

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1335
TO BE ANSWERED ON 14TH MARCH 2016/23RD PHALGUNA SAKA, 1938**

Introduction of new ₹2000 notes

1335. SHRMATI JAYA BACHCHAN:

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) whether any foreign company is involved in the process of currency
- (b) if so, what is the logic behind introducing notes of higher denomination, the details thereof; and
- (c) whether Government conducted any study/consultation before deciding to release notes of higher denomination, if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)**

(a) to (c): In order to curbing the rising incidence of fake notes and black money, the legal tender character of the old banknotes in the denomination of ₹500 and ₹1000 was withdrawn and a new note of ₹ 2000 denominations was introduced.

India had consistently seen moderate to high inflation since the year 2000, which progressively eroded the value of money in Purchasing Power Parity (PPP) Terms, while disposable income levels and GDP had also continued to grow. In view of such circumstances and to enable public to conduct their transactions with more ease, the introduction of high denomination banknotes was found suitable to the need of currency demand persisting in the country. The introduction of banknotes was done as per the provisions of RBI Act, 1934.
