

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
RAJYA SABHA UNSTARRED QUESTION NO. 1663  
TO BE ANSWERED ON 06.08.2024/ Sravana 15, 1946 (Saka)

**“Currency in circulation”**

1663 SHRI R. GIRIRAJAN:

Will the Minister of **Finance** be pleased to state:

- (a) the status of money aggregate and liquidity aggregate as on 30 June 2024;
- (b) whether Government is restricting the use and circulation of liquid cash for transactions and if so, the details thereof;
- (c) whether the current currency in circulation have crossed ₹ 36 Lakh crores and if so, the details thereof; and
- (d) the reasons for the huge increase in the circulation of money with public?

**ANSWER**

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

(a): The status of monetary aggregate as on 28 June 2024 and liquidity aggregate as on May, 2024 is as follows:

**Monetary aggregate**

Item	Amount Outstanding (₹ crore)	Y-o-Y Growth (Per cent)
Reserve Money (M0)	46,95,137	7.4
Currency in Circulation (CiC)	35,63,002	6.0
Money Supply (M3)	2,57,01,839	9.7
Currency with the Public (CwP)	34,45,861	6.5
Aggregate Deposits (AD)	2,21,60,212	10.2

*Note: Data pertaining to M<sub>3</sub> and AD exclude the impact of merger of a non-bank with a bank.*

*Source: Reserve Bank of India*

### Liquidity aggregate

Liquidity Aggregate	Amount Outstanding (₹ crore)		Y-o-Y Growth (Per cent)	
	March 2024	May 2024	March 2024	May 2024
L <sub>1</sub>	2,60,88,611	2,67,22,843	12.0	12.6
L <sub>2</sub>	2,61,73,761	2,67,95,353	12.1	12.6
L <sub>3</sub>	2,62,65,135	-	12.1	-

*Note 1: Data on liquidity aggregates are available on a quarterly basis.*

*Note 2: Data exclude the impact of merger of a non-bank with a bank.*

*Source: Reserve Bank of India*

(b): The Government, in its endeavour to create a more transparent, efficient, and inclusive financial ecosystem, has made certain provisions/amendments in the Income Tax Act, 1961, the Income Tax Rules, 1962, and the Payment and Settlement Systems Act, 2007, to incentivise digital transactions and to discourage the use of cash for high-value transactions. A Statement indicating details of such provisions in is placed at **Annexure**.

(c) & (d): As per the Reserve Bank of India (RBI), the currency in circulation as on 19.07.2024 is ₹ 35,54,532 crore. Currency with the public (CwP) grew by 4.1 per cent in 2023-24 as compared with 7.9 per cent in 2022-23, reflecting the impact of withdrawal of ₹2000 banknotes effective May 19, 2023. As on July 12, 2024, CwP rose by 7.2 per cent largely on account of base effect of the withdrawal of ₹2000 banknotes. CwP to GDP ratio has moderated from 12.9 per cent in 2021-22 to 11.5 per cent in 2023-24.

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**Statement referred to in reply to part (b) of Rajya Sabha Unstarred Question No. 1663 for answer on 06.08.2024**

**Provisions to incentivise digital transactions and to discourage the use of cash for high-value transactions**

1. Section 194N of the Income-tax Act, 1961 ( the Act ) provides inter-alia that every person being a banking company or a cooperative society engaged in the business of banking or a post office shall deduct tax at the rate of two per cent on aggregate payments exceeding Rs. 1 crore during the year.
2. Business expenditure incurred in cash exceeding Rs. 10,000 is disallowed under sub-section (3) of Section 40A of the Act, except in specified circumstances.
3. For small and medium enterprises which are carrying 95% or more transactions in non-cash mode, the threshold limit for a person carrying on business to get their accounts audited under section 44AB of the Act had been increased to Rs.10 crores from Rs. 5 crores, vide Finance Act, 2021. The Finance Act, 2023 has also increased the threshold limits for availing the presumptive scheme of taxation under section 44AD of the Act from Rs. 2 crores to Rs. 3 crores in case of small enterprises (being eligible assessee in eligible business) whose cash receipts are not more than 5 per cent.
4. Through Finance (No.2) Act, 2019, section 269SU was inserted in the Act so as to provide that every person, carrying on business, shall, provide facility for accepting payment through the prescribed electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person, if his total sales, turnover or gross receipts in business exceeds fifty crore rupees during the immediately preceding previous year.
5. In order to ensure compliance, section 271DB was inserted in the Act to provide that the failure to provide facility for electronic modes of payment prescribed under section 269SU of the Act shall attract penalty of a sum of five thousand rupees, for every day during which such failure continues.
6. In addition to above, amendment was also made to Payment and Settlement Systems Act, 2007 so as to provide that no bank or system provider shall impose any charge upon anyone, either directly or indirectly, for using the modes of electronic payment prescribed under section 269SU of the Act. Vide notification no. 105/2019 dated 30.12.2019, rule 119AA was inserted to the Income-tax Rules, 1962 to provide for following modes of payment for the purpose of section 269SU:
  - (a) Debit Card powered by RuPay;
  - (b) Unified Payments Interface (UPI) (BHIM-UPI); and
  - (c) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code).

7. Further, section 269ST of the Act states that no person shall receive more than Rs. 2 lakh or more in aggregate from a person in a day; or in respect of single transaction; or in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode, other than those persons specified in the proviso.

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