



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 63] नई दिल्ली, शुक्रवार, दिसम्बर 30, 2016/ पौष 9, 1938 (शक)
No. 63] NEW DELHI, FRIDAY, DECEMBER 30, 2016/PAUSHA 9, 1938 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह 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 8th 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 9th 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 31st day of December, 2016.

Definitions.

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

(a) “appointed day” means the 31st 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 8th 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 legal tender, in view of the notification of the Government of India in the Ministry of Finance, number S.O.3407(E), dated the 8th 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 3, the following persons holding specified bank notes on or before the 8th 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:—

Exchange of specified bank notes.

(i) a citizen of India who makes a declaration that he was outside India between the 9th November, 2016 to 30th 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.

10 of 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 wilfully 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.

Special provisions
relating to offences.

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. 2 of 1974.

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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EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 3122]

नई दिल्ली, शुक्रवार, दिसम्बर 30, 2016/पौष 9, 1938

No. 3122]

NEW DELHI, FRIDAY, DECEMBER 30, 2016/PAUSA 9. 1938

वित्त मंत्रालय

(आर्थिक कार्य विभाग)

अधिसूचना

नई दिल्ली, 30 दिसम्बर, 2016

का.आ. 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 निम्नलिखित भाग 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:

परन्तु प्रस्तुत विनिर्दिष्ट बैंक नोटों की रकम, विदेशी मुद्रा प्रबंध अधिनियम, 1999 (1999 का 42) के उपबंधों के अधीन बनाए गए विदेशी मुद्रा प्रबंध (कॉन्सी का निर्यात और आयात) विनियम, 2015 [अधिसूचना सं. एफ.ई.एम.ए. 6 (आर)/आरवी-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।

[फा. सं. 10/03/2016-सीवाई.1]

डॉ. मीरुष गर्ग, संयुक्त सचिव

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 29th 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

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Nishok Kumar Paria
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*Grace period
definition.*

**Government of India
Ministry of Finance
Department of Economic Affairs**

December 30, 2016

PRESS RELEASE

The Hon'ble President has approved the promulgation of the Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 on 30th December, 2016.

The Ordinance is a follow up to the decision taken by the Government to cancel the legal tender character of the existing series of banknotes, as on November 8, 2016, in the denominations of Rs.500 and Rs.1000 (Specified Bank Notes SBNs) in circulation.

The main objectives of the Ordinance are (i) to provide clarity and finality to the liability of the Reserve Bank of India and the Government of India for the SBNs; (ii) to provide an opportunity to those persons who were unable to deposit the SBNs within the time provided; and (iii) to declare holding, transferring or receiving SBNs as illegal, with provisions for penalty for contravention of any of the provisions of the Ordinance.

This decision follows a number of steps taken to eliminate the menace of unaccounted money in the economy including setting up of a Special Investigation Team (SIT); enacting a law regarding undisclosed foreign income and assets; amending the Double Taxation Avoidance Agreements between India and Mauritius and India and Cyprus; reaching an understanding with Switzerland for getting information on Bank accounts held by Indians with HSBC; encouraging the use of non cash and digital payments; amendments to the Benami Transactions Act; and implementation of the Income Declaration Scheme 2016. It is a move in line with the government's initiatives to curb unaccounted money in the system, money laundering and tax avoidance.

As on 30th December, 2016 a part of the Specified Bank Notes (SBN) have come back to the Reserve Bank of India and these are now a part of the formal financial system, increasing the deposit base of the banks and improving their ability to lend. People have also embraced and are continuing to adopt different digital forms of payments. The ecosystem of digital payments infrastructure is continually being improved and strengthened to make it easier for more people to adapt to this form of payment.

As was notified on 8th November, 2016 those persons who were unable to exchange or deposit the SBNs in their bank accounts on or before 30th December, 2016 shall be given an opportunity to do so. Accordingly, this facility has been granted to all Indian citizens who were outside India from 9th November, 2016 to 30th December, 2016 to tender these SBNs at the specified Issue Offices of RBI until 31st March, 2017. For those citizens of India who are not resident in India, this facility would be available till June 30, 2017 in order to allow them adequate time to plan a visit as per their convenience.

The above facility would be subject to the regulations of the notification "Foreign Exchange Management (Export and Import of Currency) Regulations, 2015. As per these regulations bringing back such currency into the country is restricted to Rs.25,000/ per person. Separate FEMA provisions are applicable to persons in Nepal and Bhutan which would continue to apply.

At the time of return to India the number and denominations of the SBN will need to be declared to the Customs authorities at the airports and other entry points. Necessary form for such declaration will be given out by the CBEC. The details of the declaration and statements that are required to be submitted along with the SBNs at the time of deposit in RBI Issue Offices will be separately announced by RBI. Any false declaration will invite a fine of Rs. 50,000 or five times the amount of the face value of the SBN tendered, whichever is higher.

After the period of exchange is over, the liability of the Reserve Bank and the guarantee of the Central Government towards the Specified Bank Notes will stand extinguished. Further, to prevent any continued parallel transactions with the SBNs by unscrupulous element, after this period, holding, transferring and receiving SBNs will attract a fine of Rs.10,000 or five times the amount of the face value of the SBN involved in the contravention, whichever is higher.
