

Essential step to wean people off cash: Jaitley

9.5% hike in cash in circulation: RBI

SPECIAL CORRESPONDENT

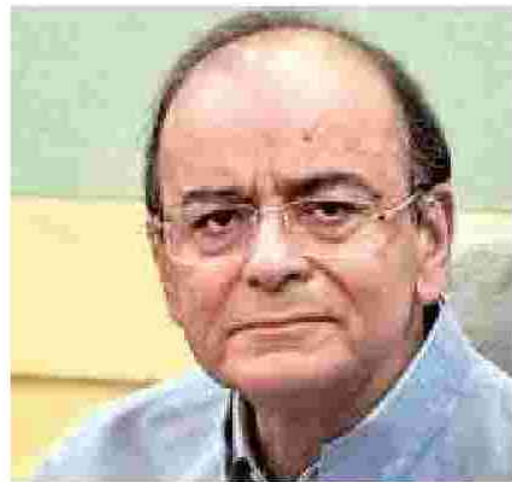
NEW DELHI

Finance Minister Arun Jaitley defended the 2016 demonetisation, saying it was an essential step to induce the people to move away from anonymous and receipt-less cash payments to digital transactions.

This, even as the latest RBI data show that the currency in circulation rose to ₹19.6 lakh crore as of October 26, 2018, a 9.5% growth from two years ago.

“India was a cash-dominated economy,” Mr. Jaitley said in a Facebook post on Thursday.

“Cash involves anonymity... It bypasses the banking system and enables its possessors to evade tax. Demonetisation compelled holders of cash to deposit the



Arun Jaitley

same in banks. The enormity of cash deposited and identified with the owner resulted in suspected 17.42 lakh account holders from whom the response has been received online...,” he said.

The violators faced punitive action and the larger deposits in banks improved their lending capacity.