

**Benefits accrued from demonetisation**

†1993. SHRI NARESH AGRAWAL: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government has accepted that its decision of demonetisation was the worst decision;
- (b) if so, the reasons therefor;
- (c) if not, the areas benefited from demonetisation in the country, the details thereof; and
- (d) the amount of black money recovered by Government through demonetisation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RADHAKRISHNAN P.): (a) No, Sir.

(b) Doesn't arise.

(c) and (d) The information is given in the Statement.

***Statement******Elimination of Fake Currency and Strike against Terrorist Activities***

The Fake Indian Currency Notes (FICNs) were being used by the terrorists/ naxalites to fund their operations in the country. As a result of demonetization of SBNs, terrorist and naxalite financing stopped almost entirely. There has been almost total stoppage of stone pelting and other terrorist demonstration activities in Jammu and Kashmir. No high quality FICN has been found/ seized by intelligence operations since the exercise of demonetisation of Specified Bank Notes (SBNs). Further, it also adversely affected the hawala operators and dabba trading.

***Action against Generation of Black Money***

To unearth black money out of the SBNs deposited in the Banking system, the Income Tax Department launched 'Operation Clean Money' on 31 st January 2017 to "Create a tax compliant society through a fair, transparent and non-intrusive tax administration where every Indian takes pride in paying taxes". When the accounts in which the SBNs were deposited were seen, as many as 17.73 lakh accounts, *prima facie*, did not appear to be in line with their tax profile, involving 3.68 lakh crores. These account holders were contacted digitally to provide explanation of such deposits. Responses from 11.18 lakh

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†Original notice of the question was received in Hindi.

persons were received giving information on 16.92 lakh accounts. 1 lakh high risk cases for enforcement actions have been identified based on responses. 20,572 Income tax Returns have been selected for scrutiny so far under CASS. Till 12th May more than 9.72 lakh taxpayers submitted their response providing information on 13.33 lakh accounts involving cash deposits of around ₹ 2.89 lakh crore. Based on continuous data analysis undertaken by ITD, high risk cases were identified where enforcement action was initiated. A record number of 5.27 lakh responses were received in the first 12 days of the e-verification process.

#### *Formalisation of Economy*

Demonetization drive led to significant change of saving habits and formalization of the assets market. Considerably more funds came into the organized financial markets, whereas earlier households were parking much of their savings in unproductive physical assets. The gross financial saving in term of Deposits, Share and Debentures, Insurance funds and Provident & Pension Funds increased from 9 to 13.3 per cent of GNDI (Gross National Disposable Income) in 2016-17 - an increase of about 48%. The Assets under management by mutual funds (AUM) was ₹ 13.8 lakh crore in June, 2016 which has substantially increased to ₹ 20 lakh crore at end of July, 2017 - a substantial increase of 45%. The first year premium collected by Private insurance and LIC has been growing robust since November, 2016. The cumulative collections during November, 2016 to January, 2017 increased by 46% over the same period of the previous years, while from Nov-2016 to Jun-2017 it stabilized at 18%. By bringing informal money into the banking and formal system has increased liquidity in the economy. The Median base rate declined from 9.64% in October, 2016 to 9.50% by June, 2017. The Marginal Cost of Lending Rate declined from 9.3% in October, 2016 to 8.5% in June, 2017. This will give boost to investment which will further create more jobs and in general bring more prosperity.

The increase in deposit with banks will cause increase in the demand for loan in general and housing loans in particular. Further, the disincentive to hoard money in in high denomination and the adverse effect on the black money will result in cleaning up the real estate sector.

The cancellation of legal tender character of SBN is expected to act as disincentive for hoarding of cash and resultant black money and thereby lowering the inflation level, excess deposit, decrease in interest rate and increase in credit demand.

#### *Digitisation*

Another major benefit of demonetization is fillip to non-cash modes of transactions, which facilitate both money trail and generating credit history for better monetary

regulation. Cancellation of legal tender character of SBN's has led to a substantial progress in digital transactions in terms of Real Time Gross Settlement (RTGS) and National Electronics Funds Transfer System (NEFT) . About 52.4 crore unique Aadhaar numbers have been linked to 73.62 crore accounts in India. As a result, every month now, about 7 crore successful payments are made by the poor using their Aadhaar identification. The government now makes direct transfer of ₹ 74,000 crore to the financial accounts of 35 crore beneficiaries annually, at more than ₹ 6,000 crore per month. Now with the BHIM App and the Unified Payments Interface (UPI) , a secure and seamless digital payments infrastructure has been created so that all Indians, especially the poor can become part of the digital mainstream. Digital payments have substantially increased both in volume and value since demonetisation. Within reach of the country is what might be called the 1 billion-1 billion-1 billion vision that is 1 billion unique Aadhaar numbers linked to 1 billion bank accounts and 1 billion mobile phones. Once that happens and it would happen quite soon, all of India will become part of financial and digital mainstream.

#### **Fund allocation for National Health Protection Scheme**

1994. SHRI VIVEK GUPTA: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

- (a) an estimate of the amount required to provide ₹ 5 lakh health insurance per BPL household in India;
- (b) the amount of funds set aside for this insurance scheme of National Health Protection in the Budget, 2018-19;
- (c) if no funds are allocated, then how and from where does Government proposes to apportion this amount for spending on health insurance scheme; and
- (d) whether it is a fact that there is only a marginal increase of ₹ 1469 crore in expenditure on health in the Budget 2018-19 compared to revised estimates in 2017-18?

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (SHRIMATI ANUPRIYA PATEL): (a) to (c) For the year 2018-19, ₹ 2000 crore has been allocated for Rashtriya Swasthya Bima Yojana (RSBY) . After the launch of proposed National Health Protection Scheme (NHPS) , RSBY will be subsumed in it. The budget earmarked for RSBY will be utilized for proposed NHPS. Any shortfall in the allocated funds will be met at the time of Revised Estimates.

- (d) There is a marginal increase of ₹ 1249.15 crore in Budget Estimate 2018-19 for Health compared to Revised Estimates in 2017-18.