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Moneylife Foundation

304, 3rd Floor, Hind Service Industries Premises,
Off Veer Savarkar Marg, Shivaji Park,
Dadar (W), Mumbai - 400 028
Tel.: 022-49205000; fax: 022-49205022
Email: foundation@moneylife.in
<http://foundation.moneylife.in/>

25 January 2014

Dr Raghuram Rajan
Governor, Reserve Bank of India
Mumbai

Dear Sir,

This refers to the Reserve Bank of India's decision to withdraw currency notes prior to 2005, which have fewer security features. Moneylife Foundation congratulates the RBI for initiating such a move, in order to weed out fake currency and probably black money as well.

In a clarification on 24th January, the RBI has said that people can exchange old notes systematically at bank branches. However, we regret to say that Axis Bank refused to accept the old notes and told Moneylife Foundation that it is waiting for RBI's instructions on this issue. The bank staff also seemed to be under the impression that they need to exchange the notes at the bank only after July 1. We must mention that all these notes were got from the bank's ATM.

When we asked if the bank has taken steps to ensure that no pre-2005 notes will be a part of the ATM currency, we did not get a positive response. The staff was also clueless. We believe that RBI needs to issues appropriate instructions to banks on the exchange of notes without question.

You may have noticed the Mumbai Mirror's front page article today says that there is already a racket of charging 2% for exchanging these notes, caused by a lack of awareness and appropriate information to the public.

We urge you to initiate urgent corrective steps to stem this before it sets off panic and causes harassment. Already, we have to examine each note that we get from ATMs while nobody is willing to accept currency that is pre-2005. In fact, the RBI circular has led to the belief that pre-2005 notes are as good as bad currency.

A line in response from you office will be hugely appreciated. Moneylife Foundation is a registered NGO, with nearly 28,000 members. We are engaged in financial education and advocacy on behalf of savers and would be happy to assist the RBI in awareness building and collaborate with you in any manner that you think fit.

Yours sincerely,

Sucheta Dalal,
Trustee, Moneylife Foundation

Debashis Basu,
Trustee, Moneylife Foundation