SÉMINAIRE

SHORT TERM EFFECTS OF THE INDIAN DEMONETIZATION

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Séminaire du LEMMA

Carla CANELAS – *American University of Paris* et Centre d'économie de la Sorbonne

Abstract:

In November 2016, the Indian Government announced the sudden demonetization of 86 per cent of India's cash in circulation. We exploit the geographical variation of the banking system across Indian districts and the timing of the announcement of the policy, to implement a difference-in-differences approach and study the effects of the 2016 Indian demonetization on individual and household outcomes. In particular, the paper analyses the short term effects of the policy on employment, household income and consumption, as well as savings and borrowing. The results show a significant heterogeneity in the impact across households in different income quantiles and across individuals in different occupations.

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