DEMONETIZATION: SOCIAL AND ECONOMIC IMPACT

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ABSTRACT
The impact of demonetization was felt in the social, political and economic sector. This action worst affected the poor and the common people. It was a step of moving toward cash less economy. This step was taken to curb the black money to a great extent. Salaried class was not still able to withdraw their salaries from the banks and ATMs as a result of cash deficit. Govt. encouraged doing financial transactions using mobile and other electronic means. Present study is focused on finding of social and economic impacts of demonetization.

INTRODUCTION
Demonetization refers to the financial step of the government to declare a currency unit invalid. Usually, this is followed by exchanging the old currency for new currency. Salaried people faced the issue on the opening day of the month with their salaries credited in the bank account but were able to withdraw only 2,000 rupees from the ATM machines. The impact was drastic with marriages facing severe issues with cash transactions. The impact on the health care sector was huge with hospitals refusing to accept the old currency. Several cases of death had been registered for not attending the patients due to demonetization. The impact on education sector was minimal and all universities and colleges have been instructed to enable online transactions in their website for the convenience of the students and parents. Road blockades and quarrels arouse with people waiting in long queues before the banks and ATM machines. People became restless spending an entire day to withdraw money. Several deaths have been registered as a result of waiting in long queue. Pensioners are worst affected with no special provisions made for senior citizens in banks.
This is one of the defining moments in India’s economic development. These steps had been taken in the move towards cashless economy. A cashless economy with an audit trail and increased transparency would directly result in reduction of corruption, elimination black markets, accountability and better governance. A cashless society will enable sharing India’s economic
growth with the poor by ensuring that benefits from governmental programs flow to the recipients directly. When black money within India gets curbed, it will result in the overall economic development of the nation. This was revealed in the demonetization when terror financing and other sources of illegal financing was curbed. Considering the entire economy of India as a whole, aim of demonetization was to make most of the transactions to be done through the formal banking sector. This will increase the transparency with people and corporate paying tax properly.

OBJECTIVE OF STUDY
- Finding of social impact of demonetization
- Finding of economic impact of demonetization

HYPOTHESIS
1. There is no significant social impact of demonetization
2. There is no significant economic impact of demonetization

METHODOLOGY
Descriptive survey method was adopted for present study. 1000 persons of age 31-60 years were randomly selected for study. Among these persons govt. employee, private employee and business persons are included. They were classified according to occupation category and annual income. They were interviewed to find their views using a self-prepared questionnaire. Collected data was tabulated and analyzed using percentile as statistical tool.

FINDING AND ANALYSIS

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Persons</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Entrust on Indian Economy</td>
<td>Unavailability of Fund</td>
</tr>
<tr>
<td>Private Service Persons</td>
<td>37</td>
<td>73</td>
</tr>
<tr>
<td>Govt. Service Persons</td>
<td>14</td>
<td>71</td>
</tr>
<tr>
<td>Business Persons</td>
<td>42</td>
<td>67</td>
</tr>
</tbody>
</table>
### Table 2: Economic Impact of Demonetization

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase in cases of Declaration of Assets</th>
<th>Increase in No. of Tax Payee</th>
<th>Increase in Bank Transactions</th>
<th>Decrease in Financial Activities</th>
<th>Transparency in Economy Favored By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Service Persons</td>
<td>7</td>
<td>26</td>
<td>26</td>
<td>23</td>
<td>61</td>
</tr>
<tr>
<td>Govt. Service Persons</td>
<td>3</td>
<td>12</td>
<td>34</td>
<td>14</td>
<td>69</td>
</tr>
<tr>
<td>Business Persons</td>
<td>12</td>
<td>38</td>
<td>23</td>
<td>43</td>
<td>39</td>
</tr>
</tbody>
</table>

Entrust on Indian economy have been found among 37% private service persons, 14% govt. service persons and 42% business persons. Unavailability of fund was arisen by 73% private service persons, 71% govt. service persons and 67% business persons. Instability was showed by 41% private service persons, 28% govt. service persons and 62% business persons. Demonetization as hurdle for
important work was presented by 48% private service persons, 49% govt. service persons and 54% business persons. Hence hypothesis 1, there is no significant social impact of demonetization is rejected.

Increase in declaration of assets cases have been searched among private service persons 7%, govt. service persons 3% and business persons 12%. Increase in no. of tax payer found as 26% private service persons, 12% govt. service persons, 38% business persons. Increase in bank transactions have been observed among 26% private service persons, 34% govt. service persons and 23% business persons. Decrease in financial activities marked 23% for private service persons, 14% govt. service persons and 43% business persons. Transparency in economy favored by 61% private service persons, 69% govt. persons and 39% business persons. Thus hypothesis 2, there is no significant economic impact of demonetization is rejected.

CONCLUSION

Demonetization was viewed as a measure of sterilizing the money. Demonetization has caused great hassles among the public. This demonetization measure helped banks to recover some bad loans and improve their financial position. Prospects of transparent economy are visible. After facing so many social and financial problems now public expect a fair, corruption less and safe economy for nation.

REFERENCES