

# 1 Currency Management

*SBP's resolve to provide clean currency notes to the public for everyday transactions is well reflected from its Clean Note Policy. Currency in circulation is growing at a high pace, hence Currency management involves a lot of challenges.*

## 1.1 Overview

Currency Management Department, (CMD) is responsible for managing the currency distribution and its stocking across the country. It also formulates and implements the policies related to (a) distribution of fresh notes and coins; b) Inventory management of currency notes, coins and prize bonds; (c) withdrawal of soiled Notes from circulation and their destruction; (d) note exchange facilities; and (e) Implementation of SBP's Clean Note Policy to issue fresh / good quality notes to the public and the government itself. For transparent issuance of fresh / good quality banknotes to all stakeholders CMD makes coordinated arrangements in association with chests/sub-chests of National Bank of Pakistan, selected branches of commercial banks and sometimes even from counters of BSC field offices. Adequate quantity of fresh notes is also issued on regular basis to all commercial banks according to their branch network. Besides, fresh notes of higher denominations are also regularly issued to commercial banks for feeding the ATMs.

Despite providing adequate currency denominations across the country, Currency Management also involves maintaining the quality of notes in circulation through continuous sorting, discarding and replacing the soiled notes with fresh notes through chest operations. Countering counterfeit notes in collaboration with law enforcement agencies is also one of the tasks at hand with the CMD. Further it is becoming more challenging to manage stocks of fresh and re-issuable notes held at field offices primarily due to less availability of transportation through railways, security situation and lack of readily available Police Escort.

### Highlights

- In FY12, total value of the fresh notes issued went up to Rs. 443.6 billion compared to Rs. 380.2 billion in FY11.
- To address the above issue, CMD came up with introducing a new procedure called "Special Verification Procedure" for verification/ destruction of higher denomination soiled banknotes.
- After successful implementation of Currency Globus, Offices have been advised to discontinue manual preparation of register / forms pertaining to Treasury (Cash) & Issue Divisions.
- CMD has developed a user manual/ Standard Operating Procedures (SOPs) for verifying officers for ready reference and guidance during the verification process.
- For the awareness of public to surrender the Rs. 500/- old design note and Rs. 5/- note, large quantity of both large-size and small-size posters in Urdu/English were distributed among commercial banks, trade bodies, markets, etc.

## 1.2 Circulation of Banknotes

Currency Management Department (CMD) manages currency in circulation (CIC) in economy. For the past 4-5 years, there has been a surge in the currency in circulation. For instance, there has been 69.9 % rise in currency in circulation in past 4 years, i.e., from Rs. 1,046.0 billion in FY08 to Rs.1, 777.1 billion in FY12. However, this rising trend slowed down to some extent in FY12 when the annual growth in CIC was at 11.1 percent, i.e., significantly less than the growth of 16.2% recorded in FY11 (**Table 1.1**).

**Table 1.1: Currency in Circulation As Percentage of GDP**

| Years              | Nominal GDP (MP) million rupees | CIC (million rupees) | CIC as a % of GDP | Percentage change in CIC over previous year | Percentage Change in CIC since base year (2008) |
|--------------------|---------------------------------|----------------------|-------------------|---|---|
| FY 08              | 10,242,799                      | 1,046,003.9          | 10.2%             | 17%   | 0%  |
| FY 09              | 12,723,987                      | 1,223,717.6          | 9.6%              | 17%   | 17%   |
| FY 10 <sup>R</sup> | 14,803,650                      | 1,377,394.9          | 9.3%              | 13%   | 32%   |
| FY 11 <sup>R</sup> | 18,032,871                      | 1,599,988.0          | 8.9%              | 16%   | 53%   |
| FY 12 <sup>P</sup> | 20,653,868                      | 1,777,122.5          | 8.6%              | 11%   | 70%   |

R = Revised, P = Projected for FY12

Currency in circulation as percentage of GDP dropped to 8.6% of GDP in FY12 compared to 8.9 percent a year earlier. The data revealed that there has been steady drop in this ratio, it declined from 10.2% in FY08 to 8.6% in FY12. This decline in CIC to GDP ratio may be on account of; i) low preference of people for holding money as store of value; ii) higher use of plastic money/ATMs; iii) increasing trend of e-transactions; and iv) preference for making bigger payments through bank instruments due to deteriorating law and order situation.

## 1.3 Issuance of Fresh Notes

CMD also caters for the issuance of fresh notes from commercial bank branches counters and NBP chest branches that are consumed largely by the general public. Owing to host of factors, the demand for fresh notes was on a high side. This increase in demand was met effectively in line with SBP's Clean Note Policy and adequate availability of good quality banknotes in circulation was ensured throughout the year.

In FY11, total value of the fresh notes issued was Rs. 380.2 billion, whereas in FY12 it went up to Rs. 443.6 billion showing an increase of 16.7% (**Table 1.2**). Apart from preference for using fresh notes at festivities, increase in number of ATMs and their wider use and larger replacement of soiled notes are among the important contributing factors to this rising trend. The fresh notes are issued in the denominations of Rs. 10, 20, 50, 100, 500, 1000 and 5000. Previously Rs. 5/- note was also issued which has now been demonetized.

**Table 1.2: Issuance of Fresh Banknotes During FY12 and FY11**

| Year | Denomination(Rs.) |     |     |     |     |     |      | Number of Pieces in millions |              |                           |
|------|-------------------|-----|-----|-----|-----|-----|------|------------------------------|--------------|---------------------------|
|      | 5                 | 10  | 20  | 50  | 100 | 500 | 1000 | 5000                         | Total Pieces | Total Value (in millions) |
| FY12 | -                 | 755 | 194 | 125 | 244 | 183 | 310  | -                            | 1,811        | 443,601                   |
| FY11 | 456               | 569 | 166 | 168 | 184 | 126 | 255  | 5                            | 1,929        | 380,165                   |

### 1.3.1 Distribution of fresh notes to Public through Commercial Banks on the occasion of Eid-ul-Fitr

Demand for fresh notes especially small denomination increases tremendously in the month of Ramadan and especially on the eve of Eid-ul-Fitr. During FY12, CMD made elaborate arrangements for issuance of fresh notes to general public through branches of commercial banks. Fresh notes amounting to Rs.108.6 billion were issued on the occasion of Eid-ul-Fitr in FY12 as against Rs.95.3 billion issued during Ramadan/Eid-ul-Fitr of previous year (Table 1.3)

Table 1.3: Distribution of fresh notes to Public through Commercial Banks on the occasion of Eid-ul-Fitr  
Pieces in million, Value in billion Rupees

|              |                | Denomination |     |    |    |     |     |      |      | Total Pieces | Total Value |
|--------------|----------------|--------------|-----|----|----|-----|-----|------|------|--------------|-------------|
|              |                | 5            | 10  | 20 | 50 | 100 | 500 | 1000 | 5000 |              |             |
| Ramadan 2011 | Govt. Payments | -            | 6   | 2  | 1  | 3   | 5   | 10   | 0    | 27           | 13.4        |
|              | Banks          | -            | 358 | 91 | 54 | 91  | 29  | 64   | 0    | 687          | 95.2        |
|              | Total          | -            | 365 | 93 | 55 | 94  | 34  | 74   | 0    | 715          | 108.6       |
| Ramadan 2010 | Govt. Payments | 4            | 4   | 2  | 2  | 3   | 1   | 2    | 0    | 18           | 3.8         |
|              | Banks          | 248          | 323 | 92 | 92 | 51  | 38  | 51   | 1    | 896          | 91.5        |
|              | Total          | 252          | 327 | 94 | 94 | 54  | 39  | 53   | 1    | 914          | 95.3        |

As per the arrangements framed by CMD, one packet each of Rs. 10/- and Rs. 20/- denomination notes were provided to the customers from the counters of commercial Banks as against exchange value and on presentation of original CNIC and its photocopy.

Contrary to increase in amount of fresh note issued, quantity of notes issued in terms of number of pieces declined by 21.8% on the occasion of Eid in FY12 compared to FY11. This was entirely due to demonetization of Rs. 5/- note; otherwise, it registered a growth of 8.0% in FY12.

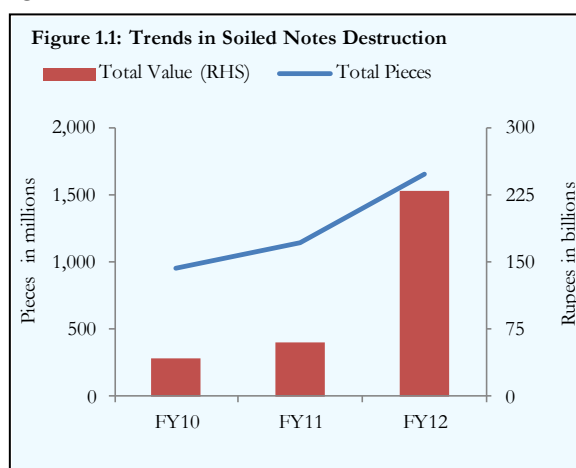
To promote transparency and a fair issuance of fresh notes of smaller denominations on the part of commercial banks, the CMD issued press release during Ramadan asking general public to lodge complaints against delinquent bank on the given helpline numbers and email addresses. On receipt of complaint, prompt action is taken to resolve the matter and penalty is imposed on the defaulting bank, if applicable.

## 1.4 Highlights of Currency Management FY12

### 1.4.1 New Instructions

- **Status of Soiled Notes, trends in FY11 and FY12**

Increasing trends were witnessed in FY12 with respect to the destruction of soiled notes by the department (Figure 1.1). The trend was reflective of better procedures adopted as well as start of special verification and destruction process at important field offices.



- **Verification and destruction of higher denomination soiled banknotes – introduction of special verification procedure:**

In the recent years stocks of non issuable balances have been piling up at field offices owing to a variety of factors including rapid increase in currency in circulation, declining capacity to examine notes, disruption of destruction process during the previous years and demonetization of Rs.500 old design banknotes. To address the above issue, CMD came up with introducing a new procedure called “Special Verification Procedure” for verification/ destruction of higher denomination soiled banknotes. In this new procedure soiled note balances are examined, verified & destroyed in a single phase instead of two phases as was the case in normal Verification Procedure. In the new procedure, special checks and controls have been introduced to curb pilferage. This procedure has been operational at Karachi, Lahore, Peshawar, and Islamabad Offices. The practical implementation of this procedure at above field offices has resulted in faster disposal of soiled balances.

#### **1.4.2 Revision in Existing Instructions**

- **Restructuring of Payment Counters**

Instructions regarding deputation of officials on Receipt counters of Treasury (Cash) have been revised and offices have been advised to depute two officials (one inputter and one authorizer) on Receipt Counters of Treasury (Cash) side in terms of Para No.# 366 of Banking Department Manual.

- **Discontinuation of manual form / registers**

After successful implementation of Currency Globus, Offices have been advised to discontinue manual preparation of register / forms pertaining to Treasury (Cash) & Issue Divisions. This decision has been taken to avoid the redundancy and to achieve maximum utilization of the automated system.

- **Revision of instructions regarding 100 percent surprise check**

Offices are required to conduct 100 percent surprise check of cancelled note verification branches on frequent basis. The above instructions have been revised by defining the frequency of surprise checks to at least 04 times in a month when verification and destruction is carried out whole month.

#### **1.4.3 Development of MIS Reports in Currency Globus**

To improve internal controls and to centralize the processes related to Currency Management, CMD in consultation with Information Systems & Technology Department (ISTD) and Accounts (System and Procedure Division), has continuously been striving to adopt more efficient practices and consequently doing away with a lot of redundant CI Globus reports replaced with consolidated reports as well as the development of a new MIS reporting system, which would help the Currency Officers to monitor different currency positions.

Following are some of the important reporting software developed in CI Globus:

- Development of version and enquiries in CI Globus for Rs.5/- denomination (Soiled only) as Bonded Facility Note to other Commercial Banks.
- Development of version and enquiries in CI Globus for Examination of higher denomination notes e.g., Rs. 500/- and above in Special Verification Department (SVD).

- Development of provision for re-deposit of Rs. 20/- and Rs. 50/- denomination notes under Special Procedure in CI Globus.
- Development of version in Globus for provision of multiple Cheque payments to single party with single token at PAD Cash Counters.
- Development of query for Separate Data of Clearly Payable Defective Notes and Claim Notes.
- Development of query containing the detail of notes destroyed by field offices.

#### **1.4.4 Revamping of process of annual verification of balances held with office**

Each year, Currency Management Department nominates responsible officers to carry out the annual verification of Currency & Prize Bonds balances held at field offices as on 30<sup>th</sup> June, the formal end of the financial year. In order to guide and facilitate the officials (verifying Officers) in doing the job more efficiently, CMD has developed a user manual/ Standard Operating Procedures (SOPs) for verifying officers for ready reference and guidance during the verification process.

#### **1.4.5 Re-allocation of currency chests branches**

The re-allocation of currency chest branches was undertaken to rationalize the number of NBP chest/ sub-chests linked to different field offices of Lahore Issue Circle. Before the re-allocation most of the chests were linked to Multan Office due to which the office was facing problems pertaining to lifting of soiled note balances from those chests and thus resulted in breach of holding capacities. As a result of the re-allocation, 9 Chest/ Sub-Chest have been de-linked from their previous offices and linked to different offices (mostly delinked from Multan Office) to attain efficient management.

### **1.5 Demonetization of Banknotes**

#### **1.5.1 Extension in Date**

- **Rs. 500/- Old Design Banknote**

Federal Government, vide its Gazette Notification No.2(1)IF-IV/2010 dated November 4, 2011, extended the last date for exchange of Rs. 500 old design banknote previously fixed at 30<sup>th</sup> September, 2011 up to 30<sup>th</sup> September, 2012. However, the legal tendering of this banknote in the open market was prohibited.

However, in consideration of the fact that 30<sup>th</sup> September, 2012 was Sunday, the Federal Government, vide its Gazette Notification No.2(1)IF-IV/2010 dated June 11, 2012, facilitated the public to exchange the demonetized Rs.500 (old design) banknote until October 1, 2102.

- **Rs.5/- Banknote**

Federal Government, vide its Gazette Notification No.3(8)IF-IV/2009 dated 15<sup>th</sup> December, 2011 extended the last date for exchange of Rs. 5 banknote previously fixed at 31<sup>st</sup> December, 2011 up to 31<sup>st</sup> December, 2012, i.e., for a period of one year after which the same would cease to be legal tender w.e.f January 1, 2013. Banks were also requested to widely publicize the extension of dates in line with their respective advertisement policy for the awareness and facilitation of public.

### 1.5.2 Underlying Reasons for extension

The extension in the case of both the denominations, i.e., Rs 5 and Rs 500 currency notes was prompted by the fact that the previous campaigns undertaken in coordination with the commercial/private banks network did not reach the target audience, i.e., the people who tend to keep their savings informally without resorting to banking facility. That communication gap coupled with media reports about such people prompted the government to extend the dates (Table 1.4).

Table 1.4: Demonetization of Banknotes

| Denomination                  | Demonetized                      | Ceases to be Legal Tender      | Last date of Exchange at Banks/ SBPBSC Offices                               |
|-------------------------------|----------------------------------|--------------------------------|--|
| Rs.500<br>Old Design Banknote | 31 <sup>st</sup> September, 2011 | 01 <sup>st</sup> October, 2011 | 01 <sup>st</sup> October, 2012 (previously 30 <sup>th</sup> September, 2012) |
| Rs.5<br>Banknote              | 31 <sup>st</sup> December, 2012  | 01 <sup>st</sup> January, 2013 | 31 <sup>st</sup> December, 2012  |

### 1.5.3 Awareness Regarding Demonetization/ Posters

For the awareness of public to surrender the above noted two denominations to the banks before the corresponding deadlines, SBP / BSC printed a huge quantity of both large-size and small-size posters in Urdu/English on the subject which were distributed among commercial banks, trade bodies, markets, etc. Different posters were dispatched to all the field offices as per their coverage area and population density. Furthermore, offices of SBP BSC were advised to follow the prescribed distribution plan:

Offices were advised to convene a meeting of Regional Chiefs / representatives of under-mentioned entities and personally handover sufficient quantity of the said posters, with the instructions that the same should be adequately distributed and displayed so that maximum awareness can be generated:

- Regional Chiefs/representatives of Commercial Banks;
- Representatives of General Post Office (GPO) and Central Directorate of National Savings (CDNS);
- Representatives of different trade bodies;
- Representatives of Market Association(s)
- Representative of Fuel and Gas Stations Owners Association
- Representative of Private Schools/Colleges/Universities Association(s)

Further, for the below mentioned places, BSC offices were advised to send its own employees for distribution / displaying of the said posters

- Outside the Office of Nazims, Tehsildars, District Officers & Chowks (gathering point in the evenings);
- At the entrance gate and inside the District & Sessions Court(s);
- All major Government Schools, Colleges & Universities;
- Also, employees who belong to different villages and usually pay a visit to their hometowns on weekends have been encouraged to take the poster along with them, as they are much more accustomed to the place and would know the most feasible place where it would gain public attention.

## 1.6 Implementing Clean Note Policy

SBP and BSC are rigorously pursuing clean note policy from the last many years with an objective to rationalize fresh notes distribution and minimize soiled notes circulation. A self assessment program with respect to fulfilling requirements of clean note policy was introduced in 2010 where on-site examination process was to be carried out by the commercial banks through their compliance departments. Under this program, the banks were advised to devise strong internal control mechanism to check the compliance of clean note policy and subsequent instructions and submit the compliance certificate on 15<sup>th</sup> January of every year to the Director, Currency Management Department. Resultantly, 42 commercial banks have submitted the compliance certificate during FY12 (**Table 1.5**).

**Table 1.5: Categorization of Commercial Banks**

| Category       | No. of Branches | % of Total |
|----------------|-----------------|------------|
| Fair           | 3,817           | 72         |
| Satisfactory   | 659             | 13         |
| Unsatisfactory | 799             | 15         |
| <b>Total</b>   | <b>5,275</b>    | <b>100</b> |

Further, category wise database of all commercial banks showing their performance w.r.t implementation of SBP Clean Note Policy has been developed. For this purpose, category wise database of on-site examination of all commercial bank branches was collected from 16 field offices for FY10 & FY11. Out of 5,275<sup>1</sup> commercial bank branches thus examined, 3,817 branches were categorized as fair, 659 as satisfactory and 799 as unsatisfactory. Thus a major chunk of commercial bank branches i.e., 72.4% qualified for the top category 'Fair' followed by 'satisfactory' 12.7% and un-satisfactory 15.1%.

## 1.7 Cash Monitoring/ On-Site Examination of Commercial Banks

For ease of the public regarding clean note policy, SBP BSC is conducting on-site examination of commercial banks and imposing penalties on violations. Total number of examination instances under cash monitoring program for FY12

**Table 1.6: On-site Examination/Cash Monitoring of Commercial Banks**

|             | Number of Branches Monitored | Penalty Imposed & Recovered (Rs. in millions) |
|-------------|------------------------------|---|
| <b>FY11</b> | 5,098                        | 9.980   |
| <b>FY12</b> | 5,081                        | 9.023   |

were 5,081 with a total penalty of Rs 9.0 million recovered from delinquent commercial banks for violating SBP BSC instructions regarding Clean Note Policy compared to 5,098 visits of commercial bank involving a penalty amount of Rs. 10.0 million during FY11 (**Table 1.6**). However, compared to previous year, the number of examinations has been reduced as the offices could not cover outstation bank branches due to engagement with other priority assignments. Further, the Table 1.6 also shows a decrease in amount of penalty imposed and recovered which may be testimony of better adoption of measures defined in clean note policy and compliance of instructions issued on cash monitoring by SBP from time to time by commercial bank branches.

## 1.8 Mechanization of Currency Operations

Issuance and distribution of currency notes is one of the major responsibilities of SBP BSC. The general public has a strong preference for using cash as a medium of exchange, thus increasing demand for banknotes; and regardless of the progress banking system has made in e-banking and the non-cash payment system, cash still remains a preferred

<sup>1</sup>5275 is the number of commercial bank branches examined during 2 years. A bank may be visited twice or thrice during a year, therefore, the number of visits is more than the number of bank branches.

transaction instrument. The incessant increase in the stock of currency notes has made the task of currency management excessively challenging and generated the need for getting more sophisticated cash handling machines at SBP BSC field offices to reach the desired level of efficiently handling the cash. To this effect, the Bank is continuously investing in the procurement of Cash handling Machines which includes machines for counting, bundling, packing, sorting, destruction, etc. For this purpose Latest cash handling machines have been installed at the 16 Field Offices of SBP BSC. The details of machines/equipments at field offices for Currency operations at the end of FY12 are given in the **Table 1.7**.

**Table 1.7: Cash Handling Machines held at BSC Offices as on 30<sup>th</sup> June, 2012.**

| S.No         | Description  | Lahore    | Islamabad | Karachi    | Hyderabad | Peshawar  | Quetta    | Rawalpindi | N.Nazimabad | Multan    | Faisalabad | Gujranwala | Bahawalpur | Sukkur    | Sialkot   | D.I.Khan  | Muzaffarabad | Total      |
|--------------|--|-----------|-----------|------------|-----------|-----------|-----------|------------|-------------|-----------|------------|------------|------------|-----------|-----------|-----------|--------------|------------|
|              |  |           |           |            |           |           |           |            |             |           |            |            |            |           |           |           |              |            |
| 1            | Note Counting Machine  | 13        | 11        | 28         | 3         | 12        | 10        | 10         | 5           | 10        | 7          | 6          | 6          | 3         | 2         | 3         | 3            | 132        |
| 2            | Multifunction Counterfeit Detector                           | 2         | -         | 13         | 2         | -         | -         | 4          | 3           | 3         | 3          | -          | 2          | 3         | 4         | 1         | -            | 40         |
| 3            | Coin Counting Machine  | 6         | 6         | 8          | 6         | 9         | 2         | 4          | 3           | 5         | 5          | 3          | 3          | 4         | 7         | 3         | 2            | 76         |
| 4            | Triangular Cut Machines                                      | 7         | 1         | 3          | 2         | 4         | -         | 2          | 1           | 3         | 2          | -          | -          | 1         | 1         | 1         | 1            | 29         |
| 5            | Bundle Banding Machine                                       | 14        | 7         | 4          | 2         | -         | 3         | 6          | -           | 2         | 1          | 2          | -          | 2         | 2         | 1         | 1            | 47         |
| 6            | Tri Color Stamping Machine                                   | 7         | 3         | 7          | 2         | 3         | 2         | 3          | 2           | 2         | 3          | 2          | 2          | 3         | 2         | 2         | 2            | 47         |
| 7            | Packet Banding Machine                                       | 15        | 8         | 16         | 5         | 7         | 13        | 12         | 4           | 2         | 3          | 2          | 5          | 5         | 2         | 1         | 3            | 103        |
| 8            | Three Hole Punch Machines<br>(With Specific Pin Hole Design) | 8         | 3         | 5          | 2         | 2         | 4         | 3          | 5           | 5         | 4          | 5          | 2          | 1         | -         | 2         | 1            | 52         |
| 9            | Single Hole Punching Machine                                 | 16        | 5         | 8          | 6         | 8         | 1         | 7          | 2           | 1         | 6          | 2          | 1          | 2         | 5         | 2         | 1            | 73         |
| 10           | Shrink Wrapping Machine                                      | 6         | 1         | 12         | 2         | 3         | 1         | 2          | 2           | 2         | 2          | 2          | -          | 2         | 1         | -         | -            | 38         |
| 11           | Note Shredding Machine                                       | 4         | 2         | 5          | 3         | 4         | 1         | 1          | 1           | 3         | 1          | 2          | -          | 1         | -         | -         | -            | 28         |
| <b>TOTAL</b> |  | <b>98</b> | <b>47</b> | <b>109</b> | <b>35</b> | <b>52</b> | <b>37</b> | <b>54</b>  | <b>28</b>   | <b>38</b> | <b>37</b>  | <b>26</b>  | <b>21</b>  | <b>27</b> | <b>26</b> | <b>16</b> | <b>14</b>    | <b>665</b> |

## 1.9 Awareness Programs Regarding Clean Note Policy

Currency Management Department arranges public awareness programs at SBP BSC field offices targeting different focus groups, educational and government institutions as well as the public. Programs range from 'security features of banknotes in circulation' to 'awareness regarding SBPs Clean Note Policy'. In addition to above, training programs have also been arranged for commercial bank officials on Cash monitoring and Chest operations (**Table 1.8**).

## 1.10 Future Outlook

The currency operations will remain on priority due to its large share in overall BSC business and strategic goals set by the BSC Board of Directors. BSC

**Table 1.8: Awareness Program on Clean Note Policy**

| Field Office    | Programs Arranged |            |
|-----------------|-------------------|------------|
|                 | FY11              | FY12       |
| 1 Bahawalpur    | 4                 | 03         |
| 2 D. I. Khan    | 12                | 14         |
| 3 Faisalabad    | 12                | 27         |
| 4 Gujranwala    | 0                 | 06         |
| 5 Hyderabad     | 12                | 14         |
| 6 Islamabad     | 15                | 12         |
| 7 Karachi       | 15                | 17         |
| 8 Lahore        | 7                 | 08         |
| 9 Multan        | 13                | 06         |
| 10 Muzaffarabad | 13                | 06         |
| 11 N. Nazimabad | 12                | 22         |
| 12 Peshawar     | 12                | 29         |
| 13 Quetta       | 0                 | 04         |
| 14 Rawalpindi   | 0                 | 06         |
| 15 Sialkot      | 9                 | 23         |
| 16 Sukkur       | 14                | 17         |
| <b>Total</b>    | <b>150</b>        | <b>214</b> |



management is currently focusing on both sides: short term and long term strategies following the advice and goals given by BSC Board of Directors.

In short term, focus will remain to reduce the back log of soiled and cancelled currency notes by using maximum available resources. In this regard, each BSC field office has been given a specific annual target and strict monitoring is being done at HOK level to meet the overall target of destruction of Rs. 3 billion pieces which will be doubled than the last year destruction of currency notes. To augment the efforts in order to achieve the goals, several steps like hiring of staff at various levels and establishment of cash sorting cells at various field offices have also been planned.

Further, to facilitate, bringing operational efficiency and removing bottlenecks in the currency related operations, much needed ‘ Business Process Reengineering’ (BPR) has also been initiated which is supervised by a high powered committee established at HOK. This committee has already approved several BPR projects and helping in facilitating and creating enabling environment in all business related areas.

In the longer run, the objective is to take the currency management at the state of the art level using best available technology, with minimum human resources and strong internal controls along with cost efficiency. BSC management, keeping in view its longer strategy is working on several proposals and avenues which are under considerations to introduce high tech automated machines in currency operations. In the longer term, automation in currency management as a viable and the most feasible solution, BSC is looking as a best way forward.