

Banks to exchange notes only for own customers today

Withdrawal, deposit and other banking services allowed; senior citizens exempted

Nupur Anand, Arup Roychoudhury & Agencies | Mumbai | New Delhi November 19, 2016 Last Updated at 01:13 IST



Indian Banks'

Association (IBA) on Friday said banks on Saturday will not exchange old Rs 500 and Rs 1,000 notes with the new ones to perform other banking related duties, which have been on hold since November 8.

Senior citizens would be exempted from this restriction. However, a customer can still withdraw and deposit money at the counters. A customer can withdraw up to Rs 24,000 in a window of seven days, starting from the first day of withdrawal.

“All these days our own customers have suffered because we have not been able to do their work. So, we have seen lot of pending work at branches, especially for our existing customers. We, from IBA, have taken a view that on Saturday we shall be exclusively doing work for our own customers. And we will not be doing exchange of notes (for outside customers),” said Rajeev Rishi, chairman, IBA.

The IBA decision is only for Saturday and from Monday onwards customers would be allowed to exchange notes at all bank branches. Rishi said after the banks started using indelible ink to mark fingers of customers who exchanged notes, the queues decreased.

According to highly placed sources, the government may soon ban exchange of demonetised Rs 500 and Rs 1,000 notes with legal tender. Reducing the exchange limit to Rs 2,000 has not deterred cash hoarders from sending surrogates to exchange notes on their behalf.

While people can continue to submit old notes till December 30 to be credited into their bank accounts, over-the-counter exchange could be stopped once the Centre and the Reserve Bank of India feel there is enough cash in the market.

This could be before November 24, the last notified date for exchanging old notes with new ones. “Eventually, exchange will be stopped. It could be before the specified date. A call will be taken when we feel there is a healthy level of cash in the system,” an official said.

The government also warned against potential misuse of bank accounts to park unaccounted money and said that even those depositing less than Rs 2.5 lakh could face scrutiny.

Not just that. Jan Dhan account holders depositing more than Rs 50,000 in cash could face I-T probe. Earlier, the finance ministry had said no questions would be asked for deposits up to Rs 2.5 lakh during the 50-day period as these are small deposits of housewives, artisans and so on.

The directive came against the backdrop of reports that black money holders were using other persons’ bank accounts to convert their black money into new denomination notes. In some cases, even rewards were being offered to account holders for allowing such misuse, reports had suggested.

In a separate development, the Reserve Bank of India directed banks to increase the cash withdrawal limit from all Point of Sales (PoS) to Rs 2,000 till December 30. Also, the merchants have been directed not to levy any charges on these transactions. Earlier, the cash withdrawal in Tier 1-2 cities from PoS was limited to Rs 1,000 and a withdrawal of up to Rs 2,000 was allowed only in tier 3-6 cities.

Meanwhile, Prime Minister Narendra Modi called on President Pranab Mukherjee. The meeting lasted for 45 minutes, Rashtrapati Bhavan officials said. The Prime Minister is believed to have briefed Mukherjee on the developments that have taken place in the aftermath of the launch of the demonetisation drive.

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