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**NATIONAL CONFERENCE ON "IMPACT OF DEMONETIZATION ON INDIAN  
ECONOMY"**

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**TITLE: IMPACT OF DEMONETIZATION ON COMMON MAN**

By

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**Abstract**

The current situation of demonetization of currency notes in India was initiated by Prime Minister Shri. Narendra Modi has created a short term pain to the people of India, which will bring the long term gain indeed to the people of India in future. He is using Demonetization as only a part of a comprehensive strategy to tackle corruption and generation of black income. Demonetization is an economic term which is used to mean the 'scrapping' of old currency notes and stripping off their status of legal tender. There are two basic elements to this definition. One is 'scrapping of old currency notes' and 'status of legal tender'. This "status" of legal tender can be scrapped for a currency note, which means that the instrument ceases to be a "legal" mode of monetary transactions and in effect loses the value associated with that instrument. In other words, until and unless the old currency is legally exchanged at the designated centers, they are equivalent to nothing more than scraps of paper. The demonetization-driven cash crunch that is playing out in India will create short-term economic pain in the form of the transactional hit created by a hard cash deficit and the structural hit to non-tax paying individuals and businesses that would become unsustainable.

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 currency notes. The demonetization that happened will not only have economic impact but also social and political impacts, both from immediate and long-term perspectives.

**Key words:** Demonetization, Economic impact, Digital transactions, Cashless economy, Black money, Corruption and comprehensive strategy.