



RBI/2021-22/93

DCM (CC) No.97527/03.41.01/2021-22

August 27, 2021

The Chairman / Managing Director &  
Chief Executive Officer  
(All Scheduled Commercial banks including RRBs)

Madam / Dear Sir,

**Review of incentive and other measures to enhance distribution of coins**

Please refer to our [Master Direction DCM \(CC\) No.G-2/03.41.01/2021-22 dated April 01, 2021](#) on “Currency Distribution & Exchange Scheme (CDES)” for bank branches including currency chests which *inter alia*, provides for financial incentives of ₹25 per bag to banks for distribution of coins over the counter.

2. Keeping in view the overall objectives of Clean Note policy and to ensure that all bank branches provide better customer service to members of public with regard to exchange of notes and distribution of coins, the afore-said Scheme has since been reviewed and it has now been decided to revise the incentive being paid to the banks for distribution of coins with a major thrust on alternate avenues so as to extend the outreach. Accordingly, paragraph 2 (Incentives) Sl.No. (iii) stands revised as follows:

**a) Revised scheme of incentive for distribution of coins**

- (i) With effect from September 01, 2021, an incentive of ₹65/- per bag for distribution of coins (instead of ₹25/- as earlier) will be paid on the basis of net withdrawal from currency chest (CCs), without waiting for claims from banks. Currency chest branch will have to pass on the incentive to the linked bank/branches for coins distributed by them on a pro-rata basis within one week from the receipt of incentives from RBI.
- (ii) An additional incentive of ₹10/- per bag would be paid for coin distribution in rural and semi-urban areas on the submission of a CA / Auditor certificate to this effect.

(iii) The distribution of coins shall also be verified by RBI Regional Offices during inspection of currency chest/incognito visit to branches etc.

**b) Banks to provide coins to bulk customers**

Further, in terms of Paragraph 2, Sl. No. (iii) (iii) of circular *ibid*, banks were instructed to put in place a system of checks and balances so as to ensure that coins are distributed to retail customers in small lots and not to bulk customers.

On a review, with a view to meet the coin requirements of bulk customers (requirement of more than 1 bag in a single transaction) banks are advised to provide coins to such customers purely for business transactions. The banks may also endeavour to provide such services as part of their Board approved policy on 'Door Step Banking' services. Such customers should be KYC compliant constituents of the bank and the record of coins supplied should be maintained. Banks are advised to exercise due diligence to ensure that such facility is not misused.

Disbursement of coins to retail customers through counters of bank branches shall continue as *hitherto*.

**c) Engaging Business Correspondents (BCs) for distribution of coins**

Attention is invited to [circulars DBOD.No.BAPD.BC.46/22.01.009/2013-14 dated September 2, 2013](#) and [DCM \(Plq\) No. G 12/10.65.03/2013-14 dated September 10, 2013](#), permitting banks to include distribution of coins and banknotes in the scope of activities undertaken by BCs and explore the possibility of enlisting their service for carrying out various currency management functions while addressing the last mile connectivity issues.

In this context, it is reiterated that banks should enhance the engagement of their BCs for distribution of coins to public and may also incentivise such activities as per their Board approved policy.

To ensure steady supply of coins to bulk customers and BCs for onward distribution, all banks may ensure that each of their branches maintains a minimum stock of one bag of coins in each denomination.

**d) Engaging Cash in Transit (CIT) entities for distribution of coins**

Attention is also invited to [circular DCM \(Plg\) No. G - 14/10.65.03/2013-14 dated October 10, 2013](#) on Monetary Policy Statement for 2013-14 - Distribution of Banknotes and Coins – Alternative Avenues wherein banks were advised to explore the possibility of engaging the services of CIT entities for the purpose of distribution of banknotes and coins. It is reiterated that banks may engage CIT entities to further enhance distribution of coins to public.

3. Implementation of coin distribution measures may be commented upon by officers deputed to undertake bi-monthly and half-yearly verification as a part of internal control and supervision by the currency chest maintaining bank.

4. Senior Officers of banks on visits to currency chests and branches may be advised to specifically comment on the implementation of the above measures in their visit reports.

5. Please acknowledge receipt.

Yours faithfully,

(Subrata Das)  
Chief General Manager-in-Charge