THE MAIN POINT ~~IS~~ WHETHER DEMONETISATION WILL BE EFFECTIVE OR NOT IN INDIA REQUIRES A STUDY OF OUR CURRENCY STRUCTURE:

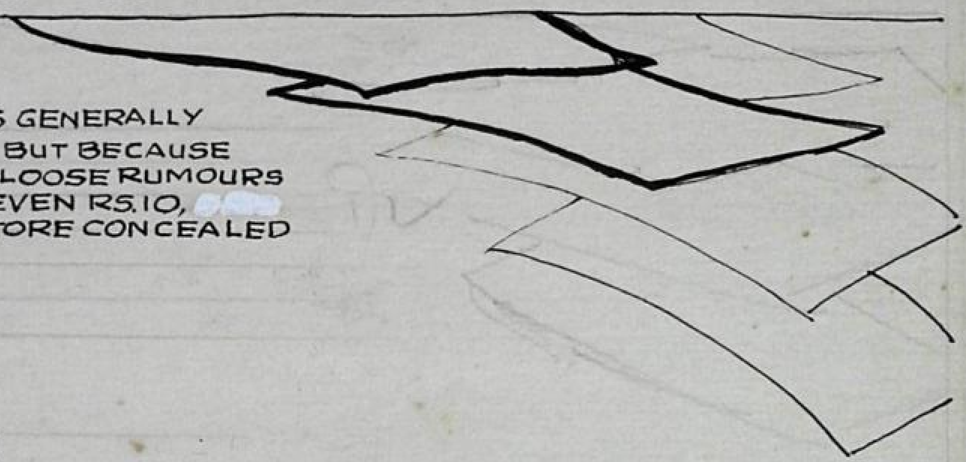
ABOUT **90%** OF INDIA'S CURRENCY IS IN **RS. 10 & 100 NOTES** (USED FOR HOARDING BLACK MONEY)

HARDLY **$1\frac{1}{2}$%** IS IN **RS. 10,000*, 5000*, 1000ø NOTES**
*(USED MAINLY FOR INTER-BANK TRANSACTIONS)
ø(USED FOR RECORDED TRANSACTIONS)

2084

THE REST IS MADE UP OF **NOTES OF RS. 5, 2.**

NOTE: RS. 20 NOTES HAVE RECENTLY BEEN ISSUED. RE 1 NOTES IS CONSIDERED TO BE A COIN.



BLACK MONEY IS GENERALLY KEPT IN RS. 100 NOTES BUT BECAUSE OF THE OFT REPEATED LOOSE RUMOURS OF DEMONETISATION, EVEN RS. 10, NOTES ARE USED TO STORE CONCEALED INCOME.

THEREFORE

DEMONETISATION, TO BE EFFECTIVE HAS TO BE OF CURRENCY NOTES OF RS. 10 AND ABOVE.

THIS WILL INVOLVE THE REMOVAL OF 90% OF INDIA'S CURRENCY FROM CIRCULATION.

SECONDLY, THE FACILITIES TO REPLACE THESE NOTES ARE HARDLY ADEQUATE.

THE ORGANISED SECTOR OF THE ECONOMY WILL COME TO A GRINDING HALT AND PUBLIC CONFIDENCE IN CURRENCY AND BANKING WILL BE DESTROYED.

WHAT IS OUR PAST EXPERIENCE ?

IN 1946 HIGH DENOMINATION NOTES WERE DEMONETISED AGAINST THE ADVICE OF THE RESERVE BANK.

THE RESULT WAS THAT OUT OF RS. 144 CRORES, HARDLY RS. 9 CRORES WERE NOT PRESENTED. NOT