



THE STUDY OF FAVORABLE AND ADVERSE EFFECTS OF DEMONETIZATION ON INDIA

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Abstract:

India is a developing country that is touching the heights of development day by day. In such a situation, the decision to ban demonetization was a very difficult decision, which was taken by the Modi government of India at the center. In such a situation, many common people suffered, but this decision was taken with the aim of reducing problems like corruption and black money, due to which it can be said that a new revolution was expected to improve the economy of India.

After demonetization, citizens are given a limited time limit under which they can go to the banks and exchange the closed notes and get new notes of the same price. The same happened in India. Demonetization has put a check on black money, terrorism, and drug abuse and has also led to the digitalization of India as all the transactions during demonetization were digital. Demonetization has proved beneficial for the country. This is what the government says. But is such a reality? Has demonetization improved the situation in the country? Has India become digital? Does demonetization control black money, terrorism, and drugs? To study the favorable and adverse effects of demonetization to get answers to many such questions, and what effect demonetization has had on the Indian economy? This topic of research has been chosen to know this.

Keywords: Demonetization, Black Money, Favorable and Adverse Effects.

Data Collection Method Used for Research:

Data for the research paper has collected from secondary sources like newspapers, books, magazines, reports, and websites.

The Objective of Research:

- 1) To study the favorable effects of demonetization in Indian.
- 2) To know the government efforts for demonetization in India.
- 3) To study the adverse effects of demonetization in Indian.
- 4) Suggesting for the control black money, terrorism, and drugs based on the findings from research.

Introduction:

First of all, the question arises in the minds of all, why does any country need note-capturing or demonetization? The need for demonetization comes to any country when black money hoarding and fake currency business in the country starts increasing. In such a situation, people started doing more cash transactions to steal tax, which mostly consisted of big notes. Before demonetization in 2016, many fake notes were also found which were spoiling our economy. Demonetisation is also required to ensure the economy of the country. Note-captives can only be used to control corruption, black money, fake currency, inflation, and terrorist activities. Economists believe that in terms of security, some changes should be made in the notes every 5 years, although closing the notes itself is a big change in itself. The number of counterfeit notes had increased so much that news of getting fake currency from banks and ATMs was also being received. After investigation, it was found that these fake notes were very real. Due to this, this step was also necessary to be taken.

Demonetization was not new for India. For the first time in India, in the year 1946, it was decided to discontinue 500, 1000, and 10 thousand notes. Even in the 1970s, the Wanchoo Committee on the Direct Taxes Inquiry suggested demonetization, but the suggestion became public, which led to the demonetization. In January 1978, the Janata Party government of Morarji Desai enacted law and closed the notes of 1000, 5000, and 10,000. However, the then RBI Governor opposed the note-ban. In 2005, Manmohan Singh's Congress government in India demonetized 500 pre-2005 notes.

In 2016, the Modi government decided demonetization or demonetization of 500 and 1000 notes. These two currencies occupied 86% of the Indian economy. These notes were the very used in the market. For this reason, it led to such a huge uproar and consequence. Entire India became 'cashless' during demonetization. The entire transaction was online. During the demonetization, people faced a lot of problems. Demonetisation did give people trouble for a few days, but it has also benefited immensely. The plan for demonetization was not as successful as it should have been but still to a large extent it has benefited immensely.

The Meaning of Demonetization:

Note-capturing is called demonetization. Demonetization means the closure or ban on the use of large-denomination notes by the government in any country so that they are no longer of any use. Neither can any transaction be made from them, nor can anything be purchased. In other words, when old notes and coins are closed and new notes and coins are played, it is called demonetization.

Demonetization is a process in which the government closes the old currency prevalent in the country and implements the new currency. Most big notes are exchanged under demonetization. When new notes of demonetization enter society, then old notes have no value. Old notes are exchanged at banks and ATMs. A time is set for the exchange of notes. Notes can be exchanged with the help of a bank.

Favorable and Adverse Effects of Demonetization on India:

On 8 November 2016, at 8:15 PM, Prime Minister Narendra Modi announced the demonetization of 500 and 1000 notes. People had hoped that the Prime Minister would talk about the conversation between India and Pakistan, but the announcement of note-taking shook everyone. Some people supported the Prime Minister, some people opposed the Prime Minister and demanded the dismissal of demonetization but it did not happen. The people who kept the black money hidden went to the goldsmiths and started buying gold from that money. The next day after the announcement of demonetization, the banks and ATMs started tightening.

The government made a lot of efforts to extract black money, such as - the number of currency notes in banks was reduced or increased, new laws were made, rules were strictly enforced. The government asked for 50 days to justify its decision. 500 and 2000 new notes were introduced to replace the old notes. Demonetization has largely eradicated black money and benefited people a lot. Demonetization has made India digital as all transactions were digital at that time. Demonetization has helped improve the economy.

While some people were saying Prime Minister Narendra Modi's plan of note-closure or demonetization, the Opposition party was giving the reason for his decision to fail and the country lagged behind, but the Prime Minister remained firm on his decision. The opposition party was opposing note-taking in this way as if they have hidden a lot of black money with them. But the Prime Minister did not withdraw from his decision in any case. The entire opposition party opposed the plan of note-taking and took many steps against them but on the other hand, the government continued to justify its decision. Sometimes the Prime Minister and his team were engaged in enumerating the benefits of this note-banning people and sometimes they were seen asking for fifty days' time. There was a lot of brotherhood inside the people as well. Somewhere rich friends were missing their poor friends. Somewhere rich relatives began to realize the importance of their poor relatives. The bank account of the poor mother of the rich son, which had become dormant after the death of his father, suddenly became active. It seemed as if the whole of humanity became active.

Media played an important role in demonetization. Some media were in favor of demonetization, while some were against demonetization or demonetization. In some reports, people were seen standing in lines and having fun, while some people were also seen committing suicide due to note-captives. According to some reports, about a hundred people lost their lives by standing in their lanes. It was also told in the media that when people put up big lines to buy tickets to watch movies when people have to spend hours in line to fill cylinders from 4 in the morning, then people do not have any problem. But the harmful effects of note-taking were exaggerated by the people.

Many media people helped the public to cope with the problem of demonetization and some were also trying to incite the people against the demonetization. Media is said to be the fourth pillar of the success of any country, so the media should never mislead the public by realizing their responsibility. Rather, the media should honestly put the news in public as soon as possible without applying chili-masala.

Favorable Demonetization Effect on India:

This decision made by the government hit back at all the reasons that are weakening the country. At the time of demonetization, people had to face a lot of trouble but it also has many benefits. When people went to change money in banks, then every of information of

their money went to the government. Those who got more money from the income tax were investigated by the Income Tax Department and the black money held by many people was caught. It is black money that promotes terrorism, non-violence. Terrorism has also decreased due to less black money. Because the black money that they were using to spread panic, became only paper due to demonetization.

Due to demonetization, a lot of black money has been exhausted and has gone to the government's fund. Due to which the government has increased funds and the government has used those funds in the development of the country. Due to liquidity in banks, interest rates have also come down. Due to the money in banks, people are also lent on a large scale so that they can establish industry, thus employment has also increased. Due to the demonetization, the common people have realized their responsibility towards the economic tax and it is a big thing.

With the demonetization, all online, digital payments are being made. Even the tea-seller, grocery, Xerox, printing-maker now gets online payment. This is a major achievement achieved by note-taking. Due to demonetization, the work of printing fake currency has also stopped, due to which a large number of fake notes have been removed from the country.

Adverse Effects of Demonetization on India:

Every coin has two sides. If the benefits of demonetization are seen, then some of its disadvantages have also gone along with it. But the losses were few days and the benefits are long-lasting. Due to lack of local money, tourism destinations suffered the most. Many people also canceled their tour of India. There was a lot of slowdown in work. Common people have suffered in everyday life. Standing in front of banks and ATMs for hours faced problems of rent, electricity bills, hospital bills, and more. People could not do weddings with as much pomp as they wanted. Even today many questions are being raised on demonetization. Some people say that demonetization has failed. It is a scheme in which black money is made white. Some people say that there is no benefit from demonetization, only loss. India's economic growth rate was reduced from 7.5 to 6.3. It cost a lot of money to print new notes, but terrorist funding is still ongoing. We cannot even avoid those allegations; perhaps the level that was expected from demonetization was not achieved.

The decision was taken by the government of Prime Minister Narendra Modi for note-ban or demonetization, also saw results soon. However, demonetization was not as successful as the government had hoped. But whatever the results are, they are going to contribute to the interest of the country. The black money corrupt people kept cash in the form of 500 and 1000 notes, in this time they have become mere paper. There is no cost to black money. Due to demonetization, the corrupt had to surrender their hidden black money to the government. Many people burnt black money and many threw it away. The notes which were forged were of no use in the market. Due to which the loss to the country has reduced considerably. With the demonetization, all online, digital payments are being made. Due to demonetization, a lot of money has been collected in the government fund which is used for public welfare.

Conclusion:

Demonetization in India has given the country the momentum for development. Demonetization and GST are major decisions. Hardly such big decisions have ever been taken in history. If India has to move forward then even bigger steps will have to be taken.

Everything has some qualities and there are some drawbacks too, but we should always move forward with positive thinking. The plan for demonetization was not as successful as it should have been but still to a large extent it has benefited immensely. Demonetization must be done after a few years to strengthen the country's economy. By doing this the black money of the country will be eradicated simultaneously and all the problems related to terrorism will also be eradicated. We all should respect this process of demonetization and people should support such a decision of the government.

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