

# Analysis Report on Effects of Demonetisation

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**Abstract:** *In order to reduce black money in the Indian economy, the think tank meticulously designed demonetisation, which was then abruptly announced. The cash restriction inflicted significant harm to the economy's wheels in the form of forced unemployment. The informal sector in India, which accounts for 80% of total employment, was severely impacted. The reverse movement of the labour force required them to follow a one-meal-per-day regimen. Nearly 2.5 lakh workers in the leather industry, 20,000 workers in the diamond industry, and 15 to 20 percent of daily wage earners in the jewellery industry have lost their jobs. The Government itself lowered its estimate of the Gross Domestic Product (GDP) for 2016-2017 from 7.6% to 7.1%. The International Monetary Fund (IMF) has reduced its GDP prediction for 2016-17 to 6.6%. In the aftermath of the cash ban, the number of new investments dropped by fifty percent. The value of the rupee fell by 1.69 percent on December 15, 2016. The surgical strike on black money first undermined investor trust in the stock market. The cost of Demonetisation, including GDP losses, is estimated at Rs. 4.3 trillion. The government believed the effect to be temporary, whereas economists viewed it as firing cannonballs at mosquitoes. Conclusion: Demonetisation is a long-awaited method to combat black money. In addition, the government must immediately implement all other essential measures to ensure the success of the cash ban.*

**Keywords:** Demonetisation, GDP, industrial lobby, cyber security, corporate governance