

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA UNSTARRED QUESTION NO. 1491
TO BE ANSWERED ON 20.12.2022

Impact of demonetization on India-Nepal relations

1491: Shri Sanjay Singh:

Will the Minister of Finance be pleased to state:

- (a) whether despite the fact that citizens of Nepal were legally entitled to keep an amount of ₹ 25 thousand in Indian currency during demonetization announced in 2016, they had lost their money;
- (b) the details of old Indian currency lying with Nepal Rastra Bank and public holding thereof;
- (c) whether Government has refused to accept the said old Indian currency; and
- (d) if so, the details thereof and impact thereof, on the relations between the two countries?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHOUDHARY)

(a) to (d): The Reserve Bank of India issued a circular in 2015 allowing individuals travelling from India to Nepal to carry Indian currency notes of ₹ 500/- and ₹ 1000/- denominations ('Specified Bank Notes') up to a limit of ₹ 25,000/- per person. The Nepal Rastra Bank issued a similar circular to that effect. However, following Government of India's decision in November 2016 to demonetize Indian currency notes of ₹ 500/- and ₹ 1,000/- denominations, the Nepal Rastra Bank had disallowed the usage of all such demonetized notes in Nepal. As regards request for exchange of Specified Bank Notes (SBNs) of Indian banknotes in Nepal, in terms of the Specified Bank Notes (Cessation of Liabilities) Act 2017 notified on February 27, 2017, SBNs cease to be the liabilities of the Reserve Bank under section 34 of the Reserve Bank of India Act, 1934 and cease to have the guarantee of the Central Government under sub-section (1) of section 26 of the said Act. In view of this, the scheme for exchange of SBNs stands closed for all entities other than those eligible under Government of India notified Specified Bank Notes (Deposit of Confiscated Notes) Rules 2017 dated May 12, 2017. As informed by the Nepal Rastra Bank (NRB) on August 21, 2017, they had a total of ₹ 7.8461 crore of SBNs in their banking system and with the courts. NRB had further informed that Nepalese people were also holding SBNs. However, the quantum of such notes with public was not indicated.
