

January 06, 2005

The Chairman and Managing Director / Chief Executive Officer
(All banks having currency chests)

Dear Sir,

Detection of Forged Notes in Chest Remittances

Please refer to our Circular DCM (FNVD) No. G.39/16.01.01/2003-04 dated 07th June 2004 on the captioned subject wherein we had stressed the need for careful examination of notes by the branches / chest branches of banks at the time of receipt itself so as to prevent the re-entry of forged notes into circulation and the inclusion of forged notes in the remittances sent to RBI Offices. It was also indicated in the above circular that necessary infrastructural facilities like sorting machines for proper sorting/identification of suspect notes should be provided at branches, particularly chest branches. However, on a recent review of the position, it is observed that large number of forged notes continue to be detected in the remittances sent by currency chests.

2. It has, therefore, been decided to stipulate a time-bound plan to arrest the increasing trend in the circulation of forged notes through the banking channel. We shall therefore be glad if you will please arrange to provide table top note sorting machines of appropriate capacity at all the chest branches as per the time frame indicated below :

- (i) Banks that have up to 100 currency chests should install note sorting machines of appropriate capacity at all their currency chests by the end of May 2005 and submit Action Taken Report (ATR) to the Bank on May 31, 2005.
- (ii) Banks having more than 100 currency chests should provide such machines in a phased manner by the end of November 2005 and submit Action Taken Report on November 30, 2005.
- (iii) The programme for installation of the machines should be reported by your Zonal/Circle/Regional Offices to the concerned Issue Offices of RBI within one month.

3. The sorting machines being installed should be utilised to ensure that only reissuable notes are issued to the public and all soiled notes are remitted to the respective Issue Offices of the Bank.

Please acknowledge receipt.

Yours faithfully,

sd/
(U S Paliwal)
Chief General Manager