

RBI to scrap subsidies for installation of ATM and cash-recyclers machines

By [Saloni Shukla](#), ET Bureau | Feb 07, 2018, 07.48 PM IST

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MUMBAI: The [Reserve Bank of India](#) on Wednesday announced the scrapping of



subsidies given to banks to install [ATM](#) machines and [cash-recyclers](#) and said that it would lead to a further push to digital transactions. Currently, the regulator has fixed subsidy amount at 50% of the actual cost of the machine or Rs 2 lakh whichever is lower for urban centres and 60% of the actual cost of the machine in semi urban areas and rural areas or Rs 2.5 lakh whichever is lower.

"With a view to promote a less cash economy, the incentive schemes have been reviewed and it has been decided to discontinue going forward the incentives for installation of Cash Recycler Machines (CRMs) and Automated Teller Machines (ATMs)," the [RBI](#) said in a statement.

The regulator also noted that in order to encourage technology absorption in currency operation of banks such subsidies were given in the past but now the purpose was largely achieved. The Reserve Bank had stopped giving subsidy to banks on installation of cash

RBI had stopped giving subsidy to banks on installation of cash recyclers and ATMs since August 2017 after the directions given in July 2016 master circular expired in August last year.

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"I don't see any reason why a central bank should subsidise these things, there is a commercial need for such machines because cash efficiency alone and the replacement of a teller justifies this cost," said Loney Antony, MD, Hitachi Payment Services. "There is a justification for recycling machines irrespective of the incentive and I don't think this incentive was a big motivation for banks to install ATMs and CRMs."

The regulator also said that it had constituted two high level inter-agency committees to review the entire gamut of currency management which include security of movement of treasure.

The regulator in consultation with the [Government](#), has also arranged an audit by an external group, of the four currency presses, two of which are run by the Reserve Bank subsidiary and two by a unit of Government.

