

RBI relaxes cash withdrawal limits to spur deposits

The move will encourage small businesses such as shopkeepers to deposit cash in legal tender which they can fully withdraw.

The Reserve Bank of India (RBI) on Monday said that if deposits had been made in legal tender, then depositors could withdraw that amount over and above the Rs.24,000 weekly limit. The move was aimed at allowing comfort to individuals who were hesitant to deposit legal tender following the withdrawal of high-value currency notes which came into effect from November 9.

“It has been decided, on careful consideration, to allow withdrawals of deposits made in current legal tender notes on or after November 29, 2016 beyond the current limits,” the RBI said in a statement.

The withdrawals could be preferably permitted in “available higher denominations bank notes of Rs.2,000 and Rs.500,” it said. The move will encourage small businesses such as shopkeepers to deposit cash in legal tender which they can fully withdraw. Following the withdrawal of high-currency notes, the Centre had said that an individual could only withdraw Rs.24,000 in cash per week. “It has been reported that certain depositors are hesitating to deposit their monies into bank accounts in view of the current limits on cash withdrawals from accounts,” the RBI said, explaining its decision. Separately, the RBI also said Rs.8.1 lakh crore had been deposited in banks following the demonetisation move (as of November 27) while close to Rs.34,000 crore had been exchanged.

About Rs.2.16 lakh crore had been withdrawn as cash.

(The Hindu)