



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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DCM (CC) No.G-4/03.35.01/2022-23

April 01, 2022

The Chairman/ Managing Director/Chief Executive Officer
(All banks having Currency Chests)

Madam / Dear Sir

**Master Direction on Penal Provisions in deficiencies in reporting of transactions/
balances at Currency Chests**

In terms of the Preamble to & 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 Clean Note Policy as part of currency management. With a view to sustain these efforts and to ensure discipline among the banks for timely and accurate reporting of currency chest transactions, instructions on the subject have been issued from time to time.

2. The [Master Direction](#) enclosed incorporates updated guidelines / circulars on the subject. The Direction will be updated as and when fresh instructions are issued.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager

Encl : As above

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Master Direction on Penal Provisions in reporting of transactions/ balances at Currency Chests

1. Reporting Procedure

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 should invariably report all transactions through CyM – CC portal on the same day by **7 pm**.

1.2.2 Relaxation on account of strike in banks

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

2. Delayed Reporting / Wrong Reporting / Non-Reporting of Currency Chest Transactions

2.1 Levy of penal interest

2.1.1 Delay in Reporting

In the event of delay in reporting currency chest transactions, penal interest at the rate indicated in paragraph 4 of this circular shall be levied on the **amount due** from the chest holding bank for the period of delay. Penal interest shall be calculated on T+0 basis i.e. penal interest shall be levied in respect of transactions not reported by currency chests to the Issue Office on the same business day within the time limit prescribed above.

2.1.2 Wrong reporting

Penal interest shall 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, penal interest shall invariably be levied in all cases of wrong reporting by the currency chests. It is expected that currency chests would ensure the correctness of figures reported on the CyM - CC portal. Particular care shall be taken to ensure that remittances of fresh notes/re-issuable notes sent to the currency chests from RBI/press are not reported as 'deposit' transactions.

2.1.3 Inclusion of ineligible amounts in the currency chest balances

(i) Penal interest shall 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.

(ii) 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 shall be treated as instances of wrong reporting and shall attract penal interest at the rate specified in paragraph 4.

(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 shall be levied from the date of inclusion of 'ineligible' amounts in chest balances till the exclusion of such amounts from chest balances.

2.1.4 Penal measures for other deficiencies

Penal measures for shortages in chest balances / remittances, shortages due to pilferage / frauds, counterfeit banknotes detected in chest balances / remittances shall be taken on the basis of prevailing "Scheme of Penalties".

3. Levy of penalty

3.1 Reporting of soiled note remittances to RBI

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

3.2 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 should not be reported as deposit/withdrawal. A penalty of ₹50,000 shall be levied for any such wrong reporting.

3.3 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" shall not be charged. However, in order to ensure proper discipline in reporting currency chest transactions, a flat penalty of ₹50,000

shall be levied on the currency chests for delayed reporting, irrespective of the value of net deposit.

4. 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.

5. Operational Guidelines on levy of penalties/penal interest

5.1 Competent Authority

The Competent Authority to **decide the nature of irregularity** shall be the Officer-in-Charge of the Issue Department of the Regional Office under whose jurisdiction the defaulting currency chest is located.

5.2 Appellate Authority

5.2.1 As the sole criterion for levy of penal interest/ penalty 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. However, representations, if any, on account of genuine difficulties faced by currency chests especially in hilly/remote areas and those affected by natural calamities, etc., may be made to the Regional Director/Chief General Manager/Officer-in-Charge of the Regional Office concerned through the Head / Controlling office of the bank within a month from the date of debit.

5.2.2 In the case of **wrong reporting** representations for waiver shall not be considered. {cf. para 2.1.2 above}.

5.2.3 As the intention behind the levy of penal interest/ penalty is to inculcate discipline among banks so as to ensure prompt/correct reporting, requests 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., shall **not** be considered as valid grounds for waiver of penal interest.
