

Journal, 17-18
5



Peer Reviewed Referred and
UGC Listed Journal
(Journal No. 40776)

ISSN 2277-5730

AN INTERNATIONAL MULTIDISCIPLINARY
QUARTERLY RESEARCH JOURNAL

AJANTA

Volume-VII, Issue-II

April - June - 2018

Part - II

IMPACT FACTOR / INDEXING

2017 - 5.2

www.sjifactor.com

Ajanta Prakashan

ISSN 2277 - 5730
AN INTERNATIONAL MULTIDISCIPLINARY
QUARTERLY RESEARCH JOURNAL

AJANTA

Volume - VII

Issue - II

April - June - 2018

English Part - II / Marathi Part - II / Hindi Part - II

**Peer Reviewed Referred
and UGC Listed Journal**

Journal No. 40776



ज्ञान-विज्ञान विमुक्तये

**IMPACT FACTOR / INDEXING
2017 - 5.2**

www.sjifactor.com

❖ EDITOR ❖

Assit. Prof. Vinay Shankarrao Hatole

M.Sc (Math's), M.B.A. (Mkt), M.B.A (H.R),
M.Drama (Acting), M.Drama (Prod & Dir), M.Ed.

❖ PUBLISHED BY ❖



Ajanta Prakashan

Aurangabad. (M.S.)



CONTENTS OF ENGLISH PART - II



Sr. No.	Name & Author Name	Page No.
1	Small Business and Entrepreneurship Dr. Sadavarte Khalifa Khalil Jamilmiya	1-6
2	Study of Impact of Mobile towers and Cell Phones Radiations on Human Beings and Solutions to Reduce Radiations and its Effects Rahul Bramhane Dr. Santosh Naravankhedkar	7-12
3	Study the Concept of Reproductive Rights of Women in National and International Prospective Prof. Nisha A. Chavhan	13-19
4	Negligence of Medical Professionals and their Criminal Liability - An Overview Panchal Gopal Gajananrao	20-26
5	Collaborative Partnership in School Library Ms. Meena S. Suryavanshi Dr. Kailash D. Tandel	27-34
6	Dr. B. R. Ambedkars Role in the Formation of Reserve Bank of India Mr. D. M. Chandanshive Dr. S. N. Babar	35-40
7	Importance of International Humanitarian Law Dr. R. Ratnakar Rao	41-45
8	The Theme of Caste Consciousness in Datta Bhagat's 'Routes and Escape Routes' Ranvirkar S. G.	46-48
9	Impact of Demonetisation on Indian Economy Dr. S. J. Kulkarni	49-54

9. Impact of Demonetisation on Indian Economy

Dr. S. J. Kulkarni

Assistant Prof., Department of Commerce, Rajarshi Shahu Mahavidyalaya (Autonomous), Latur.

Abstract

The Prime Minister of India Mr.Narendra Modi announced the demonetisation on 8 November2016 In the announcement, Modi declared that use of all Rs500 and Rs1000 banknotes of the Mahatma Gandhi Series would be invalid past midnight, and announced the issuance of new Rs500 and Rs2000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes.

The finance minister Mr.Arun Jately in his budget speech on 1 February, 2017, said the demonetization has created a new normal in Indian economy. The new normal is being seen as something, which will make economy bigger, clean and transparent. The finance minister said that the demonetization move is a disruptive and it considered as one of biggest positive moves taken for the betterment of economy

A year later, progress on all these counts appears to be very modest, and should make us question whether this exercise needed at all to fulfill its stated aims. The costs imposed by the currency-scrapping exercise were, however, quite severe, at least in the short term, disrupting ordinary life across the country for several weeks.However, it will be fruitful for the betterment of citizens and nation building at large.

Keywords: Demonetisation, Black money.

Introduction

The demonetisation move, which is considered as the mother of all reform in India, has started showing its impacts in very short time. Prime Minister of India Mr. Narendra Modi announced the demonetisation of the currency notes of Rs500 and Rs1000 on8 nov.2016.The demonetisation was took place in order to provide counter attack on black money of the country, to stop counterfeiting of the currency notes illegally used for funding to terrorism, to promote non-cash payments to bring transparency in the transactions

Objectives

- To study effect of Demonetisation to provide attack on black money and counterfeit notes

- To know the impact of Demonetisation which was projected as part of broader push to promote digitization and non-cash payments.

Research Methodology

The paper is based on secondary data. The researcher has collected data & necessary information from books, magazines, newspapers, websites & Govt publications.

Meaning of Demonetization

Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit.

Effects of Demonetization on Black Money

The biggest mission of demonetization by scrapping of high-value banknotes that was described as fighting black money. India's economy historically holds a big parallel economy where unreported income is the norm. Black money is as a cancer in any economy. It is a parallel economy, which weakens the foundation of any country. It is estimated that in India, the total amount of black money is Rs. 3 lakh crore. It is huge if we see that the total money in circulation is only Rs. 17 lakh crore. With this single masterstroke of demonetization, all the black money will either come to account book or will be destroyed. Thus, to assess the effectiveness of demonetization, we should examine how these steps are complementing each other to fight black money. Hence, it is logical to classify the black money fighting effect of demonetization as (a) direct or immediate and (b) long term.

(A) Direct or immediate effects

Immediate effect of demonetization comes through the netting of black money deposited in the banking system in the form of banned Rs 500 and Rs 1000 notes from November 10 onwards.

Around Rs 12 lakh crore of the Rs 15.44 lakh crore demonetized currency is with banks and the extent of black money identified out of this will be the direct effect. Demonetization is a currency side step, that itself will not fight black income. The most important policy should be tax administration where the tax authorities can monitor expenditure and matching it with income of the respective individuals. The effectiveness of demonetization against black money depends upon the follow-up and the government made supportive measures.

If Rs 2 lakh crore were revealed as black money out of demonetization, it would amount to around 1.75% of India's GDP. According to National Institute of Public Finance and Policy (NIPFP), black income amounts to nearly 40% of the country's GDP. Demonetization has badly

affected the hawala rackets. Hawala is a method of transferring money without any actual money movement. Intelligence reports indicate that Hawala route is as a means to ease money laundering and terror financing. With ban on black money, hawala operations have come to a constant halt.

The same procedure will repeated in the case of big accounts parked with banks under demonetisation. These shows how effective will be demonetisation when combined with a built-in Income Disclosure Scheme in the name of Pradhan Mantri Garib Kalyan Yojana and the sharpened Benami Prohibition Act.

(B) Long term effects of demonetisation on black money

The long-term effect will be much impactful and depends considerably upon how government deploys more measures to depress the shadow or black economy.

Shadow vs. Formal Economy

A high proportion of the economic transaction happens in the shadow economy and hence is unaccounted. The real estate sector is the most important example. Here, transactions need to be registered. It is made mandatory to the people quoting their financial ID or PAN card especially for big buying and selling transactions. The real estate sector amounts to nearly 45% of India's parallel economy. Reducing the size of the shadow economy by enlarging formal economy is the way out

The Process of Formalization

Formalization means under the monitoring of the government. Here, need of two formalization options like recording (a) high value transactions and (b) low value transactions.

(a) Formalizing high value transactions: Post demonetisation legal steps has to be made to ensure mandatory PAN quoting for high value physical assets – gold/land etc. However, this measure is still prevailing, fragmentizing transactions into small helps black money. To avoid this, every small physical asset transaction should be with Aadhaar ID proof. When money is to be reported and recorded; land deals will become automatically white.

(b) Formalizing small value transactions: Here, digitalizing transactions in the form of prepaid payment instruments, debit and credit cards and online payments will reduce black money. Several post-demonetisation steps has been made by the government to promote digital payments.

Social Awareness against Black Money

Awareness against black money and consciousness about legal and punitive measures has an intangible positive effect of this demonetization. It will change the mindset of the people to keep away from black income.

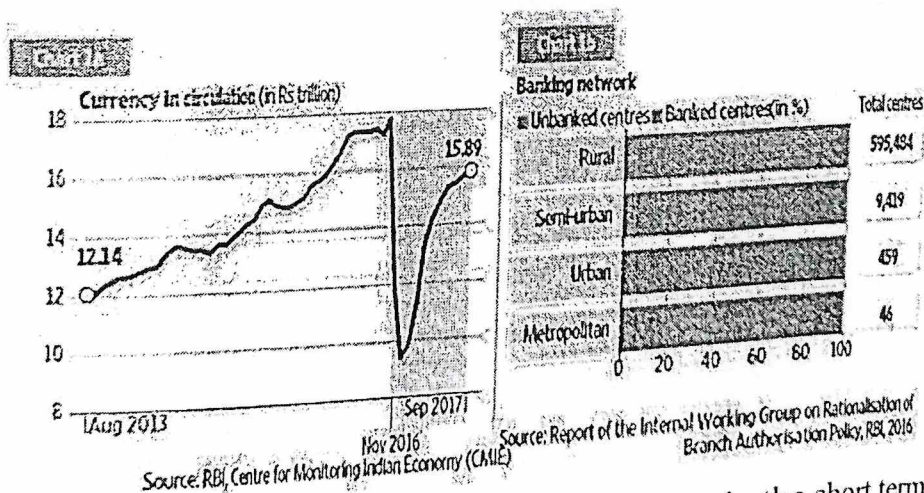
Prevention Of Counterfeiting Of The Currency Notes

Another stated aim of demonetization was to detect and eliminate counterfeit notes. The growth in detected counterfeit as the country says goodbye to the old 500 and 1,000 rupee notes and with restrictions on exchanging money and taxation on high amounts of deposits, Indian economy is going through some serious churn. However, how is this going to affect the economy in the short run as well as the long run? It notes after demonetization has not been unusually large, shows RBI data, even as counterfeits of the freshly issued notes have already emerged in the system.

Impact Of Demonetization On Cashless Payment:

Cash Crunch

The 500 and 1,000 rupee notes were the largest denomination of money, which made up for 15.44 lakh crores in circulation. Demonetization has a direct impact on sectors dealing with cash—vendors, auto rickshawwallahs, taxi drivers, daily wage earners and small traders. The Indian system mainly functions on cash, and so, less cash means disruption in the flow.



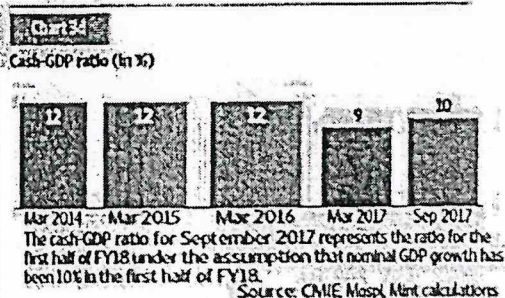
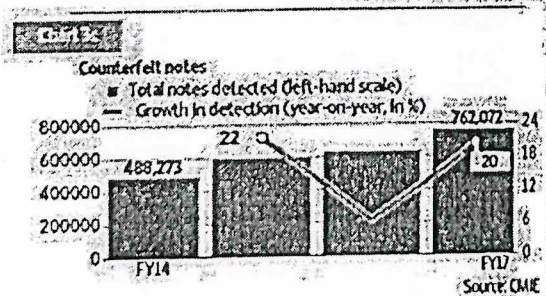
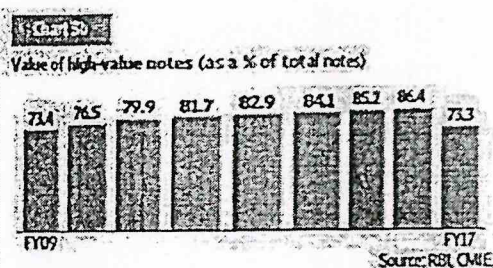
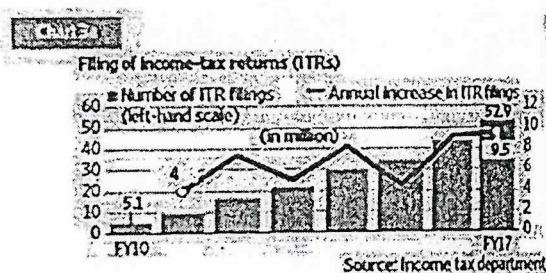
Demonetisation did provide a boost to non-cash payments in the short term but that effect may be waning, with the cash-to-GDP ratio back to double-digits. Even sectors like-Agriculture, Trading, vendors, service sector etc. are faced problems due to cash crunch.

The liquidity squeeze led to a sharp decline in the Wholesale Price Index (WPI) of perishables such as fruits and vegetables in the immediate aftermath of demonetisation. By

turning farm markets into buyers' markets, demonetisation may have also contributed to the decline in prices of pulses.

The rural and informal economy suffered disproportionately because most transactions are cash-based. In rural areas, access to banking and the internet are quite low. A 2016 Reserve Bank of India (RBI) report on branch authorization policy classified 93% of rural centers in the country as unbanked, with the population dependent on roving banking correspondents and on distant urban or semi-urban branches. Access to the internet is equally patchy, with only 3% of households in underdeveloped rural areas reporting access to internet in a 2016 consumer economy survey

There seems to have been some affects the stock of black money (rather than the flow), given that the construction sector has been hit hard. However, this may also have led to large-scale job losses. The proportion of high-value notes (Rs500 and above)—often viewed as conduits of black money—has also been rising as new notes have entered the system. At the end of fiscal year 2017 (FY17), the proportion of high-value notes stood at 74%, considerably lower than that in FY16. But this figure may rise significantly by the end of FY18.



Interest Rates

When money is deposited in the bank, one earns interest for the same. After the announcement of note ban, there have been huge cash deposits in banks. It is well-known fact that near about 86 percent currency circulation in India was composed of 500 and 1000 currency notes. Moreover, demonetization of these notes made people deposit their money, which was in the form of 500 and 1000 Rs notes into the banks. RBI had declared Bank had received Rs 5.12

trillion worth of deposits until 18th November. This deposit of money can boost Indian GDP by 0.5 to 1.5 percent. India's largest public sector State Bank of India (SBI) said it had received Rs.1.27 trillion worth of cash deposits.

This huge cash deposit base will enable banks to cut down the cost of funds because higher deposits will replace the high cost of borrowing and reduce overall costs of funds. It may be expected that banks can reduce deposit rates by ~125 bps over the next six months. The new directives of MCLR (Marginal Cost of Funds based Lending Rate) will instantaneously take into account the lower cost. This will pave the way for a decline in lending rates, which will expedite the economic activity in the medium term

In fact, some of the leading public and private banks have reduced the interest rates on deposits. Depositors might get lesser interest on their deposits, but the good news is that it will have a long-term positive effect on the economy as the lending rate (interest rate on loan) will fall. This will boost credit and investment, to recover the slumping economy.

Conclusion

The unaccounted money will make way into the formal channel. This will raise the income tax collections. This raised amount from income tax will help the government to reduce the fiscal deficit in the fiscal year 2017. The latest move will shift the economy from the unorganized to organized sector. The formalization of unaccounted money will facilitate the implementation of GST scheme. It was repeatedly said that real estate industry is built on black money. The extent of black money circulation in the sector is huge. According to report at least 40 percent of real estate transactions in Delhi-NCR are being done in black money. The demonetization move will curb the flow of black money into the real estate sector. Demonetisation will give push to promote digitization and non-cash payments

References

- www.livemint.com
- www.indianeconomy.net
- www.dnaindia.com/india
- www.jagranjosh.com
- The Indian Express
- Neredimeli Udaya Sri,(2016),''A Note on the Advantages and Disadvantages of Demonetisation'.IJARVol 3,Issue(4)