



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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July 1, 2011

1. The Chairman & Managing Director/Chief Executive Officer
(All Banks having Currency Chests)

2. Director of Treasuries
(State Governments as per list enclosed)

Dear Sir/Madam

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

This circular is issued in supersession of all existing instructions/guidelines relating to levy of penal interest for delayed reporting/wrong reporting/non-reporting of currency chest transactions.

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

a) Reporting of Currency Chest Transactions

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

b) Time limit for Reporting

- i) The currency chests should invariably report all transactions through ICCOMS on the same day by 9 PM by uploading data through the Secured Website (SWS) to their respective link offices. Link offices should invariably report the consolidated position to the Issue Offices latest by 11 PM on the same day.
- ii) The Sub-Treasury Offices should report all transactions directly to the Issue Office of the Reserve Bank by 11 PM on the same day.

c) Relaxation in respect of strike period in banks

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

d) Levy of penal interest for delays

- i) 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 Link Office to the Issue Office by 11 PM on the same business day. However, Reserve Bank may at its discretion grant appropriate grace period in the matter of levy of penal interest.
- ii) Penal interest will also be charged for delay in submission of chest slips in the case of single chest / STOs directly linked to Issue Department of the circle.

e) Wrong reporting and levy of penal interest

Penal interest will be levied in respect of all 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 figures reported in the Link Office Statements, penal interest will invariably be levied in all cases of wrong reporting in the Link Office Statements even if the reporting was done correctly in the chest slips. It is expected that Link Offices would ensure the correctness of figures reported by the respective currency chests. Particular care should be taken to ensure that remittances of fresh notes/notes to the currency chests are not reported as 'deposit' transactions in the Link Office Statements.

f) Maximum penal interest to be charged

There is no stipulation regarding the maximum amount of penal interest leviable for wrong/delayed reporting. As the intention is to ensure timely and correct reporting of chest transactions, penal interest will be recovered in all applicable cases, irrespective of the amount of the transaction concerned/amount of penal interest subject to rounding off the penal interest amount to the nearest Rupee.

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

- a) 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.
- b) 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.

c) In the above cases 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.

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

a) 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.

b) In the case of wrong reporting representations for waiver will not be considered. {cf. para 1(e) above}.

c) 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.

6. This Master Circular is available on our website www.rbi.org.in.

Yours faithfully

Dr. N. Krishna Mohan
Chief General Manager