

Plugging the gaps! Government banks on fresh steps to ensure any time money

The government announced fresh steps to ensure access to cash for everyone following the withdrawal of Rs 500 and Rs 1000 notes as people queued up once again at currency dispensers and bank counters across the country on Monday.

Prime Minister Narendra Modi reiterated his commitment to ending the scourge of black money and said the poor of the country were with him, adding that honest people will benefit from the government's measures.

The limit for various categories of withdrawals has been raised, exemptions extended till November 24, and micro-ATMs will be deployed in rural and semi-urban centres. A high-level task force has been set up to expedite the recalibration of automated teller machines (ATMs) to accept new notes and a group of joint secretaries set up to monitor the situation in the states.

"Focus is to activate all channels to dispense cash," Economic Affairs Secretary Shaktikanta Das told reporters on Monday following a review meeting chaired by Prime Minister Narendra Modi late the previous night. "Emphasis is on public convenience and ease of process for the public."

Das said the Reserve Bank of India (RBI) told the meeting there was enough cash in the system and no need for panic. Modi persisted with his attacks on the Opposition for criticising his decision. "After demonetisation, the poor are enjoying a sound sleep while rich are running from pillar to post to buy sleeping pills," Modi said at a meeting in Uttar Pradesh on Monday. "My decision is a little harsh.

When I was young, poor people used to ask for 'kadak' (strong) tea but it spoils the mood of rich."

Banks in north and west India were shut due to Guru Nanak Jayanti but open elsewhere. ATMs typically ran out of cash within an hour or so of being replenished, which means Tuesday is likely to see long queues forming in front of bank counters, a daily feature after the notes were scrapped on November 8.

New Rs 500 and Rs 2,000 have been launched but as ATMs need to be adjusted to accept them, most can only be filled with Rs 100 notes.

In order to serve people in the country's villages, Das said the government has enhanced the cashholding limit for 1.2 lakh banking correspondents (BCs) to Rs 50,000 and banks can increase this further on a case-to-case basis. Besides, BCs will be supplied cash several times a day as against once daily earlier, he said. The supply of cash to 1.3 lakh post offices will also be stepped up. These 2.5 lakh delivery points will ensure that rural areas are covered, he said.

In the cities, Das said recalibration of ATMs has already started and they will start dispensing the new Rs 2,000 notes by Tuesday.

Business entities with current accounts older than three months have been given a higher withdrawal limit of Rs 50,000 to allow them to pay wages, Das said. The deadline by which old notes can be used — at government hospitals, petrol pumps, railways etc — has been extended to November 24 from November 14, he added.

Das clarified that the higher cash withdrawal limit of Rs 2,500 announced on Sunday is only for recalibrated ATMs. Distribution of the new Rs 500 notes began on Sunday.

The weekly limit on withdrawals from bank accounts has been raised to Rs 24,000 from Rs 20,000 earlier, the government said Sunday. The per-transaction withdrawal limit of Rs 10,000 has been scrapped, Das said.

The steps would ensure that members of the public don't have to visit the bank more than once a week, he said.

The limit on the exchange of old notes has been raised to Rs 4,500 from Rs 4,000. "The main intention is to ensure that the smaller denomination currencies are also made available in the hands of the public," he said.

Banks have been told to ensure adequate cash supplies to district central cooperative banks, he said. The same withdrawal limits will apply to them.

All government departments and central public sector undertakings will maximise digital transactions, he said.

"Wherever possible, e-transactions should be the first option and resort to cash transactions should be made only in rarest of the rare cases. This would also reduce considerable pressure on the cash requirement," he said.

He said RBI has advised the National Payments Corporation of India to waive charges on all transactions settled through the national financial switch until December 31. An ATM recalibration taskforce has been set up under the chairmanship of an RBI deputy governor to expedite the process.

"It will have the representatives of banks as its members," Das said. Others will include representatives of the department of financial services and the home. A separate committee of joint secretary level officials will coordinate with state governments and individual banks to ensure smooth dispensing of cash as well as deposits.

(Economic Times)