



Demonetization and Its Impacts On Society

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Introduction

The financial step taken by the government of India to declare a currency unit Invalid is known as demonetization. Generally, this is followed by replacing the old currency notes with the new currency. In the year 1978, during the rule of Morarji Desai (Prime Minister) demonetization of Rs 1,000, 5,000, and 10,000 rupee notes was performed very smoothly and effectively. However, there is an overall impact on various segments as a result of demonetization. Now, let's discuss and analyze the sociological impacts of demonetization in detail.

Demonetization- When it happened?

On 8th November 2016, Prime Minister Narendra Modi in an address to the nation announced that Rs 500 and 1,000 currency notes- 86% of all the currency notes in the circulation in value- would cease to be legal tender. This was done to unearthing the black money, cracking down on counterfeit currency, and blocking terror financing.

As expected, there were strong reaction in both favor and against of this unprecedented move. Though some greeted it as a courageous step against the impropriety that was hurting the economy, other saw the move as disastrous for the economy.

In the next few months, even as reports suggested that the government had not come any close to achieving it stated objectives, the government was seen patting itself on the back for the country's move towards becoming a 'cashless' economy, or as the PM said a 'less-cash' economy.

Impacts of Demonetization on different section of society

We know that demonetization has both good and bad effects on different section of society and sectors. Let's look at them with broader prospective.

Jobs

As per the Labor Bureau's Sixth Annual Employment-Unemployment Survey, the unemployment rate rose to the highest in four years in 2016-17, when the government demonetized old currency



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notes. And in the year 2017-18, the unemployment rate stood at 45 years highest at 6.1%, as per the report by the National Sample Survey Office's (NSSO's) Periodic Labor Force Survey (PLFS).

As per a research, demonetization caused 2-3%-point reduction in jobs and national economic activity in in November and December 2016.

Income Taxpayers

In the fiscal year 2016-17, when the Modi government demonetized high-value currency notes, 8.80 million taxpayers failed to file tax returns. According to records of a research conducted by The Indian Express, there was a massive increase in the number of "stop filers" in the same year, reversing a four-year trend. The number of stop filers increased tenfold to 8.80 million in 2016-17, up from 856,000 in 2015-16, the highest increase since 2000-2001.

Demonetization had a positive impact on broadening the tax base during 2017-18. According to the Income Tax Department, the number of new taxpayers increased by 1.07 crore, while the number of dropped filers decreased by 25.22 lakh.

Real Estate

By 2017-18, the total number of developers in the top nine Indian cities had decreased by more than half. While Gurugram saw a 76.2 percent drop in the number of developers from 82 in 2011-12 to 19 in 2017-18, Noida saw a 73.2 percent drop – from 41 to 11.

Small developer financial distress, a lack of execution capability, and an oversupply of inventory all played important roles in the downturn.

According to analysts, after demonetization, a large number of fly-by-night developers were forced to exit the market. All significant urban communities with huge potential for land advancement – Mumbai, Pune, Thane, Kolkata, Bengaluru, and Hyderabad – saw a decrease in the quantity of engineers.

Farm Income and wages

The two ranchers' wages from crop development, just as wages of homestead workers, contracted in 2016-17 regardless of the above-typical rainstorm season. On the positive side of horticulture all in all, yield from fishing and domesticated animals became the quickest in 2016-17. The development was almost 10% over the earlier year.



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In a time of low stockpile of money, input providers requested greater costs. Demonetization was done momentarily after the gather of the Kharif season entered the business sectors, and when the whole Rabi yield was at this point on the fields. Then again, agribusiness had developed (net worth added) the quickest since 2012 in the demonetization year because of a guard crop.

Spending on milk and milk items

In 2017-18, the sum spent on milk and milk items (M&MP) dropped 10%. Families, inns, and halwai shops spent Rs 6 trillion on M&MP in 2016-17, utilization use diminished to Rs 5.4 trillion out of 2017-18, the information delivered by the Public Factual Office (NSO) showed.

Conclusion

The effect of demonetization was felt more in the social area and the most exceedingly awful influenced was likewise poor people and the average folks. The salaried class isn't in any case ready to pull out their compensations from the banks and ATMs because of the money shortage. Head administrator Modi has empowered doing monetary exchanges utilizing portable and other electronic means. India is moving towards a credit only economy. This will control dark cash by and large however teaching the majority on the versatile based cash exchange is an enormous test. At long last, as a help to destitute individuals, GOI has reported that dark cash recovered from the demonetization measure will be saved for a very long time without revenue on Kalyan Yojana to help the poor in marriage. This will make a positive effect on the social area over the long run.

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