

₹ 100 notes becoming 'most precious'

G Naga Sridhar

Unable to meet the demand for this denomination: bankers



Hyderabad, November 17:

The scarcity of ₹ 100 notes is not set to end in a hurry, even as the government on Thursday reduced the daily limit of over-the-counter exchange of currency notes at banks to ₹ 2,000. So, be prepared.

According to Reserve Bank of India data, ₹ 100 notes account for only 9.6 per cent share of the total currency in value terms in the economy, totalling up to ₹ 1,57,800 crore. In comparison, the demonetised ₹ 500 and ₹ 1,000 notes account for 47.8 and 38.5 per cent share, respectively, of the total currency.

“There is a severe mismatch in these figures. (If) Unless the RBI has gone in for large-scale printing of ₹ 100 notes before announcing demonetisation, we cannot meet the demand for them. But we have no hint of it (large-scale printing) as our supply of ₹ 100 notes continues to be limited so far,” a top executive of a public sector bank told *BusinessLine*.

Banking transactions operate on the simple premise that a part of the money that goes out as withdrawals return in the form of deposits. But it is not happening in the case of ₹ 100 notes, which have become “most precious” for an average Indian now, say bankers. So, it is a one-way traffic for ₹ 100 notes, which are not getting redistributed.

The demand for ₹ 100 notes is also very high. According to data obtained by *BusinessLine*, a leading private bank was given ₹ 42 crore worth of ₹ 100 notes in Hyderabad on Tuesday, and by Wednesday afternoon ₹ 31 crore of that was disbursed.

The shortage is so acute that many banks on Thursday stopped replenishing ATMs with ₹ 100 notes so that they could meet the demand for them in branches.

As for the new ₹ 500 notes, which the government said was ‘officially launched’ a couple of days ago, they are nowhere to be seen. Being printed at the government press, Nasik, the notes are being distributed selectively in Delhi, Mumbai, Nagpur and certain other locations. It is learnt that free flow of the new ₹ 500 notes cannot commence immediately.

So, be prepared.

Banking transactions operate on the simple premise that a part of the money that flows out as withdrawals return in the form of deposits. But this is not happening in the case of ₹ 100 notes.

(This article was published in the Business Line print edition dated November 18, 2016)