

Digital pipe dream

The digital infrastructure is so woefully inadequate that a paperless economy is a distant dream.

By RAMESH CHAKRAPANI

The government's decision to remove 500- and 1,000-rupee notes from circulation resulted in an unprecedented situation marked by chaos and uncertainty, the most visible signs of which were the interminable queues at ATMs.

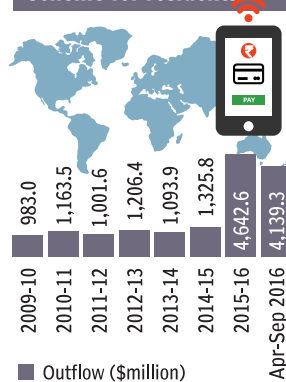
The lack of preparedness comes as no surprise looking at data from the Reserve Bank of India (RBI), which show that there are barely two lakh ATMs for a population in excess of 121 crore. The number of credit cards issued in the country is around 2.59 crore, while debit cards are exponentially higher around 69.72 crore.

However, the average monthly credit card spend was significantly higher around Rs.9,382 (for July 2016, the latest month for which figures were available), compared with a Rs.245 for debit cards.

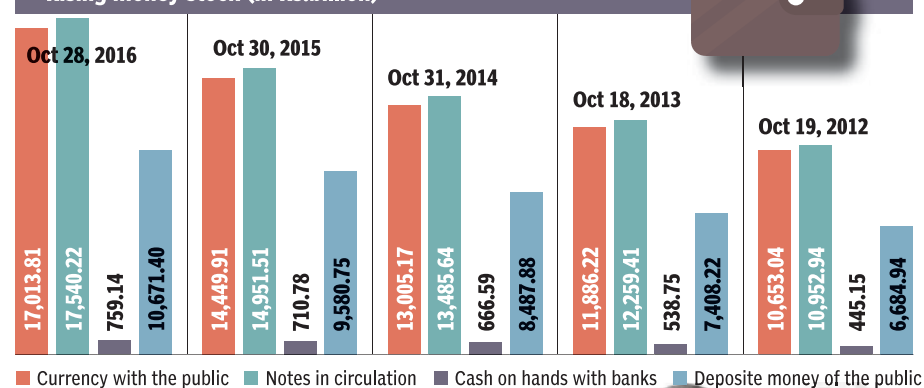
The country's money stock has also been steadily rising over the past five years.

While the currency with the public rose from Rs.10,653.04 billion in October 2012 to Rs.17,013.81 billion in October this year, the value of notes in circulation also zoomed from Rs.10,952.94 billion to Rs.17,540.22 billion during the same period.

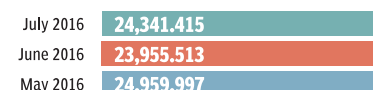
Annual outflow under liberalised remittance scheme for residents



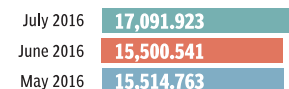
Rising money stock (in Rs.billion)



CREDIT CARD



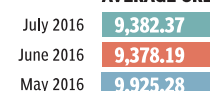
DEBIT CARD



TOTAL



AVERAGE CREDIT CARD SPEND (Rs.)



AVERAGE DEBIT CARD SPEND (Rs.)



Top banks by ATM presence (as of July 2016)

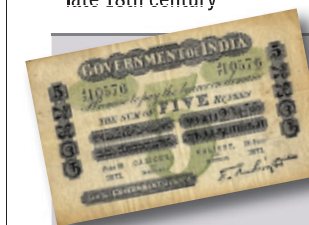
Bank	On-site	Off-site	Total
State Bank of India	20,419	29,496	49,915
ICICI Bank	4,827	9,359	14,186
Axis Bank	3,037	9,972	13,009
HDFC Bank	5,622	6,398	12,020
Bank of Baroda	6,320	4,135	10,455
Canara Bank	5,289	4,498	9,787
Punjab National Bank	5,168	4,545	9,713
Bank of India	3,436	4,371	7,807
Union Bank of India	4,374	2,519	6,893
Central Bank of India	3,509	1,803	5,312
Corporation Bank	2,247	847	3,094
IDBI Bank	1,748	1,622	3,370
Indian Overseas Bank	2,718	976	3,694
Syndicate Bank	3,382	377	3,759
Andhra Bank	2,940	791	3,731
All India Total	1,03,282	98,579	2,01,861

Point of sale transactions of cards (Rs.crore)

ATM

A history of paper money in India

Paper money originates in late 18th century



Earliest note issues by Bank of Hindostan (1770-1832), General Bank in Bengal and Bihar (1773-75), Bengal Bank (1784-91)

Paper Currency Act of 1861 gives Government of India monopoly of issuing notes



First set of British India notes were 'Victoria Portrait' Series in denominations of 10, 20, 50, 100, 1000

George V Series introduced in May 1923 in 10, 50, 100, 500, 1000, 10,000 denominations

Currency Note Press established at Nashik in 1928

First notes issued by the RBI in 1938 in 5, 10, 100, 1,000 and 10,000 denominations

Notes of 500 and above demonetised in 1946

1,000, 5,000, 10,000 notes reintroduced in 1954, demonetised in 1978

New Mahatma Gandhi Series introduced in 1996 (10, 50, 100, 500, 1000 notes)

20 note introduced in 1972, 50 note in 1975

500 note reintroduced in October 1987

Outflow under liberalised remittance scheme for residents (\$million)

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Investment in equity/debt	206.5	265.9	239.5	236.9	165.5	195.5	317.9
Gift	159.9	242.5	244.6	261.6	267.1	403.5	533
Maintenance of close relatives	170.9	255.2	165.2	226.6	173.9	174.4	1372.1
Studies Abroad	217.8	150.1	114.3	124.7	159.3	277.4	1200
Others	101.8	128.6	107.2	204.1	215.3	157.1	346.4