

Demonetization Anniversary - One year of Love Hate Story

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I. INTRODUCTION

On first anniversary of Demonetization one thing for sure, It has impacted Indian Economy and Indian society more seriously than talking of how house wives were forced to disclose their savings and how long was the queue in the ATMs.

Exactly one year ago when countrymen were settling on their dinning table announcement of Prime minister address to nation surprised everyone. No one could even imagine what is to follow. The Bomb shell – Prime ministers announcement, the notes of Rs. 500 and 1000 is demonetised. Still remember the remarks of my friend when I conveyed him the demonetization news, Why are you kidding...The 500 and 1000 notes are not fifteen year old diesel vehicles that cant run.

But, Demonetization was a bold fearless decisive approach taken by NDA Government which impacted each and every countrymen. Through Demonetization NDA Govt. made its intent crystal clear – Govt. not only through words but with deeds too serious to curb Black money. This was followed creation of SIT (First cabinet decision of NDA Govt) followed by Operation Clean money implemented on 1st January 2017 Treaty of Information exchange with Switzerland and Money Laundering Act etc..

II. THE IMPACT

Prime Minister Mr. Narendra Modi in his address to nation on Demonization emphasised on three major benefits. First, The tons of Black money hiding with tax evaders will either be disclosed or wiped out from mainstream economy, Two, Terror and naxal funding's through Hawala and Dabba will get a check and circulation of fake currency will be eliminated. This will ensure overall cleansing to Indian Economy.

On completion of one year of Demonetization, RBI remarks that 99 percent (3 lacs crore) of money is deposited back to Banks, It can be concluded that Demonetization has succeeded in tracking black money to a great extent hidden by Scammers. Government also identified 37000 shell companies hiding black money, cancelled license of 1 lac shell companies. Income Tax department identified 400 Benami transactions worth rupees 600 crore. At least 18 lacs people were identified with suspicious transactions after Demonetization. Also it resulted in savings habits of countrymen. The gross financial savings in terms of deposits shares and debentures, Insurance funds and Pension and provident funds increased from 9 percent to 13.3

Demonetization worked as a effective treatment to Terror and naxal funding's through hawala, ever growing real state all using black money. Now brakes are put on the cycle of doing illegal activities to make black money and using this black money to do illegal activities. It has adversary affected Hawala and Dabba operation.

Demonetization resulted in appreciable increase in Income Tax return Filed (ITRs). The number of returns filed as on 5th August 2017 registered an increase of 24.7 percent as compared to growth rate of 9.9 percent in previous year. Advance tax collection of personal income tax showed a growth of 41.79 percent as compared to previous financial year. Also personal tax under self Advancement (SAT) grew at 34.25 percent over corresponding period in FY 2016-17.

Demonetization has also given big boost to another NDA govt ambitious initiative Digital India and promotion of cashless transactions. Post Demonetization about 52.4 crore unique aadhar numbers were linked to 73.62 crores Accounts in India and now every month about 7 crores successful payments are made. This helped Government to

transfer benefits directly to beneficiaries account and now 600 crore per month is transferred directly bypassing the corrupt middlemen. Digital Payments has increased by 60 percent



Yes, The first few days of implementation of Demonetization were chaotic and messy, understably so, Pulling 86 percent of cash out of system was bound to impact. Government and RBI seemed to be underprepared for such a big decisions. Small denomination notes supply was not as per demand. Some banks and ATMs ran out of cash. At others peoples in the queues turned violent after denied payment despite waiting in long queues for so many hours. Despite all these things happening things were not as worst as portrayed by some media houses. People in ATM queue was died a natural death not because his 40th numbers in ATM queues. People took this pain happily with a hope for a strong and prosperous India. Almost everyone except the scammers who lost huge amount of their black money firmly stand behind Govt. decision to fight corruption and Black money.



III. BOTTOM LINE

Despite the initial chaos and problems countrymen faced during ist few days or months of Demonetization, people are appreciating this decision whole heartedly. BJP winning in

four states is the greatest approval in democracy. Opposition parties seeking answers from the govt on black money now making its own fun by marking 8th November as Black Day. The day which marked the boldest and greatest initiative against Black money and corruption and in deed should be observed as Anti Black money day.

In the recent world bank list of countries having ease of doing business, India getting a leap of 30 points now listed at 100th numbers is one of the achievement of finanancial policies of NDA Government and indication that Indian economy moving in a right forward direction.

Lets hope with success of Demonetization and GST implementation our Economy reaches to new highs..