

De-Monetization And Its Impact On Agriculture**Mr. Nikhil R. Vyas**Assistant Professor (Contract),
Dayanand College of Commerce, Latur**Abstract –**

India is basically agrarian country. Our country's 3/4th (75%) economy depend upon agriculture and its allied industries directly or indirectly. Sudden decision of demonetization of Rs. 500 and 1000 currency notes pushed farmers and agricultural sector in difficulty. Because most of the farmer use cash as prime mode of payment in their day to day transactions and 80% farmers use small/Local markets to sale their agriculture produce & there they got money in small denominations and income level of farmers were also small. In addition to low rainfall and draught situation, because of demonetization farmer faced lot of problems like withdrawal of money, Cash for purchase of seed, cash for labor payment. In this situation cashless payment was not feasible to farmers. Reasons are – Low technological development, lack of updated banking facilities in rural area high cost of gazettes & illiteracy of farmers.

Cash is the primary mode of payment in agricultural sector. More of the farmers did not have bank accounts due to low income which had severe impact on farmers at the time of demonetization process. In addition to this allied industries of agriculture sector had also been adversely affected. Thus illegal transactions and various fraudulent practices increased to meet immediate cash requirements. Overall impression of demonetization resulted in every sector of economy adversely affected specially the large scale damage happened in the agricultural sector. Till now this situation is not covered. There is lack of supply of currency notes, cash in ATMs etc. thus Government should make immediate remedy in this regard.

Keywords: Demonetization, Agriculture, Allied Industries, Currency, Farmers.

Introduction

As per oxford dictionary meaning, Demonetization means the withdrawal of a coin, note, or precious metal from use as legal tender on 8th November 2016, the Government of India announced the demonetization of all Rs 500 and Rs 1000 currency notes of Mahatma Gandhi series with the announcement of demonetization government of India also introduced Rs 200 Bank notes newly in the series of currency notes and Rs 500 newly designed banknotes in exchange of demonetized bank notes. The government intends to take this decision because of some reasons, Such as to absorb black money, to check control on parallel economy, to curtail inflation, to fight against corruption to encourage digital / cashless transactions, and to find out and remove duplicate currency.

However demonetization affected all spheres of economy. India is agrarian country and agricultural sector badly suffered from demonetization.

Objectives of the study

1. To study impact of demonetization on agricultural sector.

2. To know the history of demonetization in India
3. To study changes in transaction process after demonetization.

Demonetization

Demonetization is the process /act of stripping a currency. Unit of its states is a change of national currency. The current form or forms of money is pulled from circulation and retired often to be replaced with new notes or coins. Sometime, a country completely replaces the old currency with new currency.

India experienced process of demonetization thrice-

1. First on 12th January 1946.
2. Second on 16th January 1978 &
3. Third on 8th November 2016.

- The demonetization of Rs500 and Rs 1000 Rupee notes adversely effected on farmers
- There was Rabi Season at the time of demonetization process.
- No. of farmers were unable to get cash for purchase of seeds, fertilizers
- Demonetization adversely affected sown area

- Cash in the prime element in transaction in India
- Lack of seeds resulted in productivity
- Lack of cash resulted in adverse effect on prices of major crops.
- Large number of farmers live in the under economy Delayed sowing may affect the crops Already wheat outcome was decreased in northern India
- India's 273 million farmers live mostly in the cash economy
- Many of farmers are unable to get enough cash to buy seeds and fertilizers for their winter crops; because winter crop is the main source of cash to buy seed and fertilizers for many farmers.

Impacts of Demonetization on Agriculture

Three years after demonetization, it is revealed that the farmers were badly hit by the note ban. Demonetization had made 86 per cent of existing currency (in denominations of Rs 500 and Rs 1,000) illegal tender. The farmers, particularly the smaller ones, depend on cash for the purchase of seeds and fertilizers.

1. Due to the lack of cash, millions of farmers were unable to purchase seeds and fertilizers ahead of the rabi season.
2. It is found that when demonetization was implemented, the farmers were either selling their kharif yield or sowing rabi crops. Demonetization rendered all the cash they had in hand useless. This drastically affected the farmer
3. Demonetization also affected big farmers as they had to pay wages to the laborers working on their fields. But they went cash-strapped after demonetization.
4. Due to the shortage of cash, about 1.38 lakh quintals of wheat seeds of the national seed corporation were not sold.

As per PIB report Effects of Demonetization on farmers is as follows

Total quantity of certified/quality seeds sold to the farmers in the Country was 304.04 lakh quintals in 2015-16, increased to 348.58 lakh quintals in 2016-17.

Total quantity of fertilizers sold to the farmers in the Country were 92.99 lakh Metric Tons in November and December, 2015 increased

to 99.63 lakh Metric Tons in November and December, 2016. State-wise details of rabi and kharif crops sown from 2014 to 2018 are in annexure I and II respectively.

The national growth rate of crop sector in 2014-15 was -3.7 per cent, in 2015-16 was -3.2 per cent and in 2016-17 were 6.9 per cent.

In the year 2016-17, growth rate of crop sector was increased to 6.9 percent.

State-wise crop sown in Rabi season from 2014 to 2018				
(Area in 000 ha.)				
State	2014-15	2015-16	2016-17	2017-18
Andhra Pradesh	2026.00	2247.0	1892.00	2154.00
Assam	868.80	852.7	865.21	874.00
Bihar	3305.64	3190.7	3222.06	3132.50
Chhattisgarh	869.81	809.9	874.30	756.90
Gujarat	1715.00	1426.0	1685.00	1856.00
Haryana	3195.40	3199.0	3138.30	3138.00
Himachal Pradesh	374.08	382.8	390.83	381.88
Jammu & Kashmir	386.08	337.7	347.09	356.03
Jharkhand	657.64	634.9	884.02	973.89
Karnataka	3098.00	3444.0	2611.70	3296.00
Kerala	46.05	48.4	44.98	46.38
Madhya Pradesh	10888.1	10907.9	11602.1	11213.0
Maharashtra	5796.00	5552.0	6494.60	5185.50
Orissa	752.45	667.6	639.67	570.58
Punjab	3596.20	3588.5	3565.40	3573.80
Rajasthan	7462.02	6941.2	7349.68	6906.41
Tamil Nadu	1213.21	1242.2	1069.69	1292.43
Telangana	968.00	681.0	1275.17	1389.00
Uttar Pradesh	12281.0	11506.0	12119.0	12088.0
Uttarakhand	420.12	408.3	408.00	398.00
West Bengal	2464.20	2597.1	2473.92	2638.48
Others	535.13	572.7	586.85	604.04
All-India	62919.03	61236.9	63539.64	62824.82

This information was given by Minister of State for Ministry of Agriculture & Farmers Welfare Shri Parshottam Rupala.

Conclusion:

The decision of central government to demonetize Indian currency notes eradicated some social problems like Corruption, Black Money, Counterfeiting and terrorist funding. Due to demonetization Indian farmers mainly small farmers get worst hit and they faced lot of problems

related to finance, cash etc. In one hand India economy is depend on cash transactions and in other hand new era of digital/cashless transactions is taking place, but for effective implementation of digital or cashless transaction there is need of education and promotion among the people about these things. This paper is found that without any promotion or study Government taken this step of demonetization and due to these Indian farmers faced worst situation. As per PIB report Sown area is also disturbed due to demonetization.

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