

**Do away with Stapling of Currency Notes -
RBI appeals to Banks and Public**

February 25, 2003

The Reserve Bank of India has made it mandatory on the banks to discontinue the practice of stapling the currency note packets. It has issued a directive to banks under Section 35A of the Banking Regulation Act, 1949 in public interest with the objective of giving clean and good notes to members of public.

The Reserve Bank of India has been supplying fresh notes without staples to the banks and the members of public. It however observed that banks stapled these fresh notes before issuing them to the public. Further, the banks had been following the practice of applying multiple staples with strong thick steel wires on the re-issuable note packets. People were experiencing a great deal of difficulties in removing these multiple staples. Apart from causing injuries to people, these staples also caused damage to the notes. Banks refused to accept such damaged notes from the people. Stapling was, thus, found to be a major cause for damaging good notes.

The Reserve Bank of India and the Government were receiving large number of complaints against stapling of notes. A study conducted by the Reserve Bank indicated that no other country followed the practice of stapling note packets. The Reserve Bank had, since 1998, been advising banks to discontinue the practice of stapling the note packets. The directive prohibiting banks from stapling the note packets was issued in November 2002.

The public has widely welcomed the step taken by the Reserve Bank.

The Reserve Bank offices process the notes received from bank branches, government departments, etc., in a fully automated processing machine under very strict security environment supplemented by closed circuit television.

**Alpana Killawala
General Manager**

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