

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

**RAJYA SABHA
UNSTARRED QUESTION NO. 2120**

TO BE ANSWERED ON 01st January 2019/Pausha 11, 1940(SAKA)

Digital transactions *vis-a-vis* actual cash transactions

2120. SHRI KUMAR KETKAR:

QUESTION

Will the Minister of FINANCE be pleased to state the reasons for rise in the quantum of currency in the economy in spite of increased digital transactions as per claim of Government?

ANSWER

**MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI Pon. RADHAKRISHNAN)**

The quantum of currency required in the economy is generally determined by several factors, which inter alia, include economic growth, rise in per capita income, population growth, habits, festive season, agricultural cycle, etc. The currency in circulation has increased by around 10.35 % from ₹17,540.22 billion on 28th October, 2016 to ₹19,355.66 billion on 26th October, 2018. In respect of digital payment transactions, it has increased by around 195.43 % from 711.9 million during October, 2016 to 2103.2 million during October 2018. Hence, there is significant rise in digital transactions as compared to currency in circulation.

The currency in circulation had an average growth rate of 14.51% year on year wise since October, 2014. At this rate, currency in circulation would have been ₹23,418.24 billion as on 23rd November, 2018. However, due to demonetisation and consequent increase in digital transactions, the actual level of currency in circulation as on 23rd November, 2018 was ₹19,850.09 billion. In terms of GDP, currency in circulation declined from 11.63% in 2016-17 to 10.63% in 2018-19 as on 8th November of respective years.
