

RBI appeals to Public to accept only Unstapled Notes

June 5, 2003

Some sections of the Print Media in their editions dated June 5, 2003, have carried stories on some difficulties and problems in, and plausible reasons, for non-implementation of the Reserve Bank of India's Directive of November 7, 2001 regarding receipt and payment of cash only in unstapled notes.

As the news item is not factual and to remove avoidable confusion, the Reserve Bank clarifies that it had issued the Directive and operative guidelines in November 2001. In this directive it had asked the banks, among other things, to procure note counting and note banding machines. Thus, the Reserve Bank gave banks more than enough time to put the necessary infrastructure and procedures in place. Note banding machines securely strap the note packets and bundles both in vertical and horizontal directions and make them impossible for any one to take out even a single piece of note. Incidentally, but significantly, all the Government departments dealing with the Reserve Bank, namely, Railways, Postal Department, Customs, Regional Passport Office and State Government departments like Milk Commissioner's Office, Registrar of Assurances, Kolkata Collectorate have already complied with the requirements and tender notes at the Reserve Bank only in unstapled condition.

Further there is no truth in the contention that the Reserve Bank office in Kolkata itself does not follow the directive relating to unstapling of note packets. Indeed, the entire cash transactions across the Reserve Bank are taking place only in unstapled notes. Even the non-fresh but re-issuable notes are being issued by the Reserve Bank across the counters in unstapled condition with cross banding of note packets. This is an important step taken so that other banks and public sector undertakings adopt these measures in toto with regard to their operations and dealings with Government Departments and members of public. Reservations on the score are unnecessary and not well founded.

Besides, it must be noted that the decision to discontinue the practice of stapling of notes has been taken jointly by the Government of India and the RBI in 1995 and is under implementation from 1996 progressively. In this background, the contention that some Government departments have requested the State Bank of India to issue notes only in stapled condition does not seem justified. Chairman of banks have, in several meetings, assured RBI of their whole-hearted support in implementing the clean note policy and the RBI directive. It is for SBI and other banks to pursue similarly with the Departments concerned to conform to RBI requirements.

RBI further assures the public that ample supply of fresh and re-issuable notes of good quality and coins have been made available to the public throughout the country and has removed about 20 billion pieces of soiled notes from circulation in the recent months by modernisation at RBI. Further, RBI is in continuous dialogue with the currency chest maintaining banks to keep the supply chains moving.

The contention that some of Government and private undertakings like WBSEB, CESC, BSNL etc. are still depositing stapled notes in banks is also not correct as banks are expected to receive notes only in unstapled condition. It is also necessary for Government departments and other utilities like CESC to modernise the cash handling departments through simple banding (vertical and horizontal) or using sealed polythene pouches. Public

need to get educated on this aspect that stapling ruins the notes and reduces longevity of the notes, production of which involves substantial foreign exchange outgo to import the paper. Banks have the option and choice of using the special sealed polythene pouches for securing unstapled notes bundles, usage of which they need to increase liberally.

The RBI's clean note policy is for the benefit of the public. It has employed speedy currency processing CVPS systems so that notes are received and paid out in unstapled condition. What is needed is collaboration and change of mindset at all levels.

**Ajit Prasad
Manager**

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