

## Abstract Details

**Title:** Demonetization and Black Money in India

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**Abstract:** Demonetization was a bold step by the Government of India which was announced on 8th November. It was implemented to counter the problems of black money and funding to terrorist activities. The eradication of corruption is social and economic necessity. Present paper discusses severity of existence of black money and need for more transparent payment system. A simple evaluation of demonetisation is made by analysing the event in light of various relevant studies. Various programmes as Jan Dhan Yojana, Jan Suraksha Yojana, Mudra Yojana, Stand-up India, Ujwala programme were initiated by the government to curb the poverty but due to corruption we can't rely on such initiatives. Heroic decisions and proper implementation is required to fight with this evil. Due to massive tax evasion few people pay tax in India. Indirectly honest people are paying for corrupt people. It creates social unrest and sluggish growth of economy. Demonetisation is strong and decisive required step now but results depend upon on various factors. Demonetization was facing many challenges and shortcomings. It was a sudden attack on cash with public to nullify the black money (which was stored in the form of big dimensioned notes). But it was criticised as a big dip in currency available with public could also affect the level of aggregate demand in economy as currency is widely used for transaction in India. Demonetization of currency in circulation could result in a big squeeze in cash-in-hand for some months, the government had also set limits on daily exchange of old notes for new ones, and it was a slow process. Monetary policy is used as an important tool to boost the economic growth in developing countries and also has been a cure in financial crisis. Moreover negative interest rate many times considered as "helicopter drops" of money. But what happened in India was just contrast of it. There had been a strong co relationship between currency in circulation and GDP in India. Currency is major lubricant for commerce. Dipali Bhargav<sup>2</sup> mentioned a very high degree co relation between growth rate of currency in circulation and the growth rate of GDP. It was alarming condition to take some measure to check the corruption and enhance the tax base.

**Keywords:** Demonetization, Black Money, GDP.