

Non-availability of machines slowed down counting of withdrawn notes: Urjit Patel

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Remonetisation taking place at a good pace, RBI Governor tells House panel



RBI Governor Urjit Patel

New Delhi, July 12:

RBI Governor Urjit Patel told the Parliamentary Standing Committee on Finance that the non-availability of the currency verification processing system (CVPS) machines is one reason why the counting of demonetised notes is not yet done.

Though he painted a rosy picture of the digitisation process in the country post-demonetisation before the panel, figures presented by him showed that as of June 23, the total notes in circulation (NIC) in the system, as per the weekly statistical supplement of RBI, stood at Rs. 15,07,443 crore, which is 85.4 per cent of the NIC as on November 4, 2016, just before the announcement of demonetisation.

In the week ending January 6, 2017, the NIC was Rs. 8,73,402 crore, the lowest in the last nine months.

Members in the panel from the Opposition were not happy with his presentation as the RBI yet again skipped the queries on the volume and worth of Rs. 1,000 and Rs. 500 notes that have come back to the RBI after the process. Apparently losing patience, senior Congress member Digvijaya Singh is learnt to have asked the RBI Governor whether he can give the details at least before May 2019.

Another MP urged him to print expiry on the new notes so that people can wait for another round of demonetisation. The panel, headed by veteran Congress MP Veerappa Moily, has given more time to the RBI to come up with written answers to

the queries of the members. .

The RBI Governor told the members in a written submission, a copy of which is with *BusinessLine*, that notes received during demonetisation “are required to be reconciled with the reported figures” to ensure accounting integrity. He said the notes will be processed for verifying numerical accuracy and authenticity through CVPS machines.

The bank said though the work has been accorded top priority, the CVPS machines’ capacity is limited. “All regional offices of the RBI have been operating the currency verification and processing machines in two shifts on all days, including Saturdays and holidays.

“We have also added machine capability by making use of the large machines available with commercial banks for processing of these notes, under our supervision,” Patel said.

He added that tenders have been floated to buy additional machines from vendors on lease and the process for regular purchase of machines is being expedited and pointed out that verification is done with CCTV surveillance.

The RBI said remonetisation is taking place at a good pace due to continuous supply of bank notes from printing presses.

The RBI also said there has been a pick-up in the use of most of the non-cash modes of payments. The Indian Banks' Association had told the same panel about a month ago that the digitisation process has, in fact, slowed down in the quarters that followed demonetisation.

“Newer payment systems, leveraging on high visibility campaigns and incentive schemes of the government, have fared better and continue to process increasing volumes and values,” the RBI said.

It, however, said the usage of debit cards and credit cards at point-of-sale (POS) terminals has moderated compared to the initial spurt witnessed after demonetisation.

It said the use of debit/credit cards at ATMs had seen a decline after November 2016, while the value of transactions in prepaid payment instruments, including wallets, witnessed the sharpest increase.

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