



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2019-20/68

Master Direction DCM (CC) No.G-4/03.35.01/2019-20

July 01, 2019

(Updated as on October 03, 2019)

1. The Chairman & Managing Director/Chief Executive Officer
(All Banks having Currency Chests)
2. The Director of Treasuries
(State Governments)

Madam / Dear Sir

Master Direction on Levy of Penal Interest for Delayed Reporting / Wrong Reporting / Non-Reporting of Currency Chest Transactions and Inclusion of Ineligible Amounts in Currency Chest Balances

In terms of the Preamble, under Section 45 of the RBI Act, 1934 and 35 A of the Banking Regulation Act, 1949, the Bank issues guidelines / instructions for realising the objectives of our Clean Note Policy. With a view to sustaining these efforts and ensure discipline among the banks on timely and accurate reporting of currency chest transactions, we have issued instructions on the subject.

2. The Master Direction enclosed incorporates updated guidelines / circulars on the subject. The Direction will be updated from time to time as and when fresh instructions are issued.
3. This Master Direction has been placed on RBI website at www.rbi.org.in.

Yours faithfully,

(Manas Ranjan Mohanty)
Chief General Manager

Encl : As above

1. Penal interest for Delayed Reporting / Wrong Reporting / Non-Reporting of Currency Chest Transactions

1.1 Reporting of Currency Chest Transactions

The minimum amount of deposit into / withdrawal from currency chest will be ₹ 1,00,000 and thereafter, in multiples of ₹ 50,000.

1.2 Time limit for Reporting

1.2.1 The currency chests / Link Offices should invariably report all transactions through CyM – CC portal on the same day by **7 pm**.

1.2.2 The Sub-Treasury Offices (STOs) should report all transactions directly to the Issue Office of the Reserve Bank by **7 pm** on the same day.

1.2.3 Relaxation in respect of strike period in banks

Relaxation in the reporting period on account of strike situation will be considered on case-to-case basis.

1.3 Levy of penal interest –

1.3.1 Delay in Reporting -

In the event of delay in reporting currency chest transactions, penal interest at the rate indicated in paragraph 3 of this circular will be levied on the **amount due** from the chest holding bank for the period of delay. Penal interest will be calculated on T+0 basis i.e. penal interest will be levied in respect of transactions not reported by currency chests / Link Offices to the Issue Office on the same business day within the time limit prescribed above.

Penal interest will also be charged for delay in reporting by STOs directly linked to Issue Department of the circle.

1.3.2 Wrong reporting

Penal interest will be levied in respect of cases of wrong reporting in the same manner till the date of receipt of corrected advice by Reserve Bank. As debits/credits to banks' current accounts are raised on the basis of the transactions reported by the currency chests / Link Offices, penal interest will invariably be levied in all cases of wrong reporting by the currency chests. It is expected that currency chests / Link Offices would ensure the correctness of figures reported on the CyM - CC portal. Particular care should be taken to ensure that remittances of fresh notes/notes to the currency chests are not reported as 'deposit' transactions on the portal.

1.3.3 Penal interest for inclusion of ineligible amounts in the currency chest balances

- (i) Penal interest will be levied in all cases where the bank has enjoyed 'ineligible' credit in its current account with Reserve Bank on account of wrong reporting / delayed reporting / non-reporting of transactions. Penal measures will also be taken in cases of shortages in chest balances / remittances, shortages due to pilferage / frauds, counterfeit banknotes detected in chest balances / remittances as per the prevailing "Scheme of Penalties".
- (ii) Further, only cash held in the custody of joint custodians and 'freely available' to them is eligible for inclusion in the chest balances. Thus, cash kept for safe custody in sealed covers for whatever reasons/cash in trunks/bins under the lock and key of any official/s other than the Joint Custodians or bearing a third lock put by any official in addition to the two locks of the Joint Custodians is not eligible for being included in the chest balances. If such amounts are included in the chest balances, these will be treated as instances of wrong reporting and will attract penal interest at the rate specified in Para 3.
- (iii) In all the above cases (excepting shortages in chest balances / remittances, shortages due to pilferage / frauds, counterfeit banknotes detected in chest balances / remittances), penal interest will be levied from the date of inclusion of 'ineligible' amounts in chest balances till the exclusion of such amounts from chest balances. Penal measures for shortages in chest balances / remittances, shortages due to pilferage / frauds, counterfeit banknotes detected in chest balances / remittances will be taken on the basis of prevailing "Scheme of Penalties".

2 Levy of penalty

2.1 Reporting of Soiled note remittances to RBI

Soiled note remittances to RBI should not be shown as withdrawal by chest/s / link offices. In case such remittances to RBI are wrongly reported as 'withdrawals', a penalty of ₹ 50,000 will be levied irrespective of the value of remittance and period of such wrong reporting.

2.2 Reporting of diversions in CyM – CC portal

All currency chest diversions (both between chests of the same bank and between chests of different banks) have to be reported through 'Diversion Module' of CyM-CC Portal. The CC sending the diversion should initiate the diversion entry. The receiving CC should acknowledge the same. Diversions must not be reported as Deposit/Withdrawal. A penalty of ₹ 50,000 will be levied for such wrong reporting.

2.3 Delayed reporting where currency chests had “Net Deposit”

Penal interest at the prevailing rate for delayed reporting of the instances where the currency chest had reported “net deposit” may not be charged. However, in order to ensure proper discipline in reporting currency chest transactions, a flat penalty of ₹ 50,000 may be levied on the currency chests for delayed reporting irrespective of the value of net deposit.

3. Rate of penal interest

Penal interest shall be levied at the rate of 2% over the prevailing Bank Rate for the period of delayed reporting/wrong reporting/non-reporting /inclusion of ineligible amounts in chest balances.

4. Levy of penal interest in respect of currency chests at treasuries

The above instructions shall be applicable to currency chests at treasury/sub-treasury offices also.

5. Representations

5.1 As the sole criterion for levy of penal interest for **delayed reporting** is the number of days of delay, there should ordinarily be no occasion for banks to request for reconsideration of the Reserve Bank's decision in individual cases. However, representations, if any, on account of genuine difficulties faced by chests especially in hilly/remote areas and those affected by natural calamities, etc., may be made to the Issue Office concerned through the Head / Controlling office of the bank concerned within a month from the date of debit of the bank concerned.

5.2 In the case of **wrong reporting** representations for waiver will not be considered. {cf. para 1.3.2 above}.

5.3 As the intention behind the levy of penal interest is to inculcate discipline among banks so as to ensure prompt/correct reporting, pleas by banks for waiver of penal interest on grounds that delayed/wrong/non-reporting did not result in utilization of the Reserve Bank's funds or shortfall in the maintenance of CRR/SLR or that they were the result of clerical mistakes, unintentional or arithmetical errors, first time error, inexperience of staff etc., will **not** be considered as valid grounds for waiver of penal interest. Further, we will take a serious view of all such lapses.
