

December 1, 2005

The Chairman & Managing Director
All banks having currency chests

Madam/Dear Sir,

Master Circular - Receipt and Remittance of Treasure

As you are aware, we have, from time to time, issued a number of circulars containing instructions regarding receipt from and remittance to RBI of treasure containing notes/coins. With a view to making available all important instructions contained in these circulars (List annexed) at one place, the same have been consolidated in the Master Circular forwarded herewith. We advise that this Master Circular may be quoted in your future correspondence with our Issue Offices on the above subject. This Master Circular is available on our website www.rbi.org.in .

Yours faithfully,

(U.S. Paliwal)
Chief General Manager

Master Circular regarding Receipt & Remittance of Treasure by CCs/SCDs

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MASTER CIRCULAR

Receipt & Remittance of Treasure by Currency Chests and Small Coin Depots

Indent, Supply and Issue of notes and coins

1. Issue Offices of RBI arrange for periodical remittances of fresh notes and coins to currency chests (CCs) and small coin depots (SCDs) based on their indents and supply position. CCs are required to issue fresh notes/coins to general public in the course of payments or in exchange of soiled/mutilated notes and also accept coins for payment in notes and vice versa. The indents for notes and coins required for this purpose are to be forwarded by currency chest branches on an annual basis (April-March) to their respective Link Offices. The Link Offices, in turn, are required to consolidate the indents denomination-wise and submit them to RBI's Issue Offices under whose resource jurisdiction the chests function. The supplies of fresh notes/coins to currency chests and small coin depots are normally made by Issue Offices at the Bank's cost at periodical intervals after issuing appropriate Remittance Orders. Remittance of notes/coins is made by rail/road/air depending upon the value thereof, distance, convenience and security hazards. Arrangement has also been made for sending exclusive coin remittances to CCs/SCDs. In such cases, the coin remittances are first received by the Mint-linked Issue Offices from the Mints and then sent to various Issue Offices from where the coins are further despatched in bags to CCs/SCDs through suitable means.

Receipt of notes

2. The fresh note remittances are to be received after ensuring that the boxes are received as per invoice (denomination-wise), that the boxes are not outwardly damaged/tampered with and the actual weight of each of the boxes tallies with the weight recorded in the invoice. The Police escort accompanying the remittances should be relieved only after completion of the above exercise and acknowledgement of the remittance by the chest custodians by putting their signatures on a copy of the invoice carried by the in-charge of the escort party. The remittance will be taken over by the chest officials in the presence of the RBI representative, if he/she accompanies the same. The fresh notes will be taken over by chests as per RBI instructions after verifying the contents by counting packets and bundles without opening the original polythene packing in the presence of RBI representative. The receipt of remittance shall be intimated by the chest to the Issue Office concerned of RBI by Telegram/Fax immediately. The Chest shall also forward a copy of the Preliminary Verification (PV) certificate to the Remittance Section of RBI's Issue Office by post. In case, any chest desires to take over the higher denomination notes of Rs.500 and Rs.1000 by detailed counting, it may do so subject to the condition that a minimum of 3

lakh pieces should be counted per day in the presence of the RBI representative. All currency chests are expected to be equipped with weighing machine and note counting machines.

Late receipt of
remittance-
Procedure

3. It may be ensured that treasure boxes are transported from the Railway Station to the Chest Office immediately on arrival. Even if the remittance arrives after close of office, the treasure boxes should be removed to the Chest Office on the same day provided the police escort party is adequate in the light of the local law and order situation. If due to late arrival of the remittance the weighing etc. could not be completed on the same day for the purpose of relieving the police escort party, this work could be held over for the next day by depositing the treasure boxes overnight in the strong room under the locks of the Potdar and the Escort Officer. The Currency Chest Officers should, however, take care to furnish the actual time of arrival of the remittance at the chest premises and **not** the time of taking the treasure boxes into the vault to avoid protracted correspondence.

Direct despatch
of soiled note
remittance to
CVPS Section

4. Wherever possible and convenient, the soiled notes from the local currency chests, in the required quantity and after proper segregation may be sent directly to CVPS Section before the start of CVPS operations at RBI Office. The remittance should be securely packed to ensure safety during transit. The preliminary verification of the remittance will be conducted by any two officers from CVPS Section and thereafter the chest representative released. The officers conducting PV shall forward an appropriate Memorandum duly signed by both of them to the Chest Note Vault indicating the details of receipt of remittance. The Joint Custodians of Chest Note Vault will pass accounting entries as if the remittance/notes were received in the vault from currency chest and issued to CVPS Section for processing. The local currency chests should ensure to send the notes (duly sorted) in steel boxes of good condition with locks but without strapping. If the remittances are found to be not sorted properly into issuable and non-issuable and if the reissuable notes are found in excess of 10%, the entire remittance is liable to be returned to the banks at their costs besides debiting the account thereof to the account of the bank maintained with RBI.

Infrastructure
at Currency
Chests

5. It should be ensured that necessary infrastructural facilities like ultra violet lamp, weighing machines, dual display note counting machines, sorting machines for proper sorting/ identification of suspect notes are provided at currency chest branches. With a view to arresting the increasing trend in the circulation of forged notes through the banking channel, the

banks have been advised to stipulate a time bound plan for installation of note sorting machines as indicated below :

- (i) Banks that have up to 100 currency chests should install note sorting machines of appropriate capacity at all their currency chests by the end of May 2005.
- (ii) Banks having more than 100 currency chests should provide note sorting machines in a phased manner by the end of November 2005.
- (iii) The programme for installation of the machines should be reported by the bank's Zonal/Circle/ Regional Offices to the concerned Issue Offices of RBI.

Receipt of coins

6. Coin remittances will be received by CCs/SCDs after verifying the condition of each bag to confirm that there is no damage/tampering. The Officials of CCs/SCDs will, thereafter be required to check the seal and weight of each bag.

Relief of Bank's Representative accompanying remittance of notes

7. The representative of the RBI, accompanying remittance, should be relieved as early as possible and in any case not later than the date of relief specified, if any, in the remittance order on completion of verification of the notes by packets/bundles. However, in cases where the chest wants to carry out detailed counting of high value notes (@ minimum 3 lakh pieces per day), the counting has to be undertaken soon after receipt of the remittance. Undue detention of the representative not only results in excess (avoidable) expenditure by way of overtime, H.A. etc., but also adversely affects future remittance programmes drawn by the Issue Offices. For early relief of the RBI representative, the chests may deploy suitable number of branch staff, earmarking staff for taking over the remittance, deploying additional staff from nearby branches/regional offices etc.

Further, all currency chest branches will record the daily progress in the taking over of remittance in a statement as per the enclosed format (Annexure-II), which should be

completed and handed over to the Bank's representative at the time of his/her relief. When the RBI representative is detained beyond the normal period any additional expenditure incurred by RBI on the same may be recoverable from the currency chest concerned.

Shortage of notes/coins

8. In cases where the boxes/bags containing notes/coins are damaged/tampered with or the seals of coin bags are broken or the weight of

a note box/coin bag does not agree with the weight mentioned in the invoice, the delivery of the note box/coin bag will be taken after opening the same and verifying the contents thereof in the presence of the Bank's representative and the police escort party. In cases where the damage/broken seal is noticed in a coin bag remitted through a private transport operator, the open delivery of the coin bag shall be taken in the presence of the transport operator bringing the remittance. If any discrepancy is noticed later during the course of issue of fresh notes, which were not subjected to detailed counting, a report thereof will be sent by the chest to the Issue Office concerned for further action. The defectively printed note should be sent to RBI to claim its value. In case of any shortage in Mint-sealed bags detected at the chests/depots, the same shall be borne by them and in case of net excess, the amount will be retained by the chests/depots themselves.

Remittance of
reissuable notes to
other chests

9. Due to exigencies or operational reasons, the surplus of fresh/reissuable notes with one chest is sometimes diverted to another needy chest. It has been observed that while currency chests readily accept reissuable notes emanating from another chest of the same bank, they are reluctant to accept notes from chests of other banks. This is largely due to the fact that when a branch sends reissuable notes to another branch of the same bank, fairly good notes are sent, but when the remittance is intended for another bank, unsorted notes are sent. Such double standards by chest-maintaining branches adversely affect the freedom of operation of the Issue Offices in maintaining an efficient Resource Management System and implementing the RBI's Clean Note Policy. The currency chests must not, therefore, discriminate between their own bank branches and other banks, while despatching remittances of reissuable notes.

Execution of
Diversion Orders

10. RBI Issue Offices identify surplus/deficit chests within their jurisdiction and effect diversion of surplus note/coin stock to deficit chests. The objective is to make excess note/coin stock at one place serve the needs of the other and also to anticipate requirements of deficit chests and keep them well stocked to meet the public demands. For this, it will be necessary for the chest, which is despatching notes/coins under diversion orders, to implement the RBI's order speedily within the prescribed time limit of one month.

Remittance of fresh/reissuable notes should be effected strictly as per RBI's order. Diversion orders, not executed within the stipulated period, are liable to be cancelled by the RBI Issue Office. In case, amount actually diverted by the chest branches exceeds the amount indicated in the Diversion Order it would make them liable for punitive action. Remitting/Receiving chest has to

report to Issue Office the despatch/receipt of remittance in the Chest Slip on the same date of despatch/receipt. The difference/discrepancy, if any, detected subsequently on verification should be settled between the concerned chests (banks) themselves under advice to Issue Office. Further, absolute secrecy should be maintained in respect of the remittance/diversion orders received from RBI and schedule/details thereof.

Packing of reissuable note remittances

11. Packing of reissuable note remittances and arrangement of police escort should be done by CCs expeditiously. Sometimes remittances are delayed by chests due to non-availability of empty note cases for packing. In order to avoid such delay, the chests may purchase suitable wooden cases/use steel boxes with secure locking arrangement for packing the remittances. Purchase of boxes may be made with prior approval of the RBI Office concerned.

Supply of information on soiled notes

12. Currency chests should supply correct information on the volume of soiled notes held by them in the chest slips, as the same will be taken into consideration by RBI while issuing orders for remittance of soiled notes.

Remittances of soiled notes to RBI

13. The currency chest branches shall sort the notes with the help of Table Top Sorters into reissuable and soiled/non-issuable notes. While reissuable notes are to be put back into circulation, soiled notes accumulated at branches will be remitted to Issue Office of RBI in unstapled packets of 100 pieces each with paper/plastic band and thereafter packed in bundles containing 10 packets each of the same denomination. Under no circumstances, gum tapes or rubber bands should be used. The remittances of notes shall be securely packed in note boxes received from presses or wooden cases/steel boxes purchased locally. Contents of box/boxes may be indicated on the Invoice along with weight of each box. Currency chest should send remittance after prior approval of RBI. The remittance should be so arranged that it does not reach RBI on Sunday/Holiday or during last week of the month of June. Currency chest branches may claim service charge at the rate prescribed by the Reserve Bank of India for the cash they receive from non-chest branches of other bank/s. Wherever feasible the currency chest branches in close proximity to RBI office shall arrange remittances preferably in steel boxes properly locked duly accompanied by their representative.

Remittances of soiled notes may also be made by rail or by road in bullion van, covered trucks (preferably with bullet-

proof tin body), closed vehicle with metal body /container with locking arrangement. The treasure van/vehicle/ container and escort vehicle (whenever engaged) should move as closely as possible. In case, night journey is involved, the remittance team should take halt en-route at police station before sunset. Currency chest branches may also remit the 'full-value-paid notes' treating them as chest remittance to the Issue Department of RBI together with the soiled note remittance in a separate sealed cover. The half-value paid notes/ rejected notes may also be sent to RBI with the soiled note remittance or separately by Registered/ Insured Post in a separate sealed cover. These notes should be shown separately at the end of the Invoice. At RBI Offices the soiled notes are taken over by counting packets & bundles in the presence of the Chest Representative.

Remittance of withdrawn coins to the Mints

14. Government of India has decided to withdraw old coins of value upto Re.1/- made from cupro-nickel alloy and aluminium. Accordingly aluminium coins of 1,2,3,5,10 and 20 paise, aluminium, bronze/stainless steel coins of 10 paise and cupronickel coins of 25 paise, 50 paise and Re.1, though continue to be legal tender, are being withdrawn from circulation. CCs/SCDs may accept the same from members of the public and remit them duly packed securely to ensure safety during transit to the Government of India Mints at Mumbai/Kolkata/Hyderabad for melting in prior consultation with them. The territorial jurisdiction of each Mint for the above purpose is as under.

IG Mint, Mumbai	IG Mint, Hyderabad	IG Mint, Alipore Kolkata
Ahmedabad	Bangalore	Guwahati
Belapur	Bhubaneswar	Kanpur and Lucknow
Bhopal	Chennai	Kolkata
Chandigarh	Hyderabad	New Delhi
Jaipur	Nagpur	Patna
Jammu	Thiruvananthapuram and Kochi	
Mumbai		

Payment of Freight charges - Credit Notes

15. Reimbursement of expenditure incurred by SBI, SBI Group & other nationalised banks on account of chest remittances will be confined to Railway fares of police escorts and Rail freight where Railway warrants or credit notes are used. The payment towards Railway freight charges on account of remittances of treasure will be made by bank branches maintaining currency chests by means of a credit note. The banks will indicate

the exact amount of freight and full details of the remittances so that payments are correctly made to the Railways. Additional freight charges are often paid by Issue Offices due to incorrect details furnished by the chests and the claims for refund entail protracted correspondence with various Railway authorities. In many cases, such refunds are not admitted by the Railways on technical grounds. In order to avoid such instances, the officers-in-charge of currency chests have to exercise proper care while preparing the credit notes by giving correct and full particulars of the remittances therein. RBI may be constrained to recover the excess charges paid by it from the bank concerned, if the relative claims for refund are rejected by the Railway Authorities on account of mistakes/errors in the computation of the amount payable. If the remittance is required to be sent by road for any reason, the prior permission of concerned Issue Office should be taken indicating the reasons therefor. In such cases, reasonable charges are reimbursed to the chest. With effect from April 01, 2003, the bills for the eligible expenditure incurred by currency chests on remittance of treasure between chests (both intra-circle and inter-circle) and to the RBI Issue Offices are reimbursed by the concerned Issue Office of RBI instead of Central Accounts Section, RBI, Nagpur. The currency chest branches of banks are, therefore, required to forward their claims for reimbursement of freight charges, police escort charges, etc. to their respective Link Offices for onward transmission to the Issue Department of RBI. Chests which do not have Link Offices may send their claims directly to RBI office.

ANNEXURE - I**Statement showing details of notes examined daily at the chest**

Date of receipt of remittance	Pieces and value of remittance		Date of Examination	Notes examined during the day		Balance awaiting examination		Reasons for not examining the notes/inadequate turnover	Remarks
	Pieces	Value		Pieces	Value	Pieces	Value		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Annexure - II**List of Circulars consolidated by the Master Circular**

Sr. No.	Circular No.	Date	Subject
1	DCM(NPD)No.29/ 09.39.00/2005-06	2.7.2005	Inter-Circle remittance of soiled notes
2	RBI/2004-05/372 DCM(NPD)No.402/ 09.39.00/2005-06	22.2.2005	Clean Note Policy – Sorting of banknotes
3	RBI/2004-05/340 DCM(CC)No.G.35/ 03.02.01/2004-05	6.1.2005	Detection of Forged Notes in Chest Remittances
4	DCM(CC)No.G.20/ 03.10.01/2005-06	6.10.2004	Procedure for booking remittance transactions in the computerised environment – Diversion orders
5	DCM(RMMT)No.547/ 11.01.01/2004-05	8.9.2004	Diversion of excess amounts by chests
6	DCM(NPD)No.66/ 09.39.00/2004-05	16.8.2004	Senior Management Meeting held at New Delhi – Action points on Currency Management
7	DCM(RMMT)No.312/ 11.05.02/2004-05	14.8.2004	Receipt of fresh notes from BRBNMPL – Review of Procedure
8	DO.DCM(NPD)No.991/ 09.39.00/2003-04	12.5.2004	Inter-Circle Remittances of Soiled Notes
9	DCM(NPD)No.848/ 09.39.00/2003-04	22.6.2004	Issue Department – Rationalisation of Procedures
10	DCM(CC)No.G-29/ 03.02.01/2003-04	23.2.2004	Monitoring of resource operation – Diversion orders
11	RBI/2004/30 DCM(Plg)No.874/ 10.36.00/2003-04	29.1.2004	Provision of note counting machines on counters
12	RBI/2004/27 DCM(Plg)No.101/ 10.03.00/2003-04	24.1.2004	Withdrawal of old Cupro Nickel and Aluminium Coins
13	DCM(RMMT)No.1456/ 11.05.02/2002-03	6.6.3003	Receipt and issue of fresh notes – Review of Procedure
14	DCM(RMMT)No.854/ 11.05.02/2002-03	1.2.2003	Receipt and issue of fresh notes – Review of Procedure
Sr. No.	Circular No.	Date	Subject
15	DCM(RMMT)No.946/ 11.15.02/2001-02	5.2.2002	Indent for Notes/Coins by Currency Chests - Revised Procedure
16	DCM.No.Cir.G-19/ 11.65.01/ 2000-01	8.11.2000	Remittance of Treasure - taking over of fresh/reissuable note remittances from RBI- by currency chests - delay in the relief of Bank's representative by the chests.
17	DCM.No.5952/CL(i)- 88/89	21.3.1989	Shortages in fresh/reissuable note packets issued over counter

18	DCM.No.8481/RT.7-85/86	16.5.1986	Remittance of Treasure
19	DCM.No.4557/CC.2-85/86	19.12.1985	Movement of Coins
20	DCM.Cir.No.48/AA.1-85/86	22.8.1985	Monitoring of resource operation
21	DCM.Cir.No.24/RT.3-84/85	10.8.1984	Remittance of Treasure - Detention of Bank's representatives accompanying remittances to chests.
22	DCM.No.7972/RT.1-82/83	1.6.1983	Remittance of Treasure - Payment of Freight Charges - Credit Notes
23	DCM.No.6895/RT.3-82/83	11.4.1983	Remittance of Treasure - Detention of Bank's representatives accompanying remittances.