

Panic hoarding of Rs 100 notes as ATMs dry up fast

Chaos reigned outside banks and ATMs across the nation, while at least one death due to exhaustion was reported

BS Reporters November 13, 2016 Last Updated at 00:06 IST



Chaos reigned outside banks and ATMs across the nation, while at least one death due to

exhaustion was reported, as panicked customers stood in long, serpentine queues for several hours to withdraw cash on a second Saturday, which, in a normal course, is a bank holiday.

Business Standard journalists in cities across the country found that the picture was no different from one place to another. A disturbing trend emerging now is that people have started hoarding Rs 100 notes and banks are running out of these notes very quickly, even as the Reserve Bank of India assured that its printing presses were running full capacity and there was no need to panic.

But in the absence of proper currency circulation in the system, it's a semi-meltdown of small economic activities in the country. Thankfully, the law and order situation was largely in control even as police had to be called in some places, including in New Delhi, to restore order.

A senior citizen, Vinod Kumar Pandey, died of heart attack while he was in a queue at Union Bank of India in Sagar town, 170 km from Bhopal. He was taken to a private hospital where he could not be revived, said a police source.

While people were happy by the move to ban black money, the mismanagement has angered them. The situation is worse in villages and towns where ATM penetration is scarce. Most ATMs had to be shut down as people were seen withdrawing the maximum Rs 2,000 allowed per account from multiple accounts they possess, all in Rs 100 notes.

Exchanging old papers in bank branches was of little help immediately as the banks were inclined in offering Rs 2,000 notes, which could not be readily used for smaller expenses. The new Rs 500 notes have not been introduced yet fully and this complicated the situation even more.

Besides, the ATMs are yet not fully configured to dispense Rs 2,000 and Rs 500 notes and therefore the machines are running out of cash within two to three hours of getting filled up. After that, there is a long wait for the next replenishment. But in most cases, that's the end of the business day for the ATM.

A bus ride from Dadar in central Mumbai to Pune, crossing the satellite town Navi Mumbai, showed most ATMs were closed by 12 pm, but banks that were still exchanging money had long queues spilling out from the branch entrance.

At the Infantry road branch of Canara Bank in Bengaluru, where hundreds queued to deposit old Rs 500 and Rs 1000 notes, there were several who wanted Rs 100 notes that would help them in meeting their daily requirements. In Dakshina Kannada, bank officials said they could offer only Rs 2,000 to customers in exchange for the money they deposited in the bank.

Aby Augustine, an academician residing in Dakshina Kannada district, had to make use of the five and ten rupee coins that his wife collected, to pay for the daily requirements. His wife, in her eighth month of pregnancy, required an urgent check-up. But he was told by bank officials that they would give only Rs 2,000 in exchange and not the entire amount that Augustine had wanted.

Ahmedabad resident Rahul Panchal said his family was stressed as there was a wedding in the family soon. He came to deposit Rs 1 lakh in the denominations of Rs 500 and Rs 1,000. "We had withdrawn this earlier this week to pay contractors, decorators, caterer for my sister's wedding," he said.

In Kolkata, the minimum waiting time to withdraw cash extended more than three hours at some ATMs. Sushila Saha, who had to travel to Mumbai on Sunday, was in urgent need of cash and was waiting outside an ATM for more than 45 minutes. Left with a few notes of Rs 100, she rued the unpreparedness of banks in managing the situation. "It is utter chaos. I attempted withdrawing cash yesterday also, but failed as cash depleted by the time my turn came," she said.

Bijon Halder, who works as a security personal at a jewellery shop in Kolkata, came to a branch of a private sector bank at 11 am but managed to enter after 2.15 pm. "I had to sacrifice a day's salary," Halder sighed.

Several ATMs in Kolkata remained shut because of cash shortages, while banks struggled to cope with the situation. Outside a few branches, Police had to be called to manage angry crowd.

"There is a shortage of Rs 100 notes as no one is willing to accept Rs 2,000 note," said an official of UCO Bank.

The situation was same in Chennai and bank officials found it difficult to cope. "The bank officials are also losing patience as they are explaining the same details to each customer for the past three days," said G Mathivanan, a resident of Mangadu, in the outskirts of Chennai.

Here also, police had to be called. Nayeemunneesa, a home maker from Hyderabad had to come to the bank for the second time since Friday as the bank was closed by the time she reached her branch on Friday. People were coming from the old city and other areas as the queues were far too long in their own locality.

"Many of the women here are entering a bank branch for the first time in their life. It is difficult for women to stand in queues for hours. Why should the government suddenly announce the ban and put us all to such hardship?" she questioned.

Even those who normally use debit cards or credit cards for shopping and other transactions had to stand in line for small cash. “I have come here for cash as I cannot use a debit card to pay for my milkman, nor to an auto,” Koteswar Rao, an ICICI Bank customer said. Losing patience, he was later seen arguing with the bank staff at the counter.

People in Bhubaneswar wore a harried look on their faces. “I have been hanging on for over 30 minutes. It is harassment for the common man. There are many people without a PAN Card or an Aadhaar-linked account. And you know, the banks are reluctant to dispense cash without a valid ID,” said Umesh Routray, 38, a contract worker for state-owned Idco, waiting in an SBI branch.

At local ‘galla mandi’ at Karond, Bhopal, many farmers were awaiting cash arrival since state government has closed all grain mandis because of paucity of cash but promised the farmers would be transferred cash through remittances.

“What we will do to that money they are offering through RTGS, banks have no cash of lower denomination,” Shankarlal Patidar, a farmer in Bhopal mandi said. He said he was coming there for the last decade but never faced such harassment.

(Inputs from Raghu Krishnan in Bengaluru, Vinay Umarji in Ahmedabad, Nupur Anand and Anup Roy in Mumbai, Namrata Acharya in Kolkata, TE Narasimhan in Chennai, Shashikant Trivedi in Bhopal, B Dasarath Reddy in Hyderabad, Jayajit Dash in Bhubaneswar)