

# RBI CLEAN NOTE POLICY, DETECTION OF COUNTERFEIT NOTES, & NOTE REFUND POLICY

(RBI/2018-19/3 DT. JULY 02, 2018)

[RBI (Note Refund) Amendment Rules, 2018]



Presented by,  
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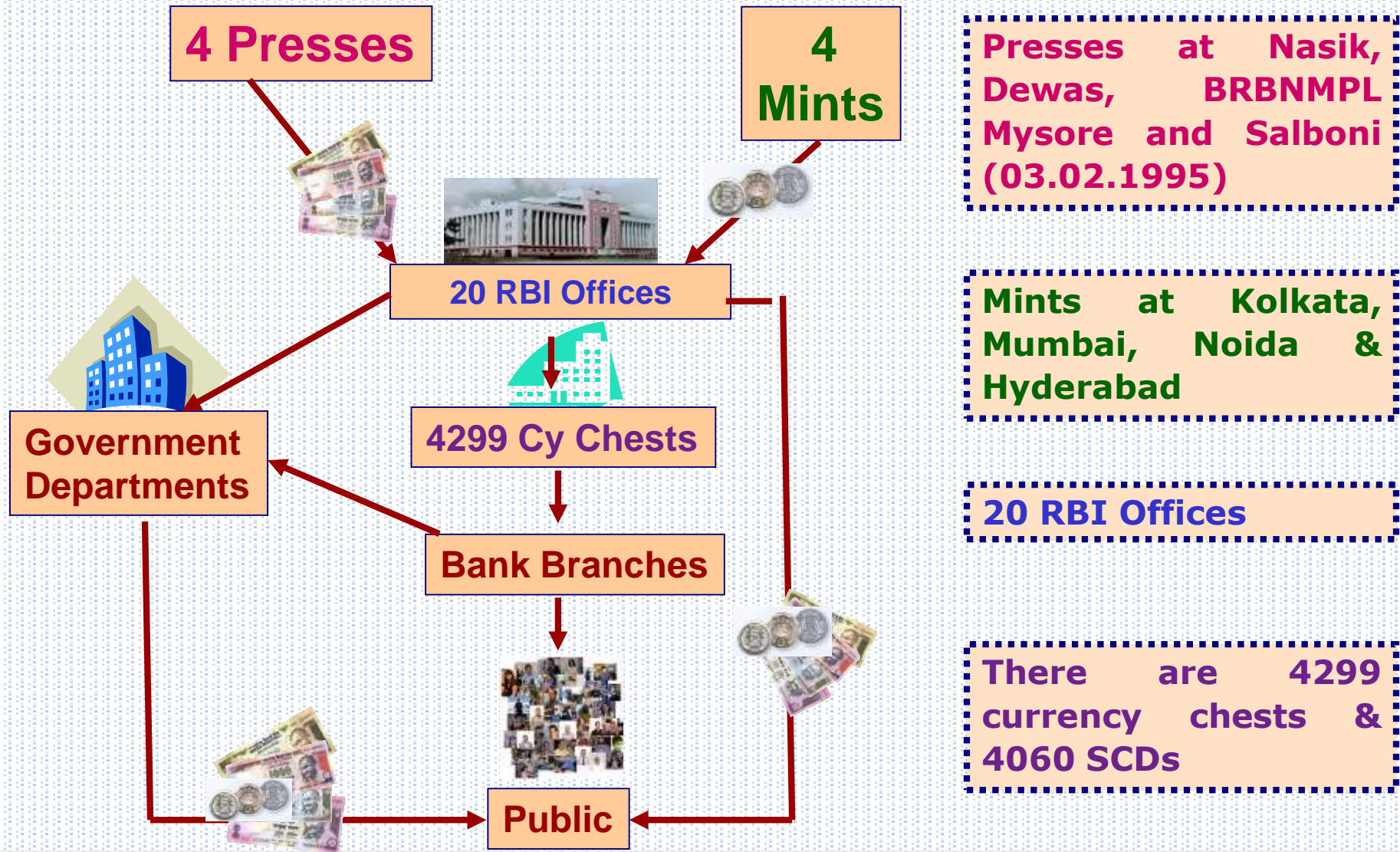
# BANK NOTES & COINS

- As per Sec. 22 of RBI Act, 1934, RBI has sole right to issue bank notes.
- Bank Notes shall be issued by Issue Department of Reserve Bank of India.
- Bank notes will be legal tender and shall be Guaranteed by the Central Government.
- RBI is the authority to issue currency called "Bank Notes".
- Rs. 1 note is called "currency note" issued by Central Government and signed by Finance Secretary.

## **BANK NOTES & COINS**

- Notes can be issued in denominations of Rs. 2, 5, 10, 20, 50, 100, 500, 1000, 5000, 10000. or of such other denominational values, not exceeding ten thousand rupees.
- Central Government may direct discontinuance of any denomination note.
- Presently RBI issued notes up to Rs. 2000 only.
- Re. 1/- notes issued in terms of Currency Ordinance 1940.
- Coins are issued in terms of Indian Coinage Act 1906.
- Coins can be issued up to Rs.1000.
- Coins to be invariably circulated through RBI only in terms of Sec 38 of RBI Act.

# DISTRIBUTION OF NEW NOTES AND COINS



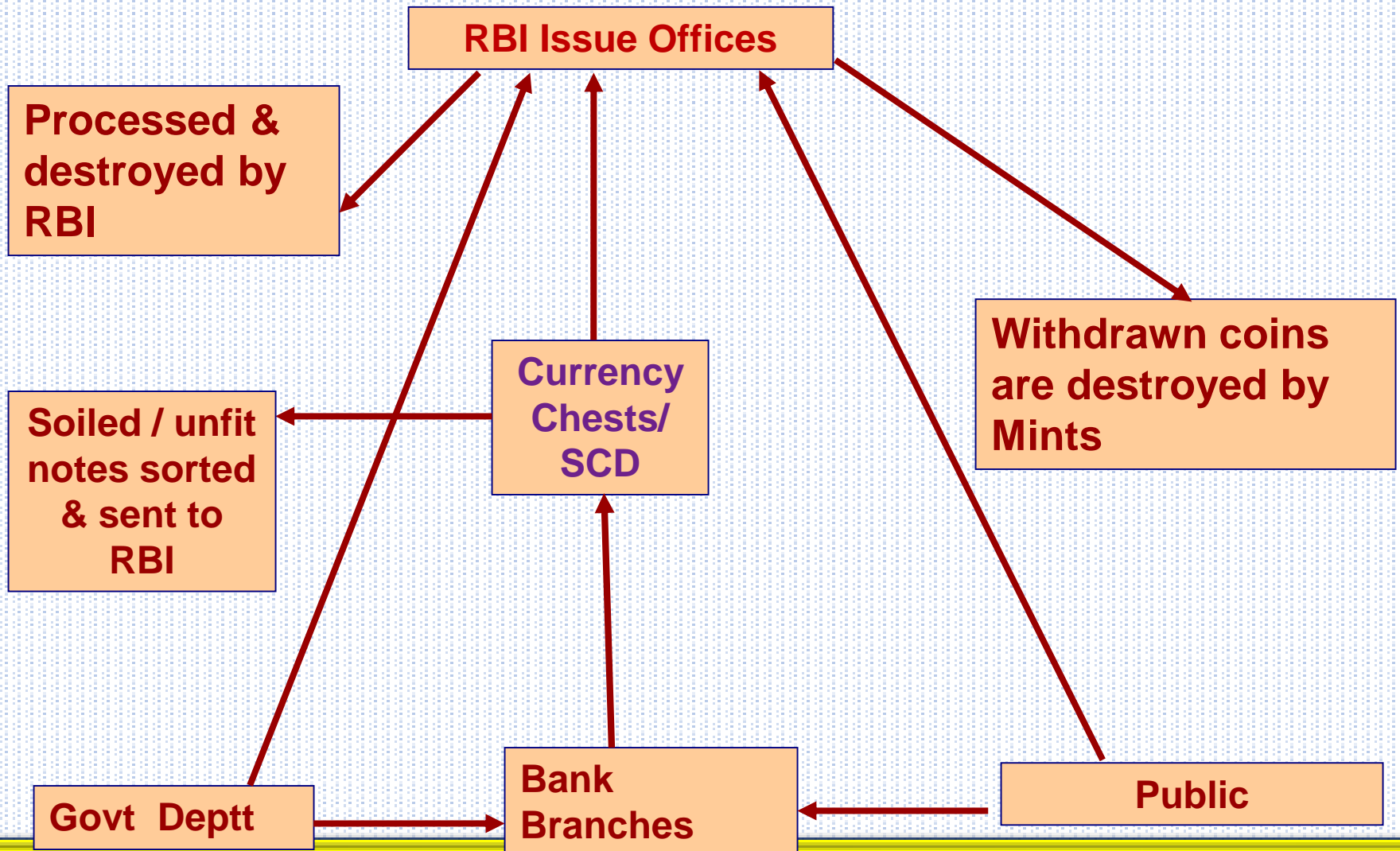
Presses at Nasik, Dewas, BRBNMPL Mysore and Salboni (03.02.1995)

Mints at Kolkata, Mumbai, Noida & Hyderabad

20 RBI Offices

There are 4299 currency chests & 4060 SCDs

# DISPOSAL OF OLD NOTES AND WITHDRAWN COINS



## **RBI'S DIRECTIVES UNDER RBI CLEAN NOTE POLICY, 2001**

- ❖ Bank should not staple any note packet and should use paper bands to secure note packets.
- ❖ Note packets should be banded with paper/polymer bands with the help of banding machines.
- ❖ Bank should sort notes into re-issuable and non-issuable and issue only clean notes to public.
- ❖ Soiled notes in unstapled condition may be tendered at RBI through Currency Chest.
- ❖ Bank should stop writing of any kind on watermark window of Bank Notes.
- ❖ Violation of RBI's directives will also attract penalty under Banking Regulations Act, 1949.

## **RBI CLEAN NOTE POLICY, 2013**

**All dealing officers and staff were instructed to stop writing of any thing on any part of the Bank Note to ensure achievement of the objectives of Clean Note Policy.**

### **OBJECTIVES :**

- 1. The main objective of this clean note policy is to provide good currency notes and coins to the citizen of our country.**
- 2. The objective of this policy is to avoid the circulation of soiled notes in the economy.**



## **RBI CLEAN NOTE POLICY GUIDELINES**

**In addition to RBI Clean Note Policy 2001 guidelines, banks have to follow the given guidelines:**

- Banks are instructed to provide clean currency in exchange of soiled notes.**
- RBI also provided the guidelines for citizens of the country which says that avoid soiling notes by oil, water etc. Do not write anything on the currency notes.**
- These rules are under Section 35A of Banking Regulation Act 1949 and if the Bank does not follow these then that bank may be punishable and the license of such bank can be cancelled.**



# INITIATIVES TAKEN BY RBI UNDER CLEAN NOTE POLICY

- ❖ To stop such soiled currency, RBI developed Currency Verification And Processing System (CVPS) to speed up this process. This system is installed in the various offices of RBI which have a watermark feature in which this machine rejects that note on which something is written on watermark.
- ❖ This CVPS machine capture of processing about 50000 – 60000 pieces per hour.
- ❖ This machine sorts the notes which are in good and / or bad condition. The bad condition notes are segregated and the notes which are in good condition are banded into packets for re-issue.
- ❖ RBI installed 42 such machines in the currency issue office.

## **CHALLENGES OF RBI CLEAN NOTE POLICY**

**Still the RBI's Clean Note Policy remains a dream because;**

- **Some branches are not accepting lower denomination notes.**
- **After this, RBI fixed monthly target for distribution of coins to these currency chests.**
- **RBI requested the banks to open one currency chest branch one Sunday in a month at selected centres to provide currency exchange and distribution of small coins.**
- **The choice of the centre and the choice of Sunday should be left to the individual bank to decide.**

# **FAKE INDIAN CURRENCY NOTE (FICN) OR COUNTERFEIT CURRENCY NOTE**

- ❖ Counterfeit Currency Note is a huge problem in India,
- ❖ Fake Indian Currency Note (FICN) is a term used by officials and media to refer to counterfeit currency notes circulated in the Indian economy.
- ❖ Although fake currency is being printed with precision, the Crime Investigation Department (CID) says that they can be detected with some effort.
- ❖ Currency printed by local racketeers and foreign racketeers in Pakistan on the behest of its intelligence service Inter-Services Intelligence (ISI) can be detected easily as they use the photographic method, hand engraved blocks, lithographic processes and computer colour scanning.
- ❖ In counterfeit notes, the watermark is made by using opaque ink, painting with white solution, stamping with a dye engraved with the picture of Mahatma Gandhi.

# SECURITY FEATURES

## Salient features of the Rs.2000 Bank Note



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# SECURITY FEATURES

1. **See-through register, with denominational numeral 2000, can be seen when you hold the note against the light.**
2. **Latent image, with denominational numeral 2000, seen when you hold the note at 45 degree angle at the eye level.**
3. **Denominational numeral 2000 in Devnagari script.**
4. **As usual, there is a Portrait of Mahatma Gandhi in the centre.**
5. **Micro letters 'RBI' and '2000'.**
6. **Colour-shift windowed security thread with inscriptions 'भारत', RBI and 2000. *Colour of the thread changes from green to blue when you tilt the note.***

# SECURITY FEATURES

7. Guarantee Clause, Governor's signature with Promise Clause and RBI emblem towards right.
8. Watermarks of Mahatma Gandhi portrait and electrotype (2000).
9. Number panel, with numerals growing from small to big size, is printed on the top left side and bottom right side.
10. Denominational numeral with Rupee Symbol ₹2000, in colour changing ink (green to blue).
11. The Ashoka Pillar Emblem on the right side of the note.
12. Small horizontal rectangle with ₹2000 in raised print, above the Ashoka Pillar Emblem.
13. Seven angular bleed lines, both on the left and right side, in raised print.



# SECURITY FEATURES

## Salient features on the Reverse of the Rs.2000 Banknote



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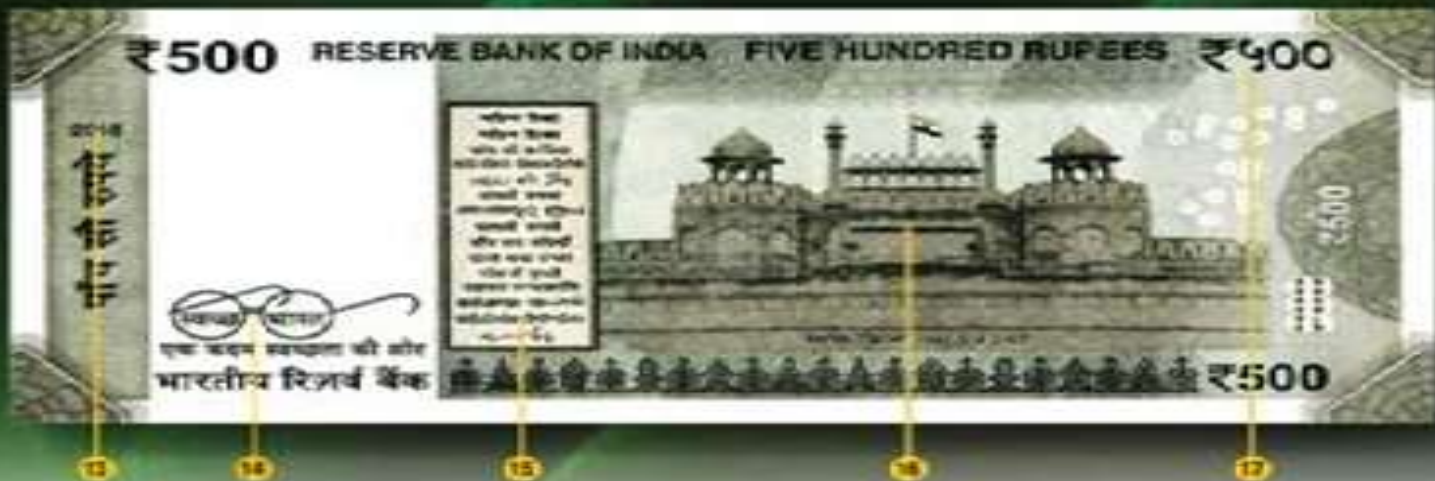


## SECURITY FEATURES

14. You will find '2016' as the Year of Printing on the reverse of the note.
15. Swachh Bharat logo with slogan, at the bottom left.
16. The language panel is towards the centre.
17. Also on the reverse is the Motif of Mangalyaan, depicting India's first venture into the interplanetary space.

# SECURITY FEATURES

## Salient features of Rs.500 Bank Note



# SECURITY FEATURES

## Salient features of Rs.500 Banknote

**Exclusive for the Rs. 500 note:**

• **Front side:**

\* **Orientation and relative position of Mahatma Gandhi portrait changed.**

• **For visually impaired:**

\* **Circle with denomination printed on it.**

\* **Five bleed lines on left and right in raised print.**

# SECURITY FEATURES

## Salient features of Rs.200 Bank Note





# SECURITY FEATURES

Salient features of Rs.200 Banknote

- 1. Fluorescent Ink Printing.**
- 2. Optical Fibers Used.**
- 3. Colour-shifting Windowed Security Feature.**
- 4. Raised printing of Mahatma Gandhi visual along with the emblem of Ashoka Pillar.**
- 5. Light & Shade Effect – electrotpe watermark and Mahatma Gandhi visual.**
- 6. Floral Design.**
- 7. Devnagari Script.**

# SECURITY FEATURES

## Salient features of Rs.200 Banknote Obverse (Front)

1. See through register with denominational numeral 200.
2. Latent image with denominational numeral 200.
3. Denominational numeral २०० in Devnagari.
4. Portrait of Mahatma Gandhi at the centre.
5. Micro letters 'RBI', 'भारत', 'India' and '200'.
6. Windowed security thread with inscriptions 'भारत' and RBI with colour shift. Colour of the thread changes from green to blue when the note is tilted.
7. Guarantee Clause, Governor's signature with Promise Clause and RBI emblem towards right of Mahatma Gandhi portrait.

# SECURITY FEATURES

## Salient features of Rs.200 Banknote Obverse (Front)

8. Denominational numeral with Rupee Symbol, ₹ 200 in colour changing ink (green to blue) on bottom right.

9. Ashoka Pillar emblem on the right.

10. Mahatma Gandhi portrait and electrotype (200) watermarks.

11. Number panel with numerals growing from small to big on the top left side and bottom right side.

### 12. For visually impaired

Intaglio or raised printing of Mahatma Gandhi portrait, Ashoka Pillar emblem, raised Identification mark H with micro-text ₹ 200, four angular bleed lines with two circles in between the lines both on the right and left sides.



# SECURITY FEATURES

## Salient features of Rs.200 Bank Note Reverse (Back)

13. Year of printing of the note on the left.
14. Swachh Bharat logo with slogan.
15. Language panel.
16. Motif of Sanchi Stupa.
17. Denominational numeral २०० in Devnagari.
18. Dimension of the banknote will be 66 mm × 146 mm.

# SECURITY FEATURES OF RS.100 NOTE

Obverse (Front)



Reverse (Back)



## SECURITY FEATURES OF RS.100 NOTE (FRONT)

1. **See-through register with denominational numeral 100;**
2. **Latent image with denominational numeral 100;**
3. **Denominational numeral 100 in Devanagari;**
4. **Portrait of Mahatma Gandhi at the centre;**
5. **Micro letters 'RBI', 'Bharat' (in Devanagari), 'India' and '100';**
6. **Windowed security thread with inscriptions 'Bharat' (in Devnagari) and RBI with colour shift. Colour of the thread changes from green to blue when the note is tilted.**
- 7.

## SECURITY FEATURES OF RS.100 NOTE (FRONT)

7. Guarantee Clause, Governor's signature with Promise Clause and RBI emblem towards the right of Mahatma Gandhi portrait;
8. Ashoka Pillar emblem on the right;
9. Mahatma Gandhi portrait and electrotpe (100) watermarks;
10. Number panel with numerals in ascending font on the top left side and bottom right side;
11. For visually impaired intaglio or raised printing of Mahatma Gandhi portrait, Ashoka Pillar emblem raised triangular identification mark with micro-text 100, four angular bleed lines both on the right and left sides.

## SECURITY FEATURES OF RS.100 NOTE (BACK)

12. Year of printing of the note on the left;
13. Swachh Bharat logo with the slogan;
14. Language panel;
15. Motif of RANI KI VAV;
16. Denominational numeral 100 in Devnagari;

In 2014, UNESCO had recognised Gujarat's 'Rani-ki-Vav', the 11<sup>th</sup> century wonder in Patan, as a World Heritage Site. It will make a grand debut on this new Rs. 100 note.

The 200-rupee note with a base colour of bright yellow bears the motif of Sanchi Stupa. The chocolate brown Rs. 10 note has Konark Sun Temple on the reverse side. The fluorescent blue Rs. 50 notes features Stone Chariot in Hampi, another world heritage site recognised by UNESCO.



## COUNTERFEIT CURRENCY REPORT(CCR)

- CCR (counterfeit currency report) to be submitted within 7 working days from the date of occurrence of transaction (Process same as STR). Branch to ZO 2 days. Up to 4 pieces FIR need not be filed. Instead a consolidated monthly statement is send to police with counterfeit current notes.
- For 5 pieces and above FIR has to be filed.

# **FACILITY FOR EXCHANGE OF NOTES & COINS**

**(RBI/2018-19/3 DT. JULY 02, 2018)**

**All branches of banks in all parts of the country are mandated to provide the following customer services, more actively and vigorously to the members of public so that there is no need for them to approach the RBI Regional Offices for this purpose:**

- (i) Issuing fresh / good quality notes and coins of all denominations on demand,**
- (ii) Exchanging soiled / mutilated / defective notes, and**
- (iii) Accepting coins and notes either for transactions or exchange.**

**It will be preferable to accept coins, particularly, in the denominations of ₹ 1 and 2, by weighment.**

**However, accepting coins packed in polythene sachets of 100 each would perhaps be more convenient for the cashiers as well as the customers. Such polythene sachets may be kept at the counters and made available to the customers.**





## EXCHANGE OF SOILED NOTES

**Notes presented in small number:** Where the number of notes presented by a person is up to 20 pieces with a maximum value of ₹ 5000 per day, banks should exchange them over the counter, free of charge.

**Notes presented in bulk:** Where the number of notes presented by a person exceeds 20 pieces or ₹ 5000 in value per day, banks may accept them, against receipt, for value to be credited later. Banks may levy service charges as permitted in Master Circular on Customer Service in Banks (DBR.No.Leg.BC.21/09.07.006/2015-16 dated July 1, 2015).

In case tendered value is above ₹ 50000, banks are expected to take the usual precautions.

# RBI (NOTE REFUND) RULES, 2009

(RBI CIRCULAR DT. Sep 25, 2018)

- ❖ The Reserve Bank has been extending facilities to the public for exchanging cut and mutilated notes at all its Issue Offices and currency chest branches of commercial banks.
- ❖ In order to make the Note Refund Rules easy to understand and to apply, these have been comprehensively revised and simplified.
- ❖ These rules may be called the Reserve Bank of India (Note Refund) Rules, 2009 and further amended vide Reserve Bank of India (Note Refund) Amendment Rules, 2018.

## **GENERAL PROVISIONS IN RELATION TO ALL CLAIMS**

**(1) No claim in respect of a note, which is alleged to have been stolen, lost or wholly destroyed, shall be entertained.**

**(2) If the Prescribed Officer is satisfied that a mutilated note presented before him is one which appears to have been cancelled at any office of the bank or the claim is one which appears to have already been paid under these rules, he may, after making enquiries under rule 5 above reject the claim on such note.**

**(3) A claim in respect of a note, which:-**

**i) cannot be identified with certainty as a genuine note for which the bank is liable under the Act;**

## **NOTE REFUND RULES**

- ii) has been made imperfect or mutilated, thereby causing the note to appear to be of a higher denomination, or has been deliberately cut, torn, defaced, altered or dealt with in any other manner, not necessarily by the claimants, enabling the use of the same for making of a false claim under these rules or otherwise to defraud the Bank or the public,**
- iii) carries any extrinsic words or visible representations intended to convey or capable of conveying any message of a political or religious character or furthering the interest of any person or entity;**
- iv) has been imported into India by the claimant from any place outside India in contravention of the provision of any law;**

# IMPERFECT NOTE

**The value of an imperfect note may be paid for full value/half value as specified in the tables given in rule Mutilated notes, if-**

- a)the matter, which is printed on the note has not become totally illegible , and**
- b)the Prescribed Officer is satisfied, having regard to the printed matter which is legible on the note, that it is a genuine note.**

# MUTILATED NOTES

- (1) The adjudication of claims in respect of notes of less than fifty rupees denomination shall be made in the following manner, namely,**
- (i) If the area of the single largest undivided piece of the note presented is more than 50 percent of the area of the respective denomination, rounded off to the next complete square centimeter, full value on mutilated notes of the above denominations shall be payable;**
  - (ii) If the area of the largest undivided piece of the note presented is less than or equal to 50 percent of the area of the note, the claim shall be rejected.**

# Example: Full Value Notes





# Example: No Value Notes



# NOTE REFUND RULES

For the purposes of this sub-rule, it is hereby clarified that the value of a mutilated note of less than rupees fifty denomination may be refunded in full if the undivided area of the single largest piece of the note is as specified in column of the Table below.

Denomination	Length (centimetre)	Width (centimetre)	Area (in centimetre <sup>2</sup> )	Minimum area (in centimetre <sup>2</sup> ) required for payment*
1	9.7	6.3	61	31
2	10.7	6.3	67	34
5	11.7	6.3	74	38
10	13.7	6.3	86	44
10 (New MG Series)	12.3	6.3	77.49	39
20	14.7	6.3	93	47
20 (New MG Series)	12.9	6.3	81.27	41

\*Indicated as the next complete higher square centimeter after half of the area of the notes in a particular denomination.

# **NOTE REFUND RULES**

**(2) The payment of claim in respect of note of rupees fifty and above denominations shall be made in the following manner, namely,-**

- (i) Full value of the mutilated notes of the above denominations shall be payable if the area of the single largest undivided piece of the note presented is more than 80 percent of the area of the respective denomination rounded off to the next complete square centimeter;**
- (ii) If the undivided area of the single largest undivided piece of the note presented is equal to or more than 40 percent and less than or equal to 80 percent of the area of the respective denomination rounded off to the next complete square centimeter, half the value of the note is payable.**

## **NOTE REFUND RULES**

**(iii) If the area of the single largest undivided piece of the note is less than 40 percent, no value shall be payable, and the claim shall be rejected.**

**(iv) If the claim of mutilated notes of rupees fifty and above denominations consist of a note composed of two pieces of the same note and the two pieces, individually have an area equal to or more than 40 percent of the total area of the note in that denomination, then the claim may be refunded for full value of the note.**

# NOTE REFUND RULES

**For the purposes of this sub-rule, it is hereby clarified that the value of a mutilated note of equal to or more than rupees fifty denomination may be refunded in full or half, as the case may be, if the minimum undivided area of the single largest piece of the note is as specified in column (5) or (6) of the Table below.**

Denomination	Length (cm)	Width (cm)	Area (in cm <sup>2</sup> )	Minimum area (in cm <sup>2</sup> ) required for payment of full value@	Minimum area (in cm <sup>2</sup> ) required for payment of half value**
50	14.7	7.3	107	70	43
50 (New MG Series)	13.5	6.6	89.10	72	36
100	15.7	7.3	115	75	46
100 (New MG Series)	14.2	6.6	93.72	75	38
200	14.6	6.6	96.36	78	39
500	16.7	7.3	122	80	49
2000	16.6	6.6	109.56	88	44

@ Rounded off to the next complete higher square centimeter of 80% of the area of the notes in a particular denomination.

\*\* Rounded off to the next complete higher square centimeter of 40% of the area of the notes in a particular denomination.

## **PAYMENT OF CLAIM IN RESPECT OF MISMATCHED NOTE**

**The payment of claim in respect of a mismatched note may be dealt with as follows, namely-**

**(a) in case of notes up to rupees twenty denomination notes, the area of the larger of the two pieces presented may be measured and adjudicated as per the provisions of sub-rule (1) of Rule 8, ignoring the smaller half.**

**(b) if none of the two pieces presented meets the minimum area stipulated as per the provisions of clause (i) of sub-rule 1 of rule 8 above, the claim shall be rejected.**

**(c) in case of rupees fifty and above denominations, the two pieces may be treated as two separate claims and dealt with accordingly.**



Thank You

