CREDIT CONTROL AND OTHER MEASURES

DECEMBER 2003

Selected circular issued by the Reserve Bank of India during December 2003 reproduced below:

Ref: No. BSD.IP.RO.22/12.05.01/2003-04 dated December 30, 2003

All the Regional Heads of
Urban Banks Department

Clean Note Policy

A directive was issued under Section 35A of the Banking Regulation Act, 1949 (AACS) on January 9, 2002 to all UCBs as under :

- Banks shall do away with stapling of fresh/re-issuable/non-issuable note packets, and instead secure note packets with paper bands.
- Banks shall sort notes into issuable and non-issuable, and issue only clean notes to public. Banks shall tender soiled notes in unstapled condition to RBI in inward remittances though Currency Chests.
- Banks shall stop writing of any kind of watermark window of bank notes.

2. As commercial banks have since confirmed that the process of destapling has been completed by their currency chest branches, our Department of Currency Management, Central Office has considered desirable to take this process to the level of individual branches.

3. We invite your kind attention to paras 9.8 and 12 of the pattern of inspection report and reiterate that you may advise all Inspecting Officers to give adequate attention to this aspect at Head Office and branch levels and add their findings in the inspection reports of UCBs at appropriate place. Further, Inspecting Officers should look at the available infrastructure and operations for handling currency and assess the risk associated with such operations.