



IMPACT OF DEMONIZATION ON INDIAN ECONOMY : A CRITIQUE

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ABSTRACT

The present research paper is a focus on the decision made by the Prime Minister of India Narendra Modi to demonetise 500- and 1000-rupee banknotes in the year 2016 and its impact on Indian Economy. Modi declared that use of all Rs.500 and Rs.1000 banknotes of the Mahatma Gandhi Series would remain invalid past midnight. He also announced the issuance of new Rs. 500 and Rs. 2000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes. The long queues of people standing outside a bank still linger in our minds to exchange Rs. 500 and Rs. 1000 banknotes on 10th November 2016. On 8th November 2016, the Indian Government made the announcement about the demonetisation of all Rs. 500 (US\$7.80) and Rs. 1,000 (US\$16) banknotes of the Mahatma Gandhi Series. The government claimed that the decision has been made to restrict the silhouette economy and break down on the use of illicit and counterfeit cash funding illegal activity and terrorism. All of a sudden, the decision is made that causes the prolonged cash shortages in the couple of weeks and months creating commotion in the Indian economy. It immensely created a threatening economic output as well. The people thus tolerated the effects of demonetization and GST in the name of *Achche Din Aayenge*. Is the demonetisation a giant requirement of the Government of India? The question baffles all. In economic terms, has it been a magnificent move of the government to cope with a globalized economy?

KEYWORDS

PM Narendra Modi, demonetisation, terrorism, Rs. 500 and Rs. 1000 banknotes, economy