The Chairman / Managing Director/ Chief Executive Officer,
(All banks with currency chests)

Dear Sir / Madam

**Allocation of cash for rural areas**

Please refer to our circulars [DCM (Plg) No.1345/10.27.00/2016-17 dated November 22, 2016](#) and [DCM (Plg) No.1508/10.27.00/2016-17 dated December 02, 2016](#) on making cash available for rural areas.

2. On observing that bank notes, being supplied to rural areas, at present, are not commensurate with the requirements of rural population, some steps have already been initiated as indicated in the above circulars. With a view to ensure that at least 40% bank notes are supplied to rural areas and to mitigate the issue in a more enduring manner, the banks maintaining currency chests are advised to take the following steps, in continuation of the above.

**Distribution Channels and Proportion of currency flow**

i. Banks should advise their currency chests to step up issuance of fresh notes to rural branches of RRBs, DCCBs and commercial banks, White Label ATMs in rural areas and post offices in rural areas on priority basis which are considered main rural channels of distribution.

ii. As the rural requirements could vary from district to district depending on variations in the rural and urban mix of each district in terms of relative shares in CASA deposits and number of deposit accounts, to facilitate a need based
approach in this regard a certain percentage of allocation has been assigned to each district as per Annex 1 depending on the rural and urban mix.

iii. Accordingly, all Chests operating in a district must issue bank notes to the above mentioned distribution channels in the indicated proportion. The indicated proportion may be maintained on weekly average basis at each chest level as it may be difficult to stick to the proportion on daily basis.

**Reporting for monitoring**

iv. Currency chests must furnish daily issuances to the above categories to their Link Offices (LO) along with chest slips with a weekly summary as at close of business on every Friday. LOs should in turn forward it to the RBI’s Regional Office concerned (reporting format annexed) to facilitate a review. It may be similar to the chest balances reporting mechanism (Annex 2). LOs may monitor the daily reports to avoid lumpiness in issuances and to ensure that issuances are evenly.

**Denominational mix**

v. Chests should issue bank notes in denominations of ₹ 500 and below. In particular ATMs, including WLAOs, may be issued ₹ 500s and ₹ 100s and among ATMs category, Off-site ATMs should be allocated higher proportion of cash as against on site ATMs as they are more important in last mile currency connectivity.

vi. Existing stock of other denominations notes below ₹ 100 should be issued liberally.

vii. Banks should indent for coins, obtain supply from Issue Departments of Reserve Bank of India, if required, and ensure supply to public on priority basis.

3. Please acknowledge receipt.

Yours faithfully,

(P Vijaya Kumar)
Chief General Manager

Encl: As above

Annex 1(enclosed)
Annex 2

Daily reporting by Link Offices to ROs of RBI

(₹ in crore)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Date</th>
<th>Cash disbursed for Rural ATMs</th>
<th>Cash disbursed to Rural branches of RRBs</th>
<th>Commercial Banks</th>
<th>DCCBs</th>
<th>Cash disbursed to rural WLAs</th>
<th>Cash disbursed to post offices in rural areas</th>
<th>Total cash disbursed To rural areas</th>
</tr>
</thead>
</table>