

February 22, 2005

The Chairman / Managing Director,
All Banks having currency chests.

Dear Sir,

Clean Note Policy - Sorting of banknotes

As you are aware in order to achieve the objectives of the Clean Note Policy and with the intention of salvaging re-issuable banknotes, banks had been issued directives vide DBOD No. Dir. 42 /13.03.00/2001-02 dated November 7, 2001, instructing, inter alia, to sort banknotes into issuable and non-issuable, and issue only clean notes to public and to remit back the soiled notes in unstapled condition to the Reserve Bank of India through currency chests. However, it has been our experience that quite a few currency chests do not resort to proper sorting of banknotes before they remit soiled banknotes to the Bank.

2 It has, therefore, been decided that if the remittances received from the currency chests are found to be not sorted properly into issuable and non-issuable and if the reissuable notes are found to be in excess of 10% in the remittance, the entire remittance is liable to be returned to the bank/s at their costs besides debiting the amount thereof to the account/s of the bank/s maintained with the Reserve Bank of India. You may, therefore, please caution your currency chest branches to ensure that the notes are sorted into issuable and non-issuable before they send the soiled notes to the Bank.

Please acknowledge the receipt of this letter.

Yours faithfully,

(U.S. Paliwal)
Chief General Manager.