

Demonetization and the Informal Economy: Effects on Small and Medium Businesses in India

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Abstract: *This research paper aims to analyze the impact of demonetization on small and medium businesses in India. Demonetization, a bold policy move implemented in November 2016, involved the sudden withdrawal of high-denomination currency notes from circulation, with the aim of curbing corruption, black money, and counterfeit currency. While the policy had broader objectives, its consequences for small and medium enterprises (SMEs) were significant. This paper examines the effects of demonetization on the financial, operational, and psychological aspects of SMEs, and explores the subsequent policy measures taken to mitigate the negative impact. The research draws on a comprehensive review of literature, empirical studies, and data analysis to present a nuanced understanding of the challenges faced by SMEs and the policy implications for supporting their recovery and growth*

Keywords: Demonetization, High-Denomination, Currency, Employment Generation, Economic Growth, Innovation, Psychological Aspects