



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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RBI/2022-23/04

DCM (CC) No.G-5/03.44.01/2022-23

April 01, 2022

The Chairman/Managing Director/Chief Executive Officers
All banks

Master Circular – Scheme of Penalties for bank branches including Currency Chests for deficiency in rendering customer service to the members of public

Please refer to the [Master Circular DCM \(CC\) No.G-3/03.44.01/2021-22 dated April 01, 2021](#) on the scheme of penalties.

2. An updated version on the subject is [annexed](#) for information and necessary action.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager

Encl: As above

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Annex

Master Circular - Scheme of Penalties for bank branches including currency chests for deficiency in rendering customer service to the members of public

1. The Scheme of Penalties for bank branches including currency chests has been formulated in order to ensure that all bank branches/ currency chests provide better customer service to the members of public/ linked bank branches keeping in view the objectives of Clean Note Policy and enhancing operational efficiency as part of currency management.

2. Penalties

Penalties to be imposed on banks for deficiencies in exchange of notes and coins/remittances sent to RBI/operations of currency chests / replenishment of cash in ATMs etc., are as follows:

| Sr. No. | Nature of Irregularity | Penalty |
|---------|--|---|
| i. | Shortages in soiled note remittances and currency chest balances | For notes in denomination up to ₹50 ₹50/- per piece in addition to the loss. For notes in denomination of ₹100 & above Equal to the value of the denomination per piece in addition to the loss. The recovery of loss and imposition of penalty shall be done immediately on detection of shortage, irrespective of number of pieces. |
| ii. | Counterfeit notes detected in soiled note remittances and currency chest balances. | Penalty shall be levied in terms of the instructions issued by DCM (FNVD) No.G-1/16.01.05/2022-23 dated April 01, 2022. |
| iii. | Mutilated notes (including deliberately cut notes and built-up notes) detected | ₹50/- per piece irrespective of the denomination in addition to the loss. |

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| | in soiled note remittances and currency chest balances | The recovery of loss and imposition of penalty shall be done immediately on detection, irrespective of number of pieces. |
| iv. | <p>Non-compliance with operational guidelines by currency chests detected by RBI officials.</p> <p>a) Non-functioning of CCTV, non-compliance with rules/guidelines pertaining to CCTV, recording preservation period and related issues.</p> <p>b) Branch cash/documents kept in strong room (CC's vault).</p> <p>c) Non-utilization of Note Sorting Machines (NSMs) for sorting of notes (NSMs not used for sorting of high denomination notes, i.e notes of denomination ₹100 and above, received over the counter or not used for sorting notes remitted to chest/RBI)</p> | <p>Penalty of ₹5000 for each instance of irregularity.</p> <p>Penalty shall be enhanced to ₹10,000 in case of repetition/ recurrence of irregularity.</p> <p>Penalty shall be levied immediately.</p> |
| v. | <p>Violation of any of the terms of agreement with RBI (for opening and maintaining currency chests) or deficiency in service in providing exchange facilities, as detected by RBI officials e.g.</p> <p>a) Non-issue of coins over the counter to any member of public despite having stock.</p> <p>b) Refusal by any bank branch to exchange soiled notes / refusal by any currency chest branch to adjudicate mutilated notes tendered by any member of public.</p> <p>c) Non-conduct of surprise verification of currency chest balances—at (i) bimonthly intervals by officials unconnected with the custody of currency chest and (ii) six-monthly</p> | <p>₹10,000 for any violation of agreement or deficiency of service.</p> <p>₹5 lakh in case there are more than 5 instances of violation of agreement/deficiency in service by the branch. The levy of such penalty shall be placed in public domain.</p> <p>Penalty shall be levied immediately.</p> |

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| | <p>intervals by the officials from the Controlling Office.</p> <p>d) Denial of facilities/services to linked branches / linked CCs of other banks.</p> <p>e) Non acceptance of lower denomination notes (i.e. denomination of ₹50 and below) tendered by members of public and linked bank branches.</p> <p>f) Detection by RBI of mutilated /counterfeit notes in re-issuable packets prepared by the currency chest branches.</p> | |
| vi | Non-replenishment of ATMs | Penalty shall be levied in terms of provisions of circular DCM(RMMT) No. S153/11.01.01/2021-22 dated August 10, 2021 , and instructions issued subsequently. |

3. Operational Guidelines on levy of penalties

3.1 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/bank branch is located.

3.2 Appellate Authority

i. Appeal against the decision of the Competent Authority may be made by the Controlling Office of the currency chest/branch to the Regional Director/Chief General Manager/Officer-in-Charge of the Regional Office concerned, **within one month from the date of debit**, who shall decide whether the same can be accepted/ rejected.

ii. Appeals for waiver of penalty made on grounds such as staff being new/untrained, lack of awareness, corrective action having been taken/ shall be taken, etc., shall not be considered.