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**IN THE SUPREME COURT OF INDIA  
(CIVIL ORIGINAL JURISDICTION)**

**WRIT PETITION (CIVIL ) NO. 136 OF 2017**

IN THE MATTER OF:

Victory Logitrans Pvt Ltd & Anr

- Petitioner

Versus

Union of India & Ors

- Respondents

**SHORT AFFIDAVIT ON BEHALF OF RESPONDENT NO 1 IE.,**

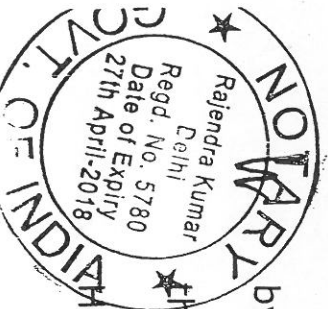
**UNION OF INDIA THROUGH THE SECRETARY,**

**MINISTRY OF FINANCE**

I, Gaurav Masaldan, son of Shri K.N.Masaldan, aged about 42 years, working as Director, Government of India, Ministry of Finance, Room No. 68-A, North Block, New Delhi- 110011, presently at New Delhi, do hereby solemnly affirm and state as under:

1. That I am working as Director in the Ministry of Finance and in such capacity, am well acquainted with the facts of the case as are borne from the records maintained by the answering Respondent. I am fully competent and duly authorised to swear this counter affidavit and depose to the facts of the case on behalf of the answering Respondent.

2. I have gone through the contents of the Writ Petition filed by the Petitioners and understood its contents and in reply thereto submit the following for kind consideration of this Hon'ble Court. That the instant Counter Affidavit deals with



aspects in substance and not with each allegation and averments in the writ petition paragraph wise separately in as much as the instant Affidavit deals only with the second prayer made by the Petitioner(s). The deponent craves leave of this Hon'ble Court to file a detailed affidavit if and when called upon and or if considered necessary at any stage of the present proceedings.

3. The Petitioners have no fundamental right under Part III of the Constitution of India so far as the prayers in the writ petition are concerned. Therefore, the present writ petition under Article 32 of the Constitution of India is not maintainable.

4. Save and except what is expressly admitted, all the averments made in the writ petition are denied.

5. The facts show that the petitioners are guilty of delay in depositing Rs. 66,80,000/-, which they now wish to deposit at this belated stage. The facts further show that their bank accounts were not KYC compliant at the relevant time and therefore, no relief can be granted to the petitioners at this stage.

6. The first prayer sought for by the petitioners in the writ petition under reply relates to issuance of a writ of mandamus to Respondent no. 4 to accept the deposit of Rs. 66,80,000/- from Petitioner no.

1. It is submitted that the said prayer is incapable of



adjudication in a writ petition under Article 32 of the Constitution of India. The petitioners may be well-advised to take out civil proceedings against Respondent no. 4 separately.

7. The second prayer made in the writ petition is equally misconceived. It relates to issuance of a writ of mandamus to the Respondents to exercise their powers under Clause 2 (ix) of the Notification dated 8.11.2016 read with Section 4 (1) (ii) of the Ordinance to extend the "grace period" to 30.06.2017 for the entire citizenry of the country." It is submitted that no mandamus lies against the government for enforcing a legislative activity. There is no legal duty case upon the government to issue any notification extending the grace period. Equally, the Petitioner has no legal right to claim grace period.

8. It is most humbly and respectfully submitted that vide Notification dt 8.11.2016, issued by the Ministry of Finance (Department of Economic Affairs), the Government of India, exercising powers conferred by sub-section (2) of Section 26 of the Reserve Bank of India Act, 1934 declared that that the specified bank notes of denomination of then existing series of the value of five hundred rupees and one thousand rupees shall cease to be legal tender with effect from 9.11.2016 to the extent specified in the afore said

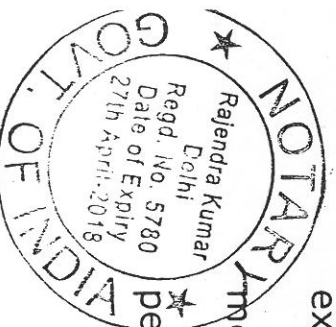


Notification dt 8.11.2016, copy whereof is annexed herewith and marked as **Annexure R/1 [ Pg 14 to 17]**.

**9.** In Paragraph 2 of the aforesaid Notification, it was stated clearly that the specified bank notes held by a person [other than a banking company ,co-operative bank(only Urban co-operative banks and State Co-operative Banks), corresponding new bank, subsidiary bank, regional rural bank and the State Bank of India as defined under the Banking Regulation Act,1949 and every Government treasury ] may be exchanged at any banks as mentioned therein for a period up to and including 30.12.2016 subject to the conditions set out in the said Paragraph 2 (i) to (ix).

**10.** In sub paragraph (ix) which is primarily relied upon by the petitioner, it was stated interalia, as follows:  
*"(ix) any person who is unable to exchange or deposit the specified bank notes in their bank accounts on or before the 30<sup>th</sup> December, 2016 shall be given an opportunity to do so at specified offices of the Reserve Bank or such other facility until a later date as may be specified by it."*

**11.** It is submitted that in terms of the aforesaid Notification dt 8.11.2016, the demonetisation period was between 09.11.2016 to 30.12.2016 within which primarily, the exchange and or deposit of specified bank notes subject to meeting the laid down norms was permitted to every person. In other words, what was permitted was

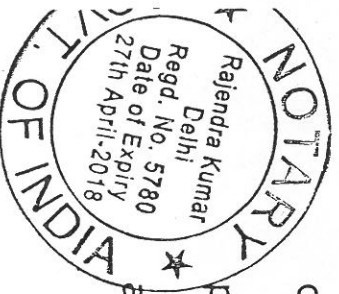


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exchange and or deposit of specified bank notes during a block period a period up to and including 30.12.2016.

**12.** It is further humbly and most respectfully submitted that sub paragraph (ix) reproduced herein above did not vest and or cloth any person as a matter of right to seek exchange and or deposit of any specified bank notes after 30.12.2016. The use of word "shall" in the notification is not determinative of any such right in as much as it was only an enabling provision to enable the Central Government to meet any unforeseen or sudden contingencies that may arise during the period of demonetisation. Therefore, the use of word 'shall' necessarily read as 'may' and it did not impose any legal obligation on the Central Government.

**13.** It is most humbly submitted that after the notification was issued the same became operational, various malpractices were reported post de-monetization including use of old Specified Bank Notes [i.e erstwhile Rs 1,000 and Rs 500 rupee notes since ceased to be a valid legal tender] for buying gold. Between 09.11.2016 and 10.01.2017 alone- [which includes demonetization period ie., 09.11.2016 to 30.12.2016] there were more than 1100 raids/surveys conducted by the Income Tax Department on various persons. During the same period, ie., between 09.11.2016 and 10.01.2017, more than 5,100 notices were issued for



verification of high value suspicious cash deposits made in bank accounts.

**14.** In this context it may be mentioned that the preliminary outcome of investigation following such IT raids in the first three weeks after demonetisation revealed the following:

- i. Unusual spurt of cash sales immediately after announcement;
- ii. Cash sales without PAN in a large number of cases;
- iii. Splitting of bills to hide identity of purchasers;
- iv. Backdating of sales;
- v. Receipt of cash advances against future sales;
- vi. In many cases, in order to avoid depositing of cash in own accounts directly, money was routed through accounts of shell companies and was layered through 'intermediaries' accounts before being received in accounts of bullion traders;
- vii. Gross misuse or abuse of the exemptions granted for use of old Specified Bank Notes [ie erstwhile Rs 1,000 and Rs 500 rupee notes since ceased to be a valid legal tender] at Petrol Pumps, Air Ticketing Offices, Railway Booking Offices, Toll Plazas to name a few. In fact, the Central Government had to periodically review and cancel





and or restrict such exemptions to plug the misuse of the exemptions granted.

- 15.** As a result of the raids and other strict measures enforced, more than Rupees 610 Crore of rupees cash [including cash of Rupees 513 Crore out of which Rupees 110 Crore was in new currency] and valuables were seized by the IT Department and other government agencies. The undisclosed income detected in the above actions was more than Rupees 5,400 Crore. It is further submitted that out of 1,100 raids/ surveys more than 400 cases were referred to Enforcement Directorate and the Central Bureau of Investigation for further action in accordance with law. Details of some of the specific searches conducted by the Enforcement Directorate, including searches against Hawala Operators at various Metropolitan and other Cities are tabulated and annexed herewith and marked

**Annexure R/2 [ Pg 18]**

- 16.** The above malpractices and irregularities that surfaced had to be immediately arrested and plugged to achieve the stated objective of demonetisation. The Central Government therefore, taking over all review of the situation during demonetization period i.e., 09.11.2016 to 30.12.2016] and various reports including intelligence and other reports decided to invoke Article 123 of the

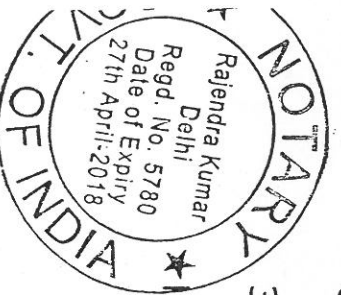


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Constitution of India with a view to bring an Ordinance to provide for cessation of liabilities on the specified bank notes. Accordingly, it was decided as a matter of conscious decision and as a major economic step to bring in an Ordinance known as 'The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 since the Parliament was not in session on 30.12.2016. The aforesaid Ordinance known as 'The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016' was promulgated by the President and published on 30.12.2016 and brought in to force from 31.12.2016, copy whereof is annexed herewith and marked as **Annexure R/3 [ Pg 19 to 23]**.

**17.** It is further humbly and respectfully submitted that it was necessary to promulgate the said Ordinance since it was incumbent on the Central Government to interalia have clarity and finality to the liabilities of the Reserve Bank of India as well as the Central Government arising from such Specified Bank Notes which had ceased to be legal tender.

**18.** The aforesaid Ordinance viz., 'The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016' provided for 'grace period' during which the specified bank notes can be deposited in accordance with the Ordinance. Sec 3 of the Ordinance however, provided that with effect from 31.12.2016, the specified bank notes ceased to be liabilities of the Reserve Bank under Sec 34 of the Reserve



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Bank of India Act, 1934 and it shall cease to have guarantee of the Central Government under sub-section (1) of Section 26 thereof. The Ordinance made it further explicitly clear that this was notwithstanding anything contained in the Reserve Bank of India Act, 1934 and or any other law for the time being in force.

**19.** That it is submitted that the only exception made by the Ordinance with regard to exchange of specified bank notes was provided for in Section 4. It was in respect of following category of persons, who were holding the specified bank notes on or before the 08-11.2016 and such category of persons were entitled to tender within the 'grace period':-

- (i) a citizen of India who makes required declaration that he was outside India between 9.11.2016 and 30.12.2016 subject to such conditions as may be specified by the Central Government; or
- (ii) such class of persons and for such reasons as may be specified, by notification by the Central Government.

**20.** It is submitted that the Central Government simultaneously by a separate Notification dt 30.12.2016 imposed the conditions that are required to be fulfilled in respect of

those Citizens who fall within clause (i) of sub section (1)

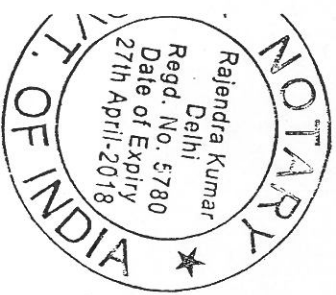
of Section 4 of Ordinance mentioned herein above. A true



copy of the Notification dt 30.12.2016is annexed herewith and marked as **Annexure R/4 [ Pg 24 to 25]**.

**21.** It is further submitted that with effect from 31.12.2016, holding of specified bank notes which have not only ceased to be a valid legal tender but has also ceased to have guarantee of the Central Government, is a punishable offence except to the extent exempted by the Ordinance itself.

**22.** It is most humbly submitted that with the passing of the Ordinance viz., 'The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016', the earlier Notification dt 8.11.2016 [ Annexure R/1] has ceased to be operational and resultanty, paragraph 2 (ix) on which reliance is placed by the petitioner ceased to be valid with effect from 31.12.2016. While the Notification dt 8.11.2016 was a notification and more in the nature of subordinate legislation issued by the Central Government under Section 26 (2) of the Reserve Bank of India Act, 1934, the Ordinance is substantive law. This is with prejudice to the submission of the Union of India that the Ordinance has overriding effect over everything contained in the Reserve Bank of India Act, 1934 [including Notification dt 8.11.2016 issued thereunder] and or any law in view of explicit legislative mandate of Sec 3 of the Ordinance. In fact, on and from 31.12.2016, there is no provision existing in law

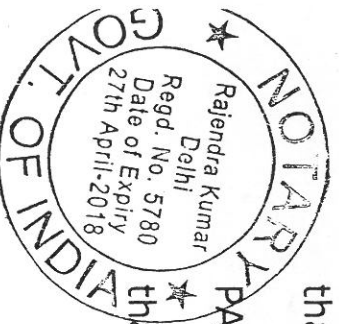


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whatsoever, for exchange and or deposit of the specified bank notes in question for any person except in the case of Citizens exempted by the Ordinance itself.

**23.** The aforesaid Ordinance was replaced by The Specified Bank Notes (Cessation of Liabilities) Act, 2017 by the Parliament. This Act received the assent of the President on 27.02.2017 and was published in the Official Gazette on 28.02.2017. The aforesaid Ordinance was repealed under sec. 13(1) and the Act was deemed to have come into force on 31.12.2017 by virtue of sec. 1(2). In view of the intervention of the Parliament by enacting the aforesaid Act, the Petitioners furthermore cannot claim any right since there is no estoppel against statute.

**24.** It is further submitted that after the demonetisation period from 9.11.2016 to 30.12.2016 was over, the Income Tax Department further initiated " Operation Clean Money" on 31.01.2017 to leverage technology and data analysis for e-verification of cash deposits made during the demonetization period ie., 09.11.2016 to 30.12.2016. The exercises has resulted in identification of approximately 18 lakh persons for such on line verification, who appeared to be not in line with tax payer's profile . At present, more than 12 lakh online responses, from 8.38 lakh distinct PANs/persons have already been received. It is submitted that in case there has been due explanation the

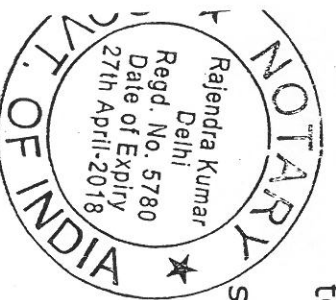


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verifications are being closed after proper analysis and examination. Similarly, where there has been deposits made in Pradhan Mantri Garib Kalyan Yojna (PMGKY) then also the verifications are being closed. It is further submitted more than 3.78 lakh out of approximately 18 lakhs, high risk cases have been detected and have been taken up for assessment and investigation.

**25.** It is further submitted that searches undertaken taken by the Income Tax Department between 1.4.2014 and 28.2.2017, has led to admission of undisclosed income of more than Rupees 36,051 Crore involving searches in more than 2027 groups. This is in addition to seizure of undisclosed assets worth Rupees 2,890 Crore. Similarly, the Income Tax Department between 1.4.2014 and 28.2.2017, conducted more than 15,000 surveys which resulted in detection of undisclosed income of more than Rs 33,000 Crore.

**26.** In view of the above and those to be urged at the time of hearing, it is most humbly submitted that the Central Government took a conscious decision that no necessity or any justifiable reason exists either in law or on facts to invoke its power under Section 4 (1) (ii) of the Ordinance to entitle any person to tender within the grace period the specified bank notes.



27. The deponent once again crave leave of this Hon'ble Court to file further affidavit if an when it becomes necessary.

*Gaurav Masaldan*  
DEPONENT 02/04/17

श्री गौरव / GAURAV MASALDAN  
निदेशक / Director  
वित्त विभाग / Ministry of Finance  
आर्थिक और वित्त / Dept. of Eco. Affairs  
श्री गौरव / Govt. of India  
नई दिल्ली / New Delhi

**VERIFICATION:**

I, the deponent above named, do hereby verify that the contents of my above affidavit are based on records of the Respondent maintained in the normal course of business and believed by the deponent to be true, no part of it is false and nothing material has been concealed there from.

Verified at New Delhi on this ..7th..day of April, 2017.

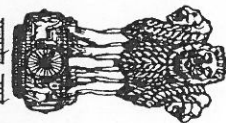


*Gaurav Masaldan*  
DEPONENT 02/04/17

श्री गौरव / GAURAV MASALDAN  
निदेशक / Director  
वित्त विभाग / Ministry of Finance  
आर्थिक और वित्त / Dept. of Eco. Affairs  
श्री गौरव / Govt. of India  
नई दिल्ली / New Delhi

ATTESTED  
RAJENDRA KUMAR  
NOTARY, DELHI-R-8780  
GOVERNMENT OF INDIA  
SUPREME COURT OF INDIA  
COMPOUND, NEW DELHI  
Register Pg./Sl. No. 07.04.2017

CERTIFIED THAT THE CONTENTS EXPLAINED TO THE DEPONENT EXECUTANT WHO IS SEEMED PERFECT TO UNDERSTAND & AFFIRMED DEPOSED BEFORE ME AT DELHI ON..... IDENTIFIED BY  
*02/04/2017*  
IDENTIFY THE EXECUTANT/DEPONENT WHO HAS SIGNED IN MY PRESENCE



# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 26521 नई दिल्ली, मंगलवार, नवम्बर 8, 2016/कार्तिक 17, 1938  
No. 26521 NEW DELHI, TUESDAY, NOVEMBER 8, 2016/KARTIKA 17, 1938

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 8 नवम्बर, 2016

का.आ. 3407(अ).— भारतीय रिजर्व बैंक के केंद्रीय निदेशक बोर्ड (जिसे इसमें इसके पश्चात् बोर्ड कहा गया है) ने सिफारिश की है कि विद्यमान श्रृंखलाओं के पांच सौ रुपए और एक हजार रुपए के अंकित मूल्य के बैंक नोट (जिसे इसमें इसके पश्चात् विनिर्दिष्ट बैंक नोट कहा गया है) वैध मुद्रा नहीं रहेंगे ;

और यह देखा गया है कि विनिर्दिष्ट बैंक नोटों के जाली मुद्रा नोट अधिकांश रूप से परिचालन में हैं और वास्तविक बैंक नोटों की जाली बैंक नोटों से सरलता से पहचान करना कठिन है और जाली मुद्रा नोटों का उपयोग देश की अर्थव्यवस्था पर प्रतिकूल प्रभाव डाल रहा है ;

और यह देखा गया है कि उच्च मूल्य के बैंक नोटों का उपयोग गणना में न लिए गए धन के भंडारण के लिए किया जाता है जैसा कि विधि प्रवर्तन अभिकरणों द्वारा नकदी की बड़ी वस्तुतियों से परिलक्षित है ;

और यह भी देखा गया है कि जाली मुद्रा का उपयोग मादक पदार्थों का अवैध व्यापार और आतंकवाद जैसी ध्वंसकारी गतिविधियों के विलपोषण के लिए किया जा रहा है, जो देश की अर्थव्यवस्था और सुरक्षा को नुकसान कारित कर रही हैं तथा केंद्रीय सरकार ने सम्यक् विचारण के पश्चात् बोर्ड की सिफारिशों को कार्यान्वित करने का विनिश्चय किया है ;

अतः अब, केंद्रीय सरकार, भारतीय रिजर्व बैंक अधिनियम, 1934 (1934 का 2) (जिसे इसमें इसके पश्चात् उक्त अधिनियम कहा गया है) की धारा 26 की उपधारा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, घोषणा करती है कि विनिर्दिष्ट बैंक नोट 9 नवंबर, 2016 से नीचे विनिर्दिष्ट सीमा तक वैध मुद्रा के रूप में नहीं रहेंगे ;

1.(1) बैंककारी कंपनी (विनियमन) अधिनियम, 1949 (1949 का 10) के अधीन परिभाषित प्रत्येक बैंककारी कंपनी और प्रत्येक सरकारी खजाना 8 नवंबर, 2016 को कारवार की समाप्ति पर उसके द्वारा धृत विनिर्दिष्ट बैंक नोटों के व्यौरों को उपदर्शित करते हुए एक रिटर्न पूरा करेंगे और 10 नवंबर, 2016 को 13.00 बजे से पूर्व भारतीय रिजर्व बैंक (जिसे इसमें इसके पश्चात् रिजर्व बैंक कहा गया है) के अभिहित क्षेत्रीय कार्यालय को उसके द्वारा विनिर्दिष्ट प्रारूप में अर्पणित करेंगे।



(2) उप पैरा (1) में निर्दिष्ट रिटर्न को अग्रहित करने के तुरंत पश्चात्, विनिर्दिष्ट बैंक नोटों को लिफ्ट या निकटतम मुद्रा चेस्ट या रिजर्व बैंक की शाखा या कार्यालय में उनके लेखाओं में प्रत्यय के लिए प्रेषित किया जाएगा।

2. पैरा 1 के उप पैरा (1) में निर्दिष्ट किसी बैंककारी कंपनी या सरकारी खजाना से भिन्न किसी व्यक्ति द्वारा धूल विनिर्दिष्ट बैंक नोटों का रिजर्व बैंक के किसी निर्गम कार्यालय या पब्लिक सेक्टर बैंकों, प्राइवेट सेक्टर बैंकों, प्रादेशिक ग्रामीण बैंकों, शहरी सहकारी बैंकों और राज्य सहकारी बैंकों की किसी शाखा में 30 दिसंबर, 2016 तक की कालावधि और जिसमें वह तारीख सम्मिलित है, तक निम्नलिखित शर्तों के अधीन रहते हुए, अर्थात् :-

(i) कुल 4,000/- रुपए या उससे कम मूल्य के विनिर्दिष्ट बैंक नोटों का विधिक वैध मुद्रा की विशेषता रखने वाले किसी अंकित मूल्य के बैंक नोटों में भारतीय रिजर्व बैंक द्वारा विनिर्दिष्ट किए जाने वाले प्रल्प में एक अश्वपेक्षा पर्ची और पहचान के सबूत के साथ विनिमय किया जा सकेगा ;

(ii) विनिर्दिष्ट बैंक नोटों के विनिमय के लिए 4,000/- रुपए की सीमा का इस अधिसूचना के लागू होने की तारीख से पन्द्रह दिन के पश्चात् पुनर्विलोकन किया जाएगा और जहां भी आवश्यक हो, समुचित आदेश किया जा सकेगा ;

(iii) किसी व्यक्ति द्वारा बैंक के पास रखे गए लेखे में प्रत्यय किए गए विनिर्दिष्ट बैंक नोटों की मात्रा या मूल्य पर वहां कोई सीमा नहीं होगी, जहां विनिर्दिष्ट बैंक नोट जमा किए जाते हैं ; तथापि, उन लेखाओं में जहां अपने ग्राहक को जानिए (केवाईसी) मानकों की अनुपालना पूर्ण नहीं है तो जमा किए जा सकने वाले विनिर्दिष्ट बैंक नोटों का अधिकतम मूल्य 50,000/- रुपए होगा ;

(iv) जमा किए गए विनिर्दिष्ट बैंक नोटों के समतुल्य मूल्य का जमा करने वाले द्वारा किसी बैंक में रखे गए लेखे में मानक बैंककारी प्रक्रिया के अनुसार और पहचान का विधिमान्य सबूत प्रस्तुत करने पर प्रत्यय किया जा सकेगा ;

(v) जमा किए गए विनिर्दिष्ट बैंक नोटों के समतुल्य मूल्य का किसी तृतीय पक्षकार के लेखे में प्रत्यय किया जा सकेगा परंतु यह कि उसके लिए तृतीय पक्षकार द्वारा विनिर्दिष्ट प्राधिकार मानक बैंककारी प्रक्रियाओं का अनुसरण करते हुए और वास्तव में जमा करने वाले व्यक्ति की पहचान का विधिमान्य सबूत के पेश किए जाने पर, बैंक को प्रस्तुत किया जाता है ;

(vi) पटल पर किसी बैंक लेखे से नकदी का आहरण 24 नवंबर, 2016 को कारवार के घंटों की समाप्ति तक इस अधिसूचना के प्रारंभ होने की तारीख से किसी सप्ताह में 20,000/- रुपए की समय सीमा के अधीन रहते हुए 10,000/- रुपए प्रतिदिन तक निर्बंधित होगा, जिसके पश्चात् इन सीमाओं का पुनर्विलोकन किया जाएगा ;

(vii) किसी खाते के किसी व्यक्ति द्वारा प्रचालन के लिए किसी गैर नकद विधि के उपयोग पर कोई निर्बंधन नहीं होगा, जिसके अंतर्गत बैंक, डिमांड ड्राफ्ट, क्रेडिट या डेबिट कार्ड, मोबाइल बैलेट और इलैक्ट्रॉनिकी निधि अंतरण तंत्र या बैसे ही सम्मिलित होंगे ;

(viii) स्वचालित टैलर मशीनों (जिसे इसमें इसके पश्चात् एटीएम कहा गया है) से 18 नवंबर, 2016 तक प्रतिदिन प्रति कार्ड आहरण 2,000/- रुपए तक निर्बंधित होगा और इस सीमा को 19 नवंबर, 2016 से प्रतिदिन प्रति कार्ड 4,000/- रुपए तक बढ़ा दिया जाएगा ;

(ix) कोई व्यक्ति, जो विनिर्दिष्ट बैंक नोटों का अपने बैंक खातों में 30 दिसंबर, 2016 को या उससे पूर्व विनिमय करने में या जमा करने में असमर्थ रहता है, उसको भारतीय रिजर्व बैंक के विनिर्दिष्ट कार्यालयों या ऐसी अन्य सुविधा में रिजर्व बैंक द्वारा यथाविनिर्दिष्ट पश्चातवर्ती तारीख तक रिजर्व बैंक द्वारा विनिमय करने या जमा करने का एक अवसर प्रदान किया जाएगा।

3.(1) पैरा 1 के उप पैरा (1) में निर्दिष्ट प्रत्येक बैंककारी कंपनी और प्रत्येक सरकारी खजाना 9 नवंबर, 2016 को सिवाय इस स्कीम को कार्यान्वित करने के लिए तैयारी और नजदीकी मुद्रा चेस्टो या रिजर्व बैंक की शाखाओं या कार्यालयों और वैध मुद्रा की विशेषता रखने वाले बैंक नोटों की प्रकृति के सभी कारवारों के संव्यवहार के लिए बंद होगा।

(2) सभी एटीएम, नकदी जमा मशीनें, नकदी पुनः चक्रक और कोई अन्य मशीन, जिसका उपयोग नकदी की प्रकृति और संदाय के लिए किया जाता है, 9 नवंबर तथा 10 नवंबर, 2016 को बंद कर दी जाएगी।

- (3) पैरा 1 के उप पैरा (1) में निर्दिष्ट प्रत्येक बैंक एटीएम से विनिर्दिष्ट बैंक नोटों को वापस लेना और उनको 11 नवंबर, 2016 को मशीनों को पुनः सक्रिय करने से पूर्व वैध मुद्रा की विशेषता रखने वाले बैंक नोटों से प्रतिस्थापित करेगा।
- (4) श्वेत लेबल एटीएम के प्रायोजक बैंक श्वेत लेबल एटीएम से विनिर्दिष्ट बैंक नोटों को वापस लेने के लिए और उन्हें मशीनों को पुनः सक्रिय करने से पूर्व 11 नवंबर, 2016 को वैध मुद्रा की विशेषता रखने वाले बैंक नोटों से प्रतिस्थापित करने के लिए उत्तरदायी होंगे।
- (5) सभी बैंक यह सुनिश्चित करेंगे कि उनके एटीएम और श्वेत लेबल एटीएम रिजर्व बैंक से और अगले अनुदेश प्राप्त होने तक 100 रुपए या 50 रुपए अंकित मूल्य के बैंक नोटों का वितरण करेंगे।
- (6) पैरा 1 के उप पैरा (1) में निर्दिष्ट बैंककारी कंपनी और सरकारी खजाने 10 नवंबर, 2016 से अपना सामान्य संभवहतर आरंभ करेंगे।
4. पैरा 1 के उप पैरा (1) में निर्दिष्ट प्रत्येक बैंककारी कंपनी, 10 नवंबर, 2016 से आरंभ होने वाले प्रत्येक दिन के कारबार के समाप्त होने पर, रिजर्व बैंक को एक विवरण प्रस्तुत करेगा, जिसमें भारतीय रिजर्व बैंक द्वारा विनिर्दिष्ट किए जाने वाले प्ररूप के अनुसार इसके द्वारा विनिमय किए गए विनिर्दिष्ट बैंक नोटों के व्यौरे दर्शित होंगे।

[क्र.सं. 10/03/2016-सीवार्ड.1]

डॉ. सौरभ गर्ग, संयुक्त सचिव

**MINISTRY OF FINANCE**  
(Department of Economic Affairs)  
**NOTIFICATION**

New Delhi, the 8th November, 2016

**S.O. 3407(E).**— Whereas, the Central Board of Directors of the Reserve Bank of India (hereinafter referred to as the Board) has recommended that bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees (hereinafter referred to as specified bank notes) shall be ceased to be legal tender;

And whereas, it has been found that fake currency notes of the specified bank notes have been largely in circulation and it has been found to be difficult to easily identify genuine bank notes from the fake ones and that the use of fake currency notes is causing adverse effect to the economy of the country;

And whereas, it has been found that high denomination bank notes are used for storage of unaccounted wealth as has been evident from the large cash recoveries made by law enforcement agencies;

And whereas, it has also been found that fake currency is being used for financing subversive activities such as drug trafficking and terrorism, causing damage to the economy and security of the country and the Central Government after due consideration has decided to implement the recommendations of the Board;

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 26 of the Reserve Bank of India Act, 1934 (2 of 1934) (hereinafter referred to as the said Act), the Central Government hereby declares that the specified bank notes shall cease to be legal tender with effect from the 9th November, 2016 to the extent specified below, namely:—

- (1) Every banking company defined under the Banking Regulation Act, 1949 (10 of 1949) and every Government Treasury shall complete and forward a return showing the details of specified bank notes held by it at the close of business as on the 8th November, 2016, not later than 13:00 hours on the 10th November, 2016 to the designated Regional Office of the Reserve Bank of India (hereinafter referred to as the Reserve Bank) in the format specified by it.
- (2) Immediately after forwarding the return referred to in sub-paragraph (1), the specified bank notes shall be remitted to the linked or nearest currency chest, or the branch or office of the Reserve Bank, for credit to their accounts.
- The specified bank notes held by a person other than a banking company referred to in sub-paragraph (1) of paragraph 1 or Government Treasury may be exchanged at any Issue Office of the Reserve Bank or any branch of public sector banks, private sector banks, foreign banks, Regional Rural Banks, Urban Cooperative Banks and State Cooperative Banks for a period up to and including the 30th December, 2016, subject to the following conditions, namely:—

- (1) the specified bank notes of aggregate value of Rs.4,000/- or below may be exchanged for any denomination of bank notes having legal tender character, with a requisition slip in the format specified by the Reserve Bank and proof of identity;

- (ii) the limit of Rs.4,000/- for exchanging specified bank notes shall be reviewed after fifteen days from the date of commencement of this notification and appropriate orders may be issued, where necessary;
- (iii) there shall not be any limit on the quantity or value of the specified bank notes to be credited to the account maintained with the bank by a person, where the specified bank notes are tendered; however, where compliance with extant Know Your Customer (KYC) norms is not complete in an account, the maximum value of specified bank notes as may be deposited shall be Rs.50,000/-;
- (iv) the equivalent value of specified bank notes tendered may be credited to an account maintained by the tenderer at any bank in accordance with standard banking procedure and on production of valid proof of Identity;
- (v) the equivalent value of specified bank notes tendered may be credited to a third party account, provided specific authorisation therefor accorded by the third party is presented to the bank, following standard banking procedure and on production of valid proof of identity of the person actually tendering;
- (vi) cash withdrawal from a bank account over the counter shall be restricted to Rs.10,000/- per day subject to an overall limit of Rs. 20,000/- a week from the date of commencement of this notification until the end of business hours on 24th November, 2016, after which these limits shall be reviewed;
- (vii) there shall be no restriction on the use of any non-cash method of operating the account of a person including cheques, demand drafts, credit or debit cards, mobile wallets and electronic fund transfer mechanisms or the like;
- (viii) withdrawal from Automatic Teller Machines (hereinafter referred to as ATMs) shall be restricted to Rs.2,000 per day per card up to 18th November, 2016 and the limit shall be raised to Rs.4,000 per day per card from 19th November, 2016;
- (ix) any person who is unable to exchange or deposit the specified bank notes in their bank accounts on or before the 30th December, 2016, shall be given an opportunity to do so at specified offices of the Reserve Bank or such other facility until a later date as may be specified by it.
3. (1) Every banking company and every Government Treasury referred to in sub-paragraph (1) of paragraph 1 shall be closed for the transaction of all business on 9th November, 2016, except the preparation for implementing this scheme and remittance of the specified bank notes to nearby currency chests or the branches or offices of the Reserve Bank and receipt of bank notes having legal tender character.
- (2) All ATMs, Cash Deposit Machines, Cash Recyclers and any other machine used for receipt and payment of cash shall be shut on 9th and 10th November, 2016.
- (3) Every bank referred to in sub-paragraph (1) of paragraph 1 shall recall the specified bank notes from ATMs and replace them with bank notes having legal tender character prior to reactivation of the machines on 11th November, 2016.
- (4) The sponsor banks of White Label ATMs shall be responsible to recall the specified bank notes from the White Label ATMs and replacing the same with bank notes having legal tender character prior to reactivation of the machines on 11th November, 2016.
- (5) All banks referred to in sub-paragraph (1) of paragraph 1 shall ensure that their ATMs and White Label ATMs shall dispense bank notes of denomination of Rs. 100 or Rs. 50, until further instructions from the Reserve Bank.
- (6) The banking company referred to in sub-paragraph (1) of paragraph 1 and Government Treasuries shall resume their normal transactions from 10th November, 2016.
4. Every banking company referred to sub-paragraph (1) of paragraph 1, shall at the close of business of each day starting from 10th November, 2016, submit to the Reserve Bank, a statement showing the details of specified bank notes exchanged by it in such format as may be specified by the Reserve Bank.

[F.No.10/03/2016-Cy.1]

Dr. SAURABH GARG, Jr. Secy.

Annexure R/2

Enforcement actions taken by the Enforcement Directorate (ED):

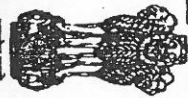
- ED conducted searches under FEMA at 67 places across India on Full Fledged Money Changers (FFMC) on 11 November, 2016. During the search Rs 3 crores (approx.) of old currency notes and foreign currency worth Rs 1.7 crores were seized. Action under FEMA has been initiated against the offenders.
- Searches under FEMA at 36 Hawala Operators in Delhi, Mumbai, Chennai, Bangalore, Guwahati and Kolkata were conducted on 29 November, 2016, leading to recovery of Rs 1 crore of old currency notes and Rs 20 lakhs of new Indian currency notes and foreign currency of about Rs 50 Lakhs. Action under FEMA has been initiated against the offenders.
- The Directorate maintained close coordination with various LEAs and any scheduled offence registered in connection with post demonetization was followed up with registration of ECIR under PMLA. Information for registration under scheduled offences was also gathered from open sources viz electronic/print media and internet.
- The ED has so far registered 33 ECIRs under PMLA in connection with cases relating to demonetization. 18 persons have been arrested by the ED in these cases.

ANNUAL RE-14.

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राजपदी सं० डी० एल०—(एन)04/0007/2003—16

REGISTERED NO. DL—(N)04/0007/2003—16



# भारत का राजपत्र The Gazette of India

असभारण

EXTRAORDINARY

भाग II—खण्ड 1

PART II—Section 1

प्रधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 631 नई दिल्ली, बुधवार, दिसम्बर 30, 2016/पौष 9, 1938 (शक)  
No. 631 NEW DELHI, FRIDAY, DECEMBER 30, 2016/PAUSHA 9, 1938 (SAKA)

इस भाग में प्रि: 3 प्रकृत संज्ञा दी जाती है जिससे कि वह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 30th December, 2016/Pausha 9, 1938 (Saka)

### THE SPECIFIED BANK NOTES (CESSATION OF LIABILITIES)

ORDINANCE, 2016

No. 10 OF 2016

Promulgated by the President in the Sixty-seventh Year of the Republic of India.

An Ordinance to provide for cessation of liabilities on the specified bank notes and for matters connected therewith or incidental thereto.

WHEREAS, the Central Government, on the recommendations of the Central Board of the Reserve Bank, *vide* notification No. S.O. 3407(E), dated the 8<sup>th</sup> November, 2016, declared the then existing series of the bank notes of the denominational value of five hundred rupees and one thousand rupees to cease to be legal tender with effect from the 9<sup>th</sup> November, 2016 to the extent specified therein;

AND WHEREAS, a part of the series of bank notes in circulation which have ceased to be legal tender on account of the said notification has come back to the Reserve Bank of India;

AND WHEREAS, such bank notes which have ceased to be legal tender are a liability in the books of accounts of the Reserve Bank of India under section 34 of the Reserve Bank of India Act, 1934;

AND WHEREAS, it is necessary to have clarity and finality to the liabilities of the Reserve Bank of India and the Central Government arising from such bank notes which have ceased to be legal tender on the basis of the said notification;

AND WHEREAS, Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:—

Short title and commencement.

1. (1) This Ordinance may be called the Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016.

(2) It shall come into force on the 31<sup>st</sup> day of December, 2016.

Definitions.

2. (1) In this Ordinance, unless the context otherwise requires,—

(a) "appointed day" means the 31<sup>st</sup> day of December, 2016;

(b) "grace period" means the period to be specified by the Central Government, by notification, during which the specified bank notes can be deposited in accordance with this Ordinance;

(c) "notification" means a notification published in the Official Gazette;

(d) "Reserve Bank" means the Reserve Bank of India constituted by the Central Government under section 3 of the Reserve Bank of India Act, 1934;

2 of 1934.

(e) "specified bank note" means a bank note of the denominational value of five hundred rupees or one thousand rupees of the series existing on or before the 8<sup>th</sup> day of November, 2016.

(2) The words and expressions used and not defined in this Ordinance but defined in the Reserve Bank of India Act, 1934 or the Banking Regulation Act, 1949 shall have the meanings respectively assigned to them in those Acts.

2 of 1934.

10 of 1949.

Specified bank notes to cease to be liability of Reserve Bank or Central Government.

3. On and from the appointed day, notwithstanding anything contained in the Reserve Bank of India Act, 1934 or any other law for the time being in force, the specified bank notes which have ceased to be the legal tender, in view of the notification of the Government of India in the Ministry of Finance, number S.O.3407(E), dated the 8<sup>th</sup> November, 2016, issued under sub-section (2) of section 26 of the Reserve Bank of India Act, 1934, shall cease to be liabilities of the Reserve Bank under section 34 and shall cease to have the guarantee of the Central Government under sub-section (1) of section 26 of the said Act.

2 of 1934.

4.(1) Notwithstanding anything contained in section 5, the following persons holding specified bank notes, on or before the 8<sup>th</sup> day of November, 2016 shall be entitled to tender within the grace period with such declarations or statements, at such offices of the Reserve Bank or in such other manner as may be specified by it, namely:—

- (i) a citizen of India who makes a declaration that he was outside India between the 9<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 subject to such conditions as may be specified, by notification, by the Central Government; or
- (ii) such class of persons and for such reasons as may be specified, by notification, by the Central Government.

(2) The Reserve Bank may, if satisfied, after making such verifications as it may consider necessary that the reasons for failure to deposit the notes within the period specified in the notification referred to in section 3, are genuine, credit the value of the notes in his Know Your Customer compliant bank account in such manner as may be specified by it.

(3) Any person, aggrieved by the refusal of the Reserve Bank to credit the value of the notes under sub-section (2), may make a representation to the Central Board of the Reserve Bank within fourteen days of the communication of such refusal to him.

*Explanation.—* For the purposes of this section, the expression “Know Your Customer compliant bank account” means the account which complies with the conditions specified in the regulations made by the Reserve Bank under the Banking Regulations Act, 1949.

5. On and from the appointed day, no person shall, knowingly or voluntarily, hold, transfer or receive any specified bank note:

Prohibition on holding, transferring or receiving specified bank notes.

Provided that nothing contained in this section shall prohibit the holding of specified bank notes—

- (a) by any person—
  - (i) up to the expiry of the grace period; or
  - (ii) after the expiry of the grace period,
    - (A) not more than ten notes in total, irrespective of the denomination; or
    - (B) not more than twenty-five notes for the purposes of study, research or numismatics;
- (b) by the Reserve Bank or its agencies, or any other person authorised by the Reserve Bank;
- (c) by any person on the direction of a court in relation to any case pending in that court.

Penalty for  
contravention of  
section 4.

6. Whoever knowingly and willfully makes any declaration or statement specified under sub-section (1) of section 4, which is false in material particulars, or omits to make a material statement, or makes a statement which he does not believe to be true, shall be punishable with fine which may extend to fifty thousand rupees or five times the amount of the face value of the specified bank notes tendered, whichever is higher.

Penalty for  
contravention of  
section 5.

7. Whoever contravenes the provisions of section 5, shall be punishable with fine which may extend to ten thousand rupees or five times the amount of the face value of the specified bank notes involved in the contravention, whichever is higher.

Offences by  
companies.

8. (1) Where a person committing a contravention or default referred to in section 6 or section 7 is a company, every person who, at the time the contravention or default was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention or default and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to punishment if he proves that the contravention or default was committed without his knowledge or that he had exercised all due diligence to prevent the contravention or default.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Ordinance has been committed by a company and it is proved that the same was committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary, or other officer or employee of the company, such director, manager, secretary, other officer or employee shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purpose of this section,—

(a) "a company" means any body corporate and includes a firm, trust, a co-operative society and other association of individuals;

(b) "director", in relation to a firm or trust, means a partner in the firm or a beneficiary in the trust.

9. Notwithstanding anything contained in section 29 of the Code of Criminal Procedure, 1973, the court of a Magistrate of the First Class or the court of a Metropolitan Magistrate may impose a fine for contravention of the provisions of this Ordinance.

Special provisions  
relating to offences.



10. No suit, prosecution or other legal proceeding shall lie against the Government, the Reserve Bank or any of their officers for anything done or intended to be done in good faith under this Ordinance. Protection of action taken in good faith.

11. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act. Power to make rules.

(2) Every rule made under this Ordinance shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

12. (1) If any difficulty arises in giving effect to the provisions of this Ordinance, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Ordinance, as may appear to it to be necessary or expedient for removing the difficulty. Power to remove difficulties.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

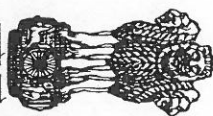
PRANAB MUKHERJEE,  
*President.*

DR. G. NARAYANA RAJU,  
*Secretary to the Govt. of India.*

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रजिस्ट्री सं० डी० एल०-33004/99

REGD. NO. D. L.-33004/99



# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 31221 नई दिल्ली, शुक्रवार, दिसम्बर 30, 2016/पौष 9, 1938

No. 31221 NEW DELHI, FRIDAY, DECEMBER 30, 2016/PAUSA 9, 1938

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 30 दिसम्बर, 2016

का.अ. 4251(अ).—केन्द्रीय सरकार, विनिर्दिष्ट बैंक नोट (उत्तरदायित्व का समाप्त होना) अध्यादेश, 2016 (2016 का अध्यादेश सं. 10) की धारा 4 की उपधारा (1) के खंड (i) के साथ पठित धारा 2 की उपधारा (1) के खंड (ख) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अध्यादेश की धारा 4 की उपधारा (1) के खंड (i) में निर्दिष्ट भारत के नागरिक के संबंध में,—

- (क) जो भारत में निवासी है, 31 मार्च, 2017 को समाप्त होने वाली अवधि; और
- (ख) जो भारत में निवासी नहीं है, 30 जून, 2017 को समाप्त होने वाली अवधि;

उक्त अध्यादेश के प्रयोजनों के लिए अनुग्रह अवधि के रूप में विनिर्दिष्ट करती है:

परंतु प्रस्तुत विनिर्दिष्ट बैंक नोटों की रकम, विदेशी मुद्रा प्रबंध अधिनियम, 1999 (1999 का 42) के उपबंधों के अधीन बनाए गए विदेशी मुद्रा प्रबंध (करेंसी का निर्यात और आयात) विनियम, 2015 [अधिसूचना सं. एफ.ई.एम.ए. 6 (आर)/आरबी-2015, तारीख 29 दिसम्बर, 2015] के विनियम 3 या विनियम 8 के अधीन विनिर्दिष्ट रकम से अधिक नहीं होगी और उसमें विनिर्दिष्ट शर्तों का अनुपालन किया गया है।

[का. सं. 10/03/2016-सीवाई.1]

डॉ. सौरभ गर्ग, संयुक्त सचिव

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THE GAZETTE OF INDIA : EXTRAORDINARY

[PART II—SEC. 3(iii)]

**MINISTRY OF FINANCE**  
(Department of Economic Affairs)  
**NOTIFICATION**

New Delhi, the 30th December, 2016

**S.O. 4251(E).**—In exercise of the powers conferred by clause (b) of sub-section (1) of section 2, read with clause (i) of sub-section (1) of section 4, of the Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 (Ord. 10 of 2016), the Central Government hereby specifies, in respect of a citizen of India, referred to in clause (i) of sub-section (1) of section 4 of the said Ordinance,—

- (a) who is a resident in India, the period ending on the 31st day of March, 2017; and
  - (b) who is not resident in India, the period ending on the 30th day of June, 2017,
- as the grace period for the purposes of the said Ordinance:

Provided that the amount of specified bank notes tendered does not exceed the amount specified under regulation 3 or regulation 8 of the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015 [Notification No. FEMA 6 (R)/RB-2015, dated the 29<sup>th</sup> December, 2015] made under the provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the conditions specified therein are complied with.

[F. No. 10/03/2016-Cy. I]

Dr. SAURABH GARG, Jt. Secy.

Nishok  
Kumar Paria  
Digitally signed by  
Nishok Kumar Paria  
Date: 2016.12.30  
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