

What is a Currency Chest?

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About Currency Chest

- A currency chest is a **place where the Reserve Bank of India (RBI) stocks the money meant for banks and ATMs.**
- The RBI has **authorised select scheduled banks to establish currency chests.**
- The **monitoring authority** over the chests **lies with the RBI.** They are **inspected by representatives of RBI from time to time.**
- **Whenever new currency notes are printed** by RBI, they are **first delivered to currency chests.** These notes are **then delivered to other banks** by the banks holding the currency chests.
- They **act as cash distribution centers.** These **currency chests are expected to distribute banknotes and rupee coins to other bank branches in their area of operation.**
- **RBI takes back soiled notes and mutilated notes from the public through currency chests.**

- Moreover, **if the bank has an excess cash balance, the excess is moved to the currency chest.** In a vice versa situation, when the bank is low on cash balance, the currency chest provides with it.

Guidelines for banks to set up New Currency Chests

- **The area of the room** or vault should be **at least 1500 sq. ft.**
- **In case of hilly/ inaccessible places**, the area of the strong room or vault should be **at least 600 sq. ft.**
- Apart from this, the **new chests should have a processing capacity of 6.6 lakh pieces of banknotes per day.**
- **For those situated in hilly/ inaccessible places**, a **capacity of 2.1 lakh pieces of banknotes per day.**
- The currency chests **should have a Chest Balance Limit (CBL) of ₹1,000 crore**, subject to ground realities and reasonable restrictions, at the discretion of the Reserve Bank.

Q1) What are Soiled Notes?

Soiled notes are notes which have become dirty and slightly cut due to normal wear and tear. Notes in the denomination of Rs.10 and above which are in two pieces are also treated as soiled notes. These notes should be accepted over bank counters in payment of Government dues and for credit to accounts. Soiled notes can be exchanged with new notes from banks, whether they are public or private banks.

Source: [Two cases registered after RBI detects fake notes from SBI currency chest in Kochi](#)

Source: <https://vajiramandravi.com/current-affairs/currency-chest/>

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