GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA UNSTARRED QUESTION NO. 232
TO BE ANSWERED ON 22.07.2025/ 31 Ashadha, 1947 (Saka)

"CASH LIQUIDITY"

232 SHRI R. GIRIRAJAN:

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

(a) the status of money aggregate and liquidity aggregate as on 30th June, 2025;

(b) whether Government is restricting the use and circulation of liquid cash for transactions, if so, the details thereof;

(c) whether the current currency in circulation have crossed ₹ 37 Lakh crores and if so, the details thereof;

(d) the reasons for the huge increase in the circulation of money with public; and

(e) whether Government is planning to print and circulate more lower denomination currencies, if so, the details thereof?

ANSWER

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

(a): As per Reserve Bank of India (RBI), the status of monetary aggregate and liquidity aggregate is as follows:

Monetary Aggregate (as on 27.06.2025 on reporting Friday basis):

Item	Amount Outstanding (₹ crore)	Y-o-Y Growth (Per cent)
Reserve Money (M_0)	49,23,705	4.9
Currency in Circulation (CiC)	38,20,866	7.2
Money Supply (M_3)	2,81,77,467	9.6
Currency with the Public (CwP)	37,22,292	8.0
Aggregate Deposits (AD)	2,43,46,478	9.9

Note: Data pertaining to M_3 and AD exclude the impact of merger of a non-bank with a bank.
Source: Database on Indian Economy (DBIE), RBI.

Liquidity Aggregate (as on April, 2025*):

Liquidity Aggregate	Amount Outstanding (₹ crore)		Y-o-Y Growth (Per cent)	
	March 2025	April 2025	March 2025	April 2025
L_1	2,85,94,119	2,89,09,273	9.5	9.5
L_2	2,86,89,268	2,90,11,557	9.5	9.5
L_3	2,88,10,446	-	9.5	-

Data on liquidity aggregates are available on a quarterly basis
Data exclude the impact of merger of a non-bank with a bank.
Source: DBIE, RBI.
*Latest available figure

(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 is placed at **Annexure**.

(c) & (d): As per RBI, the value of currency in circulation (as on week ending June 27, 2025) is ₹ 38,20,866 crore. This includes Banknotes in circulation, e₹ and Coins. The currency supplied by RBI is a function of demand from the public/economy. The demand for currency also depends upon several macroeconomic factors including economic growth and level of interest rates.

(e)   The demand for cash for lower denomination viz., ₹10, ₹20, and ₹50 is met through combination of banknotes and coins. Printing of banknotes of a particular denomination is decided by Government of India (GOI) in consultation with RBI to maintain desired denomination mix for facilitating transactional demand of public.

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Statement referred to in reply to part (b) of Rajya Sabha Unstarred Q No. 232 for answer on 22.07.2025

<u>Provisions to incentivise digital transactions and to discourage the use of cash for high-value transactions</u>

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 assessees 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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