

A WAY TOWARDS DEMONETIZATION IN INDIA: A SUCCESS OR FAILURE IN MODERN WORLD

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Abstract

Democratization is a demonstration of legally depriving a monetary unit of sensitive status. It happens whenever there is a difference in national cash. Cash of the current structure or type is withdrawn from the flow, abandoned and regularly exchanged for new banknotes and coins. Here and there the country completely replaces old cash with new money. It was clear that democratization would not achieve its two main goals: dark money and fake money. In line with these policies, the third goal of moving India towards a moneyless society has become known. The intent of a "cashless economy" was certainly a very good justification, but how much did it cost? Poor Indians who rely on money for their daily needs were truly "cashless."

Introduction

On November 8, 2016, Prime Minister Narendra Modi announced a demonstration of banknotes of Rs 500 and Rs 1,000. In addition, the administration gave individuals a period of about two months to deposit all invoices in the above categories with banks. Specifying the legally sensitive status of a unit of cash is an extraordinary intrusion into the economy as it legally affects the trading mechanisms used by all single financial exchanges. It can help solve existing problems or cause economic turmoil, especially when suddenly or suddenly attempted. Therefore, democratization is accepted by the country for various reasons. Democratization is an extraordinary mediation in the economy with the evacuation of legitimate and unstable positions of money. Democratization can cause economic turmoil or a real recession if it can end badly. Democratization was used as a means of settling money, fighting expansion, facilitating exchanges and access to the business sector, and moving occasional money behavior in a more direct direction, away from dark and dark markets.

Survey of Literature

Democratization has been a major encounter for centuries and will be one of the recent economic opportunities. All Indians are feeling the impact. Democratization affects the economy through the liquidity aspect. The effect is to notify that about 86% of the available monetary value has been withdrawn without replacing most of it. Withdrawal of Rs500 and Rs1000 notes creates a big hole in the money structure like Rs100 and later. Rs2000 is the main category. The government's goal (and the reason for the sudden declaration) is India's thriving underground economy in many ways, including killing counterfeit gold, tax evasion (only 1% of the population supplements prosecution), and disposal of stolen black gold. Was to fight. Financing oppressors based on illegal tax evasion and fear, and promoting a cashless economy. People and individuals with huge amounts of loan sharks from the same currency system must take their huge invoices to banks that are legally required to obtain their rate data. It didn't become. If the owner did not provide proof of the bill, a penalty of 200% of the unpaid amount was imposed.

Objectives

1. Control black money and corruption by preventing the hoarding of cash.
2. To prevent forgery of invoices.
3. Study democratization in India.
4. The impact of democratization in India

Research Methodology

The data is collected from various articles, magazines etc.
Demonetization in India

Impact on bank deposits and interest rate:

stores may rise at this time, but the impact will diminish in the long run. A bank's investment fund is a liquid money invested by an individual. Once such prepared money is within their reach, it is difficult to expect to be invested in a mutual trust in the long run. They deposited this cash in a bank just to exchange old banknotes for new ones. These are not intentional reserves that are expected to stir up conspiracy. When a new undeniable cash injection occurs, it is converted into dynamic liquidity by the saver. This means that the bank's new reserves will only be stored temporarily or temporarily. Savers can be redeemed at the right time. In the medium term, it is not important that democratization provides a large reserve for the financial framework. Most of the reserves are raised from large open area banks such as SBI. You can reduce funding costs in the short / medium term. However, it cannot be pursued in the long run.

Effect on dark cash:

Only a small amount of dark cash is actually put away as money. Dark salaries are usually retained as physical resources such as gold, land, and buildings. From now on, the level of dark cash due to monetization will be lower than expected because it is based on the level of dark cash held as money. But above all, monetization has a big impact on targeted advertising. Individuals are now strongly convinced of the need to fight dark salaries. This national awareness and urgency will encourage governments to take even stronger action.

Effect on fake cash:

The actual impact on is for counterfeit / counterfeit cash as the flow is checked after this activity. Democratization as a cleanup activity can produce some useful things for the economy. At the same time, this leads to the inevitable misfortune of wages and the government's support for the poor in the community who depend on their daily work for wages and those who lack the culture of computerized exchange. In general, financial activity is suspended for now. However, the immeasurable benefits of high straightness and low volume of dark money transactions can be called long-distance benefits.

Demonetization and its effect on Agriculture:

Two years after democratization, Union's agribusiness services admitted that ranchers were hit hard by the boycott of memos. Democratization has made 86% of existing cash (in units of Rs 500 and Rs 1,000) illegal and confidential. Ranchers, especially small ranchers, rely on money to buy seeds and fertilizers. The Narendra Modi administration argues that democratization is a fundamental advance in managing dark money and effective exercise. It even protected demonization in an analysis from opponents who said ranchers and small business owners were hit hardest.

Demonetization and its effect on GDP:

Demonetization went about as a liquidity stun that upset financial exercises, caused an unexpected breakdown in India's business biological system, exchange over all the features of the economy was disturbed. India lost its status as the quickest developing significant economy. Decreased utilization, creation, business, pay, speculation diminished India's GDP development. Scarcely a half year after Demonetization, India's GDP development rate drooped down to 6.1% in JanMarch period, least in over two years. In July 2017, it even went down to 5.7 per cent.

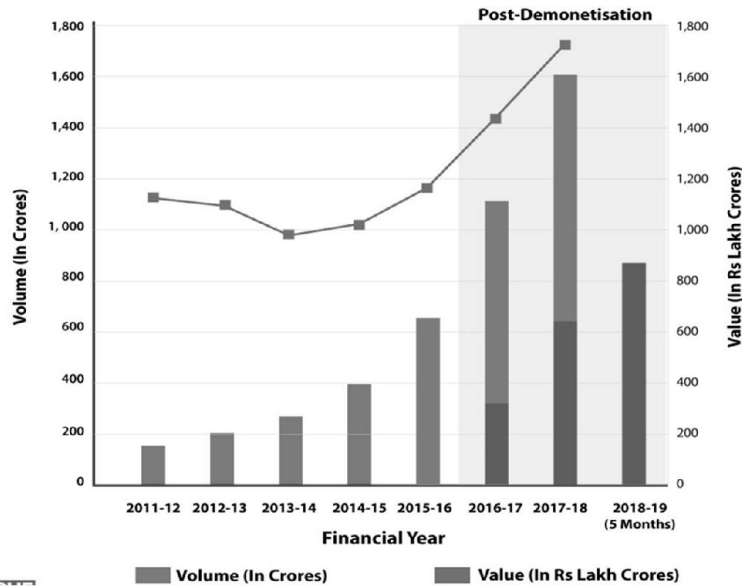
Demonetization and its effect on political situation in India:

Political effect of Demonetization was immense over the entire nation with dominant part of individuals offering backing to the move. The wistful discourses against dark cash made by leader drew enormous groups transforming into vote banks for BJP which could be found in the state political race as BJP won the states like Uttar Pradesh, Uttarakhand, Himachal Pradesh, Tripura and so forth. Backing for BJP from the informed mass and uniquely the adolescent for the intense advance taken to check dark cash could be seen. In any case, resistance groups contradicted the Demonetization move. The eversilent exPM, the famous

market analyst named the move as " grand botch" and " composed plunder and authorized loot" . The Resistance Group strongly opposed how to carry out democratization.

A way towards Cashless Economy:

One of the key effects of Demonetization 2016 has been that more people have made digital payments part of their lives moving towards a cashless economy.



Conclusion

In the long run, there are only favorable situations for demonization. The legislature is taking all important steps and activities to meet the demand for funds and ensure the smooth flow of new funds. In the evolving round of finish lines, an increase in personal spending base was highlighted as another benefit of monetization. It was clear that democratization would not achieve its two main goals: dark money and fake money. In line with these policies, the third goal of moving India towards a moneyless society has become known. The intent of a "cashless economy" was certainly a very good justification, but how much did it cost? Poor Indians who rely on money for their daily needs were truly "cashless." Contrary to government confidence, about 99 percent of the devaluated money was eventually returned to the account. Individuals with large amounts of dark cash in real money have discovered a variety of innovative approaches to trading dark cash in small amounts. In fact, at the time of monetization, even dark cash was traded and legal. As a result, the move that was supposed to reveal dark money from the economy helped people wash it, it just changed its appearance as dark money is clearly continuing to be produced.

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