

A research paper on critical evaluation of Literature review on demonetisation in India.

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ABSTRACT: On 8 November 2016, The Prime Minister of India announced that Rs.500 and Rs.1000 currency notes were stripped off to be used as a legal tender. Demonetization refers to issuing new currency either in place of old currency or as a new one. The Government of India adopted Demonetization to make Indian economy a Cashless Economy and a Digital Economy, to curb the Black Money and to reduce the funding of terrorist and hence reduce corruption. The paper study past literature of GST for its critical evaluation and thereby helps in fulfilling research gaps.

Key Terms: Demonetization, Cashless Economy, Digital Economy, Corruption

INTRODUCTION: Any Government withdraws the legal tender rights of any denomination of currency, it is known as demonetization. On November 8, Indian Prime Minister Mr. Narendra Modi announced in a broadcast to the nation that Rs. 500 and Rs. 1000 currency notes would no longer be recognized legally as currency. The total currency in circulation in India was Rs. 16.42 lac crore (US\$240 billion) of Rs. 1000 and Rs. 500 notes. He gave 4 reasons for this move which were 1. Reducing Corruption 2. Stop the funding for terrorists 3. Remove fake currency 4. Curb black money.

OBJECTIVES: To understand the concept of GST and to study past literature review of GST in India.

Literature Review survey:

Veera kumar(2017) in his paper “A study on people impact on demonetisation” studied the impact of demonetisation on the demographic profile of people and the people’s impact on demonetisation.

The study was based on primary data and collected by using questionnaire and samples were collected by random sampling method. Statistical tools like: simple percentage, Chi-Square test and Ranking methods were used.

The study found that some people have been found accused of unaccounted income and liable to high taxes and penalties. It also states that e-wallets are used increasingly which will help the country to move from the cash-based economy to cashless economy.

UKE (2017) in his research paper titled “Demonetization and its effects in India” studied the present outcome of scrapping of currency note. He also described the potential effect, consequences and future outcomes of the note ban on Indian economy.

The study was based on secondary data which has been collected from library, text books, and journals, articles from newspapers and from relevant websites available on internet.

The study found that it has helped the government to some extent in terms of reduction in black money and corruption. Liquidity of cash in banks has increased. The study also pointed that the hurdles faced by the citizens of India were temporary and after some time things became back on track. Some black money had come out and the long impacts of demonetisation will be seen in the future.

Geeta Rani (November 2016) had presented the research paper titled “Effect of demonetisation on retail outlets”.

The study was based on primary data. She had used the Questionnaire method. This was filled by the 50 shopkeepers of the area.

The result of study suggested some outcomes likewise 80% shopkeeper presented their view that from 9th November, 2016 to 10th December, 2016 there was 20% increase in sales due to accepting the old notes. But after that sales had declined. Shopkeeper started paytm and cheque system. Shopkeepers had extended credit period. Top brands like HUL, P&G had affected with only decrease of 20% sales due to brand name. More over on the basis of the study she had identified the effect of demonetization category wise. Likewise, salty snacks sale decreased by 10%, chocolates sales had decreased by 50%, biscuits sales had decreased by 20%, juice/fruit drinks sales decreased by 20%, cigarettes sales decreased by 10%, mobile phones sales decreased by 70%, gold sales increased by 70% and durable goods sales decreased by 70%. She concluded her paper by giving the views that though demonetization is painful for short term, but it will surely be beneficial for the long run moreover most customers are now adopting cashless means like paytm, debit card, cheques etc.

Kumar, S. & Burma, S. (July, 2017) in their paper “DEMONETIZATION IN INDIA: PRE AND POST EFFECT ON INDIAN INDUSTRY” studied the impact of demonetization on various prominent sectors of Indian economy that are automobile, pharmaceutical, agriculture and consumer market sector and Also compared the performance of the sectors for pre and post period of demonetization.

The study was based on the secondary data i.e. financial information and data about the impact of demonetization taken from the newspapers, magazines.

The study Suggested that the measure brought short term disturbances in the economy but will show positive results in the long term. Agriculture sector including farmers and daily wage laborers were most affected by this. Pharmacy market did not had major impact. The study suggested that soon the movement will be from cash to cash less platform. The government fundings will be improved leading to potential growth of the economy. It would also help to reduce poverty and corruption in the country.

Sahu (2017) in her paper titled “ DEMONETISATION AND ITS IMPACT ON INDIAN ECONOMY” studied the changing scenario from swapping of currency to swiping of cards, switching over to click from brick and mortar bank and also attempts to analyze whether demonetization was successful in achieving its objectives.

The study was based on Secondary data from various government and non-government publications on demonetisation and from articles related to it published electronically or otherwise.

The study suggested Demonetization will lower gaps between haves and have nots, create increased job opportunities and will contribute to economic growth in the long run. Demonetization can be seen as building a bridge to digital nation.

Tiwari, D. & Khan, S. (2017) in their paper titled “A study on Demonetization and its Impact on Corruption and Black Money” studied the situation of black money in Indian economy and the impact of Demonetisation in curbing the Black Money.

The data concluded the positive effect of demonetization on black money. Demonetization has drastically affected the black money existence in Indian economy and has proven a courageous step to slash various illegal sources and activities in the country. It states that the implementation of demonetisation has helped the government to keep check on the black money by making exit the large amount of unaccountable money from the economy.

Deodhar (2016) has brainstormed on the idea of demonetisation and its possible role in curtailing black money from the Indian currency system. He has questioned the working of tax department for illegitimate cash usage by culprits. He has appraised the process followed for demonetising the economy by introducing Aadhaar Cards and Jan Dhan accounts and thereafter ban of currency. He has called black money a chain and not a pool which cannot be tracked all together in a single shot activity. Thus, he concluded that this action was just a starting edge for removal of black money.

Banerjee & Sayyed (2017) studied the impact of demonetisation on e-commerce industry by conducting a primary survey through structured questionnaire and interview of 100 online customers in Pune. It was observed that online stores like Amazon, Flipkart etc. had turned down the cash on delivery option for customers. This encouraged use of e-wallets like Paytm for online purchases. It was found in the study that 76% of the customers were aware of online payment system and started utilising it more after demonetisation

Conclusion: From the above study it can be concluded though Demonetisation has not been able to achieve all the stated purpose but still it has made a start in achieving many things like it has been contributing to make Indian economy as a Digitalised Economy. It had promoted the use of E-Wallets transforming India from Cash based to Cashless Society. The study of literature review showed that Demonetisation will achieve its objectives in long term.

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