

Business Standard

Will come out with response on old note deposit rule: Prasad

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Facing political criticism over new deposit rule for banned notes, Law and IT Minister Ravi Shankar Prasad today said that government will come with the structured response on the norms which stipulates that a person can deposit over Rs 5,000 only once before December 30.

"They have issued something, the government will come with structured response on that," he said after meeting with heads of banks on promotion of Aadhaar-enabled payment system.

There is need to strengthen Aadhaar-enabled payments in rural and semi-urban areas, he said.

The Reserve Bank today imposed stiff restrictions on depositing more than Rs 5,000 in the scrapped Rs 500 and Rs 1,000 notes, mandating that it can be deposited only once per account till December 30, that too after explaining to bank officials the reasons for not having done that so far.

Stipulating that restrictive conditions will also apply on the cumulative deposit of such notes in a single account when it exceeds Rs 5,000, RBI said that defunct currency up to any amount can be deposited under the new black money amnesty PMGKY scheme.

"It has been decided to place certain restrictions on deposits of SBNs into bank accounts while encouraging the deposits of the same under the Taxation and Investment Regime for the Pradhan Mantri Garib Kalyan Yojana, 2016," RBI said in a notification.

Under the PMGKY scheme, black money holders can deposit unaccounted cash in account which will be subject to 50 per cent tax and 4-year interest free lock-in for the remaining 25 per cent of the amount.

RBI said old notes in excess of Rs 5,000 into a bank account will be received for credit only once during the remaining period till December 30, 2016.

Prasad further said that around 36 crore bank accounts are seeded with Aadhaar and around 109 crore people have Aadhaar.

Describing Aadhaar-enabled payment as very simple, Prasad said "systems like UPI, USSD will continue but we need to strengthen Aadhaar enabled payments. NPCI will develop a common app by December 25."

It will give a big push to digital payments, he said, rural and semi urban areas, Aadhaar enabled payments should be promoted.

The POS machine is there, the government are going to increase it further. Later, Finance Minister Arun Jaitley said Aadhaar based

mobile banking was discussed at the meeting between Income Tax Department, banks and technology experts.

"We have discussed increasing Aadhaar enabled payments system, so that anyone who has credit or debit cards, they should do the payment with cards, people having mobile, they do payments through e-wallet and those who do not have it or want to do payment based on Aadhaar, they can make payment through the

device to businesses," he said.

Aadhaar based payments can be made through their thumb impression and Aadhaar number, he said. "I think they are all ready for it and the banks said they are ready to adopt to this," he said.