

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA

STARRED QUESTION NO.*92
ANSWERED ON TUESDAY, DECEMBER 07, 2021

**CHALLENGE OF PRESERVING DEMONETISED NOTES IN DISTRICT
COOPERATIVE BANKS**

*92.SHRI SANJAY RAUT:

Question:

Will the Minister of Finance be pleased to state:

- (a) whether it is a fact that eight District Cooperative banks in Maharashtra are facing the challenge of preserving ₹ 112 crore in old currency notes despite five years after demonetisation;
- (b) if so, the details thereof;
- (c) whether it is also a fact that RBI had stopped accepting old currency notes from some District Cooperative banks even though these financial institutions reasoned that the deposits had been accepted by them before demonetisation; and
- (d) if so, the details thereof and Government's response thereto?

Answer:

FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

- (a) to (d): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 92 RAISED BY SHRISANJAY RAUT, HON'BLE MEMBER OF PARLIAMENT TO BE ANSWERED ON DECEMBER 07, 2021 REGARDING CHALLENGE OF PRESERVING DEMONETISED NOTES IN DISTRICT COOPERATIVE BANKS

(a)& (b): As per details provided by NABARD, seven District Co-operative Central Banks (DCCBs) in Maharashtra were holding Rs. 101.37 crore as at the close of business as on November 08, 2016 in Specified Bank Notes (SBNs) which could not be deposited with RBI.

(c) & (d): RBI had advised banks that in terms of Gazette Notification dated November 08, 2016 issued by Government of India (GoI), Rs. 500 and Rs. 1000 denominations of Bank Notes (hereinafter referred to as Specified Bank Notes) shall cease to be legal tender with effect from November 09, 2016, to the extent specified in the Notification.

In terms of para 2(vi) of the RBI Circular DCM (Plg) No. 1226/10.27.00/2016-17 dated November 08, 2016, every banking company defined under the Banking Regulation Act, 1949 and every Treasury shall complete and forward a return showing the details of the SBNs held by it at the close of business as on November 08, 2016, not later than 13:00 hrs on November 10, 2016 to the concerned Regional Office of Reserve Bank of India under whose jurisdiction the Head office of the bank is located. The return should also include details of SBNs recalled from ATMs, Cash Deposit Machines, Cash Recyclers, Coin Vending Machines, CIT Companies, Business Correspondents, etc. Also, in terms of para 2(vii) of aforesaid circular, arrangement should be made by the branches to promptly deposit these SBNs with the linked Currency Chest/RBI and get the amount credited to their account. The RBI Circular DCM (Plg) No.1273/10.27.00/2016-17 dated November 14, 2016 said that no exchange facility against the specified notes or deposit of such notes should be entertained by the DCCBs. Further, the RBI vide Circular DCM (Plg) No.5720/10.27.00/2016-17 dated June 29, 2017 communicated the decision of GoI to all DCCBs and said that (i) SBNs exchanged/ accepted as deposits by DCCBs from November 10 to 14, 2016, will be eligible for deposit and such SBNs will be accepted by designated RBI Offices till July 19, 2017 while balances of SBNs held as at the close of transaction on November 08, 2016 and still not deposited, are not eligible and (ii) SBNs accepted by DCCBs from November 15, 2016 onwards are not acceptable for deposit under the facility. RBI, therefore, stopped accepting old currency notes from DCCBs in accordance with RBI's directions contained in the RBI circulars which were issued in consequence of Gazette Notification of November 08, 2016 notifying cessation of legal tender status for specified bank notes.
