

Non - acceptance of Rs.500/- denomination notes

DCM. 300 /08.04.21/2000-2001

January 5, 2001

The Chairman
All Commercial and Co-operative Banks

Dear Sir,

Non - acceptance of Rs.500/- denomination notes

It has been brought to our notice that some bank branches are either not accepting Rs.500/- denomination notes or do so after getting their numbers, etc. listed by the tenderers.

2. We would, therefore, like to draw your attention to our letter DCM.No.927/08.06.01/97-98 dated 18th June 1998 and once again clarify that all Rs.500/- denomination notes issued by the Reserve Bank from time to time are legal tender and shall therefore continue to be freely accepted for all transactions.

3. Your attention is also drawn to the advertisement issued by the RBI in the recent past regarding the issue of the 500 rupee note in the revised colour scheme wherein the public were invited to exchange the old design green 500 rupee notes (with the Ashoka Pillar in the watermark window) for the new design 500 rupee notes. We wish to clarify that this is only a facility to enable members of the public exchange their old design 500 rupee notes. We emphasise that this should not be cited by banks as the reason for not accepting these notes.

4. You may, therefore, please immediately instruct all your branches to freely accept all Rs.500/- notes and eschew creating avoidable panic in the minds of the public.

5. Please acknowledge receipt.

Yours faithfully,

Sd/-
(C. Krishnan)
Chief General Manager