



भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA



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RBI/2023-24/99 DCM (CC) No.G-5/03.41.01/2023-24

April 03, 2023

The Chairman/Managing Director/Chief Executive Officers, All banks

Madam / Dear Sir,

Master Direction on Framework of Incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests based on performance in rendering customer service to the members of public

In terms of the Preamble to and Section 45 of the RBI Act, 1934 and Section 35 A of the Banking Regulation Act, 1949; Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to furthering these objectives, the Bank has formulated a framework of incentives titled Currency Distribution and Exchange Scheme (CDES) to encourage all the bank branches to provide better customer services to the members of public.

2. The enclosed <u>Master Direction</u> incorporates updated guidelines / circulars on the subject.

Yours faithfully,

(Sanjeev Prakash) Chief General Manager

Encl: As above

Master Direction on Framework of Incentives for "Currency Distribution & Exchange Scheme (CDES)" for bank branches including currency chests based on performance in rendering customer service to the members of public

1. The framework of incentives titled Currency Distribution & Exchange Scheme (CDES) for bank branches including currency chests has been formulated to encourage all the bank branches to provide better customer service to the members of public keeping in view the objectives of Clean Note Policy.

2. Incentives

As per the scheme, banks are eligible for the following financial incentives/service charges for setting up requisite infrastructure and facilitating exchange/distribution of notes and coins:

Sr.	Nature of Service	Particulars of Incentives/Service Charges		
No.				
i)	Opening of and	a. Capital Cost: Reimbursement of 50% of capital		
	maintaining currency	expenditure subject to a ceiling of ₹50 lakh per		
	chests at centres having	currency chest (inclusive of all taxes). In the North		
	population of less than 1	Eastern region, up to 100% of capital expenditure		
	lakh, in underbanked	is eligible for reimbursement subject to the ceiling		
	states	of ₹50 lakh (inclusive of all taxes).		
		b. Revenue cost: Reimbursement of 50% of		
		revenue expenditure for the first 3 years (inclusive		
		of all taxes). In the North Eastern region, 50% of		
		revenue expenditure is eligible for reimbursement		
		for the first 5 years (inclusive of all taxes).		
ii)	Exchange of soiled	A. Exchange of soiled notes – ₹2 per packet for		
	notes / adjudication of	exchange of soiled notes up to denomination of ₹		
	mutilated notes over the	50		
	counter at bank			
	branches.	b. Adjudication of mutilated notes – ₹2 per piece		

iii)	Distribution of coins.	i.	₹65 per bag for distribution of coins.
		ii.	An additional incentive of ₹10/- per bag
			shall be paid for coin distribution in rural
			and semi-urban areas on the submission
			of a Concurrent Auditor (CA) certificate
			to this effect.
iv)	Cash deposit by non-	Servic	e charge to be levied by the CC on the non-
	chest branches under	chest	branches
	Linkage scheme with	a.	Large modern CCs¹- ₹8/- per 100 pieces
	CCs		Other CCs - ₹5/- per 100 pieces
		D.	Other Cos - Cor- per 100 pieces

3. Other operational instructions on payment of performance-based incentives

- The incentives shall be paid on the soiled notes actually received in the Issue Office of the RBI.
- ii. Incentive shall be paid in respect of the adjudicated notes received along with the soiled note remittances or sent separately by registered / insured post in a sealed cover to the RBI.
- iii. The incentive for distribution of coins shall be paid on the basis of net withdrawal from the currency chest.
- iv. Banks do not need to submit a separate claim for the incentives. Currency chest branch shall pass on the incentive to the linked branches/chests for the soiled notes tendered / coins distributed/ mutilated notes adjudicated by them on prorata basis.
- v. The distribution of coins shall be verified by RBI Regional Offices through inspection of currency chest / incognito visits to branches, etc.
- vi. Instructions issued vide <u>circular DCM(CC) No.97527/03.41.01/2021-22 dated</u>

 <u>August 27, 2021</u> remains unchanged.

¹ Large modern CCs are those CCs which fulfil the Minimum Standards for a CC as detailed in the circular RBI/2018-19/166 DCM(CC) No. 2842/03.39.01/2018-19 dated April 08, 2019.