



BANK EMPLOYEES FEDERATION OF INDIA

NARESH PAUL CENTRE

53 Radha Bazar Lane (1st Floor), Kolkata – 700 001

e-mail: pradipbefi@yahoo.co.in Website: www.befi.in

(Ph):033-22254414/22365108 (M)9433144271 Fax: 033-22365109/22420690

**Press Statement issued on 12th March 2019 by
Shri Debasish Basu Chaudhury, General Secretary,
Bank Employees Federation of India, at Kolkata.**

ON THE DEMONETISATION OF HIGH VALUE NOTES IN NOV. 2016

We have come across media reports on some more revelations on demonetization of high denomination currency notes that took place in Nov 2016 which had disastrous effect on the economy and the people of the country. In response to the Right to Information (RTI) query made by Sri Venkatesh Nayak, the minutes of the meeting of the Board of Directors of the Reserve Bank of India held on 8th Nov 2016 was made available. As per the minutes it is observed that the said meeting was held at 5.30 PM, i.e. only 2 and half hours before the announcement was made by the Prime Minister of the country.

It is observed that the meeting was held 'for consideration and commending for forwarding the draft scheme of the Govt.' by the RBI Central Board and that too was done a week later. The Board had significantly observed that: ***i) It is a commendable measure but will have short term negative effect on the GDP for the current year; ii) The growth rate of economy mentioned in the real rate while the growth in currency in circulation is nominal. Adjusted for inflation, the difference may not be so stark. Hence this argument does not adequately support the recommendation; iii) While any incidence of counterfeiting is a concern, Rs. 400 crore as a percentage of the total quantum of currency in circulation in the country is not very significant; iv) Most of the black money is held not in the form of cash but in the form of real-sector assets such as gold or real estate and that this move would not have a material impact on those assets; v) It will cause hardship to sections of the people.*** The board after detailed deliberation ultimately approved the recommendations of withdrawal of legal tender. The observations made by RBI clearly refuted all the aims and objectives put forward by the Prime Minister while announcing the decision of the demonetisation.

Here we would like to refer the Press Statement issued by BEFI on 10th Nov. 2016 where we observed that, **"Having miserably failed, better still, neglected, to fulfil any of the electoral promises, more so on the assurance to retrieve black money stashed abroad, the BJP-led Government at the centre is, once more, at its histrionic best, the gimmick this time being demonetisation of 500 & 1000 Rupee Notes, ostensibly, to arrest the menace of Black Money"**. We also mentioned that, **"It is more than just open secret that those accumulating huge Black Money, do not keep the same in currency notes"**. So far as the role of the RBI was concerned in this regard our concern was made amply clear when we

expressed our strong resentment on declaration of withdrawal of currency notes by the Prime Minister himself seriously undermining the role of the central bank of the country and in total disregard of Reserve Bank of India Act 1935.

The observations made by us at that point of time have proved to be correct in all respects from the available minutes of the RBI board meeting. In the recently concluded 10th National Conference of our Federation we expressed our deep concern over the authoritarian role played by the Govt. at the Centre by which the fundamental features of our Constitution are being undermined. All institutions of Parliamentary democracy, the judiciary, statutory authorities like the Election Commission, CAG, CBI as well as RBI are sought to be utilized by the partisan interest of the present regime.

Though we did not subscribe to all decisions of the RBI but we consider that the autonomy and independence of the central bank of the country is paramount for financial stability of the country. The regulatory role of RBI saved our banking system from the catastrophe during the financial meltdown of 2008. We hope the people of the country will realise the disastrous and damaging role played by the present Govt. and oppose all such nefarious move tooth and nail.

To
The News Editor/Chief Reporter,

For favour of circulation/broadcasting/telecasting through your esteemed media.

(Chiranjit Ghosh)
Joint Secretary