

1. Why was the Scheme of Withdrawal of Legal Tender Character of the old Bank Notes in the denominations of ₹ 500 and ₹ 1000 introduced?

The incidence of fake Indian currency notes in higher denomination has increased. For ordinary persons, the fake notes look similar to genuine notes, even though no security feature has been copied. The fake notes are used for antinational and illegal activities. High denomination notes have been misused by terrorists and for hoarding black money. India remains a cash based economy hence the circulation of Fake Indian Currency Notes continues to be a menace. In order to contain the rising incidence of fake notes and black money, the scheme to withdraw legal tender character of the old Bank Notes in the denominations of ₹ 500 and ₹ 1000 was introduced.

2. What is this scheme?

The legal tender character of the bank notes in denominations of ₹ 500 and ₹ 1000 issued by the Reserve Bank of India till November 8, 2016 (hereinafter referred to as Specified Bank Notes) stands withdrawn. In consequence thereof these Bank Notes cannot be used for transacting business and/or store of value for future usage. The Specified Bank Notes (SBNs) were allowed to be exchanged for value at RBI Offices till December 30, 2016 and till November 25, 2016 at bank branches/Post Offices and deposited at any of the bank branches of commercial banks/Regional Rural Banks/Co-operative banks (only Urban Co-operative Banks and State Co-operative Banks) or at any Head Post Office or Sub-Post Office during the period from November 10, 2016 to December 30, 2016.

3. What is the Specified Bank Notes (Cessation of Liabilities) Act 2017?

On February 27, 2017 Government of India notified the [Specified Banknotes \(Cessation of liabilities\) Act 2017](#). The Act repealed the Specified Banknotes (Cessation of liabilities) Ordinance 2016 providing for cessation of liabilities for the Specified Banknotes (SBNs) and for matters connected therewith and incidental thereto, with effect from December 31, 2016. The SBNs cease to be the liabilities of the Reserve Bank under Section 34 of the RBI Act and cease to have the guarantee of the Central Government.

A grace period has been provided during which the Specified Bank Notes can be deposited at five RBI Offices (Mumbai, New Delhi, Chennai, Kolkata, and Nagpur) by Indian citizens who make a declaration that they were outside India between November 9 and December 30, 2016, subject to conditions or any class of persons for reasons that may be specified by notification by the Central Government. The Reserve Bank, if satisfied after making the necessary verifications, that the reasons for failure to deposit the notes till December 30, 2016 are genuine, will credit the value of notes in the KYC (Know Your Customer) compliant bank account of the tenderer.

The grace period for resident Indians expired on March 31, 2017. For non- resident Indians (Indian passport holders), the grace period is till June 30, 2017.

For details on the exchange counter timings at the five aforesaid Regional Offices of RBI, [please click here](#).

Any person aggrieved by the refusal of the Reserve Bank to credit the value of notes as mentioned above may make a representation to the Central Board of the Reserve Bank within 14 days of the communication of such refusal to him/her.

In terms of Section 6 of the Act, whoever knowingly or wilfully makes any false declaration shall be punishable with a fine which may extend to 50,000 INR or five times the amount of the face value of the SBNs tendered whichever is higher.

In terms of Section 5 of the Act, with effect from December 31, 2016 no person shall knowingly or voluntarily hold, transfer or receive any specified banknotes. **After the expiry of grace period, holding of not more than 10 notes in total, irrespective of denomination or not more than 25 notes for the purpose of study/ research/ numismatics is permitted.** Also, nothing contained in this section shall prohibit the holding of specified banknotes by any person on the direction of a court in relation to any case pending in the court. For deposit of confiscated SBNs, [Gol has notified Specified Ban Notes \(Deposit of Confiscated Notes\) Rules 2017 on May 12, 2017](#).

In terms of Section 7, contravention of Section 5 shall be punishable with fine which may extend upto 10,000 INR or five times the face value of the SBNs involved in the contravention, whichever is higher.

In case the contravention/default in terms of Sections 6 and 7 is by a company, every person who was in charge of and responsible to the company at the time of contravention/ default shall deemed to be guilty and will be liable to be proceeded against and punished. If the offence is proved to be attributable to the conduct by any director/manager/secretary/officer/employee of the company, such person shall also be deemed to be guilty of the offence and will be liable to be proceeded against and punished accordingly.

4. How Indian citizens who were abroad exchange the SBNs?

In terms of the Specified Banknotes (Cessation of liabilities) Act 2017, a facility for exchange of SBNs is made available for the resident and non-resident Indian citizens (Indian passport required) who could not avail the facility from November 10 to December 30, 2016 on account of their absence from India during the aforementioned period. The facility was open for residents from January 2, 2017 to March 31, 2017 and for NRIs it will be till June 30, 2017 at five Reserve Bank offices at Mumbai, New Delhi, Chennai, Kolkata, and Nagpur.

The facility can be availed only in individual capacity and only on one occasion during the period. No third party tender is permissible under the facility.

This facility will not be available for Indian citizens resident in Nepal, Bhutan, Pakistan and Bangladesh.

The details of the facility including terms/ conditions and modalities thereof are available in our [circular DCM \(Plg\) No 2170/10.27.00/2016-17 dated December 31, 2016](#).

Link to tender form for [Resident Indians](#) and [NRIs](#) (holding Indian passport) available here.

5. Is the facility for exchange of SBNs by NRIs available outside India?

No. For NRIs the facility is available from January 2, 2017 to June 30, 2017 at five Reserve Bank offices at Mumbai, New Delhi, Chennai, Kolkata, and Nagpur. The limit of exchange for NRIs will be ₹ 25000/-.

6. Is the facility available to Overseas Citizens of India (OCI)/Persons of Indian Origin (PIO)?

No, the facility is not available to people who are not Indian citizens.

7. Is the facility available to resident Indians?

The facility is no longer available to Resident Indians as the grace period has expired on March 31, 2017 except for the confiscated specified banknotes as per the Specified Bank Notes (Deposit of Confiscated Notes) Rules 2017 notified by Gol on May 12, 2017.

8. How to deposit the confiscated SBNs?

In terms of the [Specified Bank Notes \(Deposit of Confiscated Notes\) Rules 2017 notified by Gol on May 12, 2017](#), where specified bank notes have been confiscated or seized by a law enforcement agencies or produced before a court on or before the 30th day of December 2016, such specified bank notes may be tendered for deposit in a bank account or exchange of the value thereof with legal tender, subject to the following conditions, namely:—

(a) in case confiscated specified bank notes are returned by the court to a person who is a party in case pending before that court, then, the person shall be entitled, on production of the direction of the court, to deposit or exchange such specified bank notes, the serial numbers of which—

(i) have been noted by the law enforcement agency which confiscated or produced them before the court; and

(ii) are mentioned in the direction of the court;

(b) in case specified bank notes are forfeited in favour of the Central Government or the State Government by an order of the court, then, that Government shall be entitled, on production of the direction of the court, to deposit or exchange such specified bank notes; or

(c) in case specified bank notes are placed in custody of any other person by an order of the court on or before the 30th day of December, 2016, then, the person shall be entitled, on production of the direction of the court, to deposit or exchange such specified bank notes, the serial numbers of which—

(i) have been noted by the law enforcement agency which confiscated or produced them before the court; and

(ii) are mentioned in the direction of the court.

These rules do not apply to specified bank notes confiscated or seized after the 30th day of December, 2016.

The RBI Offices where the confiscated Specified Banknotes will be accepted in terms of the Specified Banknotes (Deposit of confiscated Notes) Rules 2017 are:

Ahmedabad, Bengaluru, Belapur, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram

9. How much amount can I withdraw from an ATM?

With effect from February 1, 2017 limits on cash withdrawals from ATMs have been removed. Banks may, at their discretion, have their own operating limits as was the case before November 8, 2016, subject to the overall cash withdrawal limit for an account.

10. What are the cash withdrawal limits for accounts?

The limits imposed on cash withdrawals from accounts/bank branches/ ATMs in the wake of demonetisation stand completely withdrawn and status quo ante has been restored

11. Where can I get more information on this scheme/ Act?

Further information is available on our website (www.rbi.org.in) and the website of the Government of India (www.finmin.nic.in)

Also see:

[All You wanted to know from RBI about: Withdrawal of Legal Tender Status of ₹ 500 and ₹ 1000 Notes](#)