THE HINDU BusinessLine

FM steps in to save the baraat

Our Bureau

West Bengal Chief Minister Mamata Banerjee and and Delhi CM Arvind Kejriwal protest against the Centre's demonetisation measure, outside the RBI office in New Delhi, on Thursday Ramesh Sharma

₹5 lakh allowed for weddings; relief foragri-traders, farmers; swap capped at ₹2,000

New Delhi, November 17:

"Its like a war room," said a senior official in Finance Minister Arun Jaitley's team. Under attack from the Opposition on its decision to withdraw ₹ 1,000 notes and replace existing ₹ 500 notes with new ones, Prime Minister Narendra Modi's government has adopted an aggressive defence.

In no mood to go back on the decision, the government has been taking corrective measures based on feedback from the public. For the third time since Modi announced his decision on November 8, the Finance Ministry has further eased the norms of the measure. It has now relaxed cash withdrawal provisions for the farm sector and those in the midst of wedding preparations.

Simultaneously, it has also lowered the limit for converting the defunct currency notes from ₹ 4,500 to ₹ 2,000 per person. "This will enable more people to use the facility," said Economic Affairs Secretary Shaktikanta Das on Thursday, adding that the restriction will come into effect from Friday.

The Ministry expects that this will encourage people to deposit the old currency notes into their bank account and cut down the long queues for the exchange of notes.

Das also announced that based on representations, farmers will now be allowed to withdraw up to ₹ 25,000 each week against crop loans sanctioned to them, for payments received through cheque or RTGS or those who apply for Kisan Credit Cards.

"We are now at the beginning of the rabi season...While the government is keen on promoting payment through the banking or digital system, it is felt necessary to make some quantum of cash available with farmers to meet various expenses in connection with agricultural operations," said the Finance Ministry in a statement.

To enable smooth procurement of kharif produce, traders registered with the APMC market will be allowed to withdraw ₹ 50,000 per week.

The Ministry has also decided to extend the last date for payment of crop insurance premium by 15 days.

Further, for those preparing for a wedding, the government has also permitted cash withdrawals of a total of ₹ 5 lakh or ₹ 2.5 lakh each by the family of the bride and the groom.

As a special relaxation for Central Government employees up to Group 'C', including equivalent levels in the Defence and paramilitary forces, railways and Central Public Sector Enterprises, the government has also provided them the option to draw a salary advance up to ₹ 10,000 in cash. "This amount will be adjusted against their salary for November," said the Ministry, adding that it will ease pressure on the banks.

Asked where the government is gaining its confidence on implementing the decision, sources in the know said: "Our sense is that there is popular support for the decision Besides, there have been decisions taken by the Finance Ministry to curb black money — Income Disclosure Scheme, Base Erosion and Profit Shifting, a law prohibiting Benami Transactions — but results have not been aggressive, so a need was felt within the party (BJP) to be more demonstrative ... as this was a commitment made in the 2014 election manifesto."

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