

DEMONETIZATION - A BLESSING TO COMMON INDIAN CITIZEN

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ABSTRACT

Demonetization means the current form of money is no longer in circulation and often to be replaced with the new currency. The main aim of my paper was to highlight the various features of the gov't's Demonetization policy and its efforts to encourage a cashless economy. The study includes that, how PM Narendra Modi announced the demonetization of Rs 500 and Rs 1000 Banknotes of the Mahatma Gandhi series, on 8th November 2016, the probable reasons for the background of demonetization in India, the main goal of this decision of cashless economy, some highlights were also taken from PM Modi's Ghazipur rally, pros and cons of demonetization and the main thing is that, it is the need of the demonetization - that is, the reverse of demonetization. Why not gov't. should introduce the old 500 Rs notes back into the market, make them legal tender again? To study the objectives, secondary tools was used which includes books, journals, newspapers, internet and Google scholar.

KEYWORDS: Currency, Legal Tender, Black-Money, Corruption, Real Estate, Terrorism, Cashless Economy, Inflation, Remonetization

INTRODUCTION

“The door was locked. There was a note which said: change me faster, I didn't want to be a waste afterwards.”

“Why we have to stand on form of ATM in long queues?”

Young generation asked.

For the greater good,

The 87 years old replied.

Demonetization means the current form of money is no longer a legal tender. It happens due to change in national currency. Demonetization means the current form of money is no longer in circulation and often to be replaced with the new currency. Sometimes the old currency is completely replaced with the new one.

RESEARCH METHODOLOGY

- Secondary tools are used to collect the information.
- Use of books, Journals, Newspapers, Internet is being done to collect the relevant information.

WHAT HAPPENED ON DEMONETIZATION

Overnight, two of the country's larger valued Rupee Banknotes, INR 500 and INR1000 were no longer legal tender, around 86% of the cash in circulation and equivalent to 11% of GDP.

India's NDA govt. took a bold step of scrapping RS 500 and Rs 1000 notes, to curb black money in the country. The move was announced by PM Narendra Modi in a televised announcement to the nation on 8th November 2016, where he announced the demonetization of all Rs 500 and Rs1000 banknotes of the Mahatma Gandhi series. There is nothing that will stop working from midnight 8th November 2016 and will be illegal from the next day. Indians had many options of exchanging the Rs. 500 and 1000 Rs notes that they held till 30-12-2016 midnight. PM said that, all Indian Banks will be closed on 9th Nov 2016 and ATMs won't work on 9th and 10th November 2016. The hospitals will accept the 500 and 1000 Rs notes till midnight on 11th November 2016.

BACKGROUND OF DEMONETIZATION IN INDIA

This is not the first time, when Indian currency is demonetized in India. The Indian Govt. had demonetized Bank notes on two prior occasions.

- First time demonetization was done in 1946 when Govt. completely banned of Rs 1000 and Rs 10,000 Notes.
- Second time, it was done in 1978. When the Rs 1000, Rs 5000 and Rs 10000 notes were demonetized, by the Govt. headed by Morarji desai.

NEED FOR DEMONETIZATION

- Demonetization was needed, to eradicate corruption, black money, benami property and terrorism.
- In the purchase of land or a house apart from the cheque, a large amount of cash is demanded.
- Inflation becomes worse through the disposal of cash learned in corrupt ways. It has a direct effect on the purchasing power of the poor and Middle class.
- Misuse of cash has led to an artificial Increase in cost of goods and services.

A CASHLESS FUTURE IS THE REAL GOAL OF INDIA'S DEMONETIZATION MOVE

To make India a cashless society is one of the main goals of demonetization. It will help the people to go for the online payments.

"Faceless, paperless, cashless" is one of the professional role of digital India and also an immense part of Demonetization.

SOME HIGHLIGHTS OF PM NARENDRA MODI'S GHAZIPUR RALLY

- The poor people were happy with the decision, while those with black money were in trouble.
- Most of the inconvenience faced by common people.
- New white wash gives out foul smell, but it is necessary only when people are ready to face inconvenience, then corruption will go.
- Enemies overwhelmed our nation with these fake notes. We need to put an end to this.

PROS AND CONS OF DEMONETIZATION OF BIG CURRENCY NOTE

PROS

- Demonetization will definitely helps to eradicate black money and corruption to some extent.
- Due to shortage of funding it helps to remove terrorism and hawala transaction to some extent.
- Real Estate industry is totally corrupted and how by this firm decision the real estate sector will bring in the more transparency.
- Big increase in tax revenue - with this bold decision India can see great growth in tax revenue. It will be used in transformation of the country by providing greater social benefits and facilities to the poor people.
- All fake currencies have stolen in one shot.
- Demonetization would help to increase the credibility of Indian real estate.
- It would lead to more and more deposits in the bank resulting in lending of more and more loans without any problem on cheap internet rates.
- Huge amount of donation that is taken in the private education and health care centers would be stopped.
- The major advantage is to promote **CASHLESS ECONOMY** govt. has put some limitations for cash withdrawal from bank accounts. People go for the online payments. They started using Paytm, Debit card or credit cards for the transaction.

CONS

- Due to demonetization, burden of the Govt. has increased in the form of printing new currency.
- It caused great inconvenience to the common man who started running towards the bank to exchange their notes.
- This move targeted the black money, but the problem is many people who had kept their money in the form of other assets like real estate, gold and so on were not affected by this move.
- The next problem was the change of Rs 2000 notes was not available in the market. Due to this reason People have to face so many difficulties.
- It will later increase corruption. Because to store Rs 2000 notes is easy as compare to store Rs 500 and Rs 1000 notes.
- It would surely create problem for half of the population as many of them are not card holders.
- Powerful politician is converting black into white easily.
- Disbelief of foreign investors in India economy.
- Due to the Demonetization or shortage of money in the market a short term cost push inflation occurs in the economy

REMONETIZATION: A GOOD IDEA OR NOT

Remonetization is the restoration of some commodity Such as silver or coins or bank notes that are not money as money. It is the reverse of demonetization.

This question is really difficult to an answer and the opinion may very form person to person.

Since most of the currency in circulation is already in the Banks and not lying in the hands of the people – so why not introduce the old Rs 500and Rs 1000 currency notes again back into the market, make them legitimate or acceptable again?

CONCLUSIONS

- The advantages are much dominating than the disadvantages which will be in the favor of our country in the long run.
- Govt. has to ensure the smooth flow of currency exchange in the country.
- It will make a drastic change in our economy.

Let's make a point to change our mentality to accept good news and kill the negativity only then we will achieve something and helps our leaders in their decisions and actions.

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