

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION No. 3437
TO BE ANSWERED ON FRIDAY, THE 4TH AUGUST, 2017
13, SHRAVANA, 1939 (SAKA)**

REGULATING CASH TRANSACTIONS

3437. SHRI AJAY MISRA TENI:

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

- (a) whether the Government has banned cash transaction of more than Rs. 2 lakh through Finance Act, 2017 to check generation of black money and promote digital transaction;
- (b) if so, the details thereof;
- (c) whether the Central Board of Direct Taxes (CBDT) has warned against cash dealing and withdrawal of Rs. 2 lakh or more from banks, cooperative banks and post offices; and
- (d) if so, the details of the provisions for withdrawing money from banks etc. in the Finance Act, 2017?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)**

(a)& (b) Yes Madam. In view of the Government's thrust on promoting the digital economy and the need to curb black money, a new section 269ST has been inserted in the Income-tax Act, 1961(the Act) through Finance Act, 2017. The provisions of section 269ST *inter-alia* restrict acceptance of cash of two lakh rupees or more in the circumstances specified therein, through modes other than an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account. Further, in order to enforce restriction on cash transactions, a new section 271DA has been inserted in the Income-tax Act, 1961 to provide that if a person contravenes the provisions of section 269ST, he shall be liable to pay penalty of a sum equal to the amount of such receipt.

(c) & (d) No Madam. Vide Notification dated 5th April, 2017, bearing S.O. 1057(E), the Central Government has notified that the provisions of section 269ST shall not be applicable to receipt by any person from an entity referred to in sub-clause (b) of clause (i) of the proviso to section 269ST i.e. from Government, any banking company, post office savings bank or co-operative bank.
