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ROHIT

on 10 November 2016

One thing we must admit that 8th and 9th November 2016 were the days a Chartered Accountant or a Tax Consultant has received the maximum number of phone calls on a single day, probably beating even his own birthday! These were the days when the whole nation was unanimously talking about the demonetisation of higher denomination currency. As addressed by our Prime Minister, Mr. Narendra Modi, to the country on Tuesday evening, it was a move to eradicate the menace of black money and corruption.

It was also said the existing notes of Rs.500/- or Rs.1,000/- denominations can be deposited in one's bank or post office accounts between November 10 and December 30. Currency value of up to Rs. 4,000/- per day can be exchanged at



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any bank or post office till November 24 by showing a valid government-issued identity proof.

The Reserve Bank of India will issue new Rs.500/- and Rs.2,000/- notes beginning November 10. Once the ATMs start functioning, there will be a daily [withdrawal](#) limit of Rs.2,000/- per debit card, which will be later increased to Rs.4,000/-. There will, however, be an overall limit on withdrawal of Rs.10,000/- a day and Rs.20,000/- a week, which will be increased in the coming days.

The most satisfying thing said in the end for all common masses was, “Your money will be your money. You don’t have to worry about this. We have made arrangements to ensure that citizens suffer the least possible difficulty.”

RBI has issued a list of FAQs in order to curtail some rumours spreading lately and also to bring clarity as to what steps would be taken by the government in order to smoothen the process and not to cause undue hardship.

One such rumour was that the new notes would be equipped with NGC - Micro Nano GPS Chip which helps to keep a track of the individual notes with the help of a satellite. RBI has dismissed the technology saying that the new notes introduced will have high-security features which will make them difficult to counterfeit but may not have tracking features.

This article was not to repeat any of the FAQs (we have all received enough messages over Whatsapp!). In this article, I wanted to highlight some of the commonly questions posed to me:

What do we do with the Cash lying with us?

7

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You can very well deposit the Cash in your bank account and also get it exchanged subject to the limit specified by RBI for the time being and also withdraw the same from your account. By Account we mean – Bank as well as Post Office Savings Account.

What is the time limit for depositing/ exchanging the Cash?

The cash can be deposited at any time before 30th December 2016.

Should we Deposit the entire cash lying with us in our Bank Accounts?

Now, that is a trick question. It will be preferable if you consult your tax consultant or an expert in order to decide the quantum of amount that you should deposit.

What if we deposit more Cash in our bank accounts than we should have?

Our Income-tax Department is going to be hawk-eyed on all those cash deposits. Huge unexplained cash deposits may lead them to treat it as



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undisclosed income and tax, interest and penalty up to 200% may be levied. Hence, it is advisable to approach an expert before taking any hasty decisions.

Will it actually help tackle counterfeit notes issues?

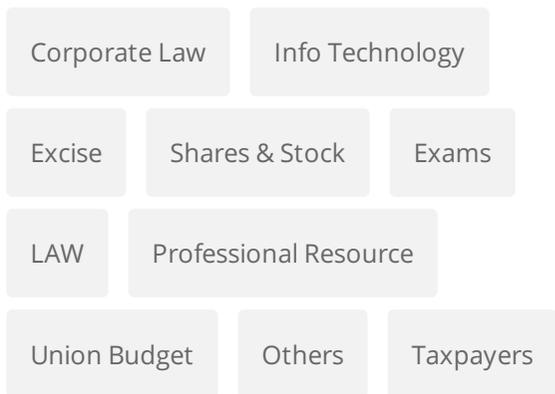
For the time being it may help fight the menace of counterfeit notes. People will rush to banks to get their currency exchanged, leading the banks to accumulate huge amounts of such cash. But the main issue, is who will bear the brunt of this counterfeit cash? A rhetorical question; the obvious answer is that the Common Man, who may unwittingly hold counterfeit currency, is the ultimate loser out here. The masterminds behind the counterfeit racket may not face any problems.

Will prices of real estate take a toll?

It is being publicized that reality will crash and houses are going to be affordable to the middle class. However, what one forgets is that, this is momentary. Builders, like all businessmen, will only recover their losses later on by hiking up the prices. Only time will tell how soon this recovery will occur.

Why this step now?

It is obvious that much planning and secrecy has enveloped this policy. Last year, the Black Money (Undisclosed Foreign Income and Assets) Act was passed. This year, the [Income Declaration Scheme](#) was introduced. Although both these legislations received a lukewarm response, it seems that the current government has a concrete action plan to bring into control the parallel economy. The recent drastic step of demonetization may, as well, be one among the many steps that will be introduced by the government. "What next?", is the next billion-dollar question.



Will it help eradicate [black money](#)?

In my personal opinion, it may help eradicate black money but not up to the desirable limit. The currency lying in India may either be written off or may be declared as income by paying taxes thereon. But the big bucks lying in offshore bank accounts will remain unaffected. It will enter India after the whole wave settles down in the form of new currency notes.

The most important of them all, will it help fight corruption?

The answer is known to almost all of us and the answer is NO. The dream of a corruption-free India has a long way to go. Currency is just one mode of corruption but not the sole way of corruption. Various other modes may rule the roost till the time the new currency flows in. If corruption has to stop, then it has to stop from our end. Such drastic steps by the government may aid in curbing corruption, but it is only when we decide to eradicate corruption, that the entire plan will turn fruitful. Our conscious choice to elevate ourselves above unscrupulous demands can only save our country. Until then, let's hope that the steps taken by a lone man may not go in vain.

Whilst I have taken time off to jot down a few questions that have been posed to me, there is much clarity needed on the demonetization policy. The government is expected to issue press releases in the next few days, which I hope may provide more answers, rather than questions.

The author is a Chartered Accountant and can also be reached at rrco1905@yahoo.com.

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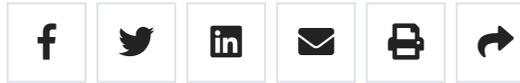
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[3 years ago](#)

Rohith ji good submission keep it up

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SURESH

[3 years ago](#)

MR. Rohit, I do not agree with you this will definitely help to eradicate black money and corruption as well. Black Money hoarded by so many entities in big chunk will be very very difficult to translate in to new currency. Also the corrupt officials are very much afraid of after this step taken by the government.

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GULAM ABBAS A MOMIN

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dear sir, I have question 1. at one time how much can I deposits in saving account I have 2,00,000 lacs cash on hand at a one time deposits or 50,000/- in four time

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[3 years ago](#)

how much time could I go to deposit 500 and 1000 rs note to my account

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I am sure, govt is also planning something g for offshore black money.

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