

RBI/2004/20
UBD No.BPD. PCB. Cir 31 /09.73.00/2003-04

January 17, 2004

CEOs of All Primary (Urban) Co-operative Banks

Dear Sir,

Non Stapling of Note Packets

As you are aware, the Reserve Bank of India had issued a directive under Section 35 A of the Banking Regulation Act 1949 read with Section 56 of the Act directing the banks to stop stapling the note packets and making it mandatory for banks to sort notes into re-issuable and non-issuables and issue only re-issuable notes to the public. However, it is observed that some of the banks continue to staple their notes and issue the same to the public in contravention of our directive UBD.DS.PCB.DIR.2/13.01.00/2001-02 dated January 9, 2002. The primary (urban) co-operative banks are therefore, advised to desist from the practice of stapling of note packets and adhere strictly to the guidelines indicated in our circular UBD.DS.25/13.01.00/2001-0 dated January 9, 2002.

It is observed that despite our instructions to the contrary, some of the co-operative banks are still issuing Ashoka Pillar series notes. In this connection we invite your attention to our circular UBD.CO.BPD.47/09.50.00/2002-03 dated May 20, 2003 and advise that the instructions contained therein should be adhered to scrupulously. Non - adherence to our instructions in this regard would be viewed seriously.

Yours faithfully,

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(A.V. Sabhpathy)
Deputy General Manager