RBI had plans to issue Rs 5,000, Rs 10,000 notes: Finance Minister Arun Jaitley

The RBI's original proposal was to issue high-value new currency notes in the denominations of Rs 5,000 and Rs 10,000, but the Narendra Modi government finally decided to go in for Rs 2,000 denominations, Finance Minister Arun Jaitley said on Saturday.

By: IANS | New Delhi | Published: November 13, 2016 1:20 AM

Finance Minister Arun Jaitley revealed that nearly Rs 300 crore has been deposited in Prime Minister's Jan Dhan bank accounts in the last three days. (Reuters)

The RBI's original proposal was to issue high-value new currency notes in the denominations of Rs 5,000 and Rs 10,000, but the Narendra Modi government finally decided to go in for Rs 2,000 denominations, Finance Minister Arun Jaitleysaid on Saturday.

“RBI’s original proposal was to issue Rs 5,000 and Rs 10,000 currency notes, one, for (curbing) inflation and two, for convenience in handling. The government thought otherwise, because we wanted replacement currency to be available immediately, and hence we decided to go in for Rs 2,000 notes,” he said while participating in a programme on India TV here.

“Today, there are adequate numbers of Rs 2,000 notes available with banks, and if all the people start taking Rs 2,000 notes, there won’t be any more queues outside banks,” he said.

As far as issuing new Rs 1,000 currency notes is concerned, it will be done, he added.

Jaitley revealed that nearly Rs 300 crore has been deposited in Prime Minister’s Jan Dhan bank accounts in the last three days.

“You must accept that transacting in black money is nobody’s fundamental right in this country,” he said, while seeking to justify the step.

Jaitley noted that soon after the demonetisation announcement on November 8, several shops were opened in some parts all through the night to allow black money hoarders to purchase gold.

Similarly, huge cash was paid to buy high-value railway tickets and get refunds, he added.

On the recalibration of ATMs for dispensing new design currency notes, Jaitley said, it would take two to three weeks, since the present machines are designed to dispense only Rs 100, Rs 500 and Rs 1,000 notes.

“We can’t change them overnight, and the system’s technology requires at least 2-3 weeks for recalibration of nearly 2 lakh ATMs.”

Asked why preparations were not done earlier, he said that “secrecy was of paramount importance”.

“We were to keep everything secret till November 8. You can’t say, we take a decision, press a button, and all the ATMs would function. It doesn’t work like this,” he said.

Jaitley said that that it was only the Prime Minister, the Finance Minister, one or two officials in Finance Ministry and the Reserve Bank of India, who knew about the move, on a “need to know" basis.

"As per precedent, on November 8 at 6 p.m., RBI sent its formal recommendation to the government for demonetisation, at 7 p.m. the Cabinet was informed about the decision, all ministers stayed inside the room, till the Prime Minister announced it at 8 p.m. to the nation," he said.

Rejecting reports that an image of the new Rs 2,000 currency note had appeared in social media, Jaitley said that there was no "leak" about the decision.

On Delhi Chief Minister Arvind Kejriwal's charge that some people in the ruling party knew about the move in advance, he said: "His (Kejriwal's) statements do not carry credibility any more. I checked about any particular surge in bank deposits during September and October, and I found that the maximum surge in bank deposits had taken place between August 31 and September 15, at a time when the arrears of Pay Commission were being disbursed."

Jaitley also said that political parties would now have to change their funding system.

"I know the two leaders are facing problems, but there was no political motive behind this decision.

"Yes, there will be a political effect, which I will not refuse to admit, that political funding for all parties, including BJP, will now become fully transparent. It was a misfortune that the world's biggest democracy had no transparent funding mechanism in place till now."