

Economy suffered due to demonetisation: Amartya Sen

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New Delhi, Feb 27 () Nobel laureate and economist Amartya Sen Wednesday said the Indian economy suffered due to the government's decision to ban high-value currency notes in November 2016.

Speaking at a book release function here, Sen recalled that when he was in school in Shantiniketan, West Bengal, a visitor asked the students who are the greatest persons. There was a division of opinion between Mahatma Gandhi and Rabindranath Tagore.

"But somebody said P C Sorcar (the famous magician)...I think demonetisation is straight out of the P C Sorcar takeaway.

"The biggest magic was of course demonetisation and there are many others...So, I think the economy suffered a lot from the belief in magic," the renowned economist said.

On November 8, 2016, Prime Minister Narendra Modi announced withdrawal of old Rs 500 and Rs 1,000 notes. The two high-value currency notes together accounted for about 87 per cent of the currency in circulation at that time.

The decision led to a shortage of cash, and huge queues were witnessed outside banks for exchange and deposit of the banned currency notes.

However, in the following months, the economy was remonetised with the introduction of Rs 2,000 notes and new-look Rs 500 notes.

The book, titled 'Quantum Leap in the Wrong Direction?', is on the political economy of the Modi government.

According to the book, demonetisation and the introduction of GST are "two Modi-made disasters". KPM
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