

**Topic: Ban on 500,1000 notes Boon or Bane for the Economy****Pros:-**

- Many black money holders will be under radar: Current 500 and 1000 rupee notes can only be exchanged at banks. The exchange can be carried out by providing valid proofs like Adhar Card, PAN card or voting card. Bank will keep record of each details, so it will check whether the money is black money or not.
- Nullifying fake currency notes: As of April 29, 2016 fake notes worth Rs. 16.50 Lakh crore has been circulating in the country & 90% of fake notes are released in bigger notes like 500 and 1000. So this step will nullify all the fake notes.
- Decrease inflation: With this step, black money and fake notes will be nullified. Hence it will impose a check on price inflation.
- National security will increase: A huge amount of black money is used in funding terrorism which is direct threat to the national security. This step will curb black money. Arms smuggling, terrorist activities, etc will be reduced.
- Reduce crime carried out by underworld: The black money and fake currencies are used by underworld and mafia too. From abduction to killing contract to a sharp shooter, black money is used to fund crime too.
- Reduction in activities of Land mafia and real estate corruption: Black money are used by lot of people in real estate business. This hikes the price of real estate. This step would be beneficial in controlling inflation in property related transactions. Also, real estate sector would get institutionalized.
- Cashless transaction will be encouraged: Countries with more cashless transaction face very less fake note threats because most transactions are digitized. Since more transactions are digitized, they need less printed currency and low quality paper for currency notes. Since cashless transaction will be encouraged, it will reduce the use of printed currency and hence reduce the use of fake notes. Since cashless transactions are digitized, government will be able to keep track records. Less use of currency note means less cost in printing currency notes.

**Cons:-**

- Extra cost to replace all the existing 500 and 1000 rupee notes: Declaring old notes as invalid and putting new notes into system will cost the government
- Lower working class will be affected: Generally people like plumber, maids, manual scavengers, electricians are paid in cash and aren't aware with procedures of bank, mostly. Moreover, it's not easy for them to not go to their job and spend times by standing on queues in banks.
- India is not fully ready for cashless transaction: Regions like rural India, North East India, township areas, sub urban areas, etc aren't modified enough to go for total cashless transactions. Many normal people of metropolitan cities too, are not fully computer literate and they are not fully accustomed with internet, or PayTM, etc. Basically, a huge number of people are not accustomed with cashless transactions.
- Ineffective for black money stored in other forms