

## **Introduction**

The Royal Monetary Authority (RMA) of Bhutan has been making efforts to provide customer service to the members of public through various channels. One important part of this initiative has been to provide facility for exchange of defective notes. It becomes further important as the number of notes in circulation keeps on increasing.

In view of the fact that as the office of the RMA is located only at Thimphu at present, the people living at distant places find it difficult to approach the RMA for availing this exchange facility. With the object of rendering maximum possible customer service to the public especially those living in the rural areas of the country, the RMA has thoroughly revised the Note Refund Rules governing the exchange of mutilated notes and made them easy to understand and implement, to facilitate the note refund powers being exercised by a wider network of offices. In pursuance of the above objective, a few branches of the commercial bank branches (referred to as designated bank branches) have been authorized to accept, adjudicate and pay the admissible exchange value of the mutilated notes under the RMA (Note Refund) Rules 2008. The RMA hopes that the designated bank branches would be exercising their powers in full and the public would thus benefit. Further, as two officers in the designated bank branches have been authorized to act as Prescribed Officers, the RMA expects that uninterrupted service will be available at the branch.

The facility is to be made available to all members of the public irrespective whether they are the customers of the bank or not.

## **Royal Monetary Authority (Note Refund) Rules 2008**

In exercise of the powers conferred by Section 21(9) of the Royal Monetary Authority of Bhutan Act, 1982, the Board of Directors of the Royal Monetary Authority of Bhutan hereby make the following Regulations prescribing the circumstances in and the conditions and limitations subject to which, the value of mutilated or imperfect notes may be refunded by the Authority.

### **Rule 1: Short title and commencement**

- (a) These Rules may be called the RMA (Note Refund) Rules, 2008.
- (b) These shall come into force at once and will be applicable to the notes, which are legal tender as on the date of presentation.

### **Rule 2: Definitions**

In these Rules,

- (a) 'Authority' means Royal Monetary Authority of Bhutan constituted under the Royal Monetary Authority of Bhutan Act, 1982.
- (b) 'Note' means a currency notes issued by the RMA or is deemed to have been issued by it.
- (c) "essential features" means the features, including security features, which are necessary for the identification of a note, namely :-
  - (i) The name of the issuing authority in Dzongkha or English that is, Royal Monetary Authority of Bhutan
  - (ii) The signature in Dzongkha and/or in English
  - (iii) The portrait
  - (iv) The water-mark of the portrait or King's effigy.

**Rule 3:**

The decision of the RMA would be final in all matters relating to adjudication of mutilated notes.

**Rule 4: Presentation and disposal of claims**

A claim in respect of a note may be presented before the Prescribed Officer for adjudication and payment of value under these Rules.

**Rule 5: Right to call for information or to hold enquiries**

The Prescribed Officer dealing with a claim may, if it is considered necessary so to do, call for any information or hold any inquiry relating to any claim presented under these Rules.

**Rule 6: General provisions in relation to all claims**

- (a) If a Prescribed Officer is satisfied, that a mutilated note presented to her/him is one the claim on which appears to have already been paid under these Rules, she/he may reject the claim on such a note after making enquiries under Rule 5 above.
- (b) A claim in respect of a note -
  - (i) which cannot be identified with certainty as a genuine note for which the Authority is liable under the Royal Monetary Authority of Bhutan Act, 1982, or
  - (ii) which has been made imperfect or has been mutilated, thereby causing the note appear to be of a higher denomination, or which has been deliberately cut, torn, defaced, altered or has been dealt with in any other manner, not necessarily by the claimants, enabling the use of the same for making a false claim under these Rules or otherwise to defraud the Authority or the public, or
  - (iii) which carries any extrinsic words or visible representations intended to convey or capable of conveying any message of a political or religious character or furthering the interest of any person/entity, or
  - (iv) in relation to which any information, which is called for by the Prescribed Officer or the Authority as the case may be, is not furnished by a claimant within a

period of three months from the date of receipt of the notice or letter asking for the information,  
Shall be rejected and shall not be eligible for consideration under any of the other Rules i.e. Rule 7, 8 or 9 as the case may be.

**Rule 7: Imperfect note**

The value of an imperfect note may be paid, if

- (a) the matter, which is printed on the note has not become totally indecipherable, and
- (b) The Prescribed Officer is satisfied, having regard to the printed matter which is decipherable on the note, that it is a genuine note.

**Rule 8: Mutilated notes**

(a) Payment of claims in respect of notes of upto Nu.5 denomination:

- (i) Full value on mutilated notes of the above denominations will be payable, if the area of the single largest undivided piece of the note presented is more than 50% of the area of the respective denomination, rounded off to the next complete square centimeter.
- (ii) In case the area of the largest undivided piece is less than or equal to 50% of the area of the note, the claim shall be rejected.

(b) Payment of claims in respect of notes of Nu.10 and above denominations :

- (i) Full value of the mutilated notes of above denominations would be payable, if the area of the single largest undivided piece of the note presented is more than 66% of the area of the respective denomination rounded off to the next complete square centimeter.
- (ii) If the area of the single largest undivided piece of the note presented is equal to or more than 40% and less than or equal to 66% of the area of the respective denomination rounded off to the next complete square centimeter, half the value of the note is payable.

- (iii) If the area of the single largest undivided piece of the note presented is less than 40%, no value will be payable, and the claim shall be rejected.
- (iv) If the claim of mutilated notes of Nu.10 to Nu.1000 denomination consists of a note composed of two pieces of the same note and the two pieces, individually, have an area equal to or more than 40% of the total area of the note in that denomination, then the claim may be refunded for full value and need not be treated as consisting of two tenders for half value.

**Rule 9: Payment of claims in respect of mismatched notes**

A claim in respect of a mismatched note may be dealt with as follows:

- (a) In case of notes upto Nu.5 denomination, the area of the larger of the two pieces presented may be measured and adjudicated as per the provisions of sub-Rule (a) of Rule 8 as specified above, ignoring the smaller half.
- (b) If none of the two pieces presented meet the minimum area stipulated as per the provision of sub-Rule 8(a) above, the claim shall be rejected.
- (c) In case of Nu.10 and above denominations, the two pieces may be treated as two separate claims and dealt with as per sub-Rule 8(b) above. However, the pieces need not be separated.

**Rule 10: Claimants to be bound by Rules**

- (a) Any payment which is provided for under these Rules is made only as of grace and the Authority may from time to time issue such supplementary or detailed instructions for carrying out the provisions of these Rules as it may deem fit, solely for the guidance of the Prescribed Officer.
- (b) Any person who makes any claim on account of an imperfect or mutilated note shall be deemed to have made the said claim under Section 21(9) of the Royal Monetary Authority of Bhutan Act 1982 and subject to the provisions of these Rules, which shall be deemed to be binding on all claimants and their heirs or assigns.

**Rule 11: Claimant to be bound by the decision of the Prescribed Officer**

The claimant shall be bound by the decision of the Prescribed Officer in regard to any claim under these Rules and no appeal from the said decision shall lie to any other officer or authority.

**Rule 12: Retention and destruction of notes**

A note presented for the purpose of making a claim shall, notwithstanding the denomination of the note or the Prescribed Officer's decision on the claim, be retained and destroyed or otherwise disposed of by the Authority -

- (a) in the case of a note in respect of which full payment is made, at any time after the payment, and
- (b) in the case of a note in respect of which no payment is made and/or on which half value payment has been made, on the expiry of a period of three months from the date of the decision rejecting the claim or to pay half-value, as the case may be, unless within this period, an order from a competent Court is submitted to any office of the Authority or designated branch of a bank restraining the Authority from destroying or otherwise disposing of the said note.

**Rule 13: Payment to Legal heirs/nominees**

- (a) If a claimant, who has submitted a claim under these Rules, has died, his / her legal representative/s shall be eligible to receive the payment which becomes due to the claimant subject to the determination of the claim by the Prescribed Officer.
- (b) The legal representative/s shall be entitled to receive the money due to the claimant, if any, upon furnishing to the Prescribed Officer a succession certificate from a court of law to the designated bank branch or to the office of the Authority for the purpose. Provided, however, payments upto an amount of Nu. Five hundred may be made to the legal heirs on a simple declaration basis.
- (c) In case of mutilated notes presented at the Authority through DLR (Double Lock Receptacle) covers, the claimant should indicate his name and address along with other details such as bank account number etc as specified on the cover. Individual

claimants, may, at their option, in addition, also indicate on the cover, the name and address of the nominee who may receive the amount that is determined to be due on the claim without production of indemnity, subject to proper identification.

**Rule 14: Procedure when payee is untraced**

- (a) Where as a result of a claim under these Rules, the value or part of the value of a note is payable to a claimant, and such claimant is not found or if she/he is dead, her/his legal representative, or the nominee specified by her/him cannot be found or fails within a period of three months from the date of communication to her/him at the furnished address of the decision to take steps to receive payment, the amount payable shall be paid to the Banking Department of the Authority, in case of the notes having been adjudicated at the office of the Authority.
- (b) In case of the mutilated notes having been adjudicated at the designated branches of banks, such payment may be credited with the Issue Office of the Authority after a period of three months from the date of communication to the claimant of the decision to take steps to receive the exchange value.

**Rule 15: Savings and Repeal**

- (a) The RMA (Note Refund) Rules 1986 are hereby repealed.
- (b) Notwithstanding the repeal of the Rules under sub-Rule (a) above, any claim which is pending on the date of commencement of these Rules shall be dealt with under the provisions of the Rules in force immediately before such commencement.

**\*In case of notes which have turned extremely brittle or are badly burnt, charred, dilapidated or inseparably stuck up together and cannot withstand further handling shall not be accepted at the exchange/defective notes counter. Persons tendering such notes should be directed to the Manager, Claims Section and further the notes shall be adjudicated under a special procedure by a team. The Claims Section shall, in such cases, issue to the claimant an application in Form CL 11. In case s/he prefers to be present in person during adjudication on a subsequent date to be fixed by the Currency Officer, he may be allowed to be present. However the claimant is to produce the necessary proofs and documents from reliable sources. The defected notes shall be preserved till further notice.**

### **ILLUSTRATION OF PAYABLE AND NON-PAYABLE NOTES:**

### Payable under Rule 8(a) (i)



Payable for half value under Rule 8(b)(ii)



Payable for full value under Rule 8(b)(i)



Payable for half value under Rule 8(b)(ii)



Payable for full value under Rule 9(c)



Rejected under Rule 8(a) (ii)



Rejected under Rule 8(b) (iii)



Payable under Rule 8(b)(iv)

