Micro Economics is Strengthened by Printing More Currency so as to Boost Macro Economy

Roy Shirshendu
MA (Economics)
7-A, Lalbaug Society, Nr. SBI, Nava Vadaj, City - Ahmedabad, State - Gujarat, Country - India.

Abstract
social security be established which in turn increases economic activity to go close to proportion to the money printed by RBI.

I. INTRODUCTION

To release money by printing currency for Senior Citizens.Micro economics is strengthened by printing more currency so as to boost Macro economy.

Illustration 1: It has been observed that whenever Reserve Bank of India (R.B.I.), releases money in the market, it does not go back to the R.B.I. On the contrary it rotates in the market changing hand and this increases production, demand and supply, but all at an inflationary rate. This is due of less supply followed by many demand created due to inflation. The "Many" demand is due to inflation created due to excess flow of money in the market as the money released in the market by R.B.I, has certainly, have not gone back to R.B.I, in the same fiscal.

Illustration 1.1: On the other hand if R.B.I, decides to print excess currency notes and give it to people, this will again create inflation and reduce the value of money.

But both the above illustrations 1 and 1.1 can be granted a solution. In India in the year 2011 shows that there are about one crore plus senior citizen. If an amount of Rs. 2000/- is credited every month per senior citizen to their account irrespective of their existing income, this will surely increase their purchasing power, resulting to increase the demand in the market within the existing supply.

The R.B.I. will have to release this financial budget of paying RS. 2000 per senior citizen per month, by printing currency; this will surely have certainmerits.

> The R.B.I. will surely get back the money they release to the senior citizen in the same fiscal as the senior citizen will invest this money on rents in the same fiscal. This will not create any inflation as senior citizen will not invest on consumer surplus goods, but on existing necessities like rents and food, medicines, maintenance of house.

It will also result in the increase in Gross Domestic Production (G.D.P.) as there will be increase in the Purchasing Power of the senior citizen.

Generally it has been found that increase in income, results in increase in the price of certain goods and services. But marginal increase in the income of senior citizen will certainly not increase any price of any goods and services. But on the contrary with the increase in income of senior citizen, will influence Aggregate Demand (AD) and the level of economic activity i.e. the level of planned expenditure of one (our) economy.

These will in turn, certainly increase the investment at macro level for goods and services. This will increase the G.D.P. which is one of the measurements of growth in the country. With the increase in G.D.P. will certainly show economic growth.

Now R.B.I, prints money on the estimated demand to the growth in economy. And due to payment of Rs. 2000/- per citizen per month will increase the Aggregate Demand will lead to increase in G.D.P. and followed by increase in printing currency for senior citizen in the current fiscal, next fiscal and so on.

II. REVIEW OF THE THESIS PAPER

It is on a simple logic.
i.e.

A=B=C

If A=B and B=C

Then A=C

Thus

A - Print of currency by RBI to boost social security i.e. pension for senior citizen.

=

B - The senior citizen receiving pension will invest on rents in the same fiscal.

=

C - The investment by senior citizen will increase the G.D.P., purchasing power, aggregate demand and level of economic activity.

=

A - RBI prints money on the level of economic activity.

III. CONCLUSION

The value of Indian currency will not go down even if RBI prints currency notes to pay to the senior citizens, as the spending by the senior citizen will increase economic activity which will be in proportion to the money printed by RBI for the purpose.

Reference Part

- Dispute:Illustration 1: It has been observed that whenever Reserve Bank of India (R.B.I.), releases money in the market, it does not go back to the R.B.I. On the contrary it rotates in the market changing hand and this increases production, demand and supply, but all at an inflationary rate. This is due of less supply followed by many demand created due to inflation. The "Many" demand is due to inflation created due to excess flow of money in the market as the money released in the market by R.B.I, has certainly, have not gone back to R.B.I, in the same fiscal.

  Illustration 1.1: On the other hand if R.B.I, decides to print excess currency notes and give it to people, this will again create inflation and reduce the value of money.

- Decision: The R.B.I. will surely get back the money they release to the senior citizen in the same fiscal as the senior citizen will invest this money on rents in the same fiscal. This will not create any inflation as senior citizen will not invest on consumer surplus goods, but on existing necessities like rents and food, medicines, maintenance of house.

REFERENCES

[1] India Development Report 2002, Edited by Krit S. Parikh, R. Radhakrishnan Oxford University Press.
[2] Jha, R. (1991) contemporary Macroeconomics Theory and policy, Wiley Estern Ltd., New Delhi.
[3] K.P.M. Sundaram and M.C. Vaish: Principles of Economics.
[4] H.L. Ahuja: Advanced Economic Theory.