

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 4977

TO BE ANSWERED ON THE 16th December, 2016/ Agrahayana 25, 1938 (SAKA)

Bank Services after Demonetisation

QUESTION

4977. SHRI JITENDRA CHAUHURY: SHRI RAMDAS C TADAS:
SHRI C. MAHENDRAN: SHRI CHANDRAKANT KHAIRE:
SHRI MULLAPPALLY RAMACHANDRAN: PROF. SANWAR LAL JAT:
ADV. CHINTAMAN NAVASHA WANAGA: SHRI NAGAR RODMAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the normal banking services were affected post demonetization and if so, the details thereof;
- (b) whether Government has received complaints against banks/officials/staff regarding irregularities of converting black money into white after demonetization and if so, the details thereof, bank and State/UT-wise along with action taken against such officials, bank/staff;
- (c) whether the depositors are hesitating to deposit their money in banks due to the limit on cash withdrawals in the country and if so, the details thereof;
- (d) whether the Government has issued any relaxation on the withdrawal limit of deposits from bank deposit accounts and if so, the details thereof;
- (e) whether the banks are accepting old Rs. 500 and Rs. 1000 currency from farmers who have taken loans under Kisan Credit Card Yojana and if so, the details thereof;
- (f) whether the cooperative banks have been authorized to accept the repayment of loan in old currency notes and if so, the details thereof; and
- (g) the steps taken by the Government to ease problems of public in rural and urban areas in this regard?

ANSWER

The Minister of State in the Ministry of Finance
(SHRI SANTOSH KUMAR GANGWAR)

- (a): Banks staff had worked extra hours to handle the increased volume of work due to demonetisation of bank notes of Rs. 500 and Rs.1000 with effect from November 8, 2016.
- (b): Whenever complaint against a bank official(s) is received and any irregularities are found or observed on the part of Bank's official(s), the Banks initiate action as per their extant rules and commensurate punishment is awarded to the delinquent employees based on the seriousness of the wrong doings as per Bank's disciplinary rules.
- (c) It came to the notice of RBI that certain depositors are hesitating to deposit their monies into bank accounts in view of the current limits on cash withdrawals from accounts. As it was impeding active circulation of currency notes, it was decided, to allow withdrawals of deposits made in current legal tender notes on or after November 29, 2016 beyond the current limits.
- (d) Higher withdrawal limits have been allowed in following conditions:

- The cash withdrawal limits for individual accounts are not applicable to cash withdrawal from a bank account by one bank from another bank, Post Office, Money changers operating at International airports and operators of White Label ATMs.
- Governments Departments have been allowed to draw cash beyond the stipulated limit, in exceptional cases, only on production of evidence justifying their cash requirements in writing, at the discretion of an officer in the rank of General Manager and above.
- Farmers have been allowed to draw upto ₹ 25000/- per week in cash from their loan (including Kisan Credit Card limit) or deposit accounts subject to their accounts being compliant with the extant KYC norms.
- Current Account holders, Overdraft and Cash Credit accounts have been allowed to withdraw up to ₹ 50000 in cash, in a week if they have been operational for the last three months or more. The facility is also available to the traders registered with APMC markets/mandis provided that such accounts are compliant with the extant KYC norms and are operational for the last three months or more.
- Cash withdrawal to the extent of Rs 2.5 lakhs per account has been permitted on grounds of marriage subject to certain conditions in the interest of genuine cases.

(e) Deposits of Specified bank Notes into all types of deposit/loan accounts of banks (except DCCBs) have been allowed subject to CTR/STR reporting.

(f) Only Urban Co-operative Banks and State Co-operative Banks have been authorized to accept the deposit/ repayment of loan in old currency notes.

(g): Various steps taken by the RBI to ease problems of public in rural and urban areas are as under:-

- I. It has been decided that NABARD would be utilizing its own cash credit limits up to about ₹ 23,000 crore to enable the DCCBs to disburse the required crop loans to PACS and farmers. As many of these loans will be disbursed in cash to facilitate farming related expenses banks with currency chests have been advised that they should ensure adequate cash supply to the DCCBs and RRBs as well as to the rural branches of all commercial banks.
- II. Farmers have been allowed to draw upto ₹ 25000/- per week in cash from their loan (including Kisan Credit Card limit) or deposit accounts.
- III. Specified bank notes in the denomination can be used for making payments towards purchase of seeds from the centres, units or outlets belonging to the Central or State Governments, Public Sector Undertakings, National or State Seeds Corporations, Central or State Agricultural Universities and the Indian Council of Agricultural Research, on production of proof of identity.
- IV. Traders registered with APMC markets/mandis have been permitted to draw up to ₹ 50,000/- from their current accounts.
- V. For the poor people, the deposit of SBN and withdrawal of new banknotes have been permitted from basic JDY account.
- VI. Banks have been advised to deploy their Micro ATMs (Bala Mitras, etc) near village Panchayat Offices etc.
- VII. For providing exchange / deposit/ withdrawal facility to people residing in remote/ unbanked areas, banks have been advised to consider using mobile vans.
- VIII. Telephone Helpline was set up by Reserve Bank and Frequently Asked Questions (FAQs) were uploaded on RBI website.
