



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



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RBI/2023-24/99

DCM (CC) No.G-5/03.41.01/2023-24

April 03, 2023

The Chairman/Managing Director/Chief Executive Officers,  
All banks

Madam / Dear Sir,

**Master Direction on Framework of Incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests based on performance in rendering customer service to the members of public**

In terms of the Preamble to and Section 45 of the RBI Act, 1934 and Section 35 A of the Banking Regulation Act, 1949; Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to furthering these objectives, the Bank has formulated a framework of incentives titled Currency Distribution and Exchange Scheme (CDES) to encourage all the bank branches to provide better customer services to the members of public.

2. The enclosed [Master Direction](#) incorporates updated guidelines / circulars on the subject.

Yours faithfully,

(Sanjeev Prakash)  
Chief General Manager

Encl: As above

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हिन्दी आसान है, इसका प्रयोग बढ़ाइए

**Master Direction on Framework of Incentives for “Currency Distribution & Exchange Scheme (CDES)” for bank branches including currency chests based on performance in rendering customer service to the members of public**

1. The framework of incentives titled Currency Distribution & Exchange Scheme (CDES) for bank branches including currency chests has been formulated to encourage all the bank branches to provide better customer service to the members of public keeping in view the objectives of Clean Note Policy.

**2. Incentives**

As per the scheme, banks are eligible for the following financial incentives/service charges for setting up requisite infrastructure and facilitating exchange/distribution of notes and coins:

Sr. No.	Nature of Service	Particulars of Incentives/Service Charges
i)	Opening of and maintaining currency chests at centres having population of less than 1 lakh, in underbanked states	<p><b>a. Capital Cost:</b> Reimbursement of 50% of capital expenditure subject to a ceiling of ₹50 lakh per currency chest (inclusive of all taxes). In the North Eastern region, up to 100% of capital expenditure is eligible for reimbursement subject to the ceiling of ₹50 lakh (inclusive of all taxes).</p> <p><b>b. Revenue cost:</b> Reimbursement of 50% of revenue expenditure for the first 3 years (inclusive of all taxes). In the North Eastern region, 50% of revenue expenditure is eligible for reimbursement for the first 5 years (inclusive of all taxes).</p>
ii)	Exchange of soiled notes / adjudication of mutilated notes over the counter at bank branches.	<p><b>A. Exchange of soiled notes – ₹2 per packet</b> for exchange of soiled notes up to denomination of ₹ 50</p> <p><b>b. Adjudication of mutilated notes – ₹2 per piece</b></p>

iii)	Distribution of coins.	<ul style="list-style-type: none"> <li>i. ₹65 per bag for distribution of coins.</li> <li>ii. An additional incentive of ₹10/- per bag shall be paid for coin distribution in rural and semi-urban areas on the submission of a Concurrent Auditor (CA) certificate to this effect.</li> </ul>
iv)	Cash deposit by non-chest branches under Linkage scheme with CCs	<p>Service charge to be levied by the CC on the non-chest branches</p> <ul style="list-style-type: none"> <li>a. Large modern CCs<sup>1</sup>- ₹8/- per 100 pieces</li> <li>b. Other CCs - ₹5/- per 100 pieces</li> </ul>

### 3. Other operational instructions on payment of performance-based incentives

- i. The incentives shall be paid on the soiled notes actually received in the Issue Office of the RBI.
- ii. Incentive shall be paid in respect of the adjudicated notes received along with the soiled note remittances or sent separately by registered / insured post in a sealed cover to the RBI.
- iii. The incentive for distribution of coins shall be paid on the basis of net withdrawal from the currency chest.
- iv. Banks do not need to submit a separate claim for the incentives. Currency chest branch shall pass on the incentive to the linked branches/chests for the soiled notes tendered / coins distributed/ mutilated notes adjudicated by them on pro-rata basis.
- v. The distribution of coins shall be verified by RBI Regional Offices through inspection of currency chest / incognito visits to branches, etc.
- vi. Instructions issued vide [circular DCM\(CC\) No.97527/03.41.01/2021-22 dated August 27, 2021](#) remains unchanged.

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<sup>1</sup> Large modern CCs are those CCs which fulfil the Minimum Standards for a CC as detailed in the circular RBI/2018-19/166 DCM(CC) No. 2842/03.39.01/2018-19 dated April 08, 2019.