

# DECCAN Chronicle

## **Indian economy in cashless crisis after note ban: Steve H Hanke**

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In a strong criticism of demonetisation, noted American economist Steve H Hanke has said that the Indian economy is in a 'cashless crisis' post ban on high currency notes.

"Demonetisation is for losers. Foregoing cash is never the answer. Just look at India - cash economy in a cashless crisis," Hanke, an American applied economist at the Johns Hopkins University in Baltimore, Maryland, said in a tweet.

Hanke had earlier said that demonetisation has been bungled from the start and no one, not even Prime Minister Narendra Modi, "knows where India is heading".

A Senior Fellow and Director of the Troubled Currencies Project at the Cato Institute in Washington, Hanke had also said that "India simply does not have the infrastructure to adapt to Modi s demonetisation...he should have known." Prime Minister Narendra Modi on November 8 had announced demonetisation of Rs 1,000 and Rs 500 notes in a major assault on black money, fake currency and corruption.

The Economic Survey for 2016-17 had said, "demonetisation will have significant implications for GDP, reducing 2016-17 growth by 0.25 to 0.50 percentage points compared to the baseline of 7 per cent."