

**RBI/2006-2007/241**

RPCD.CO.RF. BC No. 43/ 07.38.03 / 2006-07

January 31, 2007

**All State Co-operative Banks/  
District Central Co-operative Banks**

Dear Sir

**Clean Note Policy - Stapling of Note Packets**

It is observed that despite instructions issued by the Reserve bank of India, banks still continue to follow the practice of stapling of note packets. This practice, apart from damaging notes, reduces the life span of notes and renders it difficult for customers to open note packets easily.

2. It is also observed that banks do not sort notes into re-issuables and non-issuables and issue soiled notes to the public. Banks also continue to follow the practice of writing number of note pieces in loose packets on watermark window of notes, which disfigures the water mark impression and renders it difficult for easy recognition.

3. It has, therefore, been decided that hereinafter and with immediate effect :

- a. banks should do away with stapling of any note packets and instead secure them with paper bands,
- b. banks should sort notes into re-issuables and non-issuables, and issue only clean notes to public. Soiled notes in unstapled condition may be tendered at the Reserve Bank in inward remittances through Currency Chests; and,
- c. banks should forthwith stop writing of any kind on watermark window of bank notes.

4. Accordingly, our Directive RPCD CO. RF. Dir. No. 44 /07.38.03/2006-07 dated January 31, 2007 is enclosed.

5. Please acknowledge receipt to the Regional Office concerned.

Yours faithfully,

(C.S.Murthy)  
Chief General Manager-in-Charge

January 31, 2007

**Clean Note Policy - Stapling of Note Packets**

In exercise of the powers conferred under Section 35A read with Section 56 of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in public interest so to do, hereby directs that hereinafter and with immediate effect;

- i. Banks shall do away with stapling of fresh / re-issuable / non-issuable note packets and instead secure them with paper bands.
- ii. Banks shall sort notes into issuable and non-issuable, and issue only clean notes to public. Banks shall tender soiled notes in unstapled condition to Reserve Bank of India in inward remittances through Currency Chests.
- iii. Banks shall forthwith stop writing of any kind on watermark window of bank notes.

**(V.S.Das)**  
**Executive Director**