

## MODI'S SURGICAL STRIKE ON BLACK MONEY

Our Bureau

CURRENCY CALL				
Security press (denomination)	FY14 (mm places)	FY15	FY16	FY17 up to Aug 22
Mysuru (500)	2360.59	3611.92	2923.36	884.65
Nashik (500)	0.00	0.00	472.06	344.32
Mysuru (1000)	362.21	612.313	496.649	453.677
Nashik (1000)	453.812	448.079	709.58	287.761
Value In ₹ crore				
Security press (denomination)	FY14 (₹ cr)	FY15	FY16	FY17 up to Aug 22
Mysuru (500)	118029.5	180596.05	146167.95	44232.7
Nashik (500)	0	0	23603.05	17216.2
Mysuru (1000)	36221	61231.3	49664.9	45367.7
Nashik (1000)	45381.2	44807.9	70958	28776.1

Source: RTI

₹500, ₹1,000 notes withdrawn to check black money, counterfeits; new notes from Nov 10

New Delhi, November 8:

In a shock and awe move, Prime Minister Narendra Modi announced withdrawal of ₹ 500 and ₹ 1,000 notes in a bid to check black money and cross-border monetary transactions of counterfeit currency.

“Notes of ₹ 500 and ₹ 1,000 not valid from midnight November 8, 2016,” said Modi in a late-evening address to the nation, evoking strong reactions from the man on the street to his political opponents.

While most financial experts and India Inc honchos said it was not unexpected, the timing of the announcement caught everyone by surprise. An obvious reason for this would be to ensure that unaccounted wealth is not siphoned off via other channels like gold or property. In his address, Modi asked people to exchange these notes for other denominations from November 10, 2016 till December 31, 2016. This can be done in banks and post-offices.

Government hospitals will continue to accept old ₹ 500 and ₹ 1,000 notes for 72 hours. Similarly, rail, airline and government bus ticket counters, as well as milk booths, petrol pumps, consumer cooperative societies, crematoriums and burial grounds, and foreign currency exchange facilities at airports will accept these notes for the next 72 hours. Transactions through debit and credit cards, cheques and demand drafts will continue as usual.

There will be a cap on ATM withdrawals from ₹ 2,000 per day per card. This will be raised to ₹ 4,000 in the coming days. New ₹ 500 and ₹ 2,000 notes will be issued on November 10.

“This is the biggest and the boldest step by the government for containing black money. It is like a surgical strike on black money,” said Revenue Secretary Hasmukh Adhia.

Soon after the Prime Minister’s address, in a joint press conference Economic Affairs Secretary Shaktikanta Das and RBI Governor Urjit Patel said high denomination notes of ₹ 500 and ₹ 1,000 were being used for black-money transactions, terror financing and had also led to an inflow of fake currency into the country. “The long shadow of the ghost economy has been a problem of the real economy,” Das said.

He noted that the economy grew by 30 per cent between 2011 and 2016 and currency notes in circulation rose by 40 per cent. In contrast, the circulation of ₹ 500 currency notes grew by 76 per cent and ₹ 1,000 notes by 109 per cent. The RBI Governor said that despite the high number of fake currency, the security features of the currency have not been breached. “The RBI has ramped up production of the new series of notes,” he said.

Das also announced the new series of ₹ 500 and ₹ 2,000 currency notes with new size specifications and security features.

Das warned that people with unaccounted income would be monitored and banks have installed video cameras to monitor the exchange of notes. “Do not allow yourself to be used for exchanging illegal cash,” he appealed.

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### What’s in store

- **The Reserve Bank of India will issue new notes for ₹500 and ₹2,000.**
- **Old notes of ₹500 or ₹1,000 can be deposited in banks or post offices from Nov 10 to Dec 30 without any limit.**
- **Cap on withdrawal of ₹10,000 per day per card and ₹20,000 per week. This limit will be gradually relaxed.**

- ***The exchange of ₹500 or ₹1,000 will be done on showing ID proof. Cap of ₹4,000 up to Nov 24.***
- ***ATMs will be shut on November 9 and 10.***

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