GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 579
TO BE ANSWERED ON 7th FEBRUARY, 2017/ MAGHA 18, 1938 (SAKA)

CONCURRENCE OF RBI IN DEMONETISATION

QUESTION

579: **SHRI RAJEEV SHUKLA**

Will the Minister of **FINANCE** be pleased to state:

(a) whether it is a fact that demonetisation proposal was mooted by Government and the concurrence of the Reserve Bank of India was sought thereon, if so, the details thereof; and

(b) the details regarding examination of the proposal by the RBI, including the time taken by the Central Bank and the recommendations given, if any, thereon?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ARJUN RAM MEGHWAL)

(a) & (b) The matter was under discussion and consultation with RBI for several months preceding 8th November, 2016. The Government in a letter dated 7th November, 2016 requested RBI to consider cancellation of legal tender character of Rs. 500 and Rs. 1000 denomination with the objective to eliminate black money and to curb the infusion and circulation of Fake Indian Currency Notes (FICN). The Central Board of the Reserve Bank in its meeting held on November 8, 2016 deliberated in detail a proposal for withdrawal of legal tender status of banknotes in the denomination of Rs.500 and Rs.1000 of existing and any older series in circulation and after due examination, recommended withdrawal of legal tender status of such notes. The legal tender character of banknotes of the Specified Bank Notes in the denominations of Rs. 500 and Rs. 1000 in circulation as on the 8th November, 2016 was cancelled by the Central Government, on recommendation of the Central Board of RBI, with effect from the expiry of the 8th November, 2016 in exercise of the powers conferred by sub-section (2) of section 26 of the Reserve Bank of India Act, 1934 (2 of 1934), with the objective to eliminate black money and to curb the infusion and circulation of Fake Indian Currency Notes (FICN).

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