



## THE PERIOD OF DEMONETIZED INDIAN – MAJOR 50 DAYS

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### ABSTRACT

A sudden change in Indian society and everyone was affected by this sudden stroke. People were completely unaware about the government step. They were standing in front of banks and the queues are so long. Common people were struggling in getting their own money from banks. Those days were painful for everyone but still majority of society were standing with the government step. Common man wants to remove all the negative practices from the Indian society but challenges are bigger. This paper gives light on those 50 days and their impact on Indian economy.

### INTRODUCTION

People were shocked on 8<sup>th</sup> November 2016 when Rs. 500 and 1000 notes were not a legal tender and after that 50 days that followed were long queues outside ATM's. Mr. Narendra Modi appealing to Indians that the pain would just a few days and this pain will revert a slap on black money, corruption and would be a method to tackle terrorists. Indian citizens followed all the words of Mr. Modi people cooperated and hopeful even they were standing outside the banks. People from villages face the most turbulence period they were running here and there to just find a working ATM. Political Parties were totally against of this sudden demonetization but the Indian citizens showed their faith in their elected government. Government was not in proper planning and make out the decision when all these things will be digitalized than our govt. should focus on security system too. Indian economy paralyzed for a short duration. Many people who do not have bank accounts where they are paid in cash are facing severe problem. To have a relief from this unnaturally created agony partial roll back of 500 and 2000 for small transaction is another big problem. Surely this demonetization will help to eradicate the 5% of the black economy which is put in cash. Also we might move towards digital economy. There is clearly a willingness to suffer through

the inconvenience so that corruption can be brought under control. The Government fixed these objective for the demonetization policy:- It is an good attempt to make our country corruption free.

- It is done to curb black money.
- To control escalating price rise.
- To stop fund flows to illegal activity.
- To make people accountable for every rupee they possess and pay income tax return

#### **DATABASE AND METHODOLOGY**

The study is based on secondary data. The required data for the study is collected from various newspapers, magazines and internet published Data. The research methodology of this study lies within the parameter of Descriptive and Explanatory research. The aim is to explain and provide additional information about the concerned topic. The research focuses on the extensive study of secondary data which is collected from newspapers and websites which focuses on Demonetization and its Impact on Indian Economy.

#### **OBJECTIVES OF THE STUDY**

- 1) To understand the prospects of demonetization.
- 2) To suggest solutions for the identified issues to tackle the negative impacts of demonetization.

#### **BASIC SCENARIO OF ECONOMY BEFORE DEMONETIZATION**

- India was heavily dependent on the cash currency.
- Electronic or banking transaction were less than 20%
- Savings of labour and farmers in the form of cash
- About 90% of stores didn't accepted electronic money; insisted cash transactions
- The economy was stable with good credibility of citizens
- Most of the small entrepreneurs and retailers are not highly educated they don't know about more in digitized era and how to work in it.

#### **PROS AND CONS**

##### **Pros**

- ❖ Reduction in the amount of black money.
- ❖ Reduction in the amount of fake money.
- ❖ Helps to fight terrorism funding activities.
- ❖ Paper money replaced by plastic money.
- ❖ This decision will help institutionalize the real estate sector bringing more transparency in the Indian real estate industry.

- ❖ This step will give the real estate sector more credibility making it more attractive to foreign as well as domestic investors.
- ❖ It will help common man by putting an end to the artificial increase in real estate, higher education and healthcare transactions bringing them within the reach of common man.

#### **Cons**

- ❖ Inconvenience to the people. Very difficult for more than half the population who are not well versed with the card transactions.
- ❖ This move deeply impacts the working sections of society: drivers, maids, cooks, electricians, plumbers.
- ❖ All that who gives services in the informal sector and who is completely depends on monthly cash payment like – Labours, household workers etc.
- ❖ Initial lack of money.
- ❖ A loss to common people.

#### **SUGGESTIONS**

- Developing a uniform software network like stock exchange to register properties throughout the country linked with Aadhar is necessary to overcome holding of benami properties.
- Linking of Aadhar: All multiple bank accounts must be linked with Aadhar. Even not only bank accounts but also various departments such as Income Tax, sales tax, VAT, Excise, Customs, Service Tax, Licensing department etc.
- Educate everyone about the use of e-wallets and Debit and Credit Cards.
- Internet services connectivity is improvised in every part of our country for better cashless transactions.
- Equip every businessman who has current account with banks, swipe machine at the earliest possible.

#### **CONCLUSION**

Good governance is a phenomenon which is required to be felt by the people. It does not rely only on the executive but depends on the executive, judiciary, nongovernmental organizations, private bodies as well as the co-operation of the people. The path of good governance of each country depends upon the culture, geography, political, economic and administrative conditions. Black money is generated through money generated from illegal activities and avoidance of taxes on income. The demonetization undertaken by the government is a great shock to the economy. The



impact of the demonetization in short and medium term is a function of how much of the currency notes were placed and the extent to which currency in circulation is extinguished.

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