

Demonetisation

The big news coming out of India at the end of 2016 was the withdrawal of all 500 and 1000 Rupee notes to suffocate the black economy. As this represented about 85% of currency in circulation, it was an extraordinary shock to the financial system.

Unexpectedly, demonetisation was not a topic front of mind to our villagers as they trade in denominations a great deal smaller than 500 rupees. That said, small businesses such as potato farmers could not receive payment for their produce as there was not enough new currency in circulation. Less produce was then finding its way to market so costs went up.

Only time will tell if demonetisation is a price worth paying.

