

April 26, 2006

The Chairman/ Managing Director / Chairman & Managing Director /
Chief Executive Officer
State Bank of India, Associate Banks
Nationalised Banks, Private Sector Banks, Foreign Banks
Regional Rural Banks, Urban Cooperative Banks

Dear Sir/Madam

Introduction of Star Series Numbering System

Please refer to paragraph 207 of the Annual Policy Statement for the year 2006-07, a copy of which is enclosed.

2. As you are aware, fresh banknote packets issued by Reserve Bank of India at present are serially numbered. Each banknote bears a distinctive serial number along with a prefix. Currently defectively printed banknotes in any packet are replaced at the note printing presses with a good note bearing the same number as the one replaced. This procedure involves additional time/cost and manual intervention.

3. As part of the ongoing efforts to benchmark our procedures to international best practices as also for cost effectiveness and greater operational efficiency at note printing presses, it has been decided to adopt the **STAR** series numbering system for replacement of defectively printed banknotes. The Star series banknotes, to begin with, will be issued in Rs.10, Rs.20 and Rs.50 denominations in the Mahatma Gandhi series. The Star series banknotes will look exactly like the existing banknotes of Rs.10, Rs.20 and Rs.50 but will have an additional character, viz., * (star) in the number panel between the prefix and the serial number. Consequently, some fresh banknote packets issued by the Bank may contain some notes having a *(star) in the number panel in the space between the prefix and the number. The bands of the packets containing the Star series number will clearly indicate the presence of such banknotes in the packets. Fresh note packets with star series notes will, as usual, have 100 pieces with the star series notes placed at the bottom of the packet. The Star series banknotes will be legal tender and members of public may freely accept and use these banknotes. The Star Series banknotes will be introduced shortly. Your cash handling staff may be sensitized to explain, while issuing note packets containing star series notes to the public, that the notes in such packets will not be in serial order and that the star series notes are similar in every other respect to normally numbered notes.

4. You are requested to educate your staff as well as customers/members of public about the concept of star series banknotes. A sheet containing the illustrations of the Star Series number notes is enclosed.

5. Please acknowledge receipt.

Yours faithfully

(R. Muralidharan)
General Manager-in-Charge

Currency Management - Star Series for Currency Notes

207. Currently, all fresh banknote packets issued by the Reserve Bank contain one hundred serially numbered banknotes. In a serially numbered packet, banknotes with any defect detected at the printing stage are replaced at the presses by banknotes carrying the same number in order to maintain the sequence. As part of the Reserve Bank's ongoing efforts to benchmark its procedures against international best practices, as also for greater efficiency and cost effectiveness, it is proposed to adopt the STAR series numbering system for replacement of defectively printed banknotes. A 'star series' banknote will have an additional character, *viz.*, a star symbol * in the number panel and will be similar in every other respect to a normal bank note and would be legal tender. Any new note packet carrying a star series note will have a band on which it will be indicated that the packet contains a star note(s). The packet will contain one hundred notes, though not in serial order. To begin with, star series notes would be issued in lower denominations, *i.e.*, Rs.10, Rs.20 and Rs.50 in the Mahatma Gandhi series. Wide publicity through issue of press advertisements is being undertaken and banks are urged to keep their branches well informed so as to guide their customers.