

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 554
TO BE ANSWERED ON 25.07.2023
WITHDRAWAL OF ₹ 2,000 CURRENCY NOTES

554. DR. JOHN BRITTAS:

Will the Minister of FINANCE be pleased to state:

- (a) the rationale behind withdrawal of ₹ 2,000 currency notes from circulation;
- (b) the total number and value of ₹ 2,000 currency notes introduced into circulation since 2016;
- (c) the total number and value of ₹ 2,000 currency notes returned to banks as on date;
- (d) whether it is a fact that the bank deposit growth was lagging behind bank credit growth and that the withdrawal of ₹ 2,000 currency notes gave an impetus to the deposit mobilisation of banks; and
- (e) if so, the details of the growth in bank deposits post announcement of withdrawal of ₹ 2000 currency notes?

ANSWER

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

(a) The ₹ 2000 denomination banknotes were introduced on November 10, 2016 under Section 24(1) of Reserve Bank of India (RBI) Act, 1934, to expeditiously meet the currency requirement of the economy post withdrawal of legal tender status of all ₹500 and ₹1000 banknotes in circulation at that time. Vide RBI's Press Release dated 19.05.2023 (https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55707), RBI has conveyed that 89% of ₹2000 denomination notes were issued prior to March 2017 and are close to the end of their useful life which spans from 4-5 years. According to Pan-India survey of public conducted by RBI, ₹ 2000 denomination banknotes are no longer preferred for transactions. Further, the stock of banknotes in other denominations continues to be adequate to meet the currency requirement of the public. In view of above and in pursuance of RBI's "Clean Note Policy", it was decided by RBI to withdraw the ₹2000 denomination banknotes from circulation.

(b) As per RBI, the data on ₹2000 denomination banknotes in circulation (volume and value) for the years 2016 to 2023 as on end March each year is as follows:

Banknotes of ₹2000 denomination in Circulation since 2016		
Year	Volume (crore pieces)	Value (₹ crore)
2016	-	-
2017	329	6,57,063
2018	336	6,72,642
2019	329	6,58,199
2020	274	5,47,952
2021	245	4,90,195
2022	214	4,28,394
2023	181	3,62,220

(c) As per RBI, the details of the volume and value of ₹2000 denomination banknotes in circulation and banknotes returned from circulation post withdrawal of ₹2000 currency notes are as follows:

₹2000 Denomination	Volume (crore pieces)	Value (in lakh crore)
Circulation as on May 19, 2023	177.93	3.56
Circulation as on June 30, 2023	41.80	0.84
Banknotes returned from Circulation since May 19, 2023 till June 30, 2023	136.13	2.72

(d)& (e) As per RBI, the data on 'Total Deposits outstanding' and 'Gross Loans and advances outstanding', as reported by the Scheduled Commercial Banks, is as follows:

As on	Total Deposits outstanding		Gross Loans and Advances outstanding	
	(Values)	(Growth_YoY)	(Values)	(Growth_YoY)
	(in Rs Crores)	(in %)	(in Rs Crores)	(in %)
31 March, 2022	1,71,72,755	10.17	1,27,50,006	11.85
30 June, 2022	1,71,77,836	10.05	1,30,94,857	15.53
30 September, 2022	1,77,42,610	10.84	1,36,92,970	18.63
31 December, 2022	1,81,43,432	11.27	1,41,30,450	16.77
31 March, 2023	1,90,56,113	10.97	1,47,57,129	15.74
