



Demonetization in Indian Economy

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- Abstract-** Demonetization is the withdrawal of a particular form of currency from circulation. Through demonetization, the old currency is replaced by the new currency or a currency circulating is blocked. The main objectives of this step are to check The inflation to curb the curb the corruption and to promote the cashless transaction. As per RBI, 87% transaction in India are cash transaction and this loophole is used by the corrupted people to build a parallel economy with unaccounted money. This step of government will surely result into something good and help in reducing the black money, preventing the corruption and Terries and promote the cashless transaction.

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- Introduction-**

Demonetization means that RBI has withdrawn the old Rs. 500 and Rs. 1000 notes as an official mode of payment. Acc. To Investopedia “Demonetization is the act of stripping a currency unit of its status as legal tenders ” Recently, Govt. declared on 8th November 2016 from midnight that Rs. 500 and 1000 Notes will no longer be legal tender. The RBI will issue Rs. 2000 note and Rs. 500 Note which will be placed in circuiting from 10th Nov, 2016 Other notes like 100Rs., 50Rs. 10Rs. 2Rs and 1 Rs. Will remain unaffected by this decision. There are some reasons for this step which are given by prime minister. P.M. Modi.

- To tackle black money in the economy.
- To lower the cash circulation in the country which leads to increase corruption?
- To eliminate fake currency and funds which have been used by terror groups to fund terrossim in India?
- According to Baba Ramdev, more than 5 Lakh crore, money is black, this black money is used for country’s is growth.

According to annual report of RBI on 31st March 2016 that total Bank note in circulation valued of Rs. 16.42 Lakh core out of which nearly 86% was 500 and 1000 note. After analyzing this situation, the give considered this step necessarily.

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