



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

RBI/2025-26/133
DCM (NE) No.G-5/08.07.18/2025-26

April 01, 2025

The Chairman / Managing Director / Chief Executive Officer
All Banks

Madam / Dear Sir,

Master Direction – Facility for Exchange of Notes and Coins

In exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, read with sections 28, 38, 39, 58(1) and 58(2)(q) of the Reserve Bank of India Act, 1934, Reserve Bank of India (RBI), from time-to-time issues guidelines / instructions / directives to the banks on provision of Facility for Exchange of Notes and Coins to members of public.

2. A [Master Direction](#) incorporating and updating the extant guidelines / instructions / directives on Facility for Exchange of Notes and Coins has been prepared to enable banks to have all current instructions on the subject at one place for reference and the same is enclosed.

Yours faithfully,

(Suman Nath)
Chief General Manager

Encl: As above



Index

Para No.	Particulars
1	Facility for Exchange of Notes and Coins at Bank Branches
2	Reserve Bank of India (Note Refund) Rules, 2009 [as Amended by Reserve Bank of India (Note Refund) Amendment Rules, 2018] – Delegation of Powers
3	Soiled Note
4	Mutilated and Imperfect Notes – Presentation and Passing
5	Notes which cannot withstand Normal Handling
6	Procedure for Exchange of Soiled/ Mutilated/ Imperfect Notes
7	Grievance Redressal
8	Treatment of Mutilated / Imperfect Notes
9	Disposal of Notes Adjudicated at Bank Branches
10	Training
11	Display of Notice Board
12	Monitoring and Control
Annex	
Annex	List of Circulars Consolidated/ Referred in this Master Direction



Master Direction – Facility for Exchange of Notes and Coins

In exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, read with sections 28, 38, 39, 58(1) and 58(2)(q) of the Reserve Bank of India Act, 1934, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Directions hereinafter specified.

1. Facility for Exchange of Notes and Coins at Bank Branches

(a) All bank branches in all parts of the country are mandated to provide following customer services, more actively and vigorously to the members of public so that there is no need for them to approach RBI Regional Offices for this purpose:

(i) Issuing fresh / good quality notes and coins of all denominations,

(ii) Exchanging soiled / mutilated / imperfect notes,

and

(iii) Accepting coins and notes either for transactions or exchange.

(b) Banks shall ensure that all their branches provide facility for exchange of notes and coins not only to their customers but also others. Small Finance Banks (up to two years from the commencement of their banking business) and Payment Banks may exchange mutilated and imperfect notes at their option.

(c) Considering that handling coins packed in sachets of 100 pieces each or small value-based sachets would be more convenient for the cashiers as well as the customers, such sachets shall be kept at the counters and made available to the customers.

(d) All branches shall provide the above facilities to members of public without any discrimination on all working days.

(e) The availability of the above-mentioned facilities at the bank branches shall be given wide publicity for information of the public at large.

(f) None of the bank branches shall refuse to accept small denomination notes and / or coins tendered at their counters. All coins in the denomination of 50 paise, ₹1, ₹2, ₹5, ₹10 and ₹20 of various sizes, theme and design issued from time to time by the Government of India continue to be legal tender.

(g) **Uncurrent Coins** - The coins of 25 paise and below, issued from time to time have ceased to be legal tender with effect from June 30, 2011 in terms of Gazette Notification No. 2529 dated December 20, 2010 issued by the Government of India.

2. Reserve Bank of India (Note Refund) Rules, 2009 [as Amended by Reserve Bank of India (Note Refund) Amendment Rules, 2018] - Delegation of Powers

(a) 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 banknote. However, with a view to mitigating hardship to the public in genuine cases, it has been provided that the RBI may, with prior sanction of the Central Government, prescribe



the circumstances in, and the conditions and limitations subject to which, the value of such currency notes or banknotes may be refunded as a matter of grace.

(b) With a view to extending the facility for the benefit and convenience of public, all bank branches have been delegated powers under Rule 2(j) of Reserve Bank of India (Note Refund) Rules, 2009 [as amended by Reserve Bank of India (Note Refund) Amendment Rules, 2018] (hereinafter referred to as NRR, 2009) for exchange of mutilated / imperfect notes free of cost.

(c) The NRR, 2009 were amended to enable the public to exchange mutilated notes in Mahatma Gandhi (New) series, which are smaller in size as compared to the banknotes of earlier series. The minimum area of the single largest undivided piece of the note required for payment of full value for notes of rupees fifty and above denominations were also revised. The [Reserve Bank of India \(Note Refund\) Amendment Rules, 2018](#) were notified in the Gazette of India on September 6, 2018.

3. Soiled Note

In order to facilitate quicker exchange facilities, the definition of soiled note has been expanded. A 'soiled note' means a note which has become dirty due to normal wear and tear and also includes a two piece note pasted together wherein both the pieces presented belong to the same note and form the entire note with no essential feature missing. These notes shall be accepted over bank counters in payment of Government dues and for credit to accounts of the public maintained with banks. However, in no case, these notes shall be issued to the public as re-issuable notes, and such notes shall be deposited in currency chests for onward transmission to RBI offices as soiled note remittances for further processing.

4. Mutilated and Imperfect Notes – Presentation and Passing

(a) Mutilated notes

A mutilated note is a note of which a portion is missing or which is composed of more than two pieces. Mutilated notes shall be presented at any of the bank branches. The notes so presented shall be accepted, exchanged and adjudicated in accordance with [NRR, 2009](#). The branches shall take steps to see that the exchange facilities are not cornered by private money changers or professional dealers of defective notes.

(b) Imperfect Notes

Imperfect note means any note, which is wholly or partially, obliterated, shrunk, washed, altered or indecipherable but does not include a mutilated note. Imperfect notes which can withstand normal handling shall be presented at any of the bank branches for exchange. The notes so presented shall be accepted, exchanged and adjudicated in accordance with [NRR, 2009](#).

5. Notes which cannot withstand Normal Handling

Notes which have turned extremely brittle, charred or inseparably stuck up together and, therefore, cannot withstand normal handling, shall not be accepted by the bank branches for exchange. Instead, the holders shall be advised to tender these notes to any of the Issue Office of Reserve Bank of India located at Ahmedabad, Bangalore, Belapur (Navi Mumbai), Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi,



Patna, and Thiruvananthapuram and a currency chest managed by the RBI at Kochi, where they will be adjudicated under a Special Procedure. Tenderer shall also be informed that such notes can also be sent to any of the abovementioned Issue Offices of Reserve Bank of India through Insured Post/ Registered Parcel giving his / her bank account details (a/c no, branch name, IFSC, etc.) for exchange purpose.

6. Procedure for Exchange of Soiled/ Mutilated/ Imperfect Notes

6.1 Exchange of Soiled Notes

6.1.1 Notes presented in small number: Where the number of notes presented by a person is up to 20 pieces with a maximum value of ₹5000 per day, banks shall exchange them over the counter, free of charge.

6.1.2 Notes presented in bulk: Where the number of notes presented by a person exceeds 20 pieces or ₹5,000 in value per day, banks shall accept them against receipt, for value to be credited later. The probable date of payment shall be informed to the tenderers on the receipt itself and the same shall not exceed 7 days. Bank account details shall be obtained from the tenderers for crediting the exchange value by electronic means.

6.2 Exchange of Mutilated and Imperfect Notes

6.2.1 All bank branches shall exchange mutilated and imperfect notes and issue receipt for the notes presented for adjudication as per procedure laid down in Part III of NRR, 2009 (www.rbi.org.in→Publications→Occassional) and follow the guidelines mentioned in the following paragraphs, **6.2.2, 6.2.3 and 6.2.4** of this Master Direction, for notes presented in small numbers and in bulk respectively.

6.2.2 Notes presented in small number: Where the number of notes presented by a person is up to 10 pieces, bank branches shall normally adjudicate the notes as per the procedure laid down in Part III of NRR, 2009 and pay the exchange value over the counter.

6.2.3 Notes presented in bulk: Where the number of notes presented by a person exceeds 10 pieces or ₹5,000 in value per day, bank branches shall accept them against receipt, for value to be credited later.

6.2.4 If the non-chest branches are not able to adjudicate the mutilated notes, the notes shall be received against a receipt and sent to the linked currency chest branch for adjudication. The probable date of payment shall be informed to the tenderers on the receipt itself and the same shall not exceed 30 days. Bank account details shall be obtained from the tenderers for crediting the exchange value by electronic means.

6.3 Banks shall levy service charges as permitted in Master Circular on Customer Service in Banks ([DBR.No.Leg.BC.21/09.07.006/2015-16 dated July 1, 2015](#)). In case value of soiled/mutilated/imperfect notes tendered for exchange is above ₹50,000, banks are expected to take the usual precautions.

7. Grievance Redressal

In case of grievance of a tenderer against a specific bank, a complaint may be lodged with the bank branch concerned. If the bank does not respond within a period of 30 days after lodgement of the complaint or rejects the complaint wholly/partly or if the



complainant is not satisfied with the response/ resolution given by the bank branch, complaint can be lodged with the Ombudsman, under 'The Reserve Bank - Integrated Ombudsman Scheme, 2021'. Complaints can be filed online on <https://cms.rbi.org.in> and also through the dedicated [e-mail](#) or sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017 with the bank/ postal receipts as proof for necessary action.

8. Treatment of Mutilated / Imperfect Notes

8.1 Notes Bearing "PAY" / "PAID" / "REJECT" Stamps

(a) 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 NRR, 2009. 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' /'PAID' & 'REJECT' stamps shall also carry the name of the bank and branch concerned and such stamps held under the custody of the 'Prescribed Officer' to avoid misuse.

(b) Mutilated / imperfect 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 bank branches shall be rejected under Rule 6(2) of NRR, 2009 and the tenderer shall be advised that the value of such 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 shall caution their customers not to accept such notes from any bank or anybody else.

8.2. Notes with Slogans/ Scribbling/ Stain etc.

(a) Notes with slogans, political or religious messages, scribbling, stain (including colour/oil stain) etc. are unfit for usage and circulation and go against Clean Note Policy of RBI.

(b) Such notes received from members of public shall not be reissued for circulation and be remitted to currency chest for onward remittance to RBI offices.

(c) Any note with slogans and message of a political or religious nature written across it ceases to be a legal tender and the claim on such a note will be rejected under Rule 6(3) (iii) of NRR, 2009. Similarly, notes which are disfigured may also be rejected under Rule 6(3) (ii) of NRR, 2009 (Amendment Rules, 2018).

(d) All Bank notes with scribbling / stain (including colour/oil stain) on them continue to be legal tender. Such notes can be deposited or exchanged in any bank branch.

8.3. Deliberately Cut Notes

The notes which are found to be deliberately cut, torn, altered or tampered with, if presented for payment of exchange value shall be rejected under Rule 6(3) (ii) of the NRR, 2009. Although it is not possible to precisely define deliberately cut 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 numbers. The details of such instances together with the name of the tenderer, the number of notes tendered and their denominations, shall be reported to the DGM/ GM, Issue Department, Reserve Bank of India under whose jurisdiction the branch falls. The matter shall also be reported to local police in case a large number of such notes are tendered.

9. Disposal of Notes Adjudicated at Bank Branches

The reports of notes adjudicated by bank branches and the full value paid notes have to be remitted by all branches to the chest branches with which they have been linked and therefrom to the RBI Issue Offices concerned together with the next soiled note remittance in the manner already laid down. The half value paid notes and rejected notes, which are held by the chest branches in their cash balance, shall be packed separately with separate invoice and sent along with the full value paid notes as part of soiled remittance or sent by registered and insured post as and when required. The full value paid notes will be treated as chest remittance by the RBI Issue Office while the half value paid notes and rejected notes will be treated as notes tendered for adjudication and processed accordingly. All chest branches are required to submit to our RBI Issue Offices a monthly statement showing the number of notes adjudicated during the month.

10. Training

RBI Issue Offices conduct training programmes for 'Prescribed Officers' of bank branches on a periodic basis. 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 branches are deputed for such programmes.

11. Display of Notice Board

All bank branches are required to display at their branch premises, at a prominent place, a board indicating the availability of note and coin exchange facility with the legend, "SOILED/ MUTILATED NOTES AND COINS ARE ACCEPTED AND EXCHANGED HERE" for information of general public.

12. Monitoring and Control

(a) The Regional Managers / Zonal Managers of the banks shall pay surprise visits to the branches and report the position of compliance in this regard to the Head Office which will review such reports and take prompt remedial action, wherever necessary.

(b) Any non-compliance in this regard shall be viewed as violation of instructions issued by the Reserve Bank of India and penalty, as applicable in terms of [Master Direction on Scheme of Penalties for bank branches and currency chests for deficiency in rendering customer service to the members of public](#), shall be imposed.



Annex

The various circulars/instructions issued by RBI based on which the above Master Direction is prepared are listed below:

Sr. No.	Circular / Notification No.	Date	Subject
1.	DCM (CC) No.G-1/03.44.001/2025-26	01.04.2025	Scheme of Penalties for bank branches and currency chests for deficiency in rendering customer service to the members of public
2.	DCM (NE) No.3057/08.07.18/2018-19	26.06.2019	Acceptance of coins
3.	DCM (NE) No.657/08.07.18/2018-19	07.09.2018	Amendments to Reserve Bank of India (Note Refund) Rules, 2009
4.	RBI/2017-18/132 DCM (RMMT) No.2945/11.37.01/2017-18	15.02.2018	Acceptance of coins
5.	DCM(NE)No.120/08.07.18/2016-17	14.07.2016	Facility for Exchange of Soiled/ Mutilated/ Imperfect Notes
6.	DCM(NE)No.3498/08.07.18/2012-13	28.01.2013	Facility for exchange of notes and coins
7.	DCM (Plg).No.6983/10.03.03/2010-11	28.6.2011	Call in from circulation coins of the denomination of 25 paise and below
8.	DCM (Plg).No.6476/10.03.03/2010-11	31.5.2011	Call in from circulation coins of the denomination of 25 paise and below-complaints reading non-acceptance of
9.	DCM (Plg).No.4459/10.03.03/2010-11	09.2.2011	Call in from circulation coins of the denomination of 25 paise and below.
10.	DCM (Plg).No.4137/10.03.03/2010-11	25.1.2011	Call in from circulation coins of the denomination of 25 paise and below.
11.	Gazette of India No.2529	20.12.2010	Notification for withdrawal of 25 paise and below coins



12.	DCM(RMMT)No.1277/11.36.03/2010-11	24.8.2010	Exchange Facilities by Currency Chest branches / scheme for providing facilities
13.	DCM(NE)No.1612/08.01.01/2009-10	13.9.2009	Notification of Note Refund(Rules), 2009
14.	RBI/2006-07/349/DCM(NE)No.7488/08.07.18/2006-07	25.4.2007	Acceptance of Small Denomination Notes and Coins.
15.	DCM(RMMT)No.1181/11.37.01/2003-04	05.4.2004	Acceptance of coins.
16.	DCM(NE)No.310/08.07.18/2003-04	19.1.2004	Providing facilities to public for exchange of notes, coins, etc.
17.	DCM(RMMT)No.404/11.37.01/2003-04	09.10.2003	Acceptance of coins and availability of notes.
18.	G-11/08.07.18/2001-02	02.11.2001	Reserve Bank of India (Note Refund) Rules, 1975 – Delegation of note exchange powers to currency chest branches of Public/Private Sector Banks.
19.	Cy.No.386/08.07.13/2000-2001	16.11.2000	Reserve Bank of India (Note Refund) Rules, 1975 – Delegation of full note exchange powers to currency chest branches of Public/ Private Sector Banks.
20.	G-67/08.07.18/96-97	18.2.1997	RBI (Note Refund) Rules, 1975, Delegation of full powers to private sector banks maintaining currency chests
21.	G-52/08.07.18/96-97	11.1.1997	RBI (NR) Rules Scheme of delegation of powers to PSBs for exchange of defective notes – Disposal of notes bearing PAY/PAID stamp.



22.	G-24/08.01.01/96-97	03.12.1996	Acceptance of Exchange of Cut Notes – Liberalization.
23.	G-64/08.07.18/95-96	18.5.1996	RBI (NR) Rules – Delegation of full powers to branches PSBs and publicity for exchange of defective notes.
24.	G-71/08.07.18/92-93	22.6.1993	RBI (NR) Rules – Scheme of delegation of full powers for exchange of defective notes to the branches of PSBs – Publicity.
25.	G-83/CL-1(PSB)-91/92	06.5.1992	RBI(NR) Rules – Delegation of powers to chest branches of PSBs.
26.	G-74/CL-(PSB)(Gen)-90/91	05.9.1991	RBI(NR) Rules – Delegation of full powers there under to PSBs.
27.	5.5/CL-1(PSB)-90/91	25.9.1990	RBI(NR) Rules – Scheme of delegation of full powers to PSBs.
28.	8/CL-1(PSB)-90/91	17.8.1990	RBI(NR) Rules – Scheme of delegation of full powers to PSBs.
29.	G-123/CL-1(PSB)(Gen)-89/90	07.5.1990	RBI (NR) Rules – Scheme of delegation of full powers to PSBs (Amendment).
30.	G-108/CL-1(PSB)(Gen)-89/90	03.4.1990	RBI(NR) Rules 1989 – Bank notes of Rs.500/- denomination – Exchange of defective notes at branches of PSBs.
31.	G-8/CL-1(PSB)-89/90	12.7.1989	RBI (NR) Rules – Defective notes branded with 'To Claims' stamp of RBI Issue Offices.
32.	G.84/CL.1(PSB)-88/89	17.3.1989	RBI(NR) Rules – Delegation of full note exchange powers to PSBs.



33.	G.66/CL.1(PSB)-88/89	09.2.1989	RBI (NR) Rules – Delegation of powers to PSBs – Training.
34.	S.12/CL-1(PSB)-88/89	30.9.1988	RBI (NR) Rules – Deliberately mutilated notes – Adjudication.
35.	G.134/CL-1(PSB)-87/89	25.5.1988	Implementation of the Scheme of delegation of full powers under RBI (NR) Rules.
36.	192/CL-1-(PSB)-86/87	02.6.1987	RBI(NR) Rules – Scheme of delegation of full powers to PSBs.
37.	189/CL.2/86/87	02.6.1987	Defacing currency notes by writing on them or inscribing messages, slogans etc. thereon.
38.	185/CL-1(PSB)-86/87	20.5.1987	RBI (NR) Rules – Affixing of 'PAY' and 'REJECT' stamps on defective notes.
39.	173/CL.1/84/85	02.4.1985	Delegation of full powers to PSBs for exchange of defective notes/procedures of the same.
40	Cy.No.1064/CL.1/76/77	09.8.1976	Facilities to the public for exchange of soiled notes and slightly mutilated notes.