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Cash crunch to remain for 4-5 months, economy in turmoil: Bank employees association chief

By IANS | Updated: Nov 25, 2016, 08.15 PM IST

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NEW DELHI: With cash shortage expected to continue for at least four- five months, there will be "total turmoil" in the Indian [economy](#), especially in rural areas, says Bank Employees Federation of [India](#) (BEFI) General Secretary Pradip Biswas.

In a telephone conversation with IANS, Biswas said the shortage of currency was not expected to subside for several months, even if all four presses in the country, which print currency notes, work at their maximum capacity.

"If these four presses in Madhya Pradesh, Karnataka, Maharashtra and West Bengal work in two shifts, they can at best print 26 billion notes in a year, while the number of demonetised notes is estimated to be around 22 billion. Even if we run the presses in three shifts and take into account the new denominations, it will still take four to five months to replace the existing currency," he said.

He added that it would lead to "complete chaos" in the Indian economy, and the rural areas will face the maximum brunt of the cash crunch.

"Out of the six lakh-odd villages in India, there is presence of commercial bank branches and [regional](#) rural bank branches in only 17 per cent of them. Rest of the villages are covered by the delivery channels of the District Cooperative Central Banks and Primary Agricultural Cooperative Societies, that have been rendered practically defunct with effect from November 14," Biswas said.

"They are neither in position to take money, or deposit whatever money they have collected in the commercial banks and get fresh currency in its [place](#) as they do not have permission to do so," he said of the cooperative societies.

Biswas said if [people](#) in rural areas didn't get valid currency how would they purchase [commodities](#) for their daily needs.

"Peasants have taken loans for cultivation, and now is the harvesting time. Due to lack of liquid cash in the [market](#), they are not able to sell their [product](#). How will they repay the loan and withdraw fresh money for sowing for the next season?"

"The government says peasants have to go to the government-run shops to get seeds and fertilizers. But these government stores are located only in the district headquarters.

"By the time they go to district headquarters and carry the seeds and fertilizers from over-crowded government stores to the remote places, the season will pass before they can cultivate their land," Biswas said.

There would be total chaos in the rural areas, he added.

Biswas added that BEFI is worried that the "dissatisfaction and wrath" of the public will be directed against bank employees who are working hard, even up to midnight every day, for rendering service.

He said with over-the-counter exchange of demonetised currency at banks stopped from Friday, it could lead to fresh trouble for those outside the banking system.

"The difficulty is that only 60 per cent of all households is covered by bank accounts. And even that may be an overestimate as many households will have multiple bank accounts. In reality it may only be 50 per cent households," Biswas said.

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