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## A Study on Women Impact on Demonetization and Perspective of Economists, International Media

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**Abstract:** Demonetization refers to Withdrawal of a particular form of currency from circulation. On eve of 8th November 2016, the government announced the demonetization of Rs.500 and Rs.1000 notes (almost 86% of the currency) which left everyone shocked. This sudden announcement led to chaos in every part of the society. Though it was a bold decision taken by the Modi government, it affected many poor daily wage workers. While some economists, politicians were in agreement with the move, some were against it. This paper aimed at reviewing the implications of demonetization on Women, Rural People, and Views of Politicians, Economists, International Media on demonetization.

**Keywords:** Demonetization, Effect on women, Economists, International Media.

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### INTRODUCTION

Demonetization is the act of stripping a currency unit of its status as legal tender. It is a process of removing a currency from general usage or circulation of money in a country.

On 8<sup>th</sup> November, PM Modi's announcement was the breaking news across India. Rs.500 and Rs. 1000 notes were made illegal. This decision left everyone shocked as it was declared without any prior information.

The reasons why Modi's government demonetized units of currency:

- To combat corruption and crime
- To discourage a cash-dependent economy
- To reduce illegal activity

The term demonetization is not new to India. The Indian government had demonetized bank notes previously in January 1946 during which Rs 5,000 and Rs 10,000 notes were taken out of circulation.

### OBJECTIVES

- To study the Implications of Demonetization on Women and on their Savings
- Perspectives of Politicians, Economists and International Media on demonetization.

### METHODOLOGY

To study the implications of demonetization on women an area of Delhi is selected and the opinions and the data are collected through a questionnaire. Perspectives of Economists, Politicians are collected through the interviews telecasted.

*Countries which have Implemented demonetization earlier*

<b>Serial No.</b>	<b>Country</b>	<b>Year</b>	<b>Effect on Economy Successful/unsuccessful</b>	<b>Reason for failure</b>
1.	Ghana	1982	Made economy weak unsuccessful	People support for black market and investment in physical assets.
2.	Nigeria	1984	Economy collapsed unsuccessful	Debt-ridden and inflation did not take change well.
3.	Myanmar	1987	Unsuccessful	Led to mass protest resulting in the killing of many people.
4.	Soviet Union	1991	unsuccessful	People did not take change positively due to poor harvest.
5.	Australia	1996	No side effects	As the purpose was only to replace paper with plastic.
6.	North Korea	2010	Weak unsuccessful	People left with no food and shelter
7.	Zimbabwe	2015	Weak unsuccessful	Face value one hundred trillion dollars dropped to \$0.5 dollars.
8.	Pakistan	Dec 2016	Cannot be predicted	As the people have ample time to get their note exchanged.

**When conducted a Survey on demonetization the following were the opinions of women:**

- “Yes, Demonetization in India was a good move. Black money is getting curbed off and we may face problems for few days but we are ok with it.”

“Falthu paise nikalrha h”

- “This process may be a benefit to some people but not +too common people like us. We are illiterates. Neither we have an idea on Bank process nor on digital system of banking nor are we not aware of using these apps.”
- “Yes, this is done for the betterment of the society and yes we are facing problems by standing in ATM lines for hours and hours but still let’s support our PM and bear these problems for some time. He has taken this decision so that it would be beneficial to everyone.”

“Aaj nai toh kal aajayenge paise”

- “I would compare demonetization to a bypass surgery. Black money, corruption, and fake currency are like bad cholesterol choking up our economy which is our nation’s heart. And demonetization is the much-needed surgery to clear them out. And as u know after a bypass surgery a person needs a lot of time to recover, just like our nation will require.”
- “Without money, Women have no way to plan an escape, to file a case, or to just take an auto to a police station or to a chemist to buy medicines.”
- “If we work during the day, we have no time to go to the banks and exchange the money in the evening. And if we don’t work we cannot buy even the smallest freedom and so we started selling our 500 and 1000’s notes at a lower value.”
- “Since demonetization, I’m not getting any money from my employers and so it is difficult to obtain necessary food items. I think old currency should be allowed for buying essential items until there are adequate notes in the economy.”
- “Since Modi ji has promised to credit our accounts with some amount of money he is going to do something good to us. So, we believe in him and thus we support demonetization.”
- “Our daily earning is less than Rs.500. We are not familiar with the term savings. Whatever we earn, we spend it on basic needs and hence no path for savings. The last visit to the bank was 5 years ago to take a loan for daughter’s wedding. For us who rarely pay Rs 500 and Rs 1000, demonetization seems to be their least concerns.”
- “When you need votes you come to us begging with joined hands and legs. But why don’t you listen to us!”
- “To draw money, we have to miss work for a day or two and lose wages too.
- “I don’t think demonetization was thought properly. For the welfare of little % of our society, we can’t neglect the fact that it is affecting the life’s of economically deprived society whose life’s work on daily cash earned.”

**Comments of Economists, RBI officials, and International Media:**

**D. Subbarao**

- “Indian government could use the currency that is not returned to solve its fiscal problems or to recapitalize banks, but such a step would send out the wrong message. Then demonetization will be viewed as being done with other motives, rather than fighting black money”.
- “Using debit cards and digital wallets will make exchanges less expensive and less demanding, and in the long term, it will help India “jump into a less money utilize economy at standard with more created countries”.
- “Demonetization will also help improve financial inclusion and banks will be able to give out more credit and all this will have a multiplier effect”.
- “If you ride out the short-term pain, the positives will be substantial, be in terms of attracting investments, and also getting people to move from physical cash to electronic transactions and the benefits would only be realized in full if the government followed this drive to its logical conclusion”.

**Urjit Patel**

- “RBI is taking all necessary actions to ease the genuine pain of citizens who are honest and who have been hurt”
- “It is hard to prepare all banks and completely arranged in 24 hours for a major stride this way. Clearly, this has brought on some disengagement. That is the reason we ask for support from all Indians for the bigger reason for battling charge avoidance and the dark economy.”
- “The withdrawal of legal tender status does not extinguish anything from RBI’s balance sheet. There is no question of special dividend just by the withdrawal of legal tender character.”

**Arun Jaitley**

- “If given people one week to adjust then this would have amounted to leaving everyone to go scot-free and this gives the whole game away (of cleaning the system)”.
- “Demonetization will shave off 2% or 200 basis points from the GDP and even 50 days to rein the system could have a detrimental impact on the poor.”

- "There is no question of sparing anyone, and the political class is no exception. In fact, PM Modi is setting a new example of propriety in public life, by asking all MPs & MLAs of BJP to submit their bank account details post demonetization. We would like to urge the other parties to do the same and prove their intentions against corruption."

**Amartya Sen**

- "All that cause pain is not necessarily a good policy. "Good policies sometimes cause pain, but whatever causes pain – no matter how intense – is not necessarily good policy."

**Kaushik Basu**

- "Modi government's decision to demonetize high denomination currency notes is not 'good economics' and the collateral damage of demonetization is likely to far outstrip the benefits."
- "GST was good economics; the demonetization is not. Its economics is complex and the collateral damage is likely to far outstrip the benefits."
- "Demonetization will put only a temporary dent in corruption, if even that and it may rock the entire economy."

**New York Times**

"Cash is king in India. It is used in an estimated 78 percent of transactions, compared with 20 percent to 25 percent in industrialized countries like Britain and the United States. Many people do not have bank accounts or credit cards, and even those who do often must use cash because many businesses don't accept other forms of payment."

**World Bank**

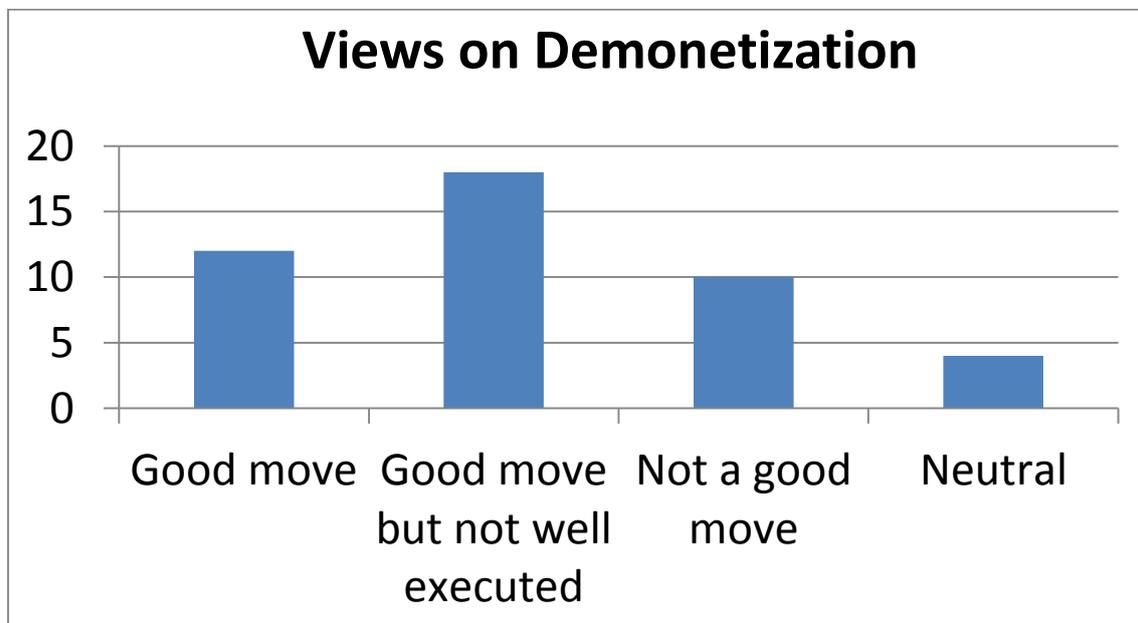
"India's economic growth will be hit in the wake of the currency ban, but the downturn will be short lived and the world's fastest growing economy will soon be back on its feet."

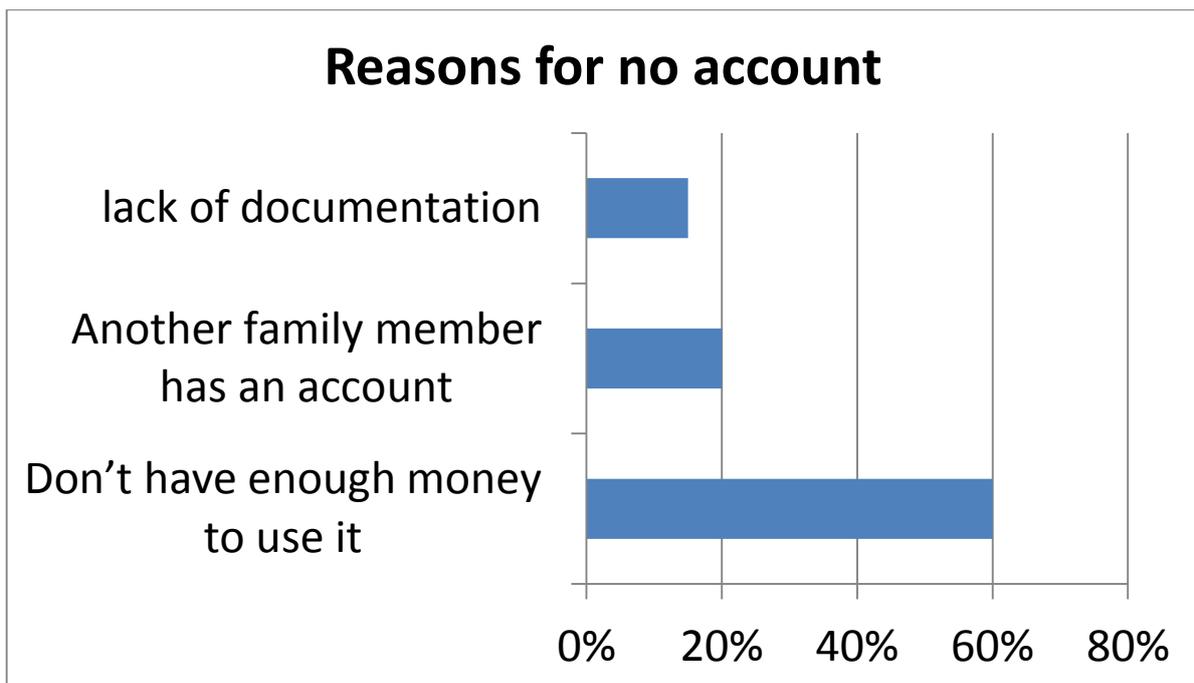
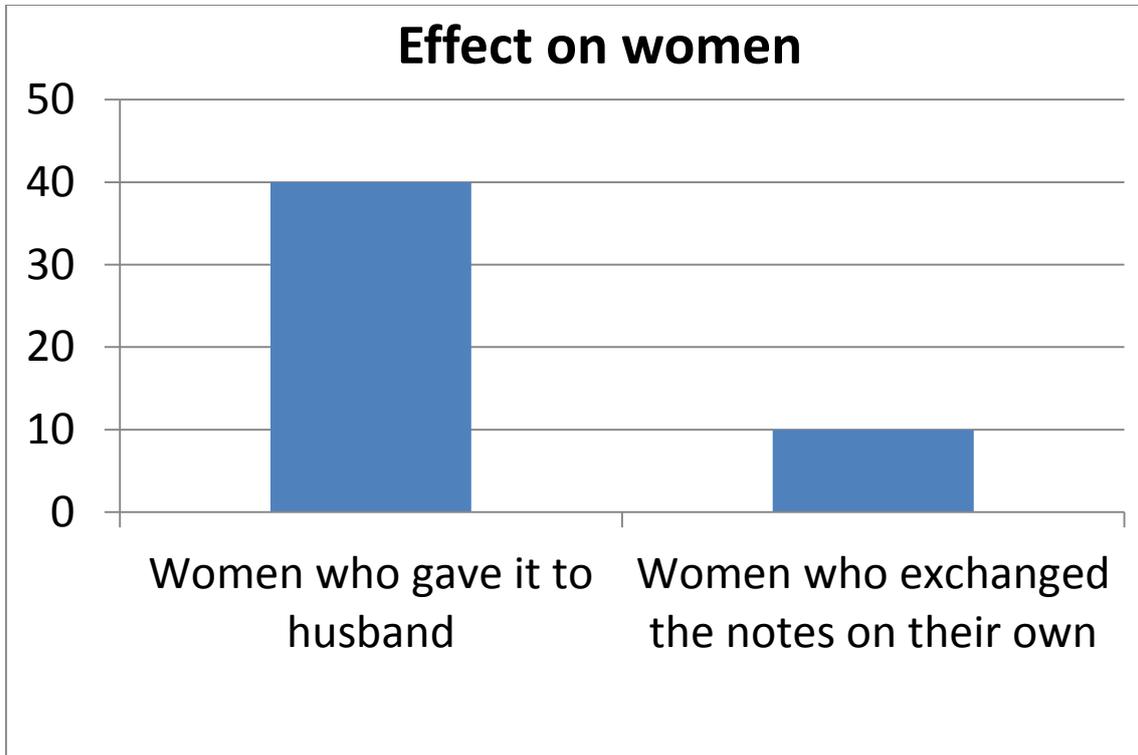
"India is expected to regain its momentum, with growth rising to 7.6 the %in fiscal year 2018-19 and strengthening to 7.8% in the fiscal year 2019-20."

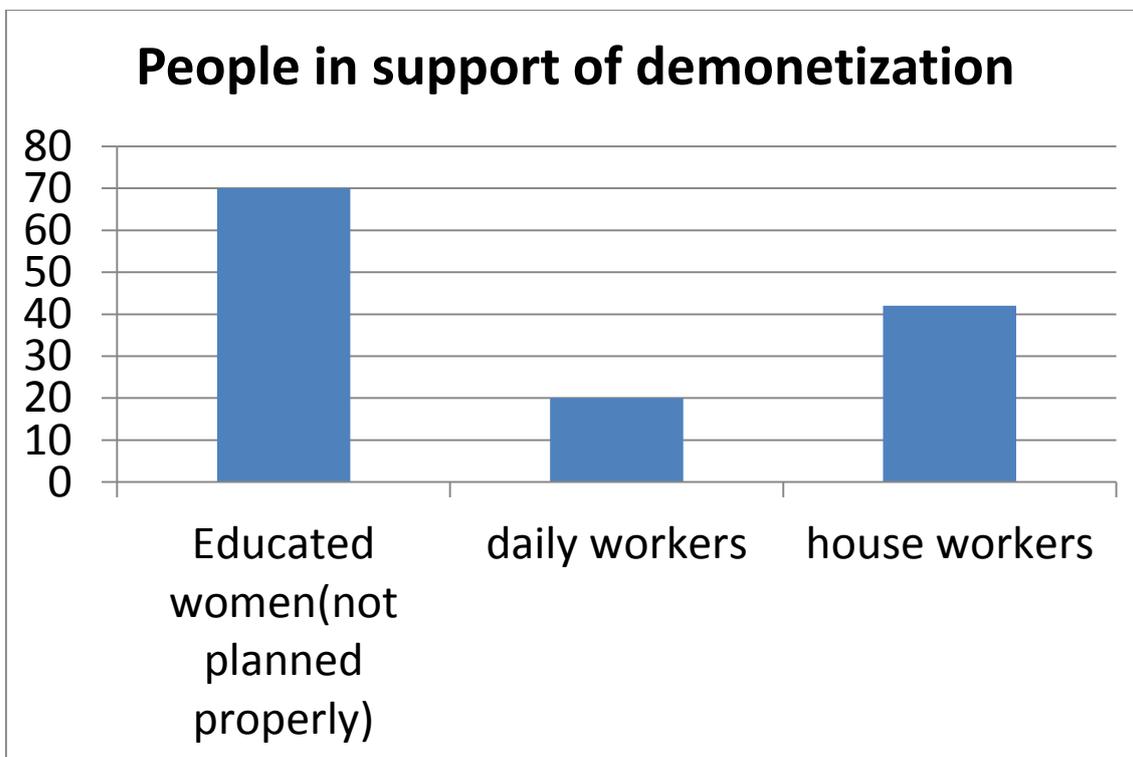
"The immediate withdrawal of a large volume of currency in circulation and subsequent replacement with new notes announced by the government in November contributed to slowing growth in 2016."

**RESULTS**

**Total No. of Responses: 50**







Is demonetization of high denomination currency notes really going to serve the purpose, in practice?

RBI Governor's	Economists	International Media
<p><b>Y.V Reddy (2003-08):</b>                      "It is a historic moment. There is bound to be a paradigm shift in the economic and political system. With the GST on the anvil, the system is ripe for a change. However, to take it forward, contract enforcement and judicial processes will have to play an active role. It is impossible to have a big change without some inconvenience and some temporary disruptions."</p>	<p><b>Manmohan Singh:</b>                      "Demonetization is organized loot and legalized plunder. 'For those saying this is good in the long run, it reminds me of John Keynes' words, 'In the long run we are all dead'. We don't disagree with the objective of fighting graft but it was a monumental management failure the way it was done."</p>	<p><b>New York Times:</b> "Cash is king in India. It is used in an estimated 78 percent of transactions, compared with 20 percent to 25 percent in industrialized countries. Many people do not have bank accounts and even those who do often must use cash because many businesses don't accept other forms of payment. Mr. Modi's solution to a systemic problem is an odd one."</p>

Will Demonetization weed out black money?

Finance & Railway Minister's	Economists	International Media
<p><b>Arun jaitley:</b>                      "If given people one week to adjust then this would have amounted to leaving everyone to go scot-free and this gives the whole game away. It is the right of the government to know whether the money has been legitimately earned. Even on your own money, you have to pay tax and that is what we are trying to ensure."</p>	<p><b>Arvind Virmani:</b> "This is a useful method of flushing out black money, given that a large percentage of cash holding is in these two denominations. The manner in which it was implemented is not surprising – such actions are always secret till announced so that insiders do not take advantage of the information at the cost of the outsiders."</p>	<p><b>Huffington Post:</b> "Transferring money abroad through hawala is not untrue because many agencies including the World Bank have made projections on the quantum of such money. A surprise announcement at any moment in time, as done by Modi, kills this money. And nobody can predict the quantum given the black transactions and the size of the Indian economy, this can be really huge."</p>

### **CONCLUSION**

From the results of the primary data collected it is clear that 20% of the women surveyed did not have a bank account and 60% did not have enough money to create a bank account.

So, Demonetization is not considered to be a good decision in a country like India where people do not have sufficient cash to create bank accounts. On the other side, demonetization is also curbing black money to an extent, Promoting digital payments, transforming India into a more electronic place which is likely to be considered as a good decision. Since this is the first time India is facing such an event on a large scale, both the advantages and the problems have to be faced. To transform a country like India into a cashless country where cash is the predominant source, difficulties have to be faced.

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