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## IMPACT OF DEMONETIZATION ON UNORGANISED YOUTH LABOUR

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### ABSTRACT:

The move of demonetization adopted on 8<sup>th</sup> November 2016 by Government of India in curbing black money showed its effects too. The impacts were much more evident in the structures and functioning of different systems – economic, political and social. This was though welcomed by most of the citizens yet the anguish of its impact was also heard. The impact was greatly felt on Indian economy but besides this the social lives were also not left uninterrupted. Both power of purchasing and power of transactions had knocked down. The anarchy aroused was experienced by every strata of the Indian society; however major victims were the people in an unorganised sector of our economy. Indian economy constitutes majorly on unorganised sectors where transactions are made on cash bases. Thus, the paper examines the implications of demonetization broadly on unorganised sector and in particular, youth labours of this sector.



**KEYWORDS:** Demonetization, Indian economy, Unorganised sector, Youths, Society.

### INTRODUCTION

On eve of 8<sup>th</sup> November 2016 Government of India declared 86 percent of currency notes as illegal tender. This shift generated various effects on political, economic and social spheres in individual's life. Financial source in itself is not just connected to economic aspects but has interlinked and interrelated with all spheres-social, political, religion and so on. The operation of demonetization executed by Indian Government was brought out to curb and flush

out the black money and turn it to legitimate and taxable. This surgical strike was a big hit on the economy of India. This beat the stable system of society into chaos. This disturbance had touched upon all sectors of socio-economic and political sectors. Both power of purchasing and power of transactions had knocked down. The anarchy aroused was experienced by every strata of the Indian society. The major impact was witnessed among the rural population and majorly unorganised sectors. Indian economy constitutes majorly on

unorganised sectors where transactions are made on cash bases. There is an utter need to intervene the implications of demonetisation broadly on unorganised sector. In India, labours in various unorganised sector hold major proportion in total. India as a developing country holds large scale of out migration between state to states and from rural to urban communities. One of the sector such labours work are construction sites. Thus, such labours with lack of financial support and securities undergo heavy impacts of demonetization.

Unless, this section of populations is touched upon for examining the impacts of demonetisation, the results drawn may go invalid leading to put on right implementation for betterment. Thus, the paper examines the implications of demonetization broadly on unorganised sector and in particular, youth labours at constructions.

### REVIEW OF LITERATURE

There has been various review of literature on the demonetisation, but a few literatures are on the implications of demonetization in India in regard to organised labours. For the present study various literatures has been reviewed. Parul and Anju found out that demonization to improve financial inclusion had its impact on the people. The study showed that ordinary individuals were more adversely affected than others. Ambalika and Divya Rai study reveals that rural population and urban lower and middle as well as informal class were most sufferers due to demonization. R. Rajendra Kumar has shown that common people in the ground level (below poverty line) are the most impacted people by demonization. Thus, most studies have studied the broader section of the population as rural people and informal class of economy.

### OBJECTIVES:

1. To understand the socio-economic conditions of the unorganised manson youth labours.
2. To examine the implications of demonetization on unorganised manson youths labours.
3. To know the opinions of unorganised manson youth labours on Demonetization

### DEMONETIZATION:

Deionisation is not a new concept to India and other countries. In India today, it has become a household word. As per dictionary demonetisation means "ending something that is no longer the legal tender of a country" Demonetization here refers to withdrawal of a particular form of currency from circulation. It is a process of removing or substituting old unit of currency with a new currency unit. Many countries around the world have adopted the method. Demonetization has been adopted with aim of various objectives such as to overcome hyperinflation, to fight corruption, to curb black money, to bring economic stability, to remove counterfeit currency etc. Some of the notable examples of demonetization around the world are: Soviet Union (1991), Myanmar (1952, 1964, 1985, & 1987), Zaire (1997), Pakistan (2016), North Korea (2010).

Sl. No	Country	Year	Reason for Demonization	Successful/Unsuccessful
01.	Ghana	1982	Curb Corruption	Unsuccessful
02	Nigeria	1984	Curb Corruption	Unsuccessful
03	Myanmar	1987	Increase currency value	Unsuccessful
04	Soviet Union	1991	Banish black money and increase currency value	Unsuccessful
05	Australia	1996	Stop counterfeiting	No side effects
06	Zaire	1997	Withdraw obsolescent currency	Unsuccessful
07	North Korea	2010	Banish black market	Unsuccessful
08	Zimbabwe	2015	Overcome hyperinflation	Unsuccessful
09	Pakistan	December 2016	Bring new designs in currency	Cannot predict

Most of the countries were unsuccessful by demonetisation except Australia as its objective was only replacement of paper currency by plastic currency. Pakistan demonization is still in process and its citizens have nearly a year to exchange old notes. Thus, its effect is still unknown. India too holds a history of demonetization as it had also experienced demonetisation.

### History of Demonetisation in India

India has carried out and experienced demonetization exercised twice before, in 1946 and 1978. The first demonization was exercised on 12th January 1946 by withdrawing Rs. 1000, Rs. 5000 and Rs 10000 notes out of circulation later in 1958 all three denominations were reintroduced. The second phase of demonetization was done on 16th January 1978 when an ordinance was promulgated to phase out notes with denomination of Rs. 1000, Rs 5000 and Rs. 10000. But the last demonetization is much different from the 1978 demonetization which never really affected ordinary people. However, in comparison to present scenario, the effect has been largely upon the ordinary man than on the ones who are the main contributors to the black money.

### Impacts of demonization in India: 2016

India as under banked economy having major informal sector of economy comprising of domestic help, contract labourers, daily wage workers, farmers, fishermen, micro-entrepreneurs etc. runs transactions on cash. These sections of the population do not have bank accounts and are not the part of digital economy. The demonetization made impossible for them to get cash in lower denominations for their daily operations. The common man has had to bear the economic hardship as 90 percent of all transactions are paid in cash [4]. Since financial digital economy needs long way to go in Indian economy, people had to be queuing outside ATM centers and banks for cash transactions. This is due to lower level of digital financial literacy [3].

The effects of demonetization have been even more worrying in the rural parts of the country which are even more dominated by cash and limited digital economy. The demonetization has led them to compromise on their work and stand in long queues outside banks for their own hard-earned cash. The black money -dead capital" of the rich which was not available in the formal economy is now being turned into live capital". Thus, impacts of demonetisation have its impacts majorly on informal section of population.

### Indian Economy

In India 80% of India's labour force is employed in the informal sector. India is still largely dependent on primary activities including agriculture and allied activities as well as activities of informal sector. All activities such as production, exchange, distribution, services etc. form an economy. It is called formal economy. An informal economy is economic activity/activities that is neither taxed nor monitorized by Government, contrasted with a formal economy. Informal sectors of Indian Economy includes 106 activities like agriculture, workers in construction, local transport, community services and small workshops like shoe makes and garment makers (*International Conference of Labour Statistics (2003)*).

The total informal sector comprises of 45% of the GDP of our country. Over 60% of population of India lives in below the poverty line. Since money is the life blood of every economy, money circulation is very essential for the economy to progress. And India probably has one of the highest currencies in circulation ratio. With demonetisation circulation of money is hurdled. Not only does the economy depend on this but also the other system of the society-political, social depends on money ultimately.

According to sociological functionalist theorist Talcott Parsons, every system has a pre-requisite to function its tasks for smooth running of a society. And when the pre-requisite is fulfilled (money circulates), the parts of a system (political, social, economic spheres of a society) holds stability and order. But, if a pre-requisite fails to be fulfilled then the functions are disturbed and the society gets the state of chaos and conflict. Thus, when a country undergoes demonetisation, the pre-requisite of money circulation fails leading to disorder in the society. As India as an under banked economy, cashless economy still requires time to grow completely, majority of the transactions takes place through cash. Thus, with this demonetisation move, no doubt it causes severe social problems among different strata's of the society.

## METHODOLOGY

The present study was conducted in Bangalore of North Karnataka. Since Bangalore has become the peak point for IT, all sections of people from the country flow into the city. The city holds both extremes of socio-economic people in it. And as Bangalore is developing, the construction of infrastructure, commercial buildings, apartments and roads are all under constructions. Thus, Bangalore was selected as study area. The study included both secondary and primary data sources. In the present study due to time constraints, the sample selected was set to 80. The selection was done by applying simple random sample method. The field study was conducted from 3<sup>rd</sup> March 2017 to 12<sup>th</sup> March 2017.

In Bangalore urban, based on information available four major areas under construction were selected. In each of these four areas, one construction site was selected by lottery method. Further, the information of labours and their age was collected from labour contractors or HRs. And based on the target age group of youths in the study, 20 youth labours from each construction site were selected randomly (i.e., if there are 200 eligible respondents, then we need to select 20 respondents from each construction site, this was done by selecting every 10<sup>th</sup> respondent of the schedule.) Semi-structured interview schedule was used as tool to collect information. During the field visit due to some non response and incomplete information given by few respondents, the final sample reached to 70 i.e. 87% of the study sample target.

## MAJOR FINDINGS SOCIO-ECONOMIC PROFILE

With the demographic changes, a large number of socio-economic changes has also influenced the pattern of caring and support to the elderly. The socio-economic variables in the study are judged on variables like age, sex, married status, living status of the spouse, caste, religion, educational qualification, occupation and household.

SL. No.	Variable	Freq.	Percent
<b>01</b>	<b>Age</b>		
	15-18	06	08.57
	18-21	14	20.00
	21-24	22	31.42
	25-29	28	40.00
		<b>70</b>	<b>100.00</b>
<b>02</b>	<b>Sex</b>		
	Male	54	77.14
	Female	16	22.86
		<b>70</b>	<b>100.00</b>
<b>03</b>	<b>Education</b>		
	Illiterate	14	20.00
	Primary Education	24	34.28
	Secondary Education	32	45.71
	Graduation & above	-	--
		<b>70</b>	<b>100.00</b>
<b>04</b>	<b>Marital Status</b>		
	Unmarried	32	45.71
	Married	36	51.42

	If any (widow/ widower/divorce/ separated)	02	02.85
		<b>70</b>	<b>100.00</b>
<b>05</b>	<b>Income</b>		
	Less >5000	04	05.71
	5001-10,000	34	48.57
	10,001-15,000	32	45.71
	<15000		
		<b>70</b>	<b>100.00</b>
<b>06</b>	<b>Type of Family</b>		
	Joint Family	34	48.57
	Nuclear Family	30	42.85
	No family	06	08.57
		<b>70</b>	<b>100.00</b>
<b>07</b>	<b>Religion</b>		
	Hindu	54	77.14
	Islam	14	20.00
	Christian	02	02.85
	If any other		
		<b>70</b>	<b>100.00</b>
<b>08</b>	<b>Caste</b>		
	SC	28	40.00
	ST	22	31.42
	OBC	20	28.57
		<b>70</b>	<b>100.00</b>
<b>10</b>	<b>Residence</b>		
	Urban	56	80.00
	Rural	14	20.00
		<b>70</b>	<b>100.00</b>

The table above shows that majority of the respondents were male (77%) in which 40% of the respondents belonged to age group of 25 to 29 years and 8.5% of the respondents were of 15 to 18 years of age group.

India as a developing country has many undeveloped states. BIMARU (Bihar, Madhya Pradesh, Andhra Pradesh, Rajasthan, Uttar Pradesh) are some of the undeveloped states which do not have any supportive geographical or economic source to work. Hence, people from these states migrate to Karnataka in order to make their ends meet. Such people due to their low education and lack of skills enter low skilled jobs like construction. In present study holds evidence for the same where 62% of the respondents were migrants from other places within Karnataka and outside the state residing in rural areas. Nearly 50% of the respondents had secondary education entering construction works for wages. Nearly half the respondents get wages of Rs. 300 per day. Thus, majority of the respondent's income lie between Rs. 5000-10000.



Marriage and family as an institution is stronger in rural communities than in urban. Since majority of the labours are native of rural community belonging to the age group of 25 to 29 years, the table revealed half the respondents were married and had joint family. And since in changing society nuclear family rapidly replacing joint family resulting to 42% of respondents living in nuclear family.

Religion and caste has been one of the important factors of social determinants. The table shows that 77% of the respondents belong to Hindu followed by 17% Muslims and barely 2% Christians. Whereas, large number of respondents (40%) belongs to schedule caste followed by 31% of the respondents belong to schedule Tribes and nearly 30% are respondents from other backward caste.

**Opinions about Demonetisation**

Sl. No	Opinion about demonetization	Yes		No		Total	
		Freq	Percent	Freq	Percent	Freq	Percent
01.	Helps curbing corruption	56	80.0	14	20.0	70	100.0
02.	Helps curbing black money	52	74.2	18	25.7	70	100.0
03.	Helps in economic development of India	56	80.0	14	20.0	70	100.0
04.	Is a political gimmick	44	62.8	48	68.5	70	100.0
05.	Is a planned move	02	02.8	68	97.1	70	100.0
06.	Reduces gap economic between the rich and the poor	62	88.5	08	11.4	70	100.0

The strong impact of post announcement of demonization had in November 2016 touched every individual’s minds and pockets. Thus, all the respondents were aware of demonization and its aim to curb black money (74%) and corruption (80%). Respondents despite problems faced all the respondents were aware of the act of demonetisation as planned, but only around 30% respondents considered it to be a political gimmick. But, majority welcomed the act as they believed demonetization will help economic development of India (80%) and would reduce the gap between the rich and the poor in the future (88%). More than half the population (60%) of the respondents do not have bank account paving no or least scope for cashless transaction.

**Problems and Implications of Demonetisation**

With unexpected declaration of demonetization the economy had a sudden strike. This also disturbed the political and social lives of the people. It was evident in various studies that some sections of the society had to suffer more than others i.e. unorganised sector has been hampered more suffering. As cash is their only means of receiving income and making payments, demonetization has led to a situation of cash crisis in the economy which has created a huge disruption on work and daily lives of these people with severe adverse impacts on their livelihoods and well-being [3]. But in the present study it was found that more than half the respondents/sample (57%) did not face any problems due to monetization.

Majority (65%) of the respondents said they had no transaction problems. This is because the manson youth labours get their wages on weekly/monthly bases. Since the demonization was declared on 8<sup>th</sup> November, the labours had already wages by which they had purchased their monthly rations which did not disturb their daily basic needs. Though half the respondents faced wages problems as the owners, contractors failed to give them wages for more than half a month. Yet no transaction problems were found among the respondents. They also received helped financial help from owners, friends and relatives by those who needed in emergencies.

Only less than half the respondents/sample (37%) expressed the demonetisation effect on living conditions and only minimal percent age of respondents (5.7%) had to postpone or set out for their bigger plans like wedding and pilgrimage tours they had on hands.

The study found that despite the upheavals faced by the youth labours, majority (97%) of the respondents experienced positive changes due to demonetisation. When asked upon the positive changes the respondents mentioned positive experiences as “black money came out” “we got employment”, “rich people became submissive and polite”. Various aspects have influenced the outlook towards the situation of demonetization such as “Honourable Modi as leader, changes and better welfare programmes brought by Government in power, hopes of having better India, etc. have all lead individuals in Indian society to overlook the problems faced by them during the hard days of demonetisation.

### CONCLUSION:

Thus, it can be concluded that demonetisation has had its effects on all sections of society but drastically on people of informal sector of economy as this group depends largely on cash transactions. In the present study the effects of demonetisation on the manson youth labours was studied. Despite the impacts of demonization on the people of the country; the study results shows that this section of unorganised labour have not been impacted much more comparably to that of the other informal sector of economy. delay in payments of wages was the major problem. To the misfortune, these labours completely depend on cash for their day in and day out livelihood and still have no social security during such crisis or receive such securities during such emergencies. This should be looked upon by policy makers. Despite this, the study has showed the positive outlook towards demonetisation from this section –unorganised youth manson labours. Thus, demonization can be picturised as “explosion of bitter strike from above with betterment for the future within”.

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