



## **Cashless India Update: Angry Mobs Revolt, Raid ATMs, Demand Cash**

The first identifiable global battle over cashless society has begun in India. The central bank is withdrawing cash from the financial system and the people are revolting. Bankers are bracing for angry mobs as payday approaches. If the people lose this battle, then the cashless society will sweep the world like a wildfire. □ TN Editor

India's demonetization campaign is not going as expected.

Overnight, banks played down expectations of a dramatic improvement in currency availability, raising the prospect of queues lengthening as salaries get paid and people look to withdraw money from their accounts [the Economic Times reported](#).

While much of India has become habituated to the sight of people lining up at banks and cash dispensers since the November 8 demonetisation

announcement, bank officials said the message from the Reserve Bank of India is that supplies may not get any easier in the near future and that they should push digital transactions. “We had sought a hearing with RBI as we were not allocated enough cash, but we were told that rationing of cash may continue for some time,” said a banker who was present at one of several meetings with central bank officials.

**“Reserve Bank has asked us to push the use of digital channels to all our customers and ensure that we bring down use of cash in the economy,”** said a banker. This confirms a previous report according to which the demonstization campaign has been a not so [subtle attempt](#) to impose digital currency on the entire population.

Bankers have been making several trips to the central bank’s headquarters in Mumbai to get a sense of whether currency availability will improve. Some automated teller machines haven’t been filled even once since the old Rs 500 and Rs 1,000 notes ceased to be legal tender, they said. Typically, households pay milkmen, domestic helps, drivers, etc, at the start of the month in cash. The idea is that all these payments should become electronic, using computers or mobiles.

This strategy however, appears to **not** have been conveyed to the public, and as [Bloomberg adds](#), **“bankers are bracing for long hours and angry mobs as pay day approaches in India.”**

“Already people who are frustrated are locking branches from outside in Uttar Pradesh, Bihar and Tamil Nadu and abusing staff as enough cash is not available,” said CH Venkatachalam, general secretary of the All India Bank Employees’ Association. **The group has sought police protection at bank branches for the next 10 days**, he added.

Joining many others who have slammed Modi’s decision, the banker said that “this is the fallout of one of the worst planned and executed government decisions in decades.” He estimates that about 20 million people – almost twice the population of Greece – will queue up at bank branches and ATMs over the coming week, when most employers in India pay their staff. **In an economy where 98 percent of consumer payments are in cash, banks are functioning with about half the**

**amount of currency they need.**

As Bloomberg notes, retaining public support is crucial for Modi before key state elections next year and a national contest in 2019, however it appears he is starting to lose it.

**“We are bracing ourselves for payday and fearing the worst,”** said Parthasarathi Mukherjee, chief executive officer at Chennai-based Laxmi Vilas Bank Ltd. “If we run out of cash we will have to approach the Reserve Bank of India for more. It is tough.”

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