

Review Of Research



PROS AND CONS OF DEMONETISATION

Dr. Manjunath B. Tallur

Assistant Professor, Priyadarshini First Grade College , Rattihalli, Haveri(Dist).



ABSTRACT:

Demonetisation has been the subject of each speak since the large announcement by the Prime Minister. News channels and social media has been crammed with reactions and memes in relevancy ending. The talks are huge as a result of all the individuals area unit being laid low with this move. once taking note of all the pointers since the event, we've compiled the right list of professionals and cons of the move. Let's take a look:-

KEYWORDS: Demonetisation , voice communication , Indian economy.

INTRODUCTION

It is a transformational call taken by the govt to ban Rs.500 and Rs.1000 notes from circulation within the market. the choice was taken to minimise the black cash and corruption. The tally are supplying Rs.500 and Rs.2000 notes from nowadays forward. they need discharged an announcement by voice communication that each one the Rs.500 and Rs.1000 notes square measure to be deposited at close banks or post-offices. this may be an everyday currency circulation all throughout India. All those those who square measure panicky with this move by the govt needn't worry the least bit because the government has assured that 'Your cash are yours. you may not lose something thus there's no purpose in being afraid. There will be no restrictions on non-cash payments by cheques, demand draft's, and electronic fund transfer.

INDIAN DEMONETISATION PROS AND CONS

Every person has their own and totally different fight this massive move. The government and many other believe it will bring about many long-term benefits for the Indian economy, whereas, opposition parties try to emphasize the bad that has come from the demonetisation in the short-term. Following square measure the list of execs of ending of 500 and a 1000 rupee notes:-



Pros of Demonetisation:-

Biggest Invasion on the Black Markets – The parallel economy or the black free enterprise has been operating and growing robust in India. within the past conjointly, several makes an attempt are created however none as huge as this to curb and stop the black markets. In numbers, 86% of the whole take advantage the market was 500 and a 1000 rupee notes and also the price of an equivalent is 14.18 100000 large integer (US\$210 billion) as on thirty first march 2016 as per run. Black cash hoarders and marketers dealt principally within the 500and a thousand rupee notes and can be hit arduous and lose huge. revenue enhancement department will get on the planning out for the unaccounted money deposit and two hundredth penalty has been proclaimed for unaccounted money deposits.

Removal of Counterfeit Currency – Counterfeit currency or faux currency has conjointly been a locality of the 500and a thousand rupee notes circuit. As per estimation, quite half dozen 100000 faux Indian currency notes in denominations of 500 and a thousand area unit a locality of the money circulation within the markets. The face price of those notes is quite Rs four hundred large integer. of these are going to be dismantled and detected once they're conferred within the banks for deposits.

Combating terrorist act and graft Funding – terrorist act network is additionally been funded by loads of faux currency and black market hoarders. a serious hit of ending is conclusion the terrorist bombs before it takes any kind of form. Another hit is that the graft section wherever legion organization and upper-level officers are going to be surfaced as graft is thru black cash in 500and a thousand rupee notes and area unit currently as Modi aforementioned “pieces of paper and zilch a lot of.”

More Tax Collections – Since all the cash are going to be within the banks and accounted for, there'll be a lot of taxes collected by the govt and a lot of development comes will be introduced to boost the infrastructure of the country.

Moving Towards Cashless Economy – With the Pradhan Mantri Jan-Dan Yojna for monetary inclusion of the lots and currently this ending move, the govt has set the country for a cashless economy moving forward. Plastic cash or e-money can before long be the mode to form payments within the future transactions.

Cons of Demonetisation:-

- **Chaos and Frenzy** – The banks and ATM area unit the most important attraction for public currently. a rustic as massive as Bharat and therefore the undeveloped infrastructure is guaranteed to produce chaos and confusion. once one hundred twenty five large integer folks run out of money directly, exchanging notes, depositing them and withdrawal of money may be a tall task.



- **Demonetisation is a Costly Affair** – Destroying previous currency and creating new one involves an enormous value. supplying is also not progressing to be cheap. the complete method of currency recycle goes to require time, huge value and plenty of suffering on a part of the people.
- **Black still prevails** – though termination may be a huge step to curb the black markets, still it solely curbs the method, black cash still exists with folks. this can be through the unaccounted valuable purchase (like gold), unaccounted foreign currency with folks and land markets.
- **Slowing the economic growth** – income is vital for a developing country like Bharat and termination may be a huge bump for the liquid markets and therefore brings down all the trades within the economy.
- **Burning the old black** – several reports of previous money drop or burnt in bulks area unit egression and this can be not sensible for the country. Black cash is definitely going out however this fashion it's not being place down permanently. the govt. ought to work on a theme to confirm that this dump reaches them. I am positive folks need to straighten out and acquire back heading in the right direction and government ought to make sure that.

Reasons of Demonetization

We knew terrorism is a frightening threat, but who funds these terrorists? Our enemies they use the pretend currency to sponsor terror-this was well-tried many another times. Corruption and black cash are the most important obstacles in our country. it's weakening the efforts to get rid of economic condition. Our country is speedily increasing in terms of growth and that we are in No.1 position in terms of growth however we have a tendency to are stratified seventy six in international Corruption Perception ranking. It clearly shows however corruption and black money have spread their tentacles.

IMPACTS OF DEMONETIZATION

- **Inflation** : it will cause deflation within the market as those who have earned cash through extralegal ways in which would be afraid to declare the money as they'll be prosecuted by the taxation department on the legitimacy of their financial gain.
- **Reduction in financial Circulation:** this can cause reduction of cash circulation within the economy resulting in deflation. price of cash are going to be increasing that we've got as a result of the overall cash in hand are going to be taking place however the commodities and things offered within the market haven't gone down. It will cause inflation slowly however not long.
- **Cash Deposits in Banks:** lots of money that are wrongfully earned are going to be deposited within the banks and currently the banks with additional deposits are going to be able to do additional loaning.

- **Easy Loans:** Loans can become easier and interest rates could return down. As banks can have more cash therefore additional loans are going to be given out which is able to increase the money offer within the market and it will produce inflation.

Advantages:

- The major call that is formed by the govt. can facilitate US to eradicate black cash, corruption to some extent.
- Due to lack of funding there'll be no arms importation and every one the terrorist activities will be obstructed.
- The government has planned the new limits on ATM withdrawals being restricted to Rs.2000 per day, withdrawal from checking account is Rs.10000 daily and Rs.20000 every week. It indicates that card transactions can slowly replace the money transactions in our daily prone activities.
- Exchange of cash in banks will solely be done manufacturing a legitimate identity cards like PAN, aadhar card and electoral card from ten to twenty four Nov with a daily limit of Rs.4000. By doing therefore it will be simple for the govt. to trace the cash that is being changed in banks. There is no limit if the amount which we are exchanging is legal amount.
- Financial Intelligence Unit can track all details of the transactions from the banks. therefore currently it's very tough to induce obviate the black cash.
- Real estate business is completely corrupted and currently by this rigorous call the \$64000 estate sector can usher in additional transparency. By doing it during this manner we'll have additional believability, creating it additional enticing to the foreign investors further as domestic investors.

Disadvantages

- It will cause great inconvenience to commoner UN agency will begin running to bank to exchange Rs.500 and Rs.1000 notes.
- By substitution all the Rs.500 and Rs.1000 denomination notes, as ordered by the govt., may value the tally a minimum of Rs.12000 large integer.
- It will be very difficult for half of the population who are not well versed with the card transactions.
- The major downside is that massive fishes are going to be not noted whose black cash is within the variety of foreign currency, gold and property and stashed in tax havens.

CONCLUSIONS

The advantages are much dominating and it will be within the future interest of our country well outweighing the disadvantages. Government ought to take all the required steps therefore on make sure that there will be a sleek flow of currency exchanges. it might develop into chaos if government takes no necessary steps to flow into cash properly. It will create an enormous amendment in our economy. We congratulate the entire government and those hidden brains of our democracy who brought this decision.

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