

9. Result of Demonetization

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Abstract

Demonetization is a generation's memorable experienced and it has been one of the economic events of our times. The decision of demonetisation led by PM Modi in India that Rs 500 and Rs 1,000 notes declared no longer legal tender was branded as "master stroke by Modi Ji" to counter multiple issues in a single stroke which include end the black money, Reduce the corruption, Help in providing cheap loans, End the Naxalites and Terrorists and Improve economy. Every decision has its pros and cons and the same has happened to demonetization as well. Demonetization had a good idea of government but planning was poor leading to a lot of confusion and chaos. Actual result and effect of demonetization was not clearly known to people. This paper is based on Secondary data and it reflects post effect of demonetization.

Keywords: Demonetisation, legal tender, black money, Terrorists, Corruption

Introduction

"Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit." Normally, there may be a lot of reasons behind the demonetization including to combat inflation, to depress a cash system and to overcome corruption.

History of Demonetization in India

The **first** currency ban was announced on 12th January, 1946(Saturday) by RBI headquarter. At that time currency notes of 1000 and 10,000 were totally removed from the economy. Both the notes were re-introduced in the year 1954. At that time people were given 10 days time to exchange their notes. Further that was extended to 15 days more. It had not created much effect at that time. By the end of 1947 out of Rs.143.97 crores, notes of only Rs. 134.9 crores were exchanged. Thus notes worth Rs. 9.07 were perhaps "Demonetized".

The **second** currency ban was announced on 16th January, 1978(Monday), by R. Janaki Raman a senior official of RBI. At that time currency notes of 1000, 5000 and 10,000 were