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## Analyzing Progressive India

### Proceedings

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## 19. EFFECTS OF DEMONETIZATION

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### ABSTRACT

Demonetization is an economic term which is used to mean the 'scrapping' of old currency notes and stripping them off their status of legal tender, usually when a new currency note or currency is being introduced in the economy of the country. This is a standard practice followed by all major economies of the world for different reasons. Demonetization exercise has helped people to identify political class, what their stand on corruption and black money is. As per the public belief no one oppose demonetization till he has something to hide. In what could be termed as the mother of all reforms, Prime Minister Modi's demonetization move will have far reaching implications. This is not to dispute that the transformative step has brought some hardship for the citizens, but those are temporary and will blow over soon. For the larger benefit of the nation, we the citizens can bear such minor setbacks with a smile. After all, this is how we as citizens can contribute in policy making and nation building. There are both positive and negative outcomes from demonetization, such as it has encouraged cashless payments in the country, it has helped a large shift towards a cashless society and the major decision which is made by the government will help us to eradicate black money, corruption to some extent.

**KEYWORDS :** Demonetization, Economic impact, Digital transactions, sustainable development, Black money, Corruption, institutional measures.

### INTRODUCTION

The move of the Modi Government received both praises and severe criticisms from every section of the society. The immediate effect of the announcement saw countrymen lining up at the ATMs to withdraw 100 rupee notes to tide over the impending cash crunch. As per figures provided by the RBI, the banned currency constituted 86 percent of the currency in circulation in the country at the time. The entire magnitude of replacing the money in itself is a gigantic task and the pinch was felt by everyone in the immediate aftermath. The banks and ATMs opened to long queues of citizens lined up to exchange, withdraw and deposit the old

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