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POLITICAL WILL POWER AND DEMONETIZATION IN INDIA: SOME ISSUES

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ABSTRACT:

The Politics and Economics are the two faces of a coin. Since the ancient times, the administrative system is minting and utilizing the coins and currencies in different names, ways and for different purposes. They represent to understand their social, cultural, religious and economic situations and status during that period. The flow and direction of the currency

value is depending upon the policy measures and actions of the administrative system. In India, the demonetization process was took place for the first time during the period of Mohammed Bin Tughlaq and thereafter recorded for onetime pre-independence i.e. British ruling (1946) and two times post-independence i.e. during the period of Janata Party led Government (1978) and recently, during the period of NDA led Government (2016).

As compared with recent demonetization process, the early demonetization processes are not dragged and discussed seriously. During the six decades of Congress ruling, this kind of revolutionary action did not taken place but non-Congress led governments did it. The demonetization which is announced by the Prime Minister of India on 8th November, 2016 with his press notes "the demonetization is necessary to abolish the black money, fake currency notes, tax evasion and to control over on Pakistan motivated terrorist activities". But, some politicians and academicians have remarked that this is political motivated action and calculations. Later on, the Prime Minister has mentioned this issue into cashless and less cash transactions, digitalization, banking, mobile banking, online transfers etc. In contrary, it is difficult for common man of India to reach such kind of facilities. Demonetization has affected the people of India in many ways.

KEYWORDS: Political Will Power – Demonetization – Black money – Fake Currency – Terrorism – Less Cash and Cash less – Digitalization – Political Calculation.

INTRODUCTION

Politics and Economy are the special thoughts of India, and are working as two faces of a

same coin. Transformation of Indian economy from barter system to rupee transaction system is really a typical and evolutionary. There was a system of minting and usage of different coins made up of gold, silver and copper in ancient periods called Purana, Karshapana, Suvarna Roopa, Tamra Roopa, Rupya Roopa

existed in between BC 3000 and 2500. Chanakya also explained about the importance of rupee regarding the administration of a state. But, in the history of India, the concept of demonetization has been started since times of Mohammed Bin Tughlaq. The NDA led government step towards demonetization on 08th November, 2016 with a

ambition to curb the black money, fake currency, tax evasion, and also to control over the terrorist activities motivated by Pakistan and to eradicate poverty in India. This declaration has created a sensation all over the world.

In India, this demonetization is not for the first time. It took before independence i.e. 1946 and after independence i.e. 16th January, 1978 by the Janata party coalition government headed by Morarji Desai, declared in radio about their decision of demonetization and the recent demonetization during NDA government headed by Narendra Modi become the sensation issue all over the world. Narendra Modi justified their decision of demonetization on the grounds of curbing of black money, circulation of fake currency, tax evasion and also to control terrorism, poverty etc.

OBJECTIVES OF THE STUDY:

The following are the objectives of the study:

1. To know the background and factors of demonetization.
2. To analyse the political wills and calculations in undertaking demonetization process.
3. To examine the impacts on general public.

METHODOLOGY OF STUDY:

For the study, the secondary sources of data were used from professional magazines, journals, articles, news papers, internet, books etc. Further, the opinions and materialistic information of the demonetization has been placed in this paper.

Congress Government which could not demonetize:

The congress government ruled India for a long period of six decades and could not step to implement the demonetization even single time or in single majority. Even though there was a rumour in 1972 about the note banning process, the then finance minister K.R.Ganesh has clarified to the parliament that any kind of note banning process was not there before the government.

Ignorance of Congress towards the recommendations of Wanchoo Committee:

During 1970s, the Wanchoo Committee, which was appointed to study on problems of tax evasion and black money, had supported the process of demonetization. But, this recommendation was neglected by the then congress led government headed by Smt. Indira Gandhi by giving the reason that there was no election. However, till this day, it had demonetized partially with coins like 1 paise, 2 paise, and 50 paise only.

Reduction of Influence of Hereditary politics:

In recent days, the family politics has started losing its control on administration and the people showing interest towards the leadership based politics. Either this note banning has implemented to eradicate the black money with a presumption of stocking throughout the generations or to restrict the circulation of black money at the elections or to push and pull the public towards cash less transaction and digital payments and this was remained as a question and strength of opposition to tactic on controlling the ruling government.

Why the congress party could not think of demonetization?

The thought, which came to the minds of short term ruled Janata party government headed by Morarji Desai and NDA government headed by Narendra Modi in 2016. Even, Dr. Manmohan Singh who could not get this thought and moved in this direction as he served as a governor of RBI, as finance minister in the cabinet of P.V.Narasimharao around 1990s, served as Prime Minister of India for two times and moreover, an international economist. Dr. Singh has criticized the decision of demonetization in his speech at Raj Sabha with remarking negative impacts on the economy.

Relevancy of Demonetization:

Modi, as a PM of India, announced the demonetization decision at 8.00 p.m. of 8th November, 2016 with 48 minutes of press conference. He revokes around 14 trillion rupees by cancelling the currency denominated notes of Rs.500 and Rs.1000 and around 86 percent of the total transactions were stopped at the midnight of that day. At the very next day, all the banks were stopped their financial transactions and this created the financial problems in the country.

Political Calculations:

In demonetization, the replacement of old currency denominated notes of Rs.500, Rs.1,000 and Rs.2,000, Rs.10, Rs.20, Rs.50, Rs.100 the alternative newly minted currency denominated notes were introduced. At the beginning, government allowed a common man to withdraw only Rs.2000 per day, later increased to Rs.4000 per day and Rs.24,000 for a week. The another face of this demonetization weapon was to face successfully the short coming elections of five states viz. Uttar Pradesh, Uttarakhand, Punjab, Manipur, Goa and also keeping in view of next Lok Sabha election. In all these elections, the political calculations of caste and demonetization have played a vital role. The BJP National President, Amit Shah declared that they are ready to accept the failure or success of demonetization based on the election results of five states. Demonetization was also considered as a master stroke for the upcoming Lok Sabha elections. This demonetization had become a good weapon for the opposition parties. All of them have made strikes, road shows etc. to criticize the government decision. The opposition parties also declared 'November 8' as black day. But, it was not much successful due to lack of unity and leadership. On the other hand, Narendra Modi declared this negative impact of demonetization, as "short term pain, long term gain". By getting motivation from this statement, people reacted positively. As a result, the NDA got victory in three states and demonetization stood as one of the major factors.

Impacts of Demonetization on the Public:

At the earlier stages, it was expected that black money holders and tax thieves would be affected by demonetization. But, common people have faced the real problems and many citizens had lost their lives in conversion of their old currency notes into new ones because of the time given to exchange was very little. Banks had acted very rigidly. Implementation and management of the decision was very poor as the agriculture, general stores, medical shops, cloth merchants, real estate, transportation, daily wagers, road side merchants, retail market etc. and the common people struggled a lot to survive after sudden demonetization decision.

Pros and Cons of Demonetization:

Demonetization decision of NDA led government was supported by then World Bank CEO, Kristalina Georgieva. In the same way, the Australian Economist Hainze De Kurz criticized with remarking as opened another door for corruption. Thus, the pros and cons are discussed about the demonetization.

Is Cashless Transaction Possible in India?

India is agriculture based rural country. Many are unable to use the technology in day to day operations which is the base for digital banking, net banking, online transfer, money transfer through mobile apps etc. Therefore, it is highly difficult for a common man of India to inculcate such kind of cashless and less cash transactions in the name of demonetization and digital banking.

CONCLUSION:

Of course, demonetization was not a new concept to India. But, demonetization which declared by recently NDA government in the 2016 created a huge discussion and attracted the attention of the world and even of the common men. Even after having discussion about the pros and cons of the stable economy, development of the people and of the nation, the government has tried to control over

terrorism, corruption, poverty, misuse of tax but did not completely removed through this demonetization tool. The black money, fake currency, money laundering are the common problems still existed in the economy. The recent government was under deep pressure of bringing back black money which was deposited in Swiss Bank but struggled and struggling lot. Thus, it tried to divert the attention of the demonetization subject and realized that the implementation of any policy is difficult for a country like India and required well and effective planning is very important in this regard. Whatever the pros and cons of the demonetization, it has been proved as a sensational issue all over the world.

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