

Banks to RBI: lift old notes, give security

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Central bank sending soiled Rs. 100 notes back for redistribution

Hyderabad, November 17:

Even as the common man is struggling with a severe cash crunch, it is now the turn of the RBI to face the heat of demonetisation, in the form of rising demand from banks for support.

There has been a spurt in requests from banks to lift currency from chests across the country. However, the RBI has been unable to respond immediately to this request, said sources.

Currency chests are designated bank branches where notes and rupee coins are stocked on behalf of the RBI.

“From Tuesday, there has been a spate of requests from banks and post offices either to lift currency or to provide security,” said a source. According to a senior official of the State Bank of India, many of the currency chests are stacked with notes to the brim. “We need to keep the withdrawn Rs. 500 and Rs. 1,000 notes safely, in addition to the Rs. 100 and Rs. 2,000 notes which are being given for redistribution from the RBI,” he said.

The approved currency capacity differs from bank to bank. In Special Currency Area Branches (SCABs), the currency holding capacity varies from a few hundred crore to about Rs. 2,500 crore, while in normal branches it could be up to Rs. 500 crore.

Strict rules are in place for ‘currency area’ branches. However, these are now being relaxed due to pressure for cash.

The branches are also handling much higher amounts of currency than the approved cash retention levels.

Post offices are also under pressure as they do not have proper security measures and have been asking the RBI to either lift the currency or to provide security.

In addition, there is public pressure too across RBI’s regional offices for exchange of notes. Serpentine queues are seen at its regional office here.

The pressure on supply of Rs. 100 notes is so much that RBI’s regional offices are now sending packets of soiled notes received earlier, even without opening them.

Generally, each RBI office houses about five to 10 soiled note detection/correction machines that can process 80,000 to one lakh notes per hour, segregating them into five categories, including those that can be reused. However, to avoid delays, this process has been stopped at many RBI offices, it is learnt.

The amount to be withdrawn from the system due to demonetisation is Rs. 14,18,000 crore.

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