

Currency in circulation rises Rs 3.23 lakh cr in first nine months of FY21



Mumbai, Jan 10 (PTI) The Currency in Circulation (CiC) grew by around 13 per cent in the first nine months of the current fiscal as people preferred holding on to cash as a precautionary measure amid the uncertainty caused due to the COVID-19 pandemic.

CiC grew by Rs 3,23,003 crore, or 13.2 per cent, to Rs 27,70,315 crore as on January 1, 2021 from Rs 24,47,312 crore as on March 31, 2020, according to recent data released by the Reserve Bank of India (RBI).

In the April-December period of FY2020, it had grown by nearly 6 per cent.

According to Care Ratings Chief Economist Madan Sabnavis, the growth in currency in circulation so far in the current fiscal has been high as people were accumulating more cash to meet any exigency during the lockdown.

"Whenever there is a crisis-like situation, there is a tendency for households to latch on to cash. That is the reason there has been an increase in demand for cash. What you see is nothing else but a precautionary motive overwhelming everything," Sabnavis said.

The RBI in its annual report for 2019-20, released in August 2020, had also mentioned that demand for currency started to increase in the wake of heightened uncertainty caused by the COVID-19 pandemic.

The central bank also took a series of measures in order to meet the enhanced demand.

During the calendar year 2020, CiC grew 22.1 per cent, or Rs 5,01,405 crore, to Rs 27,70,315 crore as on January 1, 2021.

CiC includes banknotes and coins. At present, RBI issues notes in denominations of Rs 2, Rs 5, Rs 10, Rs 20, Rs 50, Rs 100, Rs 200, Rs 500 and Rs 2,000.

Coins in circulation comprise those of 50 paise and Re 1, Rs 2, Rs 5, Rs 10 denominations, and the recently launched coin of Rs 20 denomination.

As per RBI's annual report, the value and volume of banknotes in circulation increased 14.7 per cent and 6.6 per cent, respectively, in FY20.

In value terms, Rs 500 and Rs 2,000 banknotes together accounted for 83.4 per cent of the total value of banknotes in circulation at end-March 2020, with a sharp increase in the share of Rs 500 banknotes, it had said.

In volume terms, Rs 10 and Rs 100 banknotes constituted 43.4 per cent of the total banknotes in circulation at end-March 2020, RBI had said in the annual report. PTI HV RVK

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