

Not all scrapped currency worth Rs 15.44 lakh crore will be remonetised, hints FM Jaitley

17,165 mn pieces of Rs 500 denomination and 6,858 mn pieces of Rs 1,000 banknotes were in circulation on Nov 8

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Finance Minister Arun Jaitley on Saturday hinted that not all of the Rs 15.44 lakh crore worth of currency junked will be

Finance Minister Arun Jaitley. Photo: PTI

remonetised through issuance of new notes as he said digital currency will fill the gap.

Calling the scrapping of old 500 and 1,000 rupee notes as "a courageous step", he said the government could do it as India today has the capacity to take such decisions and experiment boldly.

The move will create a new Indian normal as the one that existed for the past seven decades is "unacceptable", he said, adding that demonetisation will help rid the economy of high cash circulation that had led to tax evasion, blackmoney and currency being used for crime.

"One of the efforts of this exercise has to be that even though a reduced cash currency could remain, our conscious effort... (is) to supplement the rest with a digital currency," he said while addressing annual general meeting of industry chamber FICCI in the national capital.

As many as 17,165 million pieces of Rs 500 denomination and 6,858 million pieces of Rs 1,000 banknotes were in circulation on November 8 when the government made the surprise announcement.

Jaitley further said, "The whole process of remonetisation is not going to take very long time and I'm sure very soon the Reserve Bank by injecting currency daily into the banking and postal system will be able to complete that."

Also, the push to use the digital mode to make payments has been gaining ground. "The manner it has taken place in the last five weeks is indeed commendable. Only a section of Parliament seems unaware of what is happening," he said.

Once the remonetisation process is complete, it will mark "the creation of a new Indian normal because the normal that existed for 70 years is an unacceptable normal," he added.

"The 70-year normal had become a way of life for almost every Indian. It was not merely a fact that you had a lot more cash currency, far larger cash currency as part of your GDP... the economic and social consequences of that are extremely adverse."

He made a point that dealing in that cash currency had led to a lot of aberrations in terms of tax non-compliance, currency being used for collateral purposes like crime, escaping the tax net and not getting into the banking system.