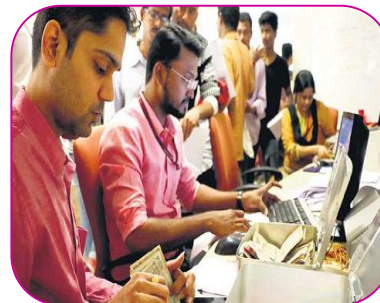




## “DEMONETIZATION AND DEVELOPMENT OF CO-OPERATIVE MOVEMENT IN MAHARASHTRA”

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### ABSTRACT

After the Demonetization Policy adopted by the government of Indian, the various aims of the policy expected that one of the aim was cashless economy. To achieve the aim of cashless economy the government take a some steps to move towards cashless economy/ digital economy. This move of the Govt. affects some sectors in economy the co-operatives sector is one of them. The co-operatives in rural India faced many problems to providing financial services because of lackof the technology. But the co-operatives can play the important role to meet the problem. The problems of Rural people by providing financial services through the digital mode. It is a big opportunities for co-operatives in making use of digital economy.

**KEY WORDS:** cashless economy , digital economy , Demonetization Policy.

### INTRODUCTION

This research paper focuses on the effect of the demonetization on co-operative sector in Western Maharashtra and particularly in the Rural co-operative Banking and Co-op. Milk Societies. Impact of demonetization and digital economy policy on every co-operative society and related every member of the Co-op. Societies. The co-operative societies in Rural area works as a lifeline for the people and economy. Hence, it become important to know how recent demonetization and cashless economic policy will affect the rural Banking and milk Co-op. in Western Maharashtra. When the central govt. move to demonetize Rs. 500 and 1000 notes the govt. ban on accepting old currency of the Co-op. banks the banks which are the backbone of rural economy have been paralyzed. And the restriction on the conduct of business after demonetization will have major impacts on these co-operatives.

### OBJECTIVES OF THE STUDY :

- 1) To understand the meaning of demonetization.
- 2) To study the demonetization, digitalization and co-operative movement.
- 3) To study the demonetization and Maharashtra's co-op movement.
- 4) Problems of rural co-operative societies to adoption of digitalization after demonetization.
- 6) To suggest some measures for digitalization of rural co-operative societies.

### CONCEPTUAL FRAME WORK :

What is demonetization : Demonetization is the act of stripping a currency unit of its status as legal tender. It is necessary wherever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit. In 2016 the Indian government decided to demonetized the 500 and 1000 rupee notes. These notes accounted for 86% of the country's cash supply. The demonetization

of currency notes was supposed to be an attack black money, on counter test notes, and projected as part of a broader push to promote digitalization and cashless payments.

Digitalization can play an important role in enabling growth of co-operative sector. Co-operative societies have a big role in India's socio-economic growth so through the digitalization Co-operative sector should develop their transactions methods. 8<sup>th</sup> November 2016 p.m. Prime Minister of India Hon'ble Narendra Modi declared the policy of demonetization and to move to help make the economy cashless.

#### **METHODOLOGY :**

The present study is based on secondary data. The sources of data and facts released by the RBI various reference books, reports, views of leaders and officials of various co-operative societies, bank reports, newspapers and published document of govt. and magazines, Research papers on demonetization etc.

#### **FACT AND FINDINGS :**

After the demonetization of Rs. 500 and Rs. 1000 notes the Reserve Bank of India slapping the restrictions for the co-operative banks who have provided Credit to farmers through the 370 DCCBs and over 93000 PACS these banks provides credit through two and three tier system. This system is like the railway and the co-op. banks and societies in state economy as the lifeline but restrictions of RBI have been severely hit co-operative societies transactions the whole chaos will take away the trust of common man from co-operative banks. Customers will think twice again before depositing their hard-earned money or taking loan against their property from local co-operative banks. Due to uncertainty the people will now be scared to Park their money in future in these banks due to uncertainty as their credibility has also taken a hit. The note ban and demonetization policy has dealt a severe blow to the thriving co-operative sector in western Maharashtra.

In Maharashtra's western region known as a rich for co-operative societies there is a big network of various co-operative societies and the mainly in rural area there are Rural Credit Societies, DCC Banks and milk co-operative societies are the lifeline and big support for rural common man but the demonetization policy and policy of RBI for co-operatives disturbed the co-operative societies operations.

In western Maharashtra what is impact on co-operative's is discussed by the help of views of co-operative leaders and scholars. The official information is that there is central nervous system for the financial sector in this part of Maharashtra the co-operative banks and milk societies are now struggling for survival. Farmers, who were loyal members of these co-op. banks for decades, too have started moving to nationalized banks. Demand for nationalized banks to set up branches in villages have been rising after demonetization farmers have also urged the sugar mills and dairy firms to credit payments into their accounts in nationalized banks rather than the co-operative banks.

In Western Maharashtra's Kolhapur, Sangli, Satara and Solapur districts DCCB's Chairman and milk co-op. federation leaders as well as the scholars of in region put on view about the demonetization and its effect on co-operative movement in western Maharashtra. 1) The chief executive officer of Kolhapur district central co-operative (KDCC) bank replies that demonetization had brought banking activities the daily turnover has come down from average 55 crores to Rs. 5 crores so the situation of rural banks is critical. The milk and sugarcane bills are struck in the farmers are not able to get their own money due to cash crunch. The Kolhapur milk co-operative (Gokul) instructed their village level milk societies to open accounts in nationalized banks. The KDCC bank has loosed the customers and loss in interest and income. The situation of KDCC is made critical the online transfer of money credited to KDCC accounts to the nationalized banks.

2) The chairman of the Sangli District Central Co-operative Bank (SDCC) said that the demonetization has halted the growth of the co-operative movement in Sangli district. The bank have followed all the govt. norms but the problems arises to pay the milk and cane bills to farmers the bills deposited on the farmers

account but bank unable to pay in cash. The daily turnover of the bank come down Rs. 25 crores to Rs. 2 crores. The demonetization affects 600 village milk co-op. societies and 637 local development societies. Farmers submitted written forms to transfer the amount of cane and milk bills to their accounts in nationalized banks.

3) The Satara District Central Co-operative bank (SDCC) with 313 branches spread in rural areas of district is a backbone of rural economy. The lack of members of co-op. societies are moving to the nationalized bank. The daily turnover come down from 35 crores to 12 crores. The general manager Mr. Madhukar Jadhav said banks have no sufficient cash and turnover has slow down. 4) The Chairman of Solapur District Central Co-operative Bank (SDCC) said the Solapur DCC bank is in trouble in after not ban and therecovery is less and capital is reduce after demonetization. The demonetization policy affect various co-operative societies in Solapur District who depends on DCCB.

The economist from Sangli and Kolhapur district Mr. Anil Satre and J.F. Patil said people in rural areas are confused over the status of their bills and money. The farmers are helpless and it been seen as if they are facing recession due to drop in demand for commodities. And the leadership of Western Maharashtra after the demonetization move to an attempt to end the dominance of these parties. People are reframing from depositing their money co-operative banks owing to suspicious over their credibility.

#### CONCLUSION :

- 1) After demonetization due aim of to promote the cashless economy has not success because of awareness among the members of co-op. societies, due to lack of digital facilities in rural area.
- 2) No sufficient progress in cashless transactions after the one year of the demonetization.
- 3) Demonetization affects on to decline the hold of co-operative over the western Maharashtra.
- 4) The situation of co-operative societies in Western Maharashtra is critical after demonetization policy.
- 5) Rural poor members of co-op. societies unable to adopt the new technology and digital transactions.

#### SUGGESTIONS:

- 1) To solve the problems of digital or cashless transactions of co-operative societies arrange a programs for digital awareness among the co-operatives and their members.
- 2) To give training to the members of co-op. societies for using mobile, internet, apps, e-wallet, Adhar based payments. ATMS etc.
- 3) To arrange a interaction session for co-operative banks and societies regarding registration and implementation of various digital methods of payments.
- 4) Government should give same facilities for cash transactions and digital transactions nationalized banks and co-operative banks.
- 5) Research projects must be undertaken for solving problems of digitalization process of co-operative.

The remedial measures taken by the government agencies to digitalization process of co-operatives. Recently NPCI the National Payments Corporation of India said all co-operative banks in the country would be part of digital transactions by March 2018. And all co-operative banks which computerized their operations, would be part of digital transactions. Said NPCI Managing Director and CEO. A.P. Hota. Now technology companies such as Google Inc, Facebook Inc and WhatsApp Inc. are in talks with the NPCI to launch UPI- enabled payment on their platforms and this would significant boost digital payments in the country and also to the co-operative sector.

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