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## 1. INTRODUCTION

This Report No.4 of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) deals with Currency Management: Services Relating to Individuals (Non-Business). The Department of Currency Management (DCM) is entrusted with the task of organising the movement of currency and related matters and the actual interface with the public is undertaken through the Regional Offices. The Committee is aware that there are many important issues relating to currency management. The approach of the Committee is, however, to examine the interface of the **Common Person** with the Reserve Bank of India (RBI) and the commercial banks. Keeping this mandate in view the Committee has concentrated on such procedures and practices, which impinge directly or indirectly on the Common Person.

1.2 The Committee's Report is based on discussions with DCM and the Regional Director (RD), Mumbai and on an examination of the various communications by the DCM and the Committee's own observations on the working of the Mumbai Regional Office; in addition the Committee has undertaken on the spot visits to some banks. The Committee recognises that there can be disparate experiences in the regions and the services provided vary in quality from bank to bank. Again, the systems and methods could vary from region to region.

1.3 The Committee would need to address a number of issues after extensive visits to a number of regions. Nonetheless, based on a comprehensive examination of the DCM communications, the operation of the Regional Office Mumbai and select banks, the Committee has made a number of self-contained recommendations on which the RBI could consider appropriate action without waiting for subsequent reports.

1.4 Chapter 2 of the Report provides an **Overall Perspective on Currency Operations**. Chapter 3 deals with the **Travails of the Common Person Seeking Facilities from RBI and Banks Relating to Notes and Coins**. Chapter 4 provides a recapitulation of the Committee's **Observations/Recommendations**.

1.5 Since its inception the Committee has held 14 formal meetings and a large number of informal meetings.

1.6 The Committee had the benefit of discussions with Deputy Governor Smt. K.J. Udeshi Executive Director Shri P.K. Biswas, Chief General Manager-in-Charge DCM Shri V.R. Gaikwad, and Shri H.K. Soni Nodal Officer. The Committee also had extensive discussions with the Regional Director Mumbai Office Shri M.P. Kothari. Shri Vinay Baijal, General Manager provided excellent support to the Committee in the drafting of the Report and moreover undertook arduous field work assessing the services provided by the banks. Smt. S.A. Talpade, Private Secretary and Shri G.K. Koshti, Typist provided strong secretarial support to the Committee and met exacting deadlines. The Department of Government and Bank Accounts provided invaluable administrative support.

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## 2. OVERALL PERSPECTIVE ON CURRENCY OPERATIONS

2.1 The RBI's function of distribution of currency and its management is enshrined in the RBI Act, 1934. A reference to the legal framework and the obligations of the RBI enables a better appreciation of the RBI's role.

2.2 Section 27 of the RBI Act, enjoins upon the RBI that:

*“The Bank shall not re-issue bank notes which are torn, defaced or excessively spoiled.”*

The RBI has been given powers under Section 28 of the Reserve Bank of India Act to frame rules for refund of value of such notes:

*“Notwithstanding anything contained in any enactment or rule of law to the contrary, no person shall of right be entitled to recover from the Central Government or the Bank, the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note:*

*PROVIDED that the Bank may, with the previous sanction of the Central Government, prescribe the circumstances in and the conditions and limitations subject to which the value of such currency notes or bank notes may be refunded as of grace and the rules made under this proviso shall be laid on the table of Parliament.”*

Exchange value of torn, mutilated, soiled and defective currency notes is set out in terms of RBI **Note Refund Rules**. With an intention of extending the exchange facility to the public “at their door steps”, RBI has also delegated these powers to bank branches. The facility is to be extended free of charge by the bank branches.

2.3 The RBI is under legal obligation in terms of Section 39 of the Reserve Bank of India Act to exchange currency notes of the Government of India and bank notes into coins and to exchange coins into currency notes of the Government of India and bank notes:

- (1) The Bank shall issue rupee coin on demand in exchange for bank notes and currency notes of the Government of India, and shall issue currency notes or bank notes on demand in exchange for coin which is legal tender under the Indian Coinage Act, 1906 (3 of 1906).*
- (2) The Bank shall, in exchange for currency notes or bank notes of two rupees or upwards, supply currency notes or bank notes of lower value or other coins which are legal tender under*

*the Indian Coinage Act, 1906 (3 of 1906), in such quantities as may, in the opinion of the Bank, be required for circulation; and the Central Government shall supply such coins to the Bank on demand. If the Central Government at any time fails to supply such coins, the Bank shall be released from its obligations to supply them to the public.”*

At the time of granting permission to banks to open Currency Chests or Small Coin Depots the RBI enters into an agreement with the bank concerned which forms the basis for the RBI to direct these banks to supply coins in exchange of notes and *vice versa*. The RBI also directs these banks to exchange torn, soiled and mutilated notes in accordance with the RBI **Note Refund Rules**

2.4 The Committee takes note with satisfaction that, in recent years, with the help of concerted efforts by RBI and government, the chronic shortages of notes and coins have been largely alleviated and to that extent the severe hardships faced by the **Common Person** have been eased. The *RBI Annual Report for 2001-02* provides pertinent information on the resolving of the currency/coin shortage. The supply of notes and coins during 2001-02 were only marginally below the indent (given the clime of shortages there would have been a tendency for the indent to over-estimate the demand). Again, the Annual Report for 2001-02 shows that progressively coins of Rs.2 and Rs.5 denominations were replacing notes of the same denomination (Annex IA and B). It is unfortunate that the Annual Report for 2002-03 economises on information and, as such, data comparable to the Annual Report for 2001-02 are not available. The Committee strongly recommends that the transparency introduced in the RBI Annual Report for 2001-02 on currency management should be replicated in the Annual Report for 2003-04 as it is important to reveal the indent and supply as also separate information on notes and coins where there is a parallel circulation.

2.5 The Committee recognises that major measures have been taken under the **Clean Note Policy**, resulting in a significant improvement in the quality and availability of notes. The **Currency Verification and Processing Systems** have been introduced which are capable of sorting notes based on denomination, design and level of soiling and there is on-line destruction of notes unfit for circulation. Moreover, non-stapling of notes has been implemented. The Committee commends the measures relating to the Clean Note Policy and the Currency Verification and Processing Systems and these measures provide succour to the **Common Person** seeking facilities at RBI/banks.

2.6 The Committee observes, with some element of regret, that for certain operations the woes of the **Common Person** far from being alleviated are probably accentuated in the recent period. The Committee is concerned that while the initiatives by the government and RBI have eased the overall shortages of yesteryear, in the absence of continuing upgradation of the output capacity it is conceivable that shortages could reemerge. The Committee has observed that there are already segments of shortages in certain denominations and therefore, recommends that concerted efforts should be made to eliminate, or at least minimise, the shortages in the incipient stages.

2.7 The secular fall in the Currency/M<sub>3</sub> ratio from 58 per cent in 1951-52 to 16 per cent in 2003-04 is unlikely to show any significant fall in the foreseeable future (Annex II). Again the GDP to currency ratio (i.e. the velocity) has not shown any significant increase. In fact, velocity has fallen in India in the more recent period which also indicates that any perceptible economising in the use of currency is unlikely. These indicators point to continuing

strong demand for currency and the Committee recommends that the RBI needs to put in place measures to meet the rising demand.

2.8 Given the inevitable depreciation in the value of currency, as a result of inflation, progressive coinisation is an inexorable process. The Nayak Committee (1989) had recommended that the coinisation of the Rs.10 note should be taken up in due course. The Committee recommends that the government and RBI should work towards an early introduction of the Rs.10 coin.

2.9 The Committee would like to stress that long periods of parallel supply of notes and coins of the same denomination is not sustainable. The Committee strongly recommends that the Rs.5 note should be quickly phased out. In the absence of phasing out of the Rs.5 note, the RBI's attempt to blend demand for Rs.5 denomination partly in notes and partly in coins would be infructuous as there would be round-tripping of the Rs.5 coins back to the RBI counters. The Committee was made to understand that the RBI commitment to exchange coins for notes and *vice versa* does not stipulate the denomination of notes to be provided. The Committee recommends that when Rs.5 coins are presented they should be exchanged into higher denomination notes. The Committee recognises that there are some pressures to continue the Rs.5 note. Yielding to such pressures could result in a sub-optimal currency management policy. The Committee, therefore, recommends a strong and unequivocal policy to totally phase out the Rs.5 note.

2.10 The Committee has concerns about the way the DCM goes about issuing instructions and the follow up thereon. The DCM admits that the banks have not fully followed instructions despite reiteration by the RBI. The Committee recommends that where RBI instructions are violated strong adverse action should be taken or if the RBI has reason to believe that the banks' non-implementation is justified the RBI should withdraw its instructions. The Committee stresses that it is not the severity of the penalty that is relevant but the putting in the public domain the imposition of the penalty. The Committee strongly recommends that the RBI should review its instructions and where the instructions are retained violation should invite adverse action and such action should be put in public domain. Moreover, the Committee recommends that the Currency Chest Agreement (both existing and new) should be revised so that there is a provision for a monetary penalty for non-compliance with RBI instructions.

2.11 The DCM has issued some Master Circulars but these do not cover all issues. The Committee recommends that in the area of notes and coins there must be clear cut Master Circulars written in intelligible language and there should be a 12 months sunset clause on all circular instructions.

2.12 The Committee is of the view that the DCM – Regional Offices relationship should be reviewed and the system of internal instructions should be revamped. The Committee recommends that the DCM should not try to micro manage the Regional Offices particularly as the Regional Directors are accountable for the operations of their offices.

2.13 The Committee has had a close look at the functioning of the Mumbai Regional office and the Committee is of the considered view that the operational efficiency of the Banking Hall of the Mumbai Regional Office is sub-optimal. In the event, the **Common Person** visiting the Mumbai Regional Office faces an obstacle race with virtual

**guerilla warfare** making it impossible for individuals to conduct their legitimate business. The Committee has detailed in Chapter 3 specific difficulties faced by the **Common Person**.

2.14 The Mumbai Regional Office has, in the past, used strong-arm and humiliating tactics while dealing with individuals trying to get entry into the Banking Hall (this has been corroborated by the Hussain Committee Report). The Committee is of the view that resorting to strong-arm tactics when dealing with a crowd of say 30 persons, at opening time, is reprehensible. While the Committee notes that the Mumbai Regional Office has, in the more recent period, turned more emollient, the Committee questions the *ab initio* need for strong-arm tactics. The Committee recommends that a Systems Study of the Mumbai Regional Office, Banking Hall, arrangements should be commissioned to an outside specialised agency which would surely be able to resolve the bottlenecks to smooth flow of transactions.

2.15 The Committee recognises that the pressure in the Mumbai Regional Office relates essentially to **Money Changers** and their agents and a system of accreditation could be introduced to control any unruly behaviour. The Committee recommends that the problem of **Money Changers** needs to be studied in depth. The simultaneous provision of services to individuals and Money Changers results in considerable inconvenience to the **Common Person**. The Committee recommends that the RBI should consider suitable measures to separate location/time for services to Money Changers and other individuals.

2.16 The endeavour should be to meet the overall demand in full rather than rationing which results in the kind of problems the Mumbai Regional Office faces. The Committee reiterates that shortages, if any, should be rectified in the incipient stages and these problems should not be allowed to snowball.

2.17 The Committee would like to caution that while it has commented at length on the Mumbai Regional Office, the Committee has yet to visit other Regional Offices. As such, inter-Regional Office comparisons based on this Report would not be appropriate.

2.18 The Committee appreciates that DCM has prepared a **Citizens' Charter for Currency Exchange Facilities**. The Committee notes that the Charter does not find place in the Currency segment of the RBI website nor does it find place in the Regional Office segment of the site. The Committee observes, with distress, that the Citizens' Charter for Currency Exchange Facilities, as made available by DCM (Annex III), when compared with the Citizens' Charter by other Departments is sketchy and lacks precision and there is an absence of a prescribed time frame for dispensing various facilities. The Committee recommends that the Citizens' Charter for Currency Exchange Facilities needs to be revamped into a meaningful and comprehensive document written in easily understandable language and the document should be freely available to customers visiting the RBI Banking Halls.

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### 3. TRAVAILS OF THE COMMON PERSON SEEKING FACILITIES FROM RBI AND BANKS RELATING TO NOTES AND COINS

3.1 This chapter focuses on the problems faced by individuals in their transactions with the RBI and banks relating to notes and coins. While repeated efforts have been made to provide facilities to individuals the overall position still cannot be said to be satisfactory. It is unfortunate that the **Common Person** is still left with the feeling that provision of new notes is a privilege which is provided only to select clients who have a contact with RBI/bank officials. The Committee recommends that access to new notes should not be a restricted privilege but also be available to the **Common Person**.

3.2 Currently, the **Note Exchange Facility** is available at the Currency Chest maintaining branches of all banks and at all branches of public sector banks (Master Circular on Note Exchange Facility {Ref. DCM (NE).No.G-2/08/07. 18/2002-03 dated July 5,2003- Annex IV}.One of the terms of the delegation of authority to the bank branches is that they should **prominently exhibit** a notice that soiled currency notes and notes with slight mutilation are freely exchanged at the bank branch. Anecdotal experience available to the Committee suggests that many bank branches do not display such notices in their premises. The Committee has witnessed some improvement in the recent period as the RBI has gone into a strong overdrive in the past three months.

3.3 The list of bank branches which are to provide the Note Exchange Facility is to be made available at the Enquiry counter of all offices of the RBI. Such a list was initially not available at the Mumbai Regional Office but on a query by the Committee a list was subsequently made available. The list provided by the RBI Mumbai Regional Office restricted the list to only the Currency Chest branches which conflicts with the DCM Master Circular of July 5, 2003 which refers to currency chest branches of all banks and to all branches of public sector banks. Moreover, the Mumbai Regional Office list did not initially provide the addresses of these branches. Subsequent to the Committee's queries, the Mumbai Regional Office has displayed in the Banking Hall the list of addresses of Currency Chest bank branches providing these facilities. In the case of some other Regional Offices the full addresses are provided in the list, while in the case of some Regional Offices virtually no information is provided on such bank branches (this information was obtained from the Internet). The Committee recommends that the grey area relating to the specified branches where the Note Exchange Facility is available should be unequivocally clarified by the RBI to ensure that the **Common Person** is not subject to hardships.

3.4 The Exchange of Notes at the bank branches is subject to a *post- facto* audit. A verification of the paid and rejected notes is made by a team of RBI officials visiting branches at periodic intervals. The RBI team is

required to send details of the wrongly paid notes to the Issue Department which in turn recovers the value of such notes by debit to the account of the bank under advice to the branch. Any torn, soiled or mutilated note paid by any bank branch is, therefore, subject to review by the RBI and as such the existing procedure has an inherent risk for branch officials passing the notes for payment which is reflected in reluctance of commercial bank branch officials to accept torn, soiled and mutilated notes. It is in the light of this systemic risk that the Report on Customer Service in Reserve Bank of India by the former Executive Director, RBI, Shri S.A Hussain observed that:

*“One of the major reasons for such reluctance is that the notes adjudicated are subject to audit by RBI team, and if any paid note violates RBI Note Refund Rules, the amount is recovered from the salaries of the banks’ staff who have authorised the payment. In order to encourage the staff of public sector banks to accept cut/mutilated notes for exchange, the relevant rules may be further simplified for easy understanding and application.”*

The present Committee strongly recommends that the **RBI Note Refund Rules** should be written in easily understandable language. The Committee has also observed that the Note Refund Rules though frequently referred to in various communications on the RBI website do not find a place on the website. The Committee recommends that the Note Refund Rules should be put on the website and the RBI should launch periodic public education campaigns to give wide publicity to the Note Refund Rules by inserting advertisements in regional and national dailies and also by way of printed posters to be displayed in bank branches.

3.5 Though the supply of fresh notes is reportedly quite close to the indent, a packet of fresh notes still remains a prized possession; this leads the Committee to believe that the gap between indent and supply has not as yet been closed. One needs to know some one in a bank branch or RBI to get a packet of fresh notes. The scramble to get a place in the queue outside the RBI just before the opening time indicates that the demand for fresh notes outstrips the supply. As a result, the fresh note packets at times command a premium. With such conditions prevailing in a metropolitan city like Mumbai it is difficult to believe that a **Common Person** in a semi urban or rural area would have an access to a packet of fresh notes. The Committee strongly recommends that RBI should immediately review the existing system and practices relating to supply of fresh note packets at the RBI counters with a view to ensuring that all genuine needs of individuals are met without any hassle and that fresh notes are equitably distributed throughout the country without special favours only to known customers. It is important that the **Common Person** should have access to fresh notes in reasonable supply both at bank branches as well as the RBI counters. The Committee recommends that the RBI market intelligence should periodically survey the kind of premia charged by Money Changers to the Common Person. If the supply is dispersed the chances of premia would be less.

3.6 The Committee notes that DCM had commissioned the Administrative Staff College of India (ASCI), Hyderabad to conduct a study to assess the availability of coins and fresh notes (the report of the study was submitted in June 2003). Some excerpts from the report are at Annex V. Findings of the ASCI study are very useful and the Committee recommends that DCM should revisit the findings and take appropriate action to remove the “**inconveniences**” experienced by the public in using banks for obtaining their requirement of notes and coins including exchange of soiled and mutilated notes, and as also uncurrent and current coins.

3.7 The anecdotal evidence directly gathered indicates that the **Common Person** faces considerable hurdles in the exchange of soiled notes. The Committee has observed that the Mumbai Regional Office insists on the



customer pasting paper on the torn portion of a note. The purpose for such pasting of paper is not clear. Moreover, obtaining the precise form of paper to be pasted is a privilege and furthermore gum/water are not readily available at the Mumbai Regional Office. The Committee feels that these are elementary facilities available at every post office and the RBI Offices should not be found wanting in the provision of these simple facilities. The Committee constrained to say that the Committee Members have themselves failed in their endeavour to exchange soiled notes at the counters of the RBI Mumbai Regional Office. The Committee has noted that in such branches of banks which provide these facilities the customer is not subject to undue hardships. Many banks do not insist on such pasting and the overall service is provided without hassles. The Committee recommends that the whole issue of pasting of notes should be reviewed by the RBI.

3.8 The Committee observes that the **Common Person** faces considerable difficulty in tendering uncurrent coins both at the RBI and the banks. In many banks this facility is just not available. The Committee's direct experience at the RBI Mumbai Regional Office, Banking Hall has been that repeated visits were required before a single transaction in uncurrent coins for a few rupees could be put through. The Committee, however, notes that in recent weeks the DCM has been actively following up this issue with banks which, hopefully, could improve the situation.

3.9 DCM vide its letter dated January 19, 2004 (Annex VI) addressed to all currency chest maintaining bank branches advised that the customers should be given the facility of (a) meeting their demands for fresh/good quality notes and coins of all denominations, (b) exchanging soiled notes, (c) adjudicating mutilated notes, and (d) accepting coins and notes either for transactions or in exchange. It further adds that these services should be provided more actively and vigorously to the members of the public so that **there is no need for them to approach the RBI Regional Offices only for this purpose**". At the same time as and when the question of RBI getting out of the retail business of exchange of notes/coins is being debated a strong argument is put forth that under the RBI Act issue and management of currency is one of the Central Banking functions of the Bank. These conflicting stances need to be resolved.

3.10 The DCM has made available to the Committee, in a tabular form, items classifying various facilities. The Committee observes that many of the facilities set out by the DCM are repetitive and reflect the absence of scrapping outdated circulars and this renders an assessment difficult. Nonetheless, the Committee has endeavoured to give brief comments/ recommendations in the tabular material set out in Annex VII. The Committee cautions that that the Report as a whole would need to be considered and the tabular material provides only a truncated view. Some of the items provided by DCM and the Committee's Observations/ Recommendations are set out below:

- (i) The facility of exchanging soiled/mutilated notes (Item No. 1 of the tabular material) is being by and large provided by the Public sector banks though some banks do not provide this facility. The Committee recommends that the RBI needs to take hard decision as to what kind of adverse action should be take when the RBI instructions on the facility of exchanging soiled/ mutilated notes are violated by banks.
- (ii) As regards delegation of full powers under RBI Note Refund Rules (Item No. 5) to public sector banks, the Committee has observed that the list of bank branches that have been authorised is not

readily available and even when made available the information is incomplete and does not facilitate the **Common Person** as to the specific branches of banks where these facilities are available.

- (iii) For the facility of exchanging soiled/ mutilated notes, RBI has made it mandatory (Item No. 9) for currency chest maintaining branches of public sector/ private sector/ foreign banks to accept and exchange mutilated notes while for non-currency chest maintaining branches of public sector banks it is a “**request**” to extend this facility as per their convenience. For **empowerment of the common person** the Committee recommends that a simplified dispensation for classification of bank branches for exchange of soiled/ mutilated notes may be prescribed and the information should be given wide publicity and be easily accessible to the common person.
- (iv) As regards acceptance of coins (Item Nos. 13 and 14) DCM has issued instructions to banks. But many banks are reluctant to provide these facilities for uncurrent coins, as there are difficulties in transmitting coins from banks to RBI/Mints. The Committee recommends that incentives for return of coins, on the lines of incentive for distribution, are imperative as the metal value could be more than the face value of the coins.
- (v) The RBI cash counters at the Mumbai Regional Office are not customer friendly when it comes to receiving uncurrent coins. Frequent changes in the dates on which uncurrent coins can be tendered has greatly inconvenienced customers. The Committee notes that at the Mumbai Regional Office uncurrent coins are now accepted on all days.

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#### 4. SUMMARY OF OBSERVATIONS/ RECOMMENDATIONS

The Committee's observations /recommendations are as follows:

1. The Committee takes note with satisfaction that, in recent years, with the help of concerted efforts by RBI and government, the chronic shortages of notes and coins have been largely alleviated and to that extent the severe hardships faced by the **Common Person** have been eased (Paragraph 2.4).
2. The Committee strongly recommends that the transparency introduced in the RBI Annual Report for 2001-02 on currency management should be replicated in the Annual Report for 2003-04 as it is important to reveal the indent and supply as also separate information on notes and coins where there is a parallel circulation (Paragraph 2.4).
3. The Committee commends the measures relating to the Clean Note Policy and the Currency Verification and Processing Systems and these measures provide succour to the **Common Person** seeking facilities at RBI/banks (Paragraph 2.5).
4. The Committee observes, with some element of regret, that for certain operations the woes of the **Common Person** far from being alleviated are probably accentuated in the recent period (Paragraph 2.6).
5. The Committee has observed that there are already segments of shortages in certain denominations and therefore, recommends that concerted efforts should be made to eliminate, or at least minimise, the shortages in the incipient stages (Paragraph 2.6).
6. The Committee recommends that the government and RBI should work towards an early introduction of the Rs.10 coin (Paragraph 2.8).
7. The Committee would like to stress that long periods of parallel supply of notes and coins of the same denomination is not sustainable. The Committee, therefore, recommends a strong and unequivocal policy to totally phase out the Rs.5 note (Paragraph 2.9).
8. The Committee recommends that where RBI instructions are violated strong adverse action should be taken or if the RBI has reason to believe that the banks' non-implementation is justified the RBI should withdraw its instructions. The Committee stresses that it is not the severity of the penalty that is relevant but the putting in the public domain the imposition of the penalty. The Committee strongly recommends that the RBI should review its instructions and where the instructions are retained violation should invite adverse action and such action should be put in public domain. The Committee recommends that the Currency Chest Agreement (both existing and new) should be revised so that there is a provision for a monetary penalty for non-compliance with RBI instructions (Paragraph 2.10).
9. The Committee recommends that in the area of notes and coins there must be clear cut Master Circulars written in intelligible language and there should be a 12 months sunset clause on all circular instructions (Paragraph 2.11).

10. The Committee is of the view that the DCM – Regional Offices relationship should be reviewed and the system of internal instructions should be revamped. The Committee recommends that the DCM should not try to micro manage the Regional Offices particularly if the Regional Directors are accountable for the operations of their offices (Paragraph 2.12).
11. The Committee is of the considered view that the operational efficiency of the Mumbai Regional Office is sub-optimal (Paragraph 2.13).
12. The Committee is of the view that resorting to strong-arm tactics when dealing with a crowd of say 30 persons, at opening time, is reprehensible. The Committee recommends that a Systems Study of the Mumbai Regional Office, Banking Hall, arrangements should be commissioned to an outside specialised agency which would surely be able to resolve the bottlenecks to smooth flow of transactions (Paragraph 2.14).
13. The Committee recommends that the problem of **Money Changers** needs to be studied in depth and the RBI should consider suitable measures to separate location/time for services to Money Changers and other individuals (Paragraph 2.15).
14. The endeavour should be to meet the overall demand in full rather than rationing which results in the kind of problems the Mumbai Regional Office faces. The Committee reiterates that shortages, if any, should be rectified in the incipient stages and these problems should not be allowed to snowball. (Paragraph 2.16).
15. The Committee would like to caution that while it has commented at length on the Mumbai Regional Office, the Committee has yet to visit other Regional Offices. As such, inter-Regional Office comparisons based on this Report would not be appropriate (Paragraph 2.17).
16. The Committee recommends that the Citizens' Charter for Currency Exchange Facilities needs to be revamped into a meaningful and comprehensive document written in easily understandable language and the document should be freely available to customers visiting the RBI Banking Halls (Paragraph 2.18).
17. The Committee recommends that access to new notes should not be a restricted privilege but also be available to the **Common Person** (Paragraph 3.1).
18. One of the terms of the delegation of authority to the bank branches is that they should **prominently exhibit** a notice that soiled currency notes and notes with slight mutilation are freely exchanged at the bank branch. Anecdotal experience available to the Committee suggests that many bank branches do not display such notices in their premises. The Committee has witnessed some improvement in the recent period as the RBI has gone into a strong overdrive in the past three months (Paragraph 3.2).

19. The Committee recommends that the grey area relating to the specified branches where the Note Exchange Facility is available should be unequivocally clarified by the RBI to ensure that the **Common Person** is not subject to hardships (Paragraph 3.3).
20. The Committee strongly recommends that the **RBI Note Refund Rules** should be written in easily understandable language. The Committee recommends that the Note Refund Rules should be put on the website and the RBI should launch periodic public education campaigns to give wide publicity to the Note Refund Rules by inserting advertisements in regional and national dailies and also by way of printed posters to be displayed in bank branches (Paragraph 3.4).
21. The Committee strongly recommends that RBI should immediately review the existing system and practices relating to supply of fresh note packets at the RBI counters with a view to ensuring that all genuine needs of individuals are met without any hassle and that fresh notes are equitably distributed throughout the country without special favours only to known customers. The Committee recommends that the RBI market intelligence should periodically survey the kind of premia charged by Money Changers to the Common Person. If the supply is dispersed the chances of premia would be less (Paragraph 3.5).
22. Findings of the ASCI study are very useful and the Committee recommends that DCM should revisit the findings and take appropriate action to remove the “**inconveniences**” experienced by the public in using banks for obtaining their requirement of notes and coins including exchange of soiled and mutilated notes, and as also uncurrent and current coins (Paragraph 3.6).
23. The Committee recommends that the whole issue of pasting of notes should be reviewed by the RBI (Paragraph 3.7).
24. Some of the items provided by DCM and the Committee's Comments/ Recommendations are set out in Annex VII and Paragraph 3.10.

## ANNEX II

### Select Monetary Ratios for India

Year	(Rs. in crores)			C/M <sub>3</sub> (%)	GDP/C
	M <sub>3</sub>	Currency with the Public (C)	GDP		
1951-52	2137	1249	10080	58.47	8.07
1961-62	4243	2201	17116	51.87	7.78
1971-72	12693	4801	44923	37.82	9.36
1981-82	62752	14474	152056	23.07	10.51
1991-92	317049	61098	589086	19.27	9.64
2003-04	2000899	318058	2516911	15.90	7.91

Source: RBI, Department of Economic Analysis and Policy (DEAP).

**Citizens' Charter for Currency Exchange Facilities**

You can

- (i) Exchange your notes and coins in the denominations of *your* choice subject to limits indicated at the public exchange counters.
- (ii) Exchange your soiled notes at the specified Counters subject to the limit indicated per tender.
- (iii) Either get your torn/cut/mutilated currency notes exchanged across the counter subject to the provisions laid down in the RBI (Note Refund) Rules. In force OR by depositing the same at Triple Lock Receptacle counter, in the specified cover available free of cost.

The exchange value thereof as admissible under the rules will be remitted to you within 15 days.

- 2. All exchange facilities are available free of charge.
- 3. You are assured of prompt and courteous service throughout specified banking hours.
- 4. Please contact the Officer-in-Charge of the Grievances Redressal Cell in person or write to him at your convenience for any Suggestions/Complaints about the above facilities.
- 5. The facilities are also available at the following branches of public sector banks maintaining currency chests /small coins depots, (List of such branches is available with the Enquiry Officer).

(Released by the Department of Currency Management, Reserve Bank of India)

Source: RBI, Department of Currency Management.

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**Master Circular - Note Exchange Facility**

G-2 /08.07.18/2002-03

5th July, 2002

**The Chairman & Managing Directors of  
All Public Sector and Private Sector Banks**

Dear Sir,

Master Circular - Note Exchange Facility

As you are aware, the Reserve Bank of India has, from time to time, issued a number of circulars containing instructions to banks on note exchange facility to be provided to the members of public. In order to enable the banks to have all the instructions at one place, it has been decided to consolidate the same. Accordingly, we enclose a Master Circular prepared on the subject for your information and taking appropriate action, where required.

Yours faithfully,

(Dr. N. Krishna Mohan)

General Manager



## **Reserve Bank of India (Note Refund) Rules - Delegation of full powers**

In terms of Section 28 read with Section 58(2) of Reserve Bank of India Act, 1934, no person is entitled as a right to recover from the Government of India or RBI the value of any lost, stolen, mutilated or imperfect currency note of the GOI or bank note. However, with a view to mitigating the hardship to the public in genuine cases, it has been provided that the RBI may, with the previous sanction of the Central Government, prescribe the circumstances in, and the conditions and limitations subject to which, the value of such currency notes or bank notes may be refunded as a matter of grace.

### **Liberalised definition of Cut Notes**

With a view to extending the facility for the benefit and convenience of public, all currency chest branches have been delegated powers under Reserve Bank of India (Note Refund) Rules for exchange of torn/mutilated/ defective notes.

2. In order to facilitate quicker exchange facilities, the following types of soiled and cut notes should be freely exchanged by all bank branches including non-chest branches. They should also be accepted over bank counters in payment of Government dues and for credit of accounts of the public maintained with banks.

### **SOILED NOTES**

#### **I. Single numbered notes - Re.1/-, Rs.2/- & Rs.5/-**

Note presented should not be more than two pieces. No essential feature of the note should be missing and complete number should be available in an undivided area on one of the pieces.

#### **II. Double numbered notes - Rs.10/-,Rs.20/- Rs.50/-, Rs.100/-,Rs.500/- & Rs.1000/-**

The note presented should not be more than two pieces. No essential feature of the note should be missing. Both the pieces should be of the same note i.e. the complete number in an undivided area on each piece should be the same.

The above types of notes will be treated as soiled notes and be packeted alongwith soiled notes. These unfit notes shall, in no case, be issued to the public as reissuable notes but shall be deposited in currency chests for onward transmission to RBI offices as chest remittances.

[Ref.DCM.No.G-24/08.01.01/96-97 dated 03.12.1996]

### **Extremely brittle, burnt, charred, stuck up Notes**

Notes which have turned extremely brittle or badly burnt, charred or inseparably stuck up together and, therefore, cannot withstand normal handling, shall not be accepted by the branches for exchange. Instead, the holders may be advised to tender these notes to the concerned Issue Offices where they will be adjudicated under a Special Procedure.

### **Notes bearing "PAY"/"PAID"/"REJECT" stamps**

3. Every Officer-in-charge of the branch, i.e. the Branch Manager and every officer-in-charge of the Accounts or Cash Wing of the Branch shall act as 'Prescribed Officer' in each branch to adjudicate the notes received at the branch for exchange in accordance with the RBI (NR) Rules 1975 (as amended upto 1980). After adjudicating mutilated notes, the Prescribed Officer is required to record his order by subscribing his initials to the dated 'PAY'/ 'PAID'/ 'REJECT' stamp. The 'PAY' & 'REJECT' stamps should also carry the name of the bank and branch concerned. Defective notes bearing 'PAY'/ 'PAID' (or 'REJECT') stamp of any RBI Issue Office or any bank branch, if presented for payment again at any of the designated bank branches should be rejected under Rule 5(1) of RBI (NR) Rules and the tenderer should be advised that the value of such (defective) note/s cannot be paid since the same has already been paid as is evident from the PAY/PAID stamps affixed on it/them. All bank branches have instructions not to issue notes bearing PAY/PAID stamps to the public even through oversight.

The branches should caution their customers not to accept such notes from any bank or anybody else. [Ref. Memorandum of Procedure to be followed by Public Sector Banks and Circulars DCM.No.185/CL.1(PSB)-86/87 dated 20.5.87 and No.52/08.07.18/ 96-97 dated 11.1.97]

### **Notes bearing slogans/political messages etc.**

4. Any note with slogans and message of a political nature written across it ceases to be a legal tender and the claim on such a note will be rejected under Rule 5(2) of RBI (NR) Rules. Similarly notes which are disfigured may also be rejected under Rule 5(2) of RBI (NR) Rules. [Ref.DCM Cir.No.189/CL.2-86/87 dated 2.6.87]

### **Deliberately cut notes**

5. The notes, which are found to be deliberately cut or tampered with, if presented for payment of exchange value should be rejected under Rule 5(2)(ii) of the RBI (NR) Rules. Although it is not possible to precisely define deliberately cut/mutilated notes, a close look at such notes will clearly reveal any deliberate fraudulent intention, as the manner in which such notes are mutilated will follow a broad uniformity in the shape/location of missing portions of the notes, especially when the notes are tendered in large number. The details of the case such as the name of the tenderer, the number of notes tendered and their denominations should be reported thereafter to the Deputy/General Manager, Issue Department, under whose jurisdiction the branch falls. The matter should also be reported to local police in case a large number of such notes are tendered. The branches should ensure that the note exchange facility is not cornered by private money changers/professional dealers in defective notes. [Ref.Cir.No.S-12/CL.1(PSB)-88/89 dated 30.9.88 and No.8/ CL.1(PSB)-90/91 dated 17.8.90]

### **Training**

6. Our Issue Offices have instructions to conduct training programmes for 'Prescribed Officers' of currency chest branches on a priority basis. It should be ensured that only officers who are designated as 'Prescribed Officers' are deputed for training. As the training programmes are intended to provide knowledge and instil confidence in the Prescribed Officers in the process of adjudication of defective notes, it is imperative that the Prescribed Officers of the concerned branches do attend the programmes. [Ref.Cir.No.220/CL1(PSB)-85/86 dated 31.5.86]

### **Display of Notice Board**

7. All designated bank branches are required to display at their branch premises, at a prominent place, a board indicating the availability of note exchange facility with the legend, "Mutilated notes are Accepted & Exchanged Here". Banks should ensure that all their branches undertake note exchange business. [Ref.Cir.No.G-71/08.07.18/92-93 dated 22.6.93]

#### **Introduction of Rs.1000/- denomination notes**

8. With the introduction of bank notes of Rs.1000/- denomination, the word 'five hundred rupees' wherever appearing in the Note Refund Rules has been substituted with the word 'one thousand rupees' and the number '1000' has been added after the number '500'. The effect of the above instruction is that the rules, which are applicable to exchange of double numbered notes upto Rs.500/- denomination, are now applicable to exchange of notes of Rs.1000/- denomination also.

Thus, the notes of Rs.1000/- denomination will be adjudicated under RBI (NR) Rules in the same way as notes of Rs.10/-, Rs.20/-, Rs.50/-, Rs.100/- and Rs.500/- are presently adjudicated.

[Press Release dated 6.10.2000]

#### **Notes exchanged by non-chest branches of PSBs**

9. The notes paid by the non-currency chest branches may get such notes exchanged from the nearest RBI Issue office or currency chest. The currency chest branch may deposit into the currency chest the notes paid for full value by it or such full value paid notes accepted by it from non-chest branches. These notes should however be kept distinctly separate and not mixed with other soiled notes. If note bearing PAY/PAID stamp are found mixed up in soiled note packets during the course of examination of chest remittances received in our Issue Offices, the same shall be returned to the chest representatives/remitted to chest branch at cost after treating it as deficiency which will be recovered by debiting the amount thereof to the account of the concerned bank maintained with our offices.

[Ref.Cir.No.G.82/CL.1(PSB)-87/88 dated 12.1.88 and G.74/CL. (PSB)Gen-90/91 dated 5.6.91]

#### **Submission of Quarterly Statements**

10. All chest branches are required to submit to our Issue Offices quarterly statements showing the number of notes adjudicated by them. In the absence of information regarding accumulation of paid notes awaiting audit at chest branches, it is not possible for Issue Offices to finalise quarterly audit programmes. It has also been reported to us that a large number of currency chest branches have either not implemented the scheme or have implemented it on a restricted scale, thereby causing undue hardship to the members of public. In view of this, you are advised to issue the following instructions to all your currency chest branches.

- (a) The scheme should be introduced forthwith at the chest branches where it is yet to be started.
- (b) There should not be any restrictions as to the number of days in a week on which the facility will be available, i.e. the facility should be made available throughout the business hours on all working days.
- (c) Notes paid by non-currency chest branches under limited powers must be accepted for exchange irrespective of whether such branches are of the same bank or otherwise.
- (d) The adjudicated notes should be kept distinctly separate and under no circumstances be mixed up with soiled notes balances held in the currency chest.

- (e) The record of notes adjudicated/reimbursed must be kept in the DN.2 register properly and up-to-date at the chest branches.
- (f) Quarterly statements indicating accumulations of notes adjudicated/exchanged and pending audit by RBI audit teams must be sent within 15 days from the close of the quarter.

[Ref.Cir.No.G.83/CL.1(PSB)-91/92 dated 6.5.92 and  
G-11/08.07.18/2001-02 dated 2.11.2001]

All currency chest branches and all the branches of the public sector banks are requested to extend their maximum co-operation by exercising the authority vested in them fully and without reservation as this would result in providing better customer service to the public at large.

[Ref.Cir.No.NE.386/08.07.13/2001-02 dated 16.11.2000]

The above instructions are issued in consolidation of all instructions issued earlier by RBI in regard to the exchange of defective notes.

## **ANNEX V**

### Excerpts from the Study Report Prepared by **Administrative Staff College of India- June 2003**

1. The public is satisfied with the availability of coins but if we examine the frequency of excess payment, about half the respondents pay excess at least once a fortnight both in semi urban and rural areas. This suggests reasonable availability of coins with a possible scope for further improvement in reaching coins (Page 15).
2. The frequency of use would suggest that a quarter of the public use banks about half the times or more for getting coins. The reasons for non-use of banks is because of inconvenience. The inconvenience is understood here as the time and effort involved in getting the coins. This possibly suggests that the public seeks not just availability of coins but the ease at which the coins are made available and for which the banks do not find favor, as it is not like a convenience store (Page 21).
3. The reason for nonuse of banks by many of the urban and rural traders is inconvenience. This suggests the need for exploring channels that have wide distribution and are part of the transactions of the trade instead of needing a separate procurement effort for coins (Page 46).
4. The inconvenience of using banks and also the refusal to exchange notes by banks (47% in Semi urban and 26% in Rural) suggest that possibly the banks need to be made more approachable for the exchange of notes (Page 53).
5. The availability of coins is satisfactory except in the State of Maharashtra. It is only in Gujarat that bank is an important source of coins. Inconvenience is the reason for not using banks in all the States. In Maharashtra, there is one other reason for respondents not using banks and that is that the banks do not give coin change (Page 212).

6. Inconvenience is the reason for not using banks while "banks not giving coins" is an important reason in Maharashtra (Page 212).
7. Inconvenience is the major reason for non-use of banks. In Maharashtra, in addition to inconvenience, the unwillingness of banks to exchange notes is also a reason both in urban and rural (Page 213).
8. Inconvenience is the reason for nonuse of bank. Non-exchange by banks is present in Maharashtra and to some extent in rural Madhya Pradesh (Page 213).
9. The actual experience of the service indicates that slightly less than one fifth of the banks provide both the service, i.e., give coins and exchange notes and about half the banks do not give coins or notes (Page 215).
10. The reason for not providing coin change is non-availability of coins (88%) (Page 216).
11. In the case of soiled or defective notes, slightly less than half of those banks that did not provide the service deny having refused the service (Chart 12.1). Internal difficulties were indicated by more than a third of the banks (Page 217).
12. The major source of coins is the shop while banks are a source for about 20 to 30% of the public (Page 221).
13. As availability of coins is good, the above information would suggest that the 20-30% users of banks possibly are the channels for coins. The reason for non-use of banks is because of inconvenience. The inconvenience is understood here as the time and effort involved in getting the coins. This possibility suggest that the public seeks not just availability of coins but the ease at which the coins are made available and for which banks do not find favour, as it is not like a convenience store (Pages 221- 222).
14. The need is not to increase the supply as to make the coins conveniently available (Page 223).
15. Slightly more than half of those who do not exchange notes in banks find them inconvenient (Page 225).
16. Close to a quarter of the traders give the poor quality notes to their customers. *The quality of notes suggests that the availability of the service through banks both in the semi urban and rural areas could improve.* The result indicates that a large number of respondents face refusal from banks to exchange notes (47% in semi Urban and 26% in Rural). This suggest that possibly the banks need to be made more approachable for the exchange of notes (Page 225-226).
17. The banks are more likely to exchange notes than give coin change. The reason for not exchanging coins is more likely the unwillingness to provide the service on a wide or large scale. This is reflected in the stated reasons of insufficient staff and the perceived effort required (Page 226).

EXISTING POSITION ON EXCHANGE OF SOILED AND MUTILATED NOTES, AND COINS RELATING TO INDIVIDUALS (as made available by Department of Currency Management, Central Office)				Committee's Comments/ Recommendations
Sr. No.	Reference / Circular No.	Item	DCM Remarks	
(1)	(2)	(3)	(4)	(5)
1.	DCM.No. 1064 /CL.1-76/77 dated 9th August 1976	Facilities to the public for exchange of soiled notes and slightly mutilated notes -	All public sector banks were advised to instruct all their branches to display a notice prominently at their premises. A copy of self contained instructions was also enclosed.	Banks are by and large providing the facility of exchanging soiled/ mutilated notes though some banks do not provide this facility. The Committee recommends that the RBI needs to take hard decisions as to what kind of adverse action to take when the RBI instructions are violated.
2.	DCM.No. 1644 /CL.1-83-84 dated 2nd September 1983	Facilities to the public for exchange of soiled and Mutilated Notes - Training	Regional Offices of RBI were advised to conduct training program on exchange of soiled and mutilated notes for the benefit of officers of commercial banks.	
3.	DCM. No. 4953 /CL.1-83/84 dated 4th January 1984	Facilities to the public for exchange of soiled and Mutilated Notes - Posters	The Regional Offices of RBI were advised to distribute posters among commercial banks, informing general public about the exchange facility being available at that bank branch. Subsequently, the banks were advised to get these posters printed in local regional language and display such posters at a prime place in the branch.	Please see Committee's comments on Item No.1.
4.	DCM (Cir)No. 7 /CL.1 -85/86 dated July 3, 1985	Reserve Bank of India (Note Refund) Rules - Delegation of full powers to public sector banks - Memorandum of procedure for IOs.	For the first time, full powers under RBI Note Refund Rules were delegated to the public sector bank branches for exchange of mutilated notes. The scheme was to be implemented initially at select currency chest branches.	Please see Committee's comments on Item No.1.
5.	DCM (Cir)No. 84 /CL.1 (PSB)-85/86 dated 24th September 1985	Reserve Bank of India (Note Refund) Rules - Delegation of full powers to public sector banks - Publicity	The Regional Offices of RBI were advised to advertise the list of bank branches covered under the above scheme in newspapers.	The Committee has observed that such a list is not readily available and even when made available the information is incomplete and does not facilitate the <b>Common Person</b> as to the specific branches of banks where these facilities are available.
6.	DCM. Cir No. 145 /CL.1(PSB) - 85/86	Reserve Bank of India(Note	The R.O.s were advised to bring to the notice of	



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<b>Sr. No.</b>	<b>Reference / Circular No.</b>	<b>Item</b>	<b>DCM Remarks</b>	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
			branches is obtained by them through currency chest mechanism. The facility for obtaining reimbursement of the paid mutilated notes is not available to the non-currency chest branches. They have to make payments from their own funds and then approach the nearby currency chest or RBI offices for reimbursement. In view of this, it has been made mandatory for the currency chest maintaining branches of public sector/ private sector/ foreign banks to accept and exchange mutilated notes. Non-currency chest bank branches of public sector banks have been requested to extend this facility as per their convenience.	recommends that a simplified dispensation for classification of bank branches for exchange of soiled / mutilated notes may be prescribed and the information should be given wide publicity and be easily accessible to the common person.
10.	DCM (NE) No. 310/ 08.07. 18/2003- 04 dated January 19, 2004	Providing facilities to public for exchange of notes, coins etc.	All public sector banks were advised to provide the exchange facility at all branches of chest maintaining banks	The RBI has been reiterating its instructions. While a number of banks have been observing the instructions the Committee notes that in some cases banks ignore the RBI instructions. The RBI instructions to have meaning should be observed and adverse action taken for violation. Before any adverse action the Committee recommends that the RBI should see if there are any genuine problems and these should be addressed expeditiously.
11.	DCM (CC) No. G-028 / 03.02.01/2003-04 dated February 23, 2004	Opening of currency chests by public sector banks - Time limit for in-principle and final approvals.	Regional Offices of RBI were advised that they should approve the applications from banks for opening of currency chests in a time bound manner.	---
12.	DCM (RMMT) No. 229 / 11.25.02/2002-03 dated 27th August, 2002	Distribution of coins - Special arrangements	Regional Offices were advised to introduce an incentive scheme of giving Rs. 250 per bag to the PSUs, Coop banks,	The Committee appreciates that the RBI is providing incentives for distribution of coins.



<b>EXISTING POSITION ON EXCHANGE OF SOILED AND MUTILATED NOTES, AND COINS RELATING TO INDIVIDUALS</b> <b>(as made available by Department of Currency Management, Central Office)</b>				<b>Committee's Comments/ Recommendations</b>
<b>Sr. No.</b>	<b>Reference / Circular No.</b>	<b>Item</b>	<b>DCM Remarks</b>	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
			RRBs, reputed and national / regional social welfare organisations.	
13.	DCM (RMMT) No. 404 / 11.37.01/2003-04 dated October 9, 2003	Acceptance of coins and availability of notes	CMDs of all public and private sector banks were advised to instruct their branches to accept coins of all denominations without any restriction and pay the value in notes and also arrange to periodically to send coins to mints.	The Committee is constrained to stress that while RBI is willing to provide incentives for distribution of coins it does not provide similar incentives for return of uncurrent coins. The Committee recommends that such incentives are imperative as the metal value could be more than the value of the coins. Many banks are reluctant to provide these facilities as there are difficulties in transmitting coins from banks to RBI/Mints.
14.	DCM (RMMT) No. 412 / 11.37.01/2003-04 dated October 13, 2003 Continued.....	Availability of fresh notes and coins - A survey by Administrative Staff College of India (ASCI) - Hyderabad	CMDs of all public and private sector banks were advised to instruct their branches to give adequate publicity and be more proactive in issuing coins and wherever there are deficiencies and monitor their performance in this regard.	The Committee feels that while the RBI has been by and large successful in the distribution of current coins it has not given sufficient attention to the return by individuals of uncurrent coins. Please see the Committee's recommendations on Item 13.
15.	DCM (RMMT) No. 657 / 11.36.05/2003-04 dated December 13, 2003	Distribution of coins - Special arrangements	The scheme of distribution of coins on payment of service charges of Rs. 250 per bag through RRBs / Coop Banks stopped in urban / metropolitan areas. To be continued only in rural and semi-urban areas.	The Committee agrees with the action by RBI to gradually withdraw incentives for distribution of coins as the coins position has eased.
16.	DCM (RMMT) No. 661 / 11.26.02/2003-04 dated December 16, 2003	Distribution of coins	The Regional Offices were advised to arrange to receive the remittances of coins from Mint Linked Offices and remit the same to the currency chests.	
17.	DO DCM (RMMT) No. 872 / 11.37.01 / 2003-04 dated January 23, 2004 Continued.....	Acceptance of coins.	The Regional Offices were advised to arrange to ensure that all the bank branches in their region to accept coins from the public. The Offices were also advised to accept	The Committee observes that customers encounter problems in presenting uncurrent coins both at RBI and banks.

<b>EXISTING POSITION ON EXCHANGE OF SOILED AND MUTILATED NOTES, AND COINS RELATING TO INDIVIDUALS (as made available by Department of Currency Management, Central Office)</b>				<b>Committee's Comments/ Recommendations</b>
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			coins for exchange without any restriction preferably through single window system.	
18.	DCM (RMMT) No. 1181 / 11.37.01/2003-04 dated April 5, 2004	Acceptance of coins	All public sector banks were advised to immediately direct all their branches to accept coins of all denominations at their counters either for exchange or for deposit in accounts	The Committee observes that customers encounter considerable difficulties including at RBI Mumbai Regional Office. The Committee recommends that immediate remedial action should be taken.
19.	DCM (NE) No. 422 /08.07.18 / 2003-04 dated March 29 2004	Improvement in customer service - Introduction of single window system for providing exchange facility at Regional Offices.	The Regional Offices were advised to implement the single window system for providing all the services like receipt / issue of bank notes / coins, exchange of bank notes to coins and vice versa, exchange of defective notes, etc., across all the counters.	The Committee observes that the Single Window Exchange Facility system was recommended in the Hussain Committee Report of 1998, (paragraph 2.11). The Committee notes that vide March 29, 2004, circular letter to the Regional Offices DCM has set out instructions for implementation of a single window system for providing all the services like receipt/issue of bank notes/coins, exchange of bank notes to coins and vice versa, exchange of defective notes, etc., across all the counters.