

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO.4713**  
TO BE ANSWERED ON 23.03.2020

**Exchange of Currency Notes**

4713. SHRI GURJEET SINGH AUJLA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has allowed banks to exchange soiled, mutilated and burnt currency notes;
- (b) if so, the details thereof along with the names of banks authorised to exchange such notes;
- (c) whether there are certain conditions for exchange of currency notes including charging of fee, etc.; and
- (d) if so, the details thereof?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) & (b) : Mutilated / soiled / damaged notes are exchanged in terms of Reserve Bank of India (Note Refund) Rules, 2009 (as amended in 2018).

RBI has advised all banks to exchange mutilated / soiled / damaged notes at all their branches vide its Master Circular on “Facility for Exchange of Notes & Coins” DCM (NE) No.G-2/ 08.07.18/ 2019-20 dated July 01, 2019. However, Small Finance Banks and Payment Banks may exchange mutilated and defective notes at their option.

Notes which have turned extremely brittle or are badly burnt, charred or inseparably stuck up together and, therefore, cannot withstand normal handling, shall not be accepted by the bank branches for exchange. Instead, the holders may be advised by the banks to tender these notes to the RBI Issue Office concerned where they will be adjudicated under a Special Procedure.

(c )& (d) : A.Conditions for exchange of soiled notes are as follows :

- i. Notes presented in small number: Where the number of notes presented by a person is up to 20 pieces with a maximum value of Rs.5000 per day, banks should exchange them over the counter, free of charge.
- ii. Notes presented in bulk: Where the number of notes presented by a person exceeds 20 pieces or Rs.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 Rs.50000, banks are expected to take the usual precautions.

B. Conditions for exchange of mutilated and imperfect notes are as follows:

- i. While designated branches may continue to follow the procedure as laid down in Part III of Reserve Bank of India (Note Refund) Rules, 2009 for exchanging mutilated and imperfect notes and issue receipt for the notes presented for adjudication, non-chest branches are required to follow the following procedure for notes presented in small numbers and in bulk.
  - a) Notes presented in small number: Where the number of notes presented by a person is up to 5 pieces, non-chest branches should normally adjudicate the notes as per the procedure laid down in Part III of Reserve Bank of India (Note Refund) Rules, 2009 and pay the exchange value over the counter. If the non-chest branches are not able to adjudicate the

mutilated notes, the notes may be received against a receipt and sent to the linked currency chest branch for adjudication. The probable date of payment should be informed to the tenderers on the receipt itself and the same should not exceed 30 days. Bank account details should be obtained from the tenderers for crediting the exchange value by electronic means.

b) Notes presented in bulk: Where the number of notes presented by a person is more than 5 pieces not exceeding Rs.5000 in value, the tenderer should be advised by Banks to send such notes to nearby currency chest branch by insured post giving his / her bank account details or get them exchanged thereat in person. All other persons tendering mutilated notes whose value exceeds Rs.5000 should be advised by Banks to approach nearby currency chest branch. Currency chest branches receiving mutilated notes through insured post should credit the exchange value to the account of sender by electronic means within 30 days of receipt of notes.

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