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# Over half of the demonetised notes are exchanged; bank queues to ease soon

By [Gayatri Nayak](#), ET Bureau | Nov 23, 2016, 01.42 AM IST

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MUMBAI: After a gruelling two weeks, bank executives can expect to breathe easy soon. With over half of the currency notes that have ceased to be legal tender being deposited or exchanged, long queues in front of banks may soon shrink, say industry experts.

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Economists feel structural change in payment habits of individuals, who are likely to increasingly opt for cashless forms of spending, will help ease the cash crunch situation in the country. Also with more [ATMs](#) getting calibrated to dispense the newly-designed notes, there will soon be a letup in disruption level, they said.

"The initial rush to exchange notes is likely to ease as withdrawal limits are lifted alongside improved access to ATMs and shift towards other cashless avenues," said Radhika Rao, India economist at DBS. "Deposits are thereby likely to grow further over the next month, but the pace of growth might ease as more exchanges occur into new denominations," she added.

Of the Rs 10-11 lakh crore worth of Rs 500 and Rs 1,000 currency notes expected to be surrendered by the stipulated deadline of December 31, cash worth Rs 5.4 lakh crore has already been collected by banks between November 10 and November 18, according to RBI data.

"Though, over the next 40 days we might see inflows of Rs 5-7 lakh crore, the pace of deposits may moderate as withdrawals are likely to pick up," said Saugata Bhattacharya, chief economist, [Axis Bank](#). "Also, there may be a progressive shift to fixed deposits from savings bank accounts," he added. However, Bhattacharya feels that banks may witness certain stickiness in deposits and may continue to have excess [liquidity](#) for a while as customers are increasingly opting for non-cash modes of payments.

"The jump in deposits within 10 days of the [demonetisation](#) move is positive. Its consequent impact on liquidity, lending rates and money market borrowing costs have helped lower the cost of funding," Rao said.

"The overall banknote reform should be seen as the government's move to revisit bilateral investment treaties, tax avoidance efforts, just-concluded IDS scheme and clampdown on other anti-black money transactions after the passage of a related bill, among others," she added.

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