



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

RBI/2020-21/08

DCM (CC) No.G-1/03.44.01/2020-21

July 01, 2020

The Chairman & Managing Director
Chief Executive Officers
All Banks

Master Circular – Scheme of Penalties for bank branches based on performance in rendering customer service to the members of public

Please refer to the [Circular DCM \(CC\) No.G-5/03.44.01/2019-20 dated July 01, 2019](#) on the scheme of penalties.

2. A revised and updated version on the subject is [annexed](#) for information and necessary action.

3. This Master Circular is available on our website www.rbi.org.in.

Yours faithfully

(Manas Ranjan Mohanty)
Chief General Manager

Encl: As above

Master Circular on the Scheme of Penalties for bank branches including currency chests based on performance in rendering customer service to members of public

1. The Scheme of Penalties for bank branches including currency chests has been formulated in order to ensure that all bank branches provide better customer service to members of public with regard to exchange of notes and coins, in keeping with the objectives of Clean Note Policy.

2. Penalties

Penalties to be imposed on banks for deficiencies in exchange of notes and coins/remittances sent to RBI/operations of currency chests etc. are as follows:

Sr. No.	Nature of Irregularity	Penalty
i.	Shortages in soiled note remittances and currency chest balances	<p>For notes in denomination up to ₹ 50</p> <p>₹ 50/- per piece in addition to the loss</p> <p>For notes in denomination of ₹ 100 & above</p> <p>Equal to the value of the denomination per piece in addition to the loss.</p> <p>In case of shortage in soiled note remittances/chest balances, the amount of shortage/loss thereof will be recovered immediately</p> <p>Penalty will be levied immediately on detection of shortage in soiled note remittances/chest balances, irrespective of the number of pieces detected.</p>
ii.	Counterfeit notes detected in soiled note remittances and currency chest balances.	Penalty on account of detection of counterfeit notes by RBI from soiled note remittance of banks and in currency chest balances shall be levied in terms of the instructions issued by DCM (FNVD) No.G-2/16.01.05/2020-21 dated July 01, 2020.
iii.	Mutilated notes detected in soiled note remittances and currency chest balances	<p>₹ 50/- per piece irrespective of the denomination</p> <p>In case of mutilated notes detected in</p>

		<p>soiled note remittances and currency chest balances, the amount of loss thereof will be recovered immediately.</p> <p>Penalty will be levied immediately on detection of mutilated notes in soiled note remittances / currency chest balances, irrespective of the number of pieces detected.</p>
iv.	<p>Non-compliance with operational guidelines by currency chests detected by RBI officials</p> <p>a) Non-functioning of CCTV</p> <p>b) Branch cash/documents kept in strong room</p> <p>c) Non-utilization of NSMs for sorting of notes (NSMs not used for sorting of high denomination notes received over the counter or not used for sorting notes remitted to chest/RBI)</p>	<p>Penalty of ₹ 5000 for each irregularity.</p> <p>Penalty will be enhanced to ₹ 10,000 in case of repetition.</p> <p>Penalty will be levied immediately.</p>
v.	<p>Violation of any term of agreement with RBI (for opening and maintaining currency chests) or deficiency in service in providing exchange facilities, as detected by RBI officials e.g.</p> <p>a) Non-issue of coins over the counter to any member of public despite having stock.</p> <p>b) Refusal by any bank branch to exchange soiled notes / refusal by any currency chest branch to adjudicate mutilated notes tendered by any member of public</p> <p>c) Non conduct of surprise verification of chest balances, at least at bimonthly intervals, by officials unconnected with the custody thereof and by the</p>	<p>₹ 10,000 for any violation of agreement or deficiency of service.</p> <p>₹ 5 lakh in case there are more than 5 instances of violation of agreement/deficiency in service by the branch. The levy of such penalty will be placed in public domain.</p> <p>Penalty will be levied immediately.</p>

	<p>officials from the Controlling Office once in six months.</p> <p>d) Denial of facilities/services to linked branches of other banks.</p> <p>e) Non acceptance of lower denomination notes (i.e. denomination of ₹ 50 and below) tendered by members of public and linked bank branches.</p> <p>f) Detection of mutilated /counterfeit notes in re-issuable packets prepared by the currency chest branches.</p>	
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3. Operational Guidelines on levy of penalties –

3.1 Competent Authority –

The Competent Authority to **decide the nature of irregularity** will be the Officer-in-Charge of the Issue Department of the Regional Office under whose jurisdiction the defaulting currency chest/bank branch is located.

3.2 Appellate Authority -

i. Appeal against the decision of the Competent Authority may be made by the Controlling Office of the currency chest/branch to the Regional Director/Chief General Manager/Officer-in-Charge of the Regional Office concerned, **within one month from the date of debit**, who may decide whether the same can be accepted/ rejected.

ii. Appeals for waiver of penalty made on grounds such as staff being new/untrained, lack of awareness of staff, corrective action having been taken/will be taken, etc. will not be considered.