

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA UNSTARRED QUESTION NO. 1020
TO BE ANSWERED ON 07.12.2021

Ratio of currency in circulation

1020.SHRI SUSHIL KUMAR GUPTA:

Will the Minister of FINANCE

be pleased to state:

- (a) whether it is a fact that the ratio of currency in circulation as proportion of GDP has touched a new high of 14.5 per cent for fiscal 2020-21; and
- (b) if so, the details in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PANKAJ CHAUDHARY)

(a) & (b): Demand for currency depends upon several macro-economic factors including economic growth and level of interest rate. Precautionary demand generated by the public during Financial Year (FY) 2020-21 due to the Covid-19 Pandemic induced uncertainties is also an important factor in currency demand.

Combination of greater public demand for cash and a contraction in GDP has led to an increase in Currency in Circulation (CiC) as a percentage of GDP from 12 % during FY 2019-20 to 14.5% during FY 2020-21. However, year on year growth in CiC has decelerated sharply to 7.9% as in November, 2021 from pandemic influenced surge to 22.2% a year ago.
