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Demonetisation: Banks say queues are getting shorter, but still a long wait for some

By [Sangita Mehta](#) & [Joel Rebello](#), ET Bureau | Nov 16, 2016, 06.56 AM IST

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MUMBAI: A week on from Prime Minister Narendra Modi's move to scrap Rs 500 and Rs 1000 notes to counter black money, counterfeiting and corruption, bank chiefs said the situation was easing although their optimism seemed to be belied by reports from around the country about long queues, shortages of Rs 100 notes and cash dispensers that worked sporadically, if at all. A bank holiday on Monday in the north and east exacerbated the situation on Tuesday.

Meanwhile, the Supreme Court declined to stay the measure but asked the government what it was doing to alleviate the misery of people stuck in lines or those who don't have enough cash on hand for everyday expenses.

For its part, the government said those exchanging old notes for new would now be marked by [indelible ink](#) to prevent money laundering. Also, a high-powered group has been set up under the cabinet secretary to monitor the supply of essential goods in the wake of trade disruptions due to the shortage of currency notes.

Besides, another task force with officials from various agencies has been constituted to monitor the circulation of fake currency notes in some vulnerable areas and to keep a watch on black money being deposited in the system, Economic Affairs Secretary Shaktikanta Das said, giving details of the decisions taken at a review meeting chaired by PM Modi on Monday night.

State Bank of India Chairman Arundhati Bhattacharya told ET that queues had become shorter on Tuesday barring locations where Monday was a holiday, but things eased up even there by afternoon. "Situation on the ground is much better in most states," she said. "Few places like Mumbai, the queue is much smaller.

Other centres like Delhi, Kolkata and Bengaluru are still seeing long queues. Rest of the states are reporting much lower turnout. The anxiety among customers has come down."

India's largest bank received deposits of Rs 10,000 crore on Tuesday, less than half the Rs 21,000 crore it got on Thursday, when branches reopened for banking transactions after Modi's announcement. From then until Tuesday, the bank and its associates across 24,000 branches had received about Rs 92,000 crore in deposits.

R Marathe, CEO of Bank of Maharashtra, said, "The initial fear and panic is over. For four days there was a huge inflow of crowds, but not anymore." A private bank executive said there was a bigger rush in some areas because many who'd stayed away had joined the queues.

"I think the chaos was more today than last week because people who were waiting to withdraw have joined. I expect this to continue for another week as cash supply is still short," the private bank executive said.

Some bank employees said the situation will take at least another week to improve. "There are many people who had to be sent back today because we ran out of cash," said one. "Those will return and a few others will also try their luck. It will take a few more days for the situation to improve."

With some [banks](#) getting Rs 500 notes, the situation is expected to ease further. However, most banks dispensed Rs 2,000 to all comers in the Capital as the day wore on, having run out of Rs 100 notes.

As on past days, [ATMs](#) kept running out of Rs 100 notes. The government has set up a task force to speed up their recalibration to take the new notes. Bankers said it will take about 10 days for ATMs to be fully functional, although it's not clear whether all of India's 202,000 cash machines will be recalibrated by then.

"The inability to withdraw money from ATMs has caused this mad rush. Once that (is resolved), pressure will ease at branches," said a bank official.

Bhattacharya said: "ATMs are not running out of cash because they have no cash. It's because the physical possibility is not there. The

moment Rs 2,000 and Rs 500 notes are loaded at the ATM, they will stop going dry. That will take a week to 10 days.”

Bank staff are fully focussed on currency to the exclusion of all else — withdrawal of money, collection of deposits, exchange of notes and opening accounts for those wanting to deposit money.

Also, point of sale (PoS) machines are being deployed to allow customers to withdraw cash by swiping cards. This has helped to cut transaction time since the customer does not have to go to the cashier. State Bank of India said it has strengthened its teller strength to more than 108,000 from a few thousands.

Some banks in downtown Mumbai had to call in the police after scuffles broke out. Many branches shut at 4 pm despite customers arguing that it had been announced working hours would be extended beyond business hours.

A bank employee in Delhi added that some government and security personnel had sought to put pressure on staff to help them jump the queue.

“We are being forced to exchange their demonetised currency or are being told that they will not come to help if there is a chaotic situation,” said a senior banker at a public sector bank.

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