

Thursday, 9th December, 2016

Dear Chris and Mustafa,

I came to India for a cricketing holiday, but as I sit here in Mumbai I instead find myself wondering what is the opposite of a bank run? There are queues around the block to get into banks, this is reminiscent (but completely in reverse) of Northern Rock in 2007; in this case everyone is waiting to deposit high denomination notes which are now no longer legal tender.

Prime Minister Narendra Modi shockingly cancelled the 500 and 1,000 rupee bills. Masterstroke or madness - time will tell. Modi guessed that these notes, which make up 85% of money in circulation, were the backbone of the black market and were outside the tax system - these were revenues he wanted to catch.

The immediate result has been a chronic shortage of small denomination bills such as 50s and 100s used in most transactions. Citibank, RBS and many local bank branches have quite literally, run out of cash. Money changers and ATM's that are still operating only have 2,000 rupee notes. This is about £20, and this goes a long way here. The hour long taxi ride into the city from the airport was only 770 rupees for example. No one wants this note.

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The shortage of smaller denomination bills is so acute that if I waved a 2,000 rupee note about and said I'd accept 1,500 in 100 rupee bills in exchange I would get no bids.

Interestingly some beggars are now only asking for \$1 bills. They seem ahead of the game as the local retailers and street vendors are so far not accepting dollars; I expect, before the end of the test match, this will have changed.

As an aside, what on earth is RBS doing having a branch here? How is a Mumbai branch helping to turn around this taxpayer owned institution? I guess the one good point is that, as it has absolutely no money in it, it will be one of the few branches not adding further to the losses!

A cricket captain often fields at mid-off, to get a good view of the field. The Indian political captain has moved to silly mid-off, which will result in either a spectacular catch or a painful injury.

See you soon in London. Bill