28.	G-123/CL-1(PSB)(Gen)-89/90	07.5.1990	RBI (NR) Rules – Scheme of delegation of full powers to PSBs (Amendment).
29.	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.
30.	G-8/CL-1(PSB)-89/90	12.7.1989	RBI (NR) Rules – Defective notes branded with 'To Claims' stamp of RBI Issue Offices.
31.	G.84/CL.1(PSB)-88/89	17.3.1989	RBI(NR) Rules – Delegation of full note exchange powers to PSBs.
32.	G.66/CL.1(PSB)-88/89	09.2.1989	RBI (NR) Rules – Delegation of powers to PSBs – Training.
33.	S.12/CL-1(PSB)-88/89	30.9.1988	RBI (NR) Rules – Deliberately mutilated notes – Adjudication.
34.	G.134/CL-1(PSB)-87/89	25.5.1988	Implementation of the Scheme of delegation of full powers under RBI (NR) Rules.
35.	192/CL-1-(PSB)-86/87	02.6.1987	RBI(NR) Rules – Scheme of delegation of full powers to PSBs.
36.	189/CL.2/86/87	02.6.1987	Defacing currency notes by writing on them or inscribing messages, slogans etc. thereon.
37.	185/CL-1(PSB)-86/87	20.5.1987	RBI (NR) Rules – Affixing of 'PAY' and 'REJECT' stamps on defective notes.
38.	173/CL.1/84/85	02.4.1985	Delegation of full powers to PSBs for

			exchange of defective notes/procedures of the same.
39.	Cy.No.1064/CL.1/76/77	09.8.1976	Facilities to the public for exchange of soiled notes and slightly mutilated notes.