

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:450  
ANSWERED ON:26.04.2013  
DISTRIBUTION OF CURRENCY NOTES AND COINS  
Purkayastha Shri Kabindra

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India (RBI) has channelized/proposes to channelize distribution of currency notes and coins only through currency chest or bank branches of commercial banks;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the inconveniences likely to be caused as a result thereof have been taken into account and if so, the details thereof; and
- (d) if not, the reasons therefor along with the steps being taken in this regard?

**Answer**

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION No. 450 TO BE ANSWERED ON 26 APRIL 2013 REGARDING DISTRIBUTION OF CURRENCY NOTES AND COINS

(a) & (b) : Keeping in view the extended geographical spread of bank branches network and leveraging of technology, the Reserve Bank of India (RBI) as part of the Annual Monetary Policy Statement for 2012-13 dated 17.04.2012 had announced to channelize the distribution of banknotes and coins only through currency chests/bank branches. RBI's reach at present is restricted to just 19 centres. Commercial banks, with their wide network of branches, are well positioned to meet the requirements of the common person relating to currency and coins.

(c) & (d): The Monetary Policy Statement 2012-13 also stated that "banks are expected to strengthen their distribution systems and procedures so as to cater to the growing needs of the common man". RBI has informed that shifting of these functions to the commercial banks will be effected in a calculated and calibrated manner; and only on finding evidence of suitable performance of cash related retail activities by the banks, would RBI consider exiting from retail function. Besides, while RBI will gradually withdraw from the retail function, it will continue to manage the distribution of banknotes and coins through the currency chests and bank branches. The manpower resources which will be freed as a result of exiting from the retail function will be redeployed more gainfully for effective supervision of the services rendered by commercial banks to the public.