

Clean Note policy

January 8, 2004

**Banks can be penalised for stapling of Currency
Note Packets : RBI**

The Reserve Bank of India has reiterated that stapling of note packets had been totally banned and no bank or bank branch should issue or accept note packets in stapled condition. It has added that in case any bank or bank branch was found issuing or accepting note packets in stapled condition, it would be liable to be penalised under the existing provisions of the Banking Regulation Act, 1949.

The Reserve Bank of India had last year issued a directive under Section 35A of the Banking Regulation Act, 1949 to all commercial banks, including Regional Rural Banks and Local Area Banks, instructing them to do away with stapling of note packets and to secure them with paper bands. It had also asked banks to issue only clean notes to the general public and to stop writing of any kind on the watermark of the notes. It had, however, received complaints from the public that some banks/bank branches, including urban co-operative banks, state co-operative banks, district central co-operative banks continued to accept or issue notes in stapled condition. Apart from damaging the currency notes, stapling reduced the life of these notes apart from rendering it difficult for customers to open the stapled pins on the note packets easily.

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Chief General Manager

Press Release : 2003-2004/841

BD / 2008 / 02

