

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

The Central Government takes several decisions to facilitate farmers, small traders, Group 'C' Employees of Central Government including equivalent levels in the Defence and Para Military Forces, Railways and Central Public Sector Enterprises in the aftermath of the cancellation of the legal tender character of the old Rs. 500 and Rs. 1000 notes; Also decides to reduce the limit of exchange of old Rs. 500/- and Rs. 1000/- notes across the counter in banks from Rs. 4500/- to Rs. 2000/-with effect from 18th November, 2016.

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In the aftermath of the cancellation of the legal tender character of the old Rs. 500 and Rs. 1000 notes, the Government of India has been receiving several suggestions including those from the State Governments. The Government has considered various suggestions and the following decisions relating to certain operational aspects of this scheme have been taken:

- i. We are now at the beginning of the Rabi season. The farmers need various inputs for their agricultural activities. While the Government is keen on promoting payment through the banking or digital system, it is felt necessary to make some quantum of cash available with farmers to meet various expenses in connection with agricultural operations. It has, therefore, been decided that farmers would be permitted to draw upto Rs. 25000/- per week in cash from their KYC compliant accounts only. These cash withdrawals would be subject to the normal loan limits and conditions. This facility will also apply to the Kisan Credit Cards (KCC).
- ii. Farmers are currently selling their produce from the Kharif season in the APMC markets/mandis. The farmers who receive such payments in their bank accounts through cheque/ RTGS will be permitted to draw up to Rs. 25000/- per week in cash. These accounts will have to be KYC compliant. This facility will enable the farmers to meet their various expenses connected with agriculture. This will also infuse lot of liquidity into the rural sector.
- iii. Traders registered with APMC markets/mandis will be permitted to draw up to Rs. 50,000/- per week in cash from their KYC compliant accounts as in the case of business entities. This will enable these traders to pay wages and facilitate easy loading, unloading and other activities at the mandis.
- iv. For payment of crop insurance premium, States fix time limits depending on their local requirements and conditions. Consequently, the last date for payment expires on different dates. It has now been decided to extend the last date for payment of crop insurance premium by 15 days.

- v. While encouraging families to incur wedding expenses through cheques or digital means, it has been decided to permit families celebrating weddings to draw up to Rs. 2,50,000/- in cash from their own bank accounts. These accounts have to be necessarily KYC compliant. The amounts can be drawn only by either of the parents or the person getting married. Only one of them will be permitted to draw this amount. This limit of Rs. 2,50,000/- will apply separately to the girl's family and the boy's family. The person drawing such amount has to furnish the PAN details. Further, a self-declaration will have to be submitted by the person to the effect that only one person from his/her family is drawing the amount. It is expected that members of the public will fully cooperate to ensure that the above guidelines are adhered to. Any misuse of this facility will invite appropriate action based on the self-declaration and other details.
- vi. At present, over the counter exchange of old Rs. 500/- and Rs. 1000/- notes is limited up to maximum of Rs. 4500/- per person. Reports have been received that the same persons are going back to the counter again and again, thereby cornering the facility and depriving many other people from exchanging old notes. There are also reports of organized groups indulging in such practices to convert their black money into white. It is now expected and desirable that people put their old notes into their bank accounts. However, for convenience of the people who may be on temporary visit either for work or otherwise, it has been decided to reduce this limit of exchange of old Rs. 500/- and Rs. 1000/- notes across the counter in banks from Rs. 4500/- to Rs. 2000/-. This facility will be available only once per person. The reduced limit of Rs. 2000/- will take effect from 18th November, 2016.
- vii. Central Government employees up to Group 'C' including equivalent levels in the Defence and Para Military Forces, Railways and Central Public Sector Enterprises will be given an option to draw salary advance up to Rs. 10,000/- in cash. This amount will be adjusted in their salary for November, 2016. It is expected that this decision will ease the pressure on the banks.
