

RBI Governor inaugurates CVPS in Mumbai

February 4, 2003

Dr. Bimal Jalan, Governor, Reserve Bank of India today inaugurated the Currency Verification and Processing System (CVPS) in Mumbai Office of the Reserve Bank of India. The currency verification and processing systems have been installed in the Reserve Bank offices for faster and secured processing of soiled currency notes. Weeding out soiled currency notes and replacing them with fresh ones are part of the Clean Note Policy being followed by the Reserve Bank of India over the past two years. So far the Reserve Bank has installed 42 CVPS at its various Issue Offices to supplement the manual processing of notes.

Each CVPS is capable of processing 50,000 - 60,000 notes per hour. It counts, examines the genuineness of notes, sorts notes into fit and unfit and destroys the unfit notes on-line. The shreds are on-line transported to a separate briquetting system where they are compressed into briquettes of small size. The system is also environment-friendly, as it does not create pollution that was created by burning of notes in the past. The briquettes can be used as residual fuel in industrial furnaces. They can even be used for land fillings or for making items for use at office and home and paperboard.

Apart from weeding out soiled notes from circulation, the Reserve Bank has also taken measures to supply adequate quantities of fresh notes and preventing excessive soilage of the existing currency notes.

Clean Note Policy

While speaking at the inaugural function, Shri Vepa Kamesam, Deputy Governor, Reserve Bank of India, urged the banks and the members of public to help the Reserve Bank in its pursuit of the Clean Note Policy by not stapling the currency notes. Pointing out that a major factor for soilage and mutilation of notes was stapling and multiple stapling of notes/note packets, the Deputy Governor stated that members of public too had been resenting multiple stapling of notes. The Government of India and the Reserve Bank of India, therefore, decided to do away the practice of stapling of notes. The practice of non-stapling of fresh notes was initiated in 1996 and now the fresh notes supplied by the notes printing presses are totally in unstapled condition, he added. Moreover, non-stapling of notes facilitates proper sorting of notes at bank branches by using table-top sorting machines, as also, mechanised processing at the CVPS. The note packets are secured by paper/polythene bands and both banks and public need to accept the change to paper/polythene bands and move away from staple pins.

With the CVPSs, the capacity of the Reserve Bank of India for disposal of soiled notes has considerably increased. The increased capacity would help in the faster withdrawal of soiled notes from circulation. By simultaneously pumping in fresh notes in circulation with the help of additional capacity of two currency printing presses of the Reserve Bank, the demand for fresh notes of the public is expected to be adequately met.

It may be noted that Dr. Bimal Jalan, Governor, Reserve Bank of India announced 'Clean Note Policy' in January 1999. For effective execution of 'Clean Note Policy' withdrawing soiled notes from circulation is as important as pumping fresh notes into circulation. For the achievement of the twin-goal, the Reserve Bank has, over the past two years, introduced various changes in the systems and procedures related to currency management. The steps include mechanisation of the currency verification and processing as also shredding and briquetting for destruction of soiled and mutilated notes.

Towards implementation of clean note policy, the Reserve Bank has issued a public interest directive to all banks instructing them:

- ? Not to staple bank notes,
- ? To tender soiled notes to the Reserve Bank in unstapled condition,
- ? To use bands instead of staple pins,
- ? To issue only clean notes to members of public,
- ? To open select currency chest branches on Sundays to provide exchange facility to members of public all over the country,
- ? To provide unrestricted facility for exchange of soiled and mutilated notes to members of public.

The Reserve Bank has also urged members of public not to write on the currency notes and deface them.

Interestingly, the Reserve Bank occasionally also arranges to collect soiled and mutilated notes from public by going to market places. Mobile vans are periodically sent to supply coins in various parts of towns. As a result, the number of public complaints in respect of soiled notes in circulation have considerably declined and availability of fresh notes has significantly improved.

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