

IMPACT OF DEMONETIZATION IN TERMS OF GOOD WAYS TO WASH AWAY THE BLACK MONEY FROM THE CORRUPT MARKET

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ABSTRACT

This research article presents corruption and demonetization with respect to some impacts on people, production and market. The research question to be answered is "What was the impact of demonetization of Rs. 500 and 1000 notes in India and Nepal? The methodology is qualitative and related to interaction with people and document analysis. Demonetization is the process of stripping units of currency from their legal status. After demonetization, those units of currencies will not be used as before. It means their age will be passed away. The units of currencies will have no any existence. If someone circulates these units of currencies after demonetization, it will be a matter of fraud or doing illegal activity and the person will be the subject of deserving candidate for legal action and punishment for blackmailing government and people. The government of India led by a highly potential and capable administrator, Mr. Narendra Modi, demonetized the notes of Rs. 500 and 1000 at the speed of lightning that nobody got any hints of it in India, Nepal and Bhutan where Indian currency is used. Mr. Modi's midnight announcement of the legal proceeding of demonetization of the notes of Rs. 500 and 1000 made the silently sleeping citizens wake up around the thunder storm without cloud and amidst many sink holes without landslides. Millions of corrupted people counting their dreamful beautiful golden notes turned amongst heavy and scaring ghosts haunting around them. This situation was nearly compared to the philosophy of Nietzsche's "Death of God". It is because blackmailed money is the form of God for the blackmailers. The silent sound turned into the unending shape of murderer. It was one of the greatest decisions made by The Prime Minister of India, Mr. Narendra Modi, in the history of India and other territories in the proximity of India. In the overall situation, it was a feeling of patriotic ideology in controlling black money in India, Nepal and Bhutan.

KEYWORDS: Demonetization, Global Market, Corruption, Black Money, Human Development.

INTRODUCTION

In 2016, (8th November, 2016) Indian government led by Mr. Narendra Modi demonetized two units of notes: Rs. 500 and 1000. These two types of notes in Indian currency were the largest

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circulating notes around India and Nepal. But the situation in Nepal was that Indian government had permitted only 100 rupee notes to be used in Nepal. But only a year back the visit of the honorable Prime Minister, Mr. Narendra Modi, the 500 and 1000 rupee notes were in use in Nepal. But Nepal Rastra Bank would provide only 100 rupee notes to the general public in Nepal and the limit was of Rs. 2000.

About demonetization, Singh and Singh (2016: 625) have stated as follows:

Demonetization for us means that Reserve Bank of India has withdrawn the old Rs. 500 and 1000 notes as an official mode of payment. In an important move, the Government of India declared that the five hundred and one thousand notes will no longer be legal tender from midnight, 8th November 2016. The RBI will issue two thousand rupee notes and new notes of five hundred which will be placed in circulation from 10th November 2016. This measure has been taken by the PM in an attempt to address the resolve against corruption, black money and counterfeit notes. This move is expected to cleanse the formal economic system and discard black money from the same.

People everywhere in India and Nepal dealt with cash but not with the process of digitalization. But demonetization has been important to combat corruption, to control the crime of black money and counterfeit. People have been unnecessarily criminal today for the sake of earning money which has no limit. According to news of Forbes magazine, eight people have got the equal sum of property of the half of the total population of the world today. This means the total property of 8 people is equal to the total property of 3,65,00,00,000 people. But their property is from business sector with tax clearance where no fraud black money is noticed.

Regarding demonetization in India, Wikipedia, The Free Encyclopedia has stated, "The

government claimed that the action would curtail the shadow economy and crack down on the use of illicit and counterfeit cash to fund illegal activity and terrorism". This step is taken mainly to check the duplicate notes used for criminal activities.

IMPACT OF DEMONETIZATION ON DIFFERENT SECTORS

As Narendra Modi announced about demonetization of 500 and 1000 Rupee notes in Indian currency, people could not sleep whole night followed by other months Demonetization impacted the overall sectors of people's economic life, which affected cultural, social economy, educational and commercial sectors. According to Wikipedia, The Free Encyclopedia, many people praised the movement of Mr. Narendra Modi led government. Several bankers, finance minister, and many international sectors welcomed the move of the Prime Minister Mr. Narendra Modi.

Firstly, the government allowed exchanging Rs. 2000 per day, per person. Later on it was increased to Rs. 4500. The withdrawal limit from bank was of Rs. 10,000 per day per person. This situation disturbed overall financial activities during the time before it came to an ease.

Although there would be long term benefits, people stood on demonstrations. Newspapers reported long lines of people waiting to exchange new notes and withdraw money from bank accounts. According to reports, some people died while waiting in front of the bank. Many people became unconscious in front of the banks. There was no money with the people for the marriage of their sons and daughters. Many people lost their jobs.

The Japan Times of 17 February, 2017, in its 'Opinion' part has written as follows:

The rich have engaged "mules" to line up and exchange their currency for them while the

“common man” faces hardships in the daily purchases of food, medicine, bus and rail tickets, and so forth. Consumer goods sales are reported to have dropped by one-third. Trucks are at a standstill. Farmers have difficulty in buying seeds and fertilizers and in selling crops and perishable produce. The fishing industry is close to collapsing. Few villages have ATMs and having to trek into cities and wait in line for hours means the loss of daily wages-as it does for the rickshaw drivers, street vendors, domestic workers and daily laborers in the cities. The construction industry has been badly hit with significant wage implications for its casual workforce.

The situation made impact on the students who were studying in India and those who were studying outside India. It affected in financial circulation from day to day expenditure of the students to their fee payment. They could not withdraw enough money from ATMs and also from their banks. In such situations, many marriages were also postponed. Transaction in the market also went down due to demonetization. So the impact in the beginning came as a negative impact although there were long term positive impacts.

CORRUPTION AND BLACKMAIL

Corruption is known as dishonest action that destroys people's trust. News of corruption is found in banks, offices and educational institutions too. The noun corruption comes from Latin-com, meaning "with, together," and rumpere, meaning "to break". In this way, corruption denotes the situation to break rules and regulations with the systems. According to Collins Dictionary, People who are in power of some kind, perform illegal and dishonest activity which is known as corruption.

Blackmail is also related to a kind of criminal activity of demanding money illegally. Different things are also supplied from place to place doing blackmail.

According to Mauro (1995), corruption reduces growth through dis-incentivising and making private investment more costly, due to the cost of bribes and uncertainty (as cited in Sridharan, 2014: 3).

Here is nature of corruption and blackmailing system between Nepal and India. Let us take an example of Oil Corporation. Nepal imports oil from India and sells at a cheaper price than India. When oil is supplied in oil tankers to Nepal, a portion of oil is sold in India and remaining portion is supplied to Nepal. Due to it being cheaper in Nepal, people from India go to Nepal to take oil (diesel, petrol etc.), and the consequence is shortage of oil in Nepal. After that the sellers sell diesel and petrol at a high rate in Nepal. A year back, when there was Nepal bandh (strike), the goods were sold hundreds of times costlier than before. The sellers got high income but general public became poorer due to high price.

PROBLEMS OF EXCHANGE OF NEW NOTES

Overall market of Nepal is linked to India. After demonetization in India, almost all groups of people were affected. People from Nepal go to India to purchase goods, to study, check up their health, visit religious places and for many more other purposes. Nepal Rastra Bank supplies Indian currency to the people in Nepal. But after demonetization, a less amount of money was supplied. The people who were in need went to the exchange counters where they had to more than ten Rs. per hundred. It means people paid more than Rs. hundred and ten for one hundred Indian currency. As there was limit on the amount that could be exchanged, people could not meet their demands. A good aspect of the demonetization process was that people needed income sources and tax clearance to exchange money which made black money at the end of the process. It was heard that many people who

had collected black money, burned down their notes.

Regarding bribe in India, CMS (:7) has written as follows:

The estimation of bribe amount paid by the rural households in the rural areas of the twelve surveyed states brings out that an amount of INR 4718 million was paid as bribe during the last one year in the four public services.

As people have to get things done in offices of public services, without paying bribe they cannot do work. People cannot make public opinion about paid bribe because of the fear that they will not be able to work with them again. Such activities are kept secret.

POSSIBLE STEPS OF PEOPLE AND GOVERNMENT

Gradually people knew that the process was good for a long term solution to eradicate corruption and black mail from the country. About the steps taken by the government to ease the process, Times of India (2016) stated, 'Increasing of Banking Correspondents, enhancing postal networks, making recalibration of ATMS, managing e- payment and arranging public convenience in the banks". As time passed on, people became habituated about dealing with demonetization. They learned the activities to be done through digital process using technology. People started to clear their taxes which they had tried to hide. In this way, the black money came to be legal white money.

CONCLUSION

The process and movement of demonetization by the Prime Minister, Mr. Narendra Modi was a very challenging move towards washing away the black money from the corrupted market and hands of people. Although people got some trouble for a few months, it has been minimized by the long term benefit for the country and the

people. Now the process is being developed in such a way that people do not have to carry cash anywhere on their work and purchasing things. Online purchasing of the train tickets has made people's journey safe and easy. It is hoped that in the coming days, people can lead their life in India without having cash money with them, but should be expert in the digital process of exchanging from their banks. Digital India in the present world will be a highly successful movement begun by the Prime Minister, Mr. Narendra Modi. This process has cleared black money in other neighboring countries around India, which has also controlled the production of duplicate notes and hiring terrorism. As a whole, this process will make India and other neighboring countries in a very harmonium adjustment for ever. Thanks to the great thinker and Prime Minister, Mr. Narendra Modi, for this great step; this will increase digitalized and computerized jobs by millions in the future. Habit formation makes life easier although it takes time.

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