



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
NAGPUR BENCH : NAGPUR

WRIT PETITION NO. 647 OF 2018

Shri Girish Rameshchandra Malani,
Aged :43 Years, Occ.: Business,
R/o, Sapta-Giri, Mahajani Plot,
Akola-444005

...Petitioner

// **VERSUS** //

1. Reserve Bank of India,
through its General Manager
Reserve Bank of India, Civil
Lines, Nagpur.

... Respondents

2. Government of India,
through its Secretary, Ministry of
Finance, New Delhi.

3. Mahur Police Station,
through its Police Station
Officer, Tah – Mahur,
District – Nanded.

Shri C.N. Deshpande, Counsel for the petitioner.
Shri R.M. Bhangde, Counsel for respondent No.1.
Shri A.J. Gilda, Counsel for respondent No.2.
Shri S.S. Hulke, A.G.P for respondent No.3/State.

**CORAM : URMILA JOSHI-PHALKE &
NIVEDITA P. MEHTA, JJ.**

Reserved on : 18-04-2026
Pronounced on : 22-04-2026.

JUDGMENT : (PER : NIVEDITA P. MEHTA J.)

Rule. Rule made returnable forthwith with consent of the learned Counsel
for the parties.



2. On 01/12/2016, the petitioner, Mr. Girish Rameshchandra Malane, was travelling towards Mahur for visiting Renuka Devi Temple and was carrying an amount of Rs.2,00,000/- in cash consisting of 400 currency notes of the denomination of Rs.500/-. During the course of the journey, his vehicle was intercepted by a police patrol team at Keroli Naka in view of the ongoing municipal elections, and the said cash amount was seized as a precautionary measure and deposited at Mahur Police Station and an entry to that effect was made in the General Diary.

3. The said seizure was duly intimated to the Income Tax Department via official communication dated 01/12/2016. Upon examination of the matter, the Income Tax Authorities concluded that the amount was legitimate and did not find it necessary to take any further action with regard to the said amount. It is thus clear that the legitimacy of the amount carried by the petitioner was not in dispute.

4. Accordingly, the amount of Rs.2,00,000/- was returned to the petitioner by the concerned police authorities on 31/12/2016. It is thus clear that though the amount was seized prior to the prescribed date for deposit of specified bank notes, the same came to be returned to the petitioner only after the said date.

5. By a Notification dated 08/11/2016 issued by the Government of India, specified bank notes in the denomination of Rs.500/- and Rs.1,000/- were declared to be no longer legal tender. The said notification provided a window for deposit of such specified bank notes in bank accounts up to 30/12/2016. Thereafter, the Specified Bank Notes (Cessation of Liabilities) Act, 2017 came into force, regulating



the manner in which such specified bank notes could be dealt with and providing limited circumstances under which their value could be credited.

6. The petitioner thereafter approached the respondent No.1 – Reserve Bank of India, Nagpur, in the month of January, 2017 with a request to accept the aforesaid amount of demonetised currency notes and to provide equivalent value thereof in legal tender. The said request, however, came to be declined. The petitioner thereafter addressed communications dated 16/03/2017 and 27/04/2017 reiterating his request. In response, the petitioner received a communication informing him that in terms of the Notification dated 12/05/2017 issued by the Ministry of Finance, Government of India, the specified bank notes seized by law enforcement agencies could be accepted subject to fulfillment of certain conditions. Despite such communications, the petitioner was not granted the benefit of exchange of the said amount, which has led to the filing of the present writ petition.

7. Mr. C.N. Deshpande, learned Counsel for the petitioner, submitted that the petitioner was in lawful possession of the amount in question and the same was seized by the authorities prior to the cut-off date i.e. 30/12/2016. The petitioner was thus deprived of the opportunity to deposit the said amount within the prescribed period on account of the action of the authorities themselves as the amount was in their custody till 31/12/2026. It is further submitted that the delay in deposit was entirely beyond the control of the petitioner.



8. Placing reliance on the Notification dated 12.05.2017, it is argued that specified bank notes seized by law enforcement agencies on or before 30.12.2016 are permitted to be tendered at designated offices of the Reserve Bank of India, subject to compliance of conditions. Learned counsel submits that the petitioner's case squarely falls within the ambit of the said Notification, as the amount was admittedly seized prior to the cut-off date and released thereafter. Despite this, the respondent authorities have refused to accept the amount, which is arbitrary, contrary to the statutory Notification, and violative of the petitioner's rights. In support of his submissions, the learned counsel has placed reliance on the judgment of the Co-ordinate Bench of this Court in Writ Petition No. 507 of 2021 (*Sunny s/o Ratansingh Mago Vs. The Union of India And Ors.*) as well as the decisions of Bombay Court in *Kishor Ramesh Sohoni v. Union of India, 2022 SCC OnLine Bom 629*, and *Writ Petition No.2926 of 2017 along with Interim Application No.3542 of 2019 (Ramesh Bapurao Potdar And Ors Vs. The Union of India And Anr.)* to contend that in similar circumstances where the specified bank notes remained in custody of the authorities and the petitioner was not at fault, relief has been granted by directing acceptance of such notes. It was thus submitted that the petitioners were entitled for return of the value of the aforesaid specified bank notes. It is thus contended that the petitioner cannot be penalized for circumstances beyond his control and is entitled to appropriate relief, including a direction to the respondents to accept the demonetized currency and provide equivalent value in valid legal tender.

9. At an earlier stage of the proceedings, this Court had recorded the following order, which is reproduced herein for the sake of completeness:



“A poor petitioner is before the Court having been not assisted by the respondent Agencies in the matter and is left with no other alternative, but to approach this Court to seek redressal of his grievance, which, in a way, is a creation of the hostile treatment given to him by the respondents.

2] *The facts leading to this situation are as under :*

3] *On 1/12/2016, the petitioner was travelling for Mahur for visiting Renuka Devi Mandir. He was carrying Rs.2,00,000/- in cash consisting of Rs.500/- denomination notes. The vehicle was intercepted by a team deputed by a Returning Officer for the elections of Municipal Council at Keroli Naka. The amount was seized by the team/ Police Officials of Mahur Police Station. The Police Officials informed the seizure to the Income Tax Department vide letter dated 1/12/2026. In response, the Income Tax Department informed the Returning Officer/ Police Officials that the amount is not required for further action. Accordingly, on 31/12/2016, the Returning Officer/Police Officials have returned the amount back to the petitioner.*

4] *The Counsel for the petitioner submits that he approached the Reserve Bank of India (RBI), Nagpur – respondent no.1, relying on the newspaper reports and public pronouncements by the Government of India that cash, which is seized by Law Enforcement Agencies, will be accepted by RBI till 31/3/2016. He approached the RBI, Nagpur, in January – 2017, who refused to accept the amount. Thereafter, the petitioner made a communication dated 16/3/2017 and 27/4/2017 requesting the RBI, Nagpur, to accept the amount. However, he received an e-mail from the RBI, Mumbai, on 6/6/2017 saying that in terms of the Notification dated 12/5/2017 issued by the Government of India, Ministry of Finance, if the amount is seized by the Law Enforcement Agency, it will be accepted at the Centers of RBI in various cities. Accordingly, the petitioner was directed to approach the concerned RBI. The Counsel for the petitioner submits that he approached the RBI, Nagpur, who refused to accept the amount, and accordingly, the petitioner is before the Court.*

5] *Thus, it appears that the Notification under question was published on 12/5/2017. In that sense, there was no guidelines available in public domain or otherwise as to the procedure to be adopted, either by persons, like the petitioner, or by the Law Enforcement Agencies. As such, by the aforesaid Notification, the Law Enforcement Agencies were directed to deposit the amount, so seized, with the RBI on or before 31/12/2016, however, these guidelines were not available at that time. Therefore, the Law Enforcement Agency was not aware of steps to be taken in such cases.*

6] *Thus, it appears that neither the petitioner nor the Law Enforcement Agency is responsible for the situation that arose in the intervening period. In such circumstances, it was the duty of respondent no.1 to extend necessary assistance to the petitioner, which it has failed to extend. The Counsel for respondent no.1 seeks time to file reply.*

7] *We grant time with the hope that in the meantime, corrective steps will be taken, failing which, we may direct respondent no.1 to suitably compensate the petitioner.*



8] *List on 16/4/2026.*”

It may be noted that, at an earlier stage of the proceedings, this Court had *prima facie* observed that the petitioner’s grievance appeared to have arisen on account of failure on the part of the Reserve Bank of India to extend necessary assistance. However, respondent no.1 has tendered affidavit-in-reply. In view of the said clarifications, the earlier *prima facie* observation stands modified accordingly and is not treated as a final expression and the case will be decided on the merits.

10. *Per contra*, Shri R.M. Bhangde, learned Counsel appearing for respondent No.1 – Reserve Bank of India, has opposed the petition and said order by relying upon the affidavit-in-reply filed on behalf of the said respondent. It is submitted that the exchange of specified bank notes is governed strictly by the provisions of the Specified Bank Notes (Cessation of Liabilities) Act, 2017 and the Specified Bank Notes (Deposit of Confiscated Notes) Rules, 2017.

11. Placing reliance on the said affidavit, he submitted that there is a statutory prohibition upon the Reserve Bank of India against accepting specified bank notes except in cases where the conditions prescribed under the Rules are fulfilled. In particular, it is submitted that the conditions require that the serial numbers of the specified bank notes must be noted by the law enforcement agency and must also be reflected in the direction of the Court. It is submitted that unless these mandatory requirements are satisfied, the Reserve Bank of India is not empowered to accept or exchange such specified bank notes.



12. It is further submitted that the petitioner has failed to comply with the aforesaid mandatory requirements. In particular, it is contended that there is no direction of any Court mentioning the serial numbers of the currency notes and that the documents submitted by the petitioner do not satisfy the requirements prescribed under the Rules. It is also submitted that the affidavit filed by the petitioner indicating serial numbers cannot be accepted as compliance with the statutory requirement, as the same is not prepared or authenticated by the law enforcement agency in the manner contemplated under the Rules.

13. The learned Counsel further submits that the Specified Bank Notes (Cessation of Liabilities) Act, 2017 constitutes a complete code governing the field and circumscribes the powers of the Reserve Bank of India. In that regard, reliance has been placed on the decision of the Hon'ble Supreme Court in *Vivek Narayan Sharma v. Union of India*, (2023) 3 SCC 1, wherein it has been held that the Reserve Bank of India does not have any independent power to accept demonetised notes beyond the period specified under the statutory scheme. It is thus submitted that in the absence of compliance with the conditions stipulated in the Notification, the refusal to accept the amount cannot be termed as arbitrary or illegal. The RBI, therefore, cannot be saddled with liability for circumstances not within its control. Accordingly, it is prayed that the writ petition be dismissed.

14. We have heard the learned counsel for the parties and we have perused the material on record. The factual aspects giving rise to the present proceedings are not in dispute. Before considering the rival submissions, it would be necessary to refer to the statutory scheme governing the specified bank notes. Under Section 3 of the Specified Bank Notes (Cessation of Liabilities) Act, 2017, the specified bank



notes ceased to be liabilities of the Reserve Bank of India and ceased to have the guarantee of the Central Government. Section 4 of the said Act, however, provides for limited circumstances under which such specified bank notes could be tendered within the prescribed period. Sub-section (2) of Section 4 empowers the Reserve Bank of India, upon being satisfied that the reasons for failure to deposit such notes within the stipulated period are genuine, to credit the value thereof in a KYC compliant bank account, subject to such verification as may be considered necessary.

15. The learned counsel for Respondent 1 has brought to our attention, the 2017 Rules with their contention in their Affidavit in Reply. We quote paragraphs 10 to 12 at page nos. 49 to 51:

“10. Further, the Government of India vide Notification No. GSR 460 (E) notified the Specified Bank Notes (Deposit of Confiscated Notes) Rules, 2017 (SBN Rules 2017) on May 12, 2017. In terms of Rule 2 of the SBN Rules 2017, SBNs which were confiscated or seized by law enforcement agencies or produced before a court on or before the December 30, 2016, may be tendered for deposit in a bank account or exchange of the value thereof with legal tender, subject to the following conditions, namely:-

***“2. Deposit of confiscated specified bank notes.** - Where specified bank notes have been confiscated or seized by a law enforcement agencies or produced before a court on or before the 30 day of December 2016, such specified bank notes may be tendered, at any office of the Reserve Bank specified under sub-section (1) of section 4 of the Act or a nationalised bank designated by the Reserve Bank for the said purpose, for deposit in a bank account or exchange of the value thereof with legal tender, subject to the following conditions, namely:-*

(a) in case confiscated specified bank notes are returned by the court to a person who is a party in case pending before that court, then, the person shall be entitled, on production of the direction of the court to deposit or exchange such specified bank notes, the serial numbers of which-



(i) have been noted by the law enforcement agency which confiscated or produced them before the court; and

(ii) are mentioned in the direction of the court;"

(b) in case SBNs are forfeited in favour of the Central Government or the State Government by an order of the court, then, that Government shall be entitled, on production of the direction of the court, to deposit or exchange such SBNs; or

(c) in case SBNs are placed in the custody of any other person by an order of the court on or before the 30th day of December, 2016, then, the person shall be entitled, on production of the direction of the court, to deposit or exchange such SBNs, the serial numbers of which-

(i) have been noted by the law enforcement agency which confiscated or produced them before the court; and

(ii) are mentioned in the direction of the court."

(Emphasis supplied)

*A copy of the SBN Rules, 2017 is annexed herewith and marked as **Annexure R- V***

11. It is submitted that the SBN Rules 2017 is applicable only to those SBNs which were confiscated or seized by a law enforcement agencies or produced before a court on or before the December 30, 2016 subject to the fulfilment of the following conditions:

(i) SBNs were confiscated or seized by a law enforcement agency or produced before a court on or before the December 30, 2016;

(ii) the serial numbers of SBNs were noted by the law enforcement agency; and

(iii) the serial numbers of which are mentioned in the direction of the Court;

12. It is respectfully submitted that RBI can accept or deposit the SBNs in a KYC compliant bank account only when the above conditions are met and not otherwise."

16. Mr. R.M. Bhangde, learned counsel for RBI, in support of this submission reiterates the case of *Vivek Narayan Sharma v. Union of India (supra)*, where the



Hon'ble Supreme Court has considered the scheme of the Act of 2017 and has observed that the provisions of Section 4 thereof constitute an integrated scheme. He further submits that it has been held that the Reserve Bank of India does not have any independent power under sub-section (2) of Section 4 to accept demonetised notes in isolation of the provisions of Sections 3 and 4(1) of the said Act, and that the power to accept such notes is circumscribed by the statutory framework. The relevant paragraphs brought to our attention of the said judgment are reproduced as below:

“Issue (vi) : As to whether RBI has an independent power under sub-section (2) of Section 4 of the 2017 Act in isolation of the provisions of Section 3 and Section 4(1) thereof to accept the demonetised notes beyond the period specified in notifications issued under sub-section (1) of Section 4 of the 2017 Act?”

293. It is sought to be urged by Shri Divan that RBI has independent power under sub-section (2) of Section 4 of the 2017 Act.

Contextual and harmonious construction of the provisions of the 2017 Act

294. For appreciating the said contention, it will be appropriate to refer to Sections 3 and 4 of the 2017 Act, which read thus:

“3. Specified bank notes to cease to be liability of Reserve Bank or Central Government.— *On and from the appointed day, notwithstanding anything contained in the Reserve Bank of India Act, 1934 (2 of 1934) or any other law for the time being in force, the specified bank notes which have ceased to be legal tender, in view of the notification of the Government of India in the Ministry of Finance, number S.O. 3407(E), dated 8-11-2016, issued under sub-section (2) of Section 26 of the Reserve Bank of India Act, 1934, shall cease to be liabilities of the Reserve Bank under Section 34 and shall cease to have the guarantee of the Central Government under sub-section (1) of Section 26 of the said Act.*

4. Exchange of specified bank notes.—*(1) Notwithstanding anything contained in Section 3, the following persons holding specified bank notes on or before the 8th day of November, 2016 shall be entitled*



to tender within the grace period with such declarations or statements, at such offices of the Reserve Bank or in such other manner as may be specified by it, namely—

(i) a citizen of India who makes a declaration that he was outside India between 9-11-2016 to 30-12-2016, subject to such conditions as may be specified, by notification, by the Central Government; or

(ii) such class of persons and for such reasons as may be specified by notification, by the Central Government.

(2) The Reserve Bank may, if satisfied, after making such verifications as it may consider necessary that the reasons for failure to deposit the notes within the period specified in the notification referred to in Section 3, are genuine, credit the value of the notes in his Know Your Customer compliant bank account in such manner as may be specified by it.

(3) Any person, aggrieved by the refusal of the Reserve Bank to credit the value of the notes under sub-section (2), may make a representation to the Central Board of the Reserve Bank within fourteen days of the communication of such refusal to him.

Explanation.—For the purposes of this section, the expression “Know Your Customer compliant bank account” means the account which complies with the conditions specified in the regulations made by the Reserve Bank under the Banking Regulation Act, 1949 (10 of 1949).”

295. The effect of Section 3 of the 2017 Act is that the SBNs, which have ceased to be legal tender, in view of the impugned notification, shall cease to be liabilities of RBI under Section 34 of the RBI Act and shall cease to have the guarantee of the Central Government under sub-section (1) of Section 26 of the RBI Act. The legislative intent under Section 3 of the 2017 Act is to provide clarity and finality to the liabilities of RBI and the Central Government arising from such bank notes which have ceased to be legal tender with effect from 9-11-2016.

296. Sub-section (1) of Section 4 of the 2017 Act provides that notwithstanding anything contained in Section 3 of the 2017 Act, a class of persons would be entitled to tender within the grace period with such declarations or statements, at such offices of RBI or in such other manner as may be specified by it. Clause (i) of sub-section (1) of Section 4 of the 2017 Act deals with a citizen of India who makes a declaration that he was outside India between 9-11-2016 and 30-12-2016, however, subject to such conditions as may be specified, in the notification, by the Central Government.



Clause (ii) of sub-section (1) of Section 4 of the 2017 Act empowers the Central Government to issue a notification with regard to persons holding SBNs who would be entitled to tender within the grace period for such reasons as may be specified in the said notification.

297. It is thus clear that, though in view of the impugned notification and in view of Section 3 of the 2017 Act, demonetised notes have ceased to be a legal tender and have ceased to be the liabilities of RBI under Section 34 of the RBI Act and the guarantee of the Central Government under sub-section (1) of Section 26 of the RBI Act, a window is provided by Section 4 of the 2017 Act.

.....

302. If we look at the purpose of the 2017 Act, it is for extinguishing the liabilities of the SBNs which have ceased to be legal tender with effect from 9-11-2016 so as to give clarity and finality to the liabilities of RBI and the Central Government arising from such bank notes which have ceased to be legal tender. However, in order to provide a grace period to genuine cases, Section 4 of the 2017 Act has been incorporated. Section 5 of the 2017 Act provides for prohibition on holding, transferring or receiving SBNs. Sections 6 and 7 of the 2017 Act are penal sections which provide for penalty for contravention of Sections 4 and 5 of the 2017 Act, respectively.

303. It is thus clear that Section 4 of the 2017 Act provides for an integrated scheme. It is a complete code in itself. Under sub-section (1) of Section 4 of the 2017 Act, the Central Government is entitled to provide grace period. Under sub-section (2) thereof, RBI is required to satisfy as to whether a person seeking to take benefit of grace period under sub-section (1) is entitled thereto after satisfying that the reasons for not depositing the SBNs prior to 30-12-2016, are genuine, and thereafter, credit the value of the said notes in his "KYC compliant bank account". Sub-section (3) thereof provides for an appeal. We are therefore of the considered view that sub-section (2) of Section 4 of the 2017 Act cannot be read independently to provide power to RBI in isolation of sub-sections (3) and (4) thereof. It is to be read as a part of the scheme of Section 4 of the 2017 Act.

.....

307. We therefore hold that RBI does not have independent power under sub-section (2) of Section 4 of the 2017 Act in isolation of the provisions of Sections 3 and 4(1) thereof to accept the demonetised notes beyond the period specified in notifications issued under sub-section (1) of Section 4 of the 2017 Act."



17. However, the aforesaid position, in our opinion, does not conclude the issue arising in the present case. As noted earlier, the amount in question was seized by the authorities prior to the cut-off date and remained in their custody till after the expiry of the prescribed period. The petitioner, therefore, had no control over the said amount during the relevant period. After the specified date it was not permissible for the Reserve Bank of India to have accepted the said specified bank notes in the light of the provisions of the Act of 2017 read with the Notification dated 12.11.2017. The requirement of compliance with the conditions prescribed under the Rules cannot be applied in a rigid manner where such compliance itself was rendered impossible due to the act of the authorities. The petitioner cannot be placed in a disadvantageous position on account of an act for which he is not responsible. In the aforesaid backdrop, the entitlement of the petitioners to the prayers made in the writ petition would be required to be considered.

18. Insofar as the objection with regard to non-compliance of the requirement of noting of serial numbers is concerned, it is required to be noted that the learned counsel for the petitioner tendered an affidavit dated 20/03/2026 placing on record the details of the specified bank notes in question. The said affidavit indicates the serial numbers of the 400 currency notes of Rs.500/- denomination that were seized from the petitioner and subsequently returned. In view of the availability of such particulars, the objection raised on behalf of the respondent No.1 – Reserve Bank of India with regard to non-compliance of the requirement of noting of serial numbers does not survive. The availability of the serial numbers, in our view, sufficiently addresses the requirement contemplated under Rule 2(a) of the Specified Bank Notes (Deposit of Confiscated Notes) Rules, 2017.



19. The issue arising in the present case is no longer *res integra*. In Writ Petition No.2926 of 2017 along with Interim Application No.3542 of 2019, it has been observed that where the specified bank notes were seized prior to the prescribed date and were returned thereafter, the petitioner therein could not be denied the benefit of exchange merely on account of such circumstances. A similar view has been taken by the Co-ordinate Bench in Writ Petition No.507 of 2021, wherein in comparable facts, relief has been granted by directing acceptance of such specified bank notes. Similarly, in *Kishor Ramesh Sohoni v. Union of India (supra)*, the Court has held that where the specified bank notes remained in custody of the authorities and the petitioner was not in a position to comply with the requirements under the statutory scheme, appropriate directions could be issued in exercise of writ jurisdiction to ensure that the petitioner is not deprived of the value of such amount.

20. It is further to be noted that the said specified bank notes were seized prior to the cut-off date prescribed for deposit and were returned to the petitioner only thereafter. In these circumstances, and in view of the fact that the petitioner has now placed on record the particulars of the said currency notes, we do not find any reason to deny the petitioner the benefit of receiving the value thereof in accordance with law.

21. In view of the aforesaid discussion, we find that the petitioner can be permitted to deposit the aforesaid specified bank notes for the value of Rs.2,00,000/- bearing the serial numbers indicated in Annexure I to the affidavit dated 20/03/2026. This would facilitate receipt of legal tender for the same value by the petitioners. Hence, we proceed to pass the following order :



ORDER

- (i) The petitioner shall tender the specified bank notes of Rs.2,00,000/- comprising 400 currency notes of Rs.500/- denomination, bearing the serial numbers as indicated in the affidavit filed by the petitioner on record, before the respondent No.1 – Reserve Bank of India within a period of one week from the date of receipt of this order.
- (ii) The respondent No.1 – Reserve Bank of India shall verify the said specified bank notes with their numbers as indicated in the affidavit of the petitioner dated 20/03/2026. After completing the necessary formalities, the amount equivalent to the said specified bank notes shall be made over to the petitioner, in accordance with law.
- (iii) The entire exercise be completed within a period of eight weeks from the date of receipt of this order.

22. Rule is made absolute in the aforesaid terms. There shall be no order as to costs.

[NIVEDITA P. MEHTA, J.]

[URMILA JOSHI PHALKE, J.]