

DEMONETISATION

What?

Process of banning the use of some prevailing currency and expecting the possessors of such currency to hand it over to the Banks.

The Government then issues the new currency in its place in a phased manner

When?

8th NOVEMBER 2016



How?

People were advised to deposit these two denomination currency notes into the Bank by December 30, 2016.

FEATURES -

- 1) Losing the status of legal tender
- 2) Outcome of certain malpractices
- 3) Resultant inconveniences
- 4) Re-Calibration of ATMs
- 5) Spur to cashless Economy
- 6) Cost of demonetisation
- 7) Old and de-faced currency phased out-
- 8) Tax Administration Measure

Why?

- 1) To stop financing to terrorists
- 2) To help unearth Black Money
- 3) To help formalise India's informal Economy. It reduced cash transaction & help in creation of cash-less Economy

History of
Demonetization

1946

- > Rs 1,000 and Rs. 10,000 Notes demonetized by RBI

1954

- > Government introduced new Currency Notes of Rs. 1,000, Rs. 5,000 and Rs. 10,000

1978

- > Moraji Desai's Government demonetized Rs. 1,000, Rs. 5,000 and Rs. 10,000 Notes to curb illegal transaction and anti-social Activities

2016

- > Government demonetized Rs. 500 and Rs. 1,000 Notes