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## Demonetisation and Its Impact on Digital Mode of Payments

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### ABSTRACT

Long, frustrating and anxious wait by people outside banks and ATMs across the country was a frequent scene weeks and months after 8<sup>th</sup> November 2016. The one and only reason for which was the declaration of Government of India (GOI) that Rupees 500 and 1000 notes will no longer be legal tender from midnight on the same day. Thus the government has implemented a drastic change in the economic environment of India by demonetising the high value currency notes of rupees 500 and 1000 denomination. Demonetisation is the act of stripping a currency unit of its legal tender. Thus the current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Government took this step of demonetising the currency as a tool to fight against black money, corruption and upcoming of terrorism in the Indian Economy. The so called “surgical strike” has made almost 86% of the value of notes in circulation invalid. The impact of this move which is expected to cleanse the formal economic system has to be analysed from all perspectives of the economy. This paper attempts to analyse the impact of demonetisation with special reference to its impact on digital mode of payment.

Key words: Demonetisation, economic environment, surgical strike, black money