

## Frequently Asked Questions

### FAQs on Withdrawal of Legal Tender Character of the existing Bank Notes in the denominations of ₹ 500/- and ₹ 1000/- (Updated as on January 24, 2017)

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1000 issued by the Reserve Bank of India till November 8, 2016 (hereinafter referred to as Specified Bank Notes) stands withdrawn.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.

The facility for exchange / deposit of SBNs stands closed with effect from December 31, 2016.

3. What is the Specified Bank Notes (Cessation of Liabilities) Ordinance 2016?

The Specified Bank Notes (Cessation of Liabilities) Ordinance 2016 has been promulgated by the President of India (Gol Ordinance No. 10 of 2016 dated December 30, 2016) to provide for cessation of liabilities on the Specified Banknotes and for connected/incidental matters and comes into effect from December 31, 2016. In terms of this ordinance, with effect from December 31, 2016, the Specified Bank Notes shall cease to be the liabilities of the Reserve Bank of India and shall 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) in accordance with this Ordinance 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.

**Holding the specified banknotes (SBNs) for the purpose of deposit by Resident Indian citizens who were abroad during November 9, 2016 to December 30, 2016 and Non Resident Indian citizens who were abroad during November 9, 2016 to December 30, 2016 is permissible during grace period.** With effect from January 2, 2017 Resident Indian citizens who were abroad during November 9, 2016 to December 30, 2016 can avail this facility upto March 31, 2017 and Non Resident Indian citizens who were abroad during November 9, 2016 to December 30, 2016 can avail this facility upto June 30, 2017. While there is no monetary limit for exchange for the eligible Resident Indians, the limit for NRIs will be as per the relevant FEMA Regulations. In terms of Section 6 of the Ordinance, 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. 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 5 of the Ordinance, 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.** 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 be 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 can NRIs and the Indian citizens who were abroad exchange the SBNs?

In terms of Paragraph 4.1 of the GoI Ordinance No. 10 of 2016 dated December 31, 2016 on "The Specified Bank Notes (Cessation of Liabilities), a facility for exchange of SBNs is made available for the resident and non-resident citizens 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 will remain open for residents from January 2, 2017 to March 31, 2017 and for NRIs from January 2, 2017 to 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](#) 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 as per the relevant FEMA Regulations.

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 citizen.

7. Is the facility available to resident Indians?

No, the facility is not available to all resident Indians, but only to those who were not in India during the period November 9, 2016 to December 30, 2016.

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

The daily limit of withdrawal from ATMs has been increased (within the overall weekly limit ) with effect from January 16, 2017, to ₹10,000/- per day per card.

9. What are the withdrawal limits for JDY account holders?

A JDY account holder can avail the deposit facility till December 30, 2016 subject to the caps and other laid down limits in accord with norms and procedures.

With a view to protecting the innocent farmers and rural account holders of PMJDY from activities of money launderers and legal consequences under the Benami Property Transaction & Money Laundering laws, it has been decided to place certain limits, as a matter of precaution, on the operations in the PMJDY accounts funded through deposits of Specified Bank Notes (SBNs) after November 09, 2016. As a temporary measure, the banks have been advised that:

(1) Fully KYC compliant account holders may be allowed to withdraw ₹ 10,000 from their account, in a month. The branch managers may allow further withdrawals beyond ₹10,000 within the current applicable limits only after ascertaining the genuineness of such withdrawals and duly documenting the same on the bank's record.

(2) Limited or Non-KYC compliant account holders may be allowed to withdraw ₹ 5,000 per month from the amount deposited through SBNs after November 09, 2016 within the overall ceiling of ₹ 10,000.

10. Does the limit of ₹24,000 withdrawal apply to withdrawals from bank account of one bank from another bank?

These limits are not applicable to cash withdrawal from a bank account by one bank from another bank, Post Office, Money Changers operating at International airports and operators of White Label ATMs. The branches maintaining Currency Chests have been advised to accommodate the requests from other branches in their vicinity – linked or otherwise – for supply of cash.

11. What are the withdrawal limits in case of DCCBs?

District Central Cooperative Banks (DCCBs) can allow their existing customers to withdraw money from their accounts upto ₹ 24,000 per week. The Reserve Bank has accordingly advised all banks to permit withdrawal of cash by DCCBs from their accounts based on need.

12. Can I withdraw cash against cheque?

Yes, you can withdraw cash against withdrawal slip or cheque subject to a weekly limit of ₹ 24000 (including withdrawals from ATMs and over the counter) from the bank accounts.

With effect from January 16, 2017 the limit on withdrawal from current accounts has been enhanced from the current limit of ₹50,000/- per week to ₹ 1,00,000/- per week and it extends to overdraft and cash credit accounts also. There is no change in weekly withdrawal limits for other accounts.

Farmers are allowed to draw upto ₹ 25,000 per week in cash from their loan (including Kisan Credit Card limit) or deposit accounts subject to their accounts being compliant with the extant KYC norms.

13. Can I make use of electronic (NEFT/RTGS /IMPS/Internet Banking/Mobile banking, etc.) mode?

You can use NEFT/RTGS/IMPS/Internet Banking/Mobile Banking or any other electronic/non-cash mode of payment. In order to meet the transactional needs of the public through digital means, additional measures have been introduced by way of special dispensation for small merchants and enhancement in limits for semi-closed Prepaid Payment Instruments (PPIs).

14. What is being done for the farmers?

Farmers are allowed to draw upto ₹ 25,000 per week in cash from their loan (including Kisan Credit Card limit) or deposit accounts subject to their accounts being compliant with the extant KYC norms.

Towards ensuring unhindered farming operations during the Rabi crop season, NABARD would be utilizing its own cash credit limits up to about ₹ 23,000 crore to enable the DCCBs to disburse the required crop loans to PACS and farmers. Banks with currency chests have been advised to ensure adequate cash supply to the DCCBs and RRBs. Adequate cash supply should also be ensured for rural branches of all commercial (including RRBs). Bank branches located in APMCs may also be given adequate cash to facilitate smooth procurement.

15. Where can I get more information on this scheme/ ordinance?

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

16. If I have a problem, whom should I approach?

You may approach the control room of RBI by [email](mailto:controlroom@rbi.org.in) or on Telephone Nos 022 22602201/022 22602944