

Cash crunch in rural bank branches in Telangana, AP hits farmers, small businesses

G NAGA SRIDHAR

PRINT · T+

Share

Share 2

Sharp fall witnessed in supply of Rs. 2,000 and Rs. 500 notes in the last two months

Hyderabad, June 28:

Even after seven months, demonetisation continues to haunt the common man in the form of currency crunch.

The rural bank branches in Telangana and Andhra Pradesh have been dry almost for a month now resulting in serious trouble for farmers and petty businesses.

“We are doing our best but cash flow has been much below normal levels,” a senior official of SBI and functionary of State Level Bankers’ Committee of Telangana, told *BusinessLine* here.

There is no improvement in the situation even after the Finance Department of the Telangana government had requested the Reserve Bank of India to intervene to ensure cash availability.

Confirming the cash-crunch, a senior executive of Andhra Bank said almost all banks were facing shortage of cash. “We are unable to meet the demand for cash withdrawals from farmers and petty businesses. There are many cash transactions in the present Kharif season and digital mode is very minimal,” he added.

According to bankers, the shortage of cash has been the result of a ‘sharp reduction’ in supply of Rs. 2,000 and Rs. 500 notes in the last two months as RBI was focussing on printing lower denomination notes. Even though supply of notes is on, it has been significantly lower in value terms, according to Etala Rajender, Minister for Finance, Telangana.

To seek Centre’s help

According to the State government estimates there is an ‘urgent’ need for cash supply to the tune of Rs.6,000 crore. The State Finance Department plans to take up the matter with the Centre in order to ensure speedy cash supply from the RBI.