



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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RBI/2022-23/90

DCM (CC) No.G-3/03.41.01/2022-23

April 01, 2022

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 & under 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 furthering these objectives, the Bank has formulated a framework of incentives titled Currency Distribution and Exchange Scheme (CDES) to encourage all bank branches to provide better customer services to the members of public.

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

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 in order to encourage all bank branches to provide better customer service to the members of public keeping in view the objectives of Clean Note Policy as part of currency management.

2. Incentives

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

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

iii)	Distribution of coins.	<p>i. ₹65 per bag for distribution of coins.</p> <p>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.</p> <p>iii. The incentives shall be paid on the basis of net withdrawal from currency chest, without waiting for claims from banks.</p>
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3. Other operational instructions on payment of performance-based incentives

- i. The incentives shall be paid on the basis of receipt of soiled notes in the Issue Office of RBI.
- ii. Incentive shall be paid in respect of the adjudicated notes received along with the soiled note remittances / sent separately by registered / insured post in a sealed cover to RBI.
- iii. 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 pro-rata basis.
- iv. The distribution of coins shall be verified by RBI Regional Offices through inspection of currency chest / incognito visit to branches, etc.
- v. Instructions issued vide [circular DCM\(CC\) No.97527/03.41.01/2021-22 dated August 27, 2021](#) remains unchanged.