

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2833
ANSWERED ON:07.02.2014
CIRCULATION OF INDIAN NOTES IN NEPAL
Ganeshamurthi Shri A.

Will the Minister of FINANCE be pleased to state:

- (a) whether there is ban on circulation of Indian notes of Rs. 500 and Rs. 1000 denomination in Nepal;
- (b) if so, the details in this regard and the reasons therefor;
- (c) whether India and Nepal have agreed in principle to allow circulation of Indian notes of Rs. 500 and Rs. 1000 denomination within Nepalese territory; and
- (d) if so, the details thereof along with the time by which it is likely to be allowed?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (b): Yes, Sir. In terms of Regulation 8 of Notification No. FEMA 6/RB-2000 dated 3.5.2000 issued under Foreign Exchange Management (Export and Import of currency) Regulations 2000, a person may take or send out of India to Nepal or Bhutan, Indian currency notes, other than notes of denominations of above Rs.100 in either case. The ban is mainly for security concern and to curb unauthorized trade between the two countries.

(c) to (d): The problems of people of Nepal working in India and returning with earnings in high denomination notes as well as those of Indian tourists with high denomination notes were discussed in the Home Secretary level talks between India & Nepal held at Kathmandu in June 1-3, 2013, wherein permitting high denomination currency notes up to a limit of Indian Rs.25000/- per person was discussed. Both the sides agreed to consider the establishment of the currency exchange counters at designated entry points for converting high denomination Indian currency into lower denomination Indian currency or Nepali currency.