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Honourable Minister of Finance,
Government of India,
New Delhi.

Dear Sir,

Sub: Difficulties of Demonetisation of Rs. 500 and Rs. 1,000 notes

We appreciate the efforts of the Government and RBI to curb fake currency, black money, etc. In the following situations, it is causing unintended difficulties:

1. Foreign Tourists:

Foreign tourists are permitted to bring in foreign exchange freely in the country. No declaration is required upto US\$ 10,000. Beyond that, a declaration is required.

They have converted their foreign exchange into Indian rupees. Many of the notes are in the denomination of Rs. 500 and 1,000. They are facing difficulties. Taxis, tourists places, shops are not accepting the currency notes.

As per notification and FAQs, the only options they have are:

- i) While leaving India, they can exchange the Indian currency into foreign exchange only upto Rs. 5,000/-.
- ii) They can exchange the barred notes (Old High Denomination - OHD notes) into legal notes only upto Rs. 4,000. Over and above Rs. 4,000, they can open a bank account and deposit the currency.

Both these are impractical.

The tourists would not have any relatives / friends in India on whom they fall back upon.

If they go to the bank to exchange barred notes (OHD notes) into foreign currency and convert it back into legal currency, they will loose on foreign exchange conversion.

All this will leave a bad image of India in the foreign tourists' mind.

Suggestions:

We suggest that they may be permitted to exchange the barred notes (OHD notes) into legal notes without the limit of Rs. 4,000.

At the time of leaving, there should be no limit of Rs. 5,000.

All this will be subject to production of documents (proof of conversion of foreign currency into Indian Rupees).

2. Non-residents having Indian currency abroad:

A non-resident is permitted to take with him Indian currency while leaving India upto Rs. 25,000/- [Reg. 3(2) of FEMA Notification no. 6(R)]. They have converted foreign exchange into rupees when they came to India.

There are non-residents (especially NRIs) who are abroad and have Indian currency with them. Some non-residents have more than Rs. 25,000 as they have taken the currency over several visits. They will not return to India before 30th December. They may not even return to India before 31.3.2017 (the time upto which they can submit the banned notes to RBI).

It is not practical to come to India just to deposit rupees in the account.

Suggestions:

We suggest following alternatives:

i) Non-residents may be allowed to deposit the currency notes in an Indian bank abroad. The funds can then be credited to the NRO account in India. This will be as good as depositing the money in the NRO account in India.

ii) Indian banks can convert the currency notes into foreign currency and pay the same to the NRIs abroad itself.

This may be permitted upto Rs. 1,00,000 per person. For amount above this, satisfactory documents may be provided.

We will glad to discuss the matter with you.

Thanking you,

Yours sincerely,
For Rashmin Sanghvi and Associates

Rashmin Sanghvi