# LIC of India Staff Co-operative Urban Bank Ltd.

# Clean Note Policy

## Clean Note Policy

RBI has been continuously making efforts to ensure supply of fresh crispy currency notes to the public through the banks vide circular issued by them from time to time. RBI announced the Banks clean note policy in January 1999. It aims at withdrawing soiled and mutilated notes from circulation and pumbing fresh notes in circulation. The policy may be called the Clean Note Policy of LIC Staff Co-operative Urban Bank Ltd.No.3314 approved by the Director Board in its meeting held on 27/06/2023 via Resolution No.XIX.

## Objects.

1. Do not staple or stitch bank notes.
2. To under Soiled notes to the RBI in unstapled condition.
3. To use paper bands instead of staple pins.
4. To issue only clean notes to the public.
5. To provide unrestricted facility for exchange of soiled and mutilated notes to the public.
6. To examine of notes before issuance over the counter.
7. Do not write or scribble on the currency notes.

## Facility for exchange Notes and Coins

1. The Bank should issue good quality notes and coins of all denomination on demand, as also exchange soiled/mutilated/defective notes, Bank should not refuse to accept small denomination notes and coins tendered at the counter.
2. Soiled notes should not be issued to the public as re-issuable notes and shall be deposited in currency chests/current account s maintained with other Banks for onward transmission to RBI Office a soiled note mean a note which has become dirty due to normal wear and tear and also includes two piece note pasted together where in both the pieces presented belongs to the same note and form the entire note with no essential feature missing.
3. Mutilated notes presentation & Passing
   A mutilated note is a note of which a portion is missing or which is composed of more than two pieces. The notes so presented shall be accepted and exchanged & adjudicated by the bank in accordance with RBI (Note Refund)Rules 2009.
4. Notes which have turned extremely brittle or are badly burnt, charred or inseparatably stuck up together and therefore cannot with stand normal handling shall not be accepted by the Bank for exchange instead the holders may be directed to tender these notes to the concerned issue office of the RBI.
5. The Branch Manager shall act as prescribed Officer to adjudicate the notes received at the branch for exchange in accordance with Reserve Bank Of India (Note Refund) Rules 2009.

6. Exchange of mutilated and imperfect notes.
    a. Where the number of notes presented by a person is up to 5 pieces, branches should normally adjudicate the notes and pay the exchange value over the counter. If the branches are not able to adjudicate the same, the notes may be received against a receipt and sent to the linked currency chest branch of the currency chest bank for adjudication. The probable date of payment should be informed to the tenderers on the receipt itself and the same should not exceed 30 days. The tenderers bank account details should also be obtained for crediting the exchange value.
    b. Notes presented in bulk: where number of pieces presented by a person is more than 5 pieces not exceeding Rs.5000/- in value, branch may sent it to the currency chest branch of the Bank. If the value of notes so tenderd exceeds Rs.5000/-, may be advised to approach the nearby currency chest branch of Bank.
7. Mutilated/defective notes bearing PAY/PAID (or Reject) stamp of any RBI Issue Office or any Bank's Branch. If presented for payment at any of the Bank's branches shall be rejected under Rule 6(2) OF RBI Rules 2009.
8. Any notes with slogan and messages of political nature written across cease to be legal tender and claims on such notes shall be rejected by the Bank.
9. Deliberately cut notes:-

    The notes which are found to be deliberately cut, torn, altered or tampered cuts, if presented for exchange should be rejected under Rule 6 (3)(ii) of RBI (Note Refund) Rule 2009. it is very difficult to identify whether it is deliberately or otherwise, but close look at the notes, its shape location of missing portion etc. and the name of the tenderer and when the notes are tendered in large numbers. The details of the case should be reported to the Deputy/GM at issue Department of RBI. It is also to be reported to the local police in case a large no of such notes are tendered,

10. Branches shall display "soiled/Mutilated Notes are Accepted and Exchanged Here", for information of public.
11. Cashiers should not staple the notes.
12. Public to be educated , "not to write on the currency notes' by providing facility for the exchange of soiled/mutilated note.
13. The coins of denomination of Paise 25 and below issued from time to time, cease to be legal tender with effect from June 30, 2011 in terms of Gazette notification No.2529 dt.20.12.2010
14. Pre-2005 bank notes it received, shall not be exchanged as legal tender across the counter, and the customer to be advised to exchange such note at the issue office of RBI.

## Clean Note Policy

RBI has been continuously making efforts to ensure supply of fresh crispy currency notes to the public through the banks vide circular issued by them from time to time. RBI announced the Banks clean note policy in January 1999. It aims at withdrawing soiled and mutilated notes from circulation and pumbing fresh notes in circulation. The policy may be called the Clean Note Policy of LIC Staff Co-operative Urban Bank Ltd.No.3314 approved by the Director Board in its meeting held on 27/06/2023 via Resolution No.XIX.

## Objects.

1. Do not staple or stitch bank notes.
2. To under Soiled notes to the RBI in unstapled condition.
3. To use paper bands instead of staple pins.
4. To issue only clean notes to the public.
5. To provide unrestricted facility for exchange of soiled and mutilated notes to the public.
6. To examine of notes before issuance over the counter.
7. Do not write or scribble on the currency notes.

## Facility for exchange Notes and Coins

1. The Bank should issue good quality notes and coins of all denomination on demand, as also exchange soiled/mutilated/defective notes, Bank should not refuse to accept small denomination notes and coins tendered at the counter.
2. Soiled notes should not be issued to the public as re-issuable notes and shall be deposited in currency chests/current account s maintained with other Banks for onward transmission to RBI Office a soiled note mean a note which has become dirty due to normal wear and tear and also includes two piece note pasted together where in both the pieces presented belongs to the same note and form the entire note with no essential feature missing.
3. Mutilated notes presentation & Passing
   A mutilated note is a note of which a portion is missing or which is composed of more than two pieces. The notes so presented shall be accepted and exchanged & adjudicated by the bank in accordance with RBI (Note Refund)Rules 2009.
4. Notes which have turned extremely brittle or are badly burnt, charred or inseparatably stuck up together and therefore cannot with stand normal handling shall not be accepted by the Bank for exchange instead the holders may be directed to tender these notes to the concerned issue office of the RBI.
5. The Branch Manager shall act as prescribed Officer to adjudicate the notes received at the branch for exchange in accordance with Reserve Bank Of India (Note Refund) Rules 2009.

6. Exchange of mutilated and imperfect notes.
    a. Where the number of notes presented by a person is up to 5 pieces, branches should normally adjudicate the notes and pay the exchange value over the counter. If the branches are not able to adjudicate the same, the notes may be received against a receipt and sent to the linked currency chest branch of the currency chest bank for adjudication. The probable date of payment should be informed to the tenderers on the receipt itself and the same should not exceed 30 days. The tenderers bank account details should also be obtained for crediting the exchange value.
    b. Notes presented in bulk: where number of pieces presented by a person is more than 5 pieces not exceeding Rs.5000/- in value, branch may sent it to the currency chest branch of the Bank. If the value of notes so tenderd exceeds Rs.5000/-, may be advised to approach the nearby currency chest branch of Bank.
7. Mutilated/defective notes bearing PAY/PAID (or Reject) stamp of any RBI Issue Office or any Bank's Branch. If presented for payment at any of the Bank's branches shall be rejected under Rule 6(2) OF RBI Rules 2009.
8. Any notes with slogan and messages of political nature written across cease to be legal tender and claims on such notes shall be rejected by the Bank.
9. Deliberately cut notes:-

    The notes which are found to be deliberately cut, torn, altered or tampered cuts, if presented for exchange should be rejected under Rule 6 (3)(ii) of RBI (Note Refund) Rule 2009. it is very difficult to identify whether it is deliberately or otherwise, but close look at the notes, its shape location of missing portion etc. and the name of the tenderer and when the notes are tendered in large numbers. The details of the case should be reported to the Deputy/GM at issue Department of RBI. It is also to be reported to the local police in case a large no of such notes are tendered,

10. Branches shall display "soiled/Mutilated Notes are Accepted and Exchanged Here", for information of public.
11. Cashiers should not staple the notes.
12. Public to be educated , "not to write on the currency notes' by providing facility for the exchange of soiled/mutilated note.
13. The coins of denomination of Paise 25 and below issued from time to time, cease to be legal tender with effect from June 30, 2011 in terms of Gazette notification No.2529 dt.20.12.2010
14. Pre-2005 bank notes it received, shall not be exchanged as legal tender across the counter, and the customer to be advised to exchange such note at the issue office of RBI.

Detection and Impounding of Counterfeit Notes

With respect to the detection and impounding of counterfeit notes the Bank shall adhere to the following instructions

1) Bank note tendered over the counter through bulk tenders shall be examined for the authenticity through note counting machines. No credit to the customers account is to be given for counterfeit notes, if any detected in the tender received over the counter or at the back office/currency chest.

   In no case the of Counterfeit Notes should be returned to the tenderer or destroyed by the Bank branches. Failure of the Bank to impound Counterfeit Note detected at the their end will be construed as willful involvement of the Bank Concerned, in circulating Counterfeit Notes and penalty will be imposed for violation of Directive No.3158/09.39.00 (policy)/2009-10 dt.19.11.2009 issued by RBI.

2) Impounding of counterfeit notes:-
   Notes determined as counterfeit shall be stamped as 'counterfeit note' and impounded in the prescribed format. Each such impounded notes shall be recorded under authentication, in a separate register.
3) When a bank note tendered at the counter of a bank branch is found to be counterfeit an acknowledgement receipt in the prescribed format shall be issued to the tenderer, after stamping the note. The receipt is running serial number shall be authenticated by the cashier and the tenderer. Notice to this effect shall be displayed prominently at the branches notice board for information of the public. The receipt is to be issued even in cases where the tenderer is unwilling to countersign it.
4) Detection of Counterfeit Notes – Reporting to police & other bodies.
   a) For cases of detection of counterfeit notes up to 4 pieces, in a single transaction, a consolidated report in the prescribed format should be sent by the Nodal Bank Officer to the police authorities or the Nodal Police station along with the suspect counterfeit notes at the end of the month.
   b) For cases of detection of counterfeit notes of 5 or more pieces, in a single transaction, the counterfeit notes should be forwarded by the Bank Nodal Officer to the local police officer or the Nodal Police Station for investigation by filing FIR in the prescribed format.(An...II)
      A copy of the monthly consolidated report /FIR shall be send to the Forged Notes vigilance cell constituted at the HO of the Bank.
   c) Acknowledgement of the police authorities concerned has to be obtained for notes forwarded to them both as consolidated monthly statements and FIR. If the counterfeit notes are issued to police authorities by insured post, acknowledge of the receipt there of by the police should be obtained and kept on the record. In case any difficulty is faced by the branches due to the reluctance of the police to receive monthly consolidated statement/file FIR, the matter may be sorted out in consolidation with the Nodal Officer of the Police authorities designated to coordinates matters, relating to investigation of counterfeit Bank notes cases. The list of the Nodal Police Station may be obtained from the Regional Office of the RBI.

5) Branches should monitor the patterns/trends of such detection and suspicious trends /pattern should be brought to the notice of RBI/Police authorities immediately.

The data on detection of counterfeit Indian notes at branches should be included in the monthly Returns, forwarded to RBI.

The branches should re-align their cash management in such a manner so as to ensure that the cash receipts in the denominations of Rs.100 and above are not put in to re circulation without the notes being machine processed for authentication In order to obviate complaints regarding receipt of counterfeit notes through ATMS branches to take adequate safeguards /checks before loading ATMS with notes. Dispensation of counterfeit notes through ATMS would be construed on as an attempt to circulate counterfeit notes by the Bank concerned.

6) Penalty at 100% of the notional value of counterfeit notes, in addition to recovery of loss to the extent of the notional value of such notes, will be imposed under the following circumstances.
   a) When counterfeit notes are detected in the soiled notes remittance of the bank.
   b) If counterfeit notes are detected in the currency chest balance of a bank during inspection by RBI.

7) Each Bank shall establish at its HO, a forged Note Vigilance Cell to undertake the following.....

i Dissemination of instructions issued by the RBI on counterfeit notes to Bank's branches. Monitoring the implementation of these instructions compilation of data on detection of counterfeit notes and its submission to RBI and FIU-IND as per-extent instruction. Follow up of concern of counterfeit notes with police station designated nodal officer.

ii Sharing of the information thus compiled with Bank's Designated Nodal Officer and report to him/her all cases of acceptance/issue of counterfeit notes over the counter.

iii Conducting periodic surprise checks at branches where shortages/detection/ counterfeit notes are detected.

iv Ensuring operation of Note sorting machine of appropriate capacity at all the branches, and closely monitoring record of the same. Ensuring that only properly sorted/machine examined bank note are fed in to the ATM's/issued over the counter.

Forged Notes vigilance cell shall submit status report on a quarterly basis covering the aforesaid aspects to the Chief General Manager, Department of Currency management, RBI Central Office, Amar building fourth floor, Sir PM Road, Fort Mumbai 400001 and to the issue office of the Regional Office of RBI under whose Jurisdiction FNV cell is functioning with in a fortnight from the conclusion of the quarter under report. It is to be sent by email.

In order to update the record of the addresses of the Forged Note Vigilance Cells the Bank shall furnish by email, in the prescribed format particular to RBI every year as on 1st July. No hard copy need to be sent.