

Socioeconomic Impact of Demonetization

J. D. Salunke

Department of Sociology, Azad Mahavidyalaya,
Ausa, Ta. Ausa, Dist. Latur-413520, M.S., India

Email: jaising.salunke83@gmail.com

Abstract

There is a fair deal of research about the impact on 'GDP, black political, inequality' of demonization. Yet the effect of the banking ban on the everyday operations of rural and peri-urban communities in the region is little established. Technological innovation has allowed consumers to move from cash to payment without cash. Today the world has interconnected. With rapid industrial change, progressive dematerialization and global manufacture and interconnected monetary dynamics, optional payment technique to cash are gaining importance. Several innovative cashless transaction systems, such as mobile devices (cell phones, tablets, etc.) and credit/debit cards and other digital transaction support systems have become in the interest of the consumer. Continuous technical progress has enhanced cash-free transfers, triggering various shifts to socio-economic structures and replacing physical money today with digital economy.

Keywords: demonization, socio-economic structures

Introduction:

The whole nation faced demonetization when the Indian Prime Minister declared on November 8, 2016 that all Rs.1000 and Rs.500 will be unacceptable starting at midnight. It is an unexpected and sudden attack against of Indians. While they are technically valid, unlike the other Rs.10 and Rs.20 and Rs.50 notes. He also claimed that in a limited amount of time the notes Rs.500 and Rs.2000 would come in very soon. It was also the first time in India since 1946-1978, when demonization took effect and only had two times in Asia.

In 1946, when the high-ranking banknote of Rs.1000 and Rs.10000 was banned, the first monetary prohibiting took place. This has no meaningful public influence because common people do not routinely use such high-level banknotes. It was used extremely infrequently. The notes of Rs.1000 and Rs.500 were bringing in 1934; Rs.10000 notes were brought in four years after that. After a few years, the notes were reintroduced as well as the notes of Rs.5000.

The second prohibition was imposed in 1978 and all banknotes Rs.10000, Rs.5000 and Rs.1000 have been dropped. The main aim of the prohibition is the removal from the country of black money and the shunning of citizens involved in illegal activities which damage the country. The comparisons between

the legal ban on black cash in 1978 and 2016 are the main explanations for achieving our Country's growth and developing a productive citizens' approach. Then this act of demonetization was executed. It was broadcast on every news and radio channel around the world. It was kept quite classified.

The key discrepancies between the effective prohibition between 1978 and 2016 was the removal of the stockpiling of illicit cash into international currency. Nobody has the opportunity to hold the capital for a long time in the form of black wealth. The prohibition has profoundly affected the whole world. During the 2016 ban it was noticed that there was a uprising as modern technologies and styles will not be substituted with smaller amounts of Rs.100 and Rs.50. This case reminds us of the early 1950s, when major people raced to collect coins because of rumors.

Methodology:

For present study secondary sources analysis, interpretation including journal articles, newspaper editorial/opinion pieces were used.

Advantages of demonetization:

Increased Savings: People tend to kept less physical currency at home and deposit their cash in a bank when currency is demonetized. This facilitates them to keep more. **Lower lending rates:** Because of demonetization, money moves from citizens to banks

and monetary organization. And this is the reason of an improved flow of currency. Additional, banks and monetary organization have a lower price of finances which interpret into inferior loan tax. Better economy: Demonetization influence populace to put their cash and funds with the banks, there is a privileged flow of currency in the financial system. The administration gets more taxes and can carry out more enlargement scheme. Ultimately, this becomes better-performing market.

Curbing anti-social activities:

Disruptive foundations, such as traffickers or terrorists, frequently use cash to pay. When the administration decided to demonetize Indian currency, it was the highest flow value bills. It helped the government to strengthen its regulation of uncounted capital in the economy and to curtail destructive actions.

Decreasing counterfeit currency notes:

People exchange old notes with new on with banks during demonetization, and banks check if the currency is genuine before agree to receive them. That's why; weeding out fake currency flow in the bazaar becomes easier for the government.

Disadvantages of demonetization:

The disorder and fury that it initially formed among ordinary people has been the biggest disadvantage of demonetization. Everyone rushed to remove unused invoices, whereas the insufficient supply of new invoices affects the daily budgets of citizens. Temporary financial losses were suffered by small businesses, while banks and ATMs witnessed long lines. In rural India, the situation was even worse, as people efforts to withdraw and exchange money because of the lack of nearby ATMs and sufficient banks. Another disadvantage is that the government must allow the charge of publishing of new currency units and obliteration of old notes units, and if the costs are greater than the advantages, there will be no demonetization.

Social Impact

The information on demonetization was released suddenly and the worst affected was the common man. The social impact was drastic with marriages facing severe issues with cash transactions in marriages coming to a standstill. People conducting marriages must produce the marriage invitation to withdraw 2, 50,000 and above. This has

caused great hassles among the public. The impact on the health care sector was huge with most of the hospitals refused to accept the old currency. The issue was faced by the Union Minister Mr. Sidharamaiah in Bengaluru when the hospital administration refused to accept the old currency to retrieve his brother's dead body. The common man faced severe issues transacting in the hospitals with old currencies and several cases of death have been registered for not attending the patients due to demonetization.

Discussion and conclusion

The lack of cash contributed to payments through checks or transfers of accounts is a step towards a digital economy. People also moved to Payment or other virtual wallets that enable the transfer of electronic money. It is important to do all of this in a digital world, in which the market has more capital than other transactions. It will raise tax collections of government. According to the study, there is a large gap between the reality of the present and the government's aspirations to become a digital economy. While the demonetization declaration may have raised alertness of the diverse digital methods offered for financial transactions, the transition to these platforms needs a steady attempt and time and would rely heavily on the diverse consumer segment based on their socioeconomic outline. The impact of demonetization was felt more in the social sector and the worst affected was also the poor and the common people. Salaried class is not still able to withdraw their salaries from the banks and ATMs as a result of cash deficit. Prime Minister Modi has encouraged doing financial transactions using mobile and other electronic means. It is clearly evident that India is moving towards cash less economy. This will curb the black money to a great extent but educating the masses on the mobile based money transaction is a huge challenge.

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