

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO.4615
TO BE ANSWERED ON 23.03.2020

Circulation of Currency

4615. DR. VISHNU PRASAD M.K.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the circulation of currency has increased after the implementation of demonetisation as compared to the previous years;
- (b) if so, the details of the circulation of currencies in the country particularly in Tamil Nadu at the beginning of demonetisation and towards the end of December 2019; and
- (c) the details of possibilities of the negative effects on the economy due to the increase in the circulation of currency?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b) The notes in circulation (NIC) as on November 4, 2016 were Rs. 17,741.87 billion, which increased to Rs. 22,441 billion as on December 27, 2019. NIC had grown at an average growth rate of 14.51 % year on year wise since October 2014 till October 2016. At this rate, NIC would have increased to Rs 27,124 billion as on December 27, 2019. As actual NIC on December 27, 2019 was only Rs. 22,441 billion, the demonetisation, followed by digitalisation and reduction of cash use in informal economy has succeeded in reducing NIC by as much as Rs. 4,683 billion.

(c) The economic growth of the country depends on a number of factors including structural, external, fiscal and monetary factors. It is difficult to pin-point the impact of circulation of currency on the economy.
