

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA UNSTARRED QUESTION NO. 1865
TO BE ANSWERED ON 19.12.2022

Aggregate Money and Liquidity

1865: SHRI ANURAG SHARMA :

SHRI D.M. KATHIR ANAND:

Will the Minister of Finance be pleased to state:

- (a) the details of the status of money aggregate and liquidity aggregate as on date;
- (b) whether the Government is restricting the use and circulation of Rs. 2000 currency notes and if so, the details thereof;
- (c) whether the total money in circulation with public have crossed Rs. 30 lakh crores and if so, the details thereof;
- (d) the reasons for the huge increase in circulation of money with public in the last six years especially after the implementation of demonetisation in 2016; and
- (e) whether the Government is insisting people to use more of digital transactions than the cash transactions and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHOUDHARY)

(a): The details regarding monetary and liquidity aggregates are given in the Table below.

Table: Monetary and Liquidity Aggregates

Item	Outstanding Amount (₹ Crore)		
	November 20, 2020	November 19, 2021	November 18, 2022
Reserve Money (Base Money)	33,17,074	37,67,894	41,59,065
Money Supply (Broad Money)	1,79,37,939	1,96,45,634	2,13,97,426
Aggregate Deposits	1,52,22,501	1,67,19,527	1,82,33,098
Scheduled Commercial Bank Credit	1,04,34,880	1,11,62,193	1,29,47,735

(b): Printing of banknotes of a particular denomination is decided by Government of India in consultation with Reserve Bank of India (RBI) to maintain desired denomination mix for facilitating transactional demand of public. No fresh indent has been placed with the presses for printing of ₹ 2000 denomination notes from 2018-19 onwards.

(c): As on 02.12.2022, the value of banknotes in circulation was ₹ 31,92,622 crore.

(d): The Government of India, in consultation with the Reserve Bank of India, decides the volume and value of banknotes to be printed each year. The quantum of banknotes that needs to be printed broadly depends on the requirement for meeting the demand for banknotes due to inflation, GDP growth, replacement of soiled banknotes, reserve stock requirements, growth in non-cash modes of payments, etc.

(e): Government of India and RBI have taken various steps for promotion of Digital Payments. Details of steps taken by the Government of India and RBI for promotion of digital payments and digital transactions are at **Annexure-I**.

Statement referred to in reply to part (e) of Lok Sabha Unstarred Question No. 1865 for answer on 19.12.2022

A. Steps taken for promotion of digital payments

- i. Incentive scheme for promotion of RuPay Debit cards and low-value BHIM-UPI transactions (P2M) to give a further boost to digital transactions in the country. This scheme facilitated Banks in building robust digital payment ecosystem, promoting RuPay Debit card and BHIM-UPI digital transactions, across all sectors and segments of the population and further deepening of digital payments in the country.
- ii. Other Incentive/cashback schemes such as BHIM Cashback schemes for Individuals & Merchants, BHIM Aadhaar Merchant Incentive Scheme, BHIM-UPI Merchant On-boarding Scheme Merchant Discount Rate (MDR) Reimbursement scheme, were launched for changing the customer/merchant behaviour for faster adoption of digital payments.
- iii. MeitY issued advisories to Central Ministries/Departments and States/UTs to improve payments acceptance infrastructure and thereby enable the citizens to pay by a variety of modes such as Internet banking, mobile banking, and mobile applications etc.
- iv. Government of India (MeitY) launched the scheme titled “Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)” to usher in digital literacy in rural India.
- v. All Banks and Payment Service Providers to undertake awareness campaigns for promotion of secure payment practices and generate information security awareness. Materials are disseminated through portals- “www.infosecawareness.in”, www.cyberswachhtakendra.gov.in .
- vi. Awareness campaigns were organized in the Capital Cities of North East to promote digital payments including BHIM app. Newspaper campaigns, Digital Theatre Campaigns, FM Radio campaigns and hoarding campaigns were also organised to promote digital payments.
- vii. Various promotion and awareness campaigns, through traditional means of publicity as well as emergent means such as social media platforms, have been initiated to encourage citizens to use digital payments.
- viii. As part of the week-long ‘Azadi Ka Digital Mahotsav’, Government of India celebrated India’s Digital Payment Journey through a marquee ‘Digital Payment Utsav’. The day celebrated the journey and rise of digital payments in India and brought together leaders from the Government, Banking sector, Fintech companies, and Startups. Top Banks were awarded & recognized in various categories for achievements in FY 2019-20 and FY 2020-21 towards the promotion of Digital Payments.
- ix. MeitY has integrated Digital Payment Grievances along with Ministry of Consumer Affairs (MoCA) for utilising it with National Consumer Helpline (NCH) platform of Department of Consumer Affairs (DoCA). All the major banks and financial service institutions have been on-boarded on NCH Platform. The platform is live and receiving Digital Payment related grievances.

- x. Reserve Bank of India (RBI) has been expanding the scope of the existing digital payment option by adding more features and making it inclusive. UPI123Pay was introduced to enable feature phone users to use UPI. Features like UPI Lite, an on-device wallet in UPI and linking of credit cards to UPI will further increase digital transactions. RBI has also taken various steps to enhance security of digital payment transactions (including card transactions, online transactions, etc.) and reduce frauds.

B. Steps taken to promote digital transactions

- i. Through Finance (No.2) Act, 2019 section 269SU was inserted to the Income-tax Act, 1961 (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.
- ii. 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.
- iii. 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.
- iv. 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)
- v. Further, through circular no. 16/2020 dated 30.08.2020, banks were advised to immediately refund charges collected, if any, on or after 1st January, 2020 on transactions carried out using the electronic modes prescribed under section 269SU of the Act and not to impose charges on any future transactions through the prescribed modes.
- vi. The Finance (No.2) Act, 2019 has inserted section 194N in the Act to provide for levy of TDS @ 2% on cash withdrawal exceeding ₹ 1 crore from a Bank/Post Office account. To ensure filing of return and to keep track on cash withdrawals by the non-filers, the Finance Act, 2020 lowered the threshold of cash withdrawal to ₹ 20 lakh and also mandated TDS at the higher of 5% on cash withdrawal exceeding ₹ 1 crore by these non-filers.
- vii. The existing rate of deemed profit under presumptive scheme for small businesses has been reduced from 8% to 6% in respect of digital turnover. The limit for tax audit for persons who are undertaking 95% of their transactions, in modes other than cash, has been increased from ₹ 5 crore to ₹ 10 crore.

- viii. The limit of cash donations to charitable organisation has been reduced from ₹ 10,000/- to ₹ 2,000/-. Acceptance of cash donations exceeding ₹ 2,000/- has been prohibited for political parties. The limit for cash business expenditure has been reduced from ₹ 20,000/- to ₹ 10,000/-.
- ix. Section 269ST of the Act *inter-alia* restricts 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. Section 269SS and 269T of the Act, respectively, prohibit acceptance and repayment of any loan or deposit in cash more than ₹ 20,000/-.
