**History:**

* This is not the first demonetization drive by government of india.
* The government of india demonetized Rs 1,000 , Rs 5,000 & Rs10,000 notes back in 1978 too.
* This drive was not able to curb the menance of black money.All it did was to incucate the fear in tax evaders for a short time.

**INDIA SCENARIO:**

* Today , nearly 80% of all transactions in Indian economy are conducted in cash.
* India is the biggest cash intensive economies of the world with cash to GDP ratio of 12%.
* i.e. the value of notes & coins in circulation as a percentage of GDP.
* Whereas for example cash to Gdp ratio is just 3.93% in brazil,3.73% in south Africa & 5.3% mexico
* Parallel shadow economy eats away the vitals of our economy by
  + It fuels inflation
  + Deprives government of its legitimate revenues.