



बेटी बचाओ
बेटी पढ़ाओ

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/DCM/2025-26/136
DCM (CC) No. G-3/03.41.01/2025-26

April 24, 2025

The Chairman / Managing Director / Chief Executive Officer
All banks

Madam / Dear Sir,

Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A 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 Master Direction incorporating the updated guidelines / circulars on the subject is at [Annex-I](#). The Frequently Asked Questions (FAQs) and few Illustrations are at [Annex-II](#) and [III](#) respectively.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager-in-Charge

Encl: As above

Master Direction on Framework of Incentives for “Currency Distribution & Exchange Scheme (CDES)” for bank branches including currency chests

1. The framework of incentives, titled Currency Distribution & Exchange Scheme (CDES) for bank branches including Currency Chests (CCs), based on performance in rendering customer service to the members of public 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 and operating CCs in North Eastern region and at inaccessible / hilly places (as considered by State Governments/ any appropriate authority) of Jammu & Kashmir and Ladakh Union Territories. | <p>a. Capital Cost: Up to 100% of capital expenditure is eligible for reimbursement subject to the ceiling of ₹50 lakh (inclusive of all taxes).</p> <p>b. Revenue cost: 50% of revenue expenditure is eligible for reimbursement for the first 5 years of CC operations (inclusive of all taxes).</p> <p><i>(The revised instructions would be applicable to new applications for opening of CCs in these areas received on or after the date of Master Direction. Earlier cases on the subject may continue to be processed as per extant guidelines prevalent on the date of submission of application)</i></p> |
| ii | Exchange of soiled notes / adjudication of mutilated notes over the counter at bank branches | a. Exchange of soiled notes – ₹2/- per packet for exchange of soiled notes in the denominations of ₹50/- and below. |

| | | |
|-----|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | b. Adjudication of mutilated notes – ₹2/- per piece. |
| iii | Distribution of coins | a. ₹65/- per bag ¹ for distribution of coins. b. 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. |
| iv | Cash deposit by non-chest branches under Linkage scheme with CCs | Service charge to be levied by the CC on the non-chest branches a. Large modern CCs ² – ₹8/- per 100 pieces. b. Other CCs – ₹5/- per 100 pieces. |

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. The CC holding banks shall raise invoice to RBI for claiming incentives. All other instructions issued vide [circular DCM\(CC\) No.97527/03.41.01/2021-22 dated August 27, 2021](#) remain unchanged.
- v. Currency chest branch shall pass on the incentive to the linked branches for the soiled notes deposited / coins distributed / mutilated notes adjudicated by them on pro-rata basis.
- vi. The distribution of coins shall be verified by RBI Regional Offices through inspection of currency chests / incognito visit to branches, etc.

¹ For incentive calculation, 5000 pieces of 50 paise coins; 2500 pieces of ₹1, ₹2 or ₹5 coins; 2000 pieces of ₹10 or ₹20 coins would be deemed to constitute one bag.

² 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](#).

FREQUENTLY ASKED QUESTIONS

Master Direction on Framework of Incentives for “Currency Distribution & Exchange Scheme (CDES)” for bank branches including currency chests

1. What is Clean Note Policy?

It is a policy adopted by RBI to ensure availability of good quality banknotes to members of the public.

2. What is included in capital and revenue cost?

Capital costs are one-time expenditures incurred for acquiring fixed assets or infrastructure necessary to set up Currency Chest. Revenue costs are recurring expenses incurred on day-to-day operations and maintenance of Currency Chest. The actual nature of expenditure shall be ascertained by the Issue Office concerned at the time of reimbursement of cost to the bank.

Illustrations

1. Opening and operating CCs in North Eastern region / at inaccessible / hilly places (as considered by State Governments/ any appropriate authority) of Jammu and Kashmir/ Ladakh Union Territories:

Illustration 1: Reimbursement of Capital Expenditure

Capital Cost incurred and claimed by the bank: ₹75 lakh (inclusive of taxes) **(A)**

Capital Cost to be reimbursed: 100% of **(A)** (subject to a ceiling of ₹50 lakh per CC) = ₹50 lakh (inclusive of taxes)

Illustration 2: Reimbursement of Revenue Expenditure

| Type of Expenditure claimed | Period | Amount Claimed (inclusive of taxes) (A) | Amount Reimbursed (inclusive of taxes) 50% of (A) |
|-----------------------------|----------------------|-----------------------------------------|---------------------------------------------------|
| Revenue Cost | 1 st Year | ₹15 lakh | ₹7.5 lakh |
| | 2 nd Year | ₹16 lakh | ₹08 lakh |
| | 3 rd Year | ₹16 lakh | ₹08 lakh |
| | 4 th Year | ₹17 lakh | ₹8.5 lakh |
| | 5 th Year | ₹18 lakh | ₹09 lakh |

2. Incentive for Exchange of soiled notes / adjudication of mutilated notes over the counter at bank branches:

Illustration 1: Incentive for Exchange of soiled notes over the counter at bank branches

| Details of Soiled Notes Remittance Received | | | | |
|--------------------------------------------------------------------|------|------|------|------|
| Denomination | ₹10 | ₹20 | ₹50 | ₹100 |
| No. of pieces | 5500 | 6500 | 7500 | 5000 |
| No. of packets | 55 | 65 | 75 | 50 |
| Total discrepancies (Shortage / Mutilated / Counterfeit) in pieces | 110 | 245 | 75 | 245 |
| Total banknotes considered for incentives | 5390 | 6255 | 7425 | NA |
| Total packets considered for incentive | 53 | 62 | 74 | NA |
| Incentive Amount * (before tax) | 106 | 124 | 148 | NA |

* @ ₹2 per packet

Illustration 2: Incentive for adjudication of mutilated notes over the counter at bank branches

| Details of Mutilated Notes received over the counter at bank branches | | | | |
|------------------------------------------------------------------------------|------------|------------|------------|-------------|
| Denomination | ₹10 | ₹20 | ₹50 | ₹100 |
| No. of pieces | 400 | 300 | 370 | 430 |
| Total discrepancies (Shortage / Counterfeit) in pieces | 05 | 10 | 04 | 08 |
| Total pieces considered for incentive | 395 | 290 | 366 | 422 |
| Incentive Amount (before tax) | 790 | 580 | 732 | 844 |

* @ ₹2 per piece

3. Incentives for distribution of coins:

Illustration:

| Denomination (Coin) | Total Pieces (Deposited) | Total Pieces (Withdrawn) | Total Bags (Deposited) | Total Bags (Withdrawn) | Net Standard Bags (Withdrawn) |
|-----------------------------------------------------------------------|---------------------------------|---------------------------------|-------------------------------|-------------------------------|--------------------------------------|
| ₹2 | 4000 | 2500 | 1.6 | 1 | -0.6 |
| ₹5 | 0 | 7500 | 0 | 3 | 3 |
| ₹10 | 2000 | 4000 | 1 | 2 | 1 |
| Total (Total sum including decimals) | | | | | 3.4 |
| Net Bags considered for incentives (Only Full bags considered) | | | | | 3 |

Coin Distribution in Urban Area: Incentive Amount for 3 bags @ ₹65 per bag: **₹195 (before tax)**

Coin Distribution in Semi-Urban/ Rural Area: Incentive Amount for 3 bags @ ₹75 per bag: **₹225 (before tax)**

Note: In terms of para 5.1 of Chapter 3-Cash Department of Issue Department Manual 2021, 5000 pieces of 50 paise coins; 2500 pieces of ₹1, ₹2 or ₹5 coins; 2000 pieces of ₹10 or ₹20 coins would be deemed to constitute one bag.