



DEMONETIZATION-A STEP TOWARDS ERRADICATION OF BLACK MONEY AND CORRUPTION

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ABSTRACT:

BJP government has taken a decision regarding demonetize the denomination of 500 and 1000 on 9th Nov 2016.the whole country was stunned. This great move was welcomed by majority of people, except those who were involved in malpractices ,terrorisms, illegal activities ect....prime minister Narendra Modi announced the demonetization with the object of cashless economy. cashless economy will helps in recording a detailed account of transactions and activities with each and every thing it will majorly helps in reducing corruption. when the cashless economy is introduced, the circulation of money also reduces and it will reduce the corruption in greater sense. And demonetization will also helps to reduce and eradicate the Black money. Black money means “the aggregate of incomes which are taxable but not reported to authorities”. If someone is having black money with the demonetization of 500 and 1000 means after demonetization it will become waste and also it will put a full stop to black money, and as we observed so many politicians and other persons caught as black money holders as the reason behind is demonetization only by the cashless economic move we can easily achieve the concept of digitalized economy.

KEY WORDS:

- Cashless Economy.
- Corruption.
- Black Money.
- Digitalized Economy.

INTRODUCTION:

On the evening of 8th November 2016 India's prime minister Narendra Modi made an announcement that surprised the nation: from midnight onwards, the country's two largest-denomination notes, worth 500 and 1000 rupees, would be "demonetized", or withdrawn from the use. In their place, a re-designed 500 rupee note and a new 2000 Rupee note would be introduced. According to Modi, the policy had a major objectives like :

- Tackling corruption
- Undermining counterfeiters
- Punishing the holder of undeclared income
- Eradication of fake currency circulation etc.....

In India demonetization has become the hottest topic to discuss nowadays. The word demonetization itself might not have been even searched for meaning before 8th November, 2016. After a great move of BJP government all started to speak about it. And stops the circulation of 500 and 1000's and introduced 500's and 2000'S with the main aim of eradicate black money and also eradicate the fake currency circulation.

In India, earlier before there are some other demonetizations are as:

1. On 12th January 1946 – Rs 500, Rs 1000, and Rs 10000 demonetized
2. On 14th January 1978 - Rs 1000, Rs 5000, and Rs 10000 demonetized
3. On 9th November 2016 – Rs 500, and Rs 1000 demonetized

NEED FOR THE STUDY:

As we citizens of India its our right to know about the ongoing issues about our Indian economy, demonetization is a drastic move it will initially troubles the lower and middle category peoples a lot, but the aim beyond that will make it successful and to know about demonetization is important, because it will be a greater move in eradication of corruption that India will majorly facing that is black money. so as we citizens of the India its necessary to know about the important topic like demonetization and also its impact will mainly affect the general public only.

METHODOLOGY:

This paper is based on secondary data, it is collected from various journals, repots, published sources like magazines and paper etc.

What is Demonetization....?

The old unit of currency must be retired and replaced with new currency unit and its process is called Demonetization. Demonetization is ending something as no longer the legal tender of a country such as currency notes.

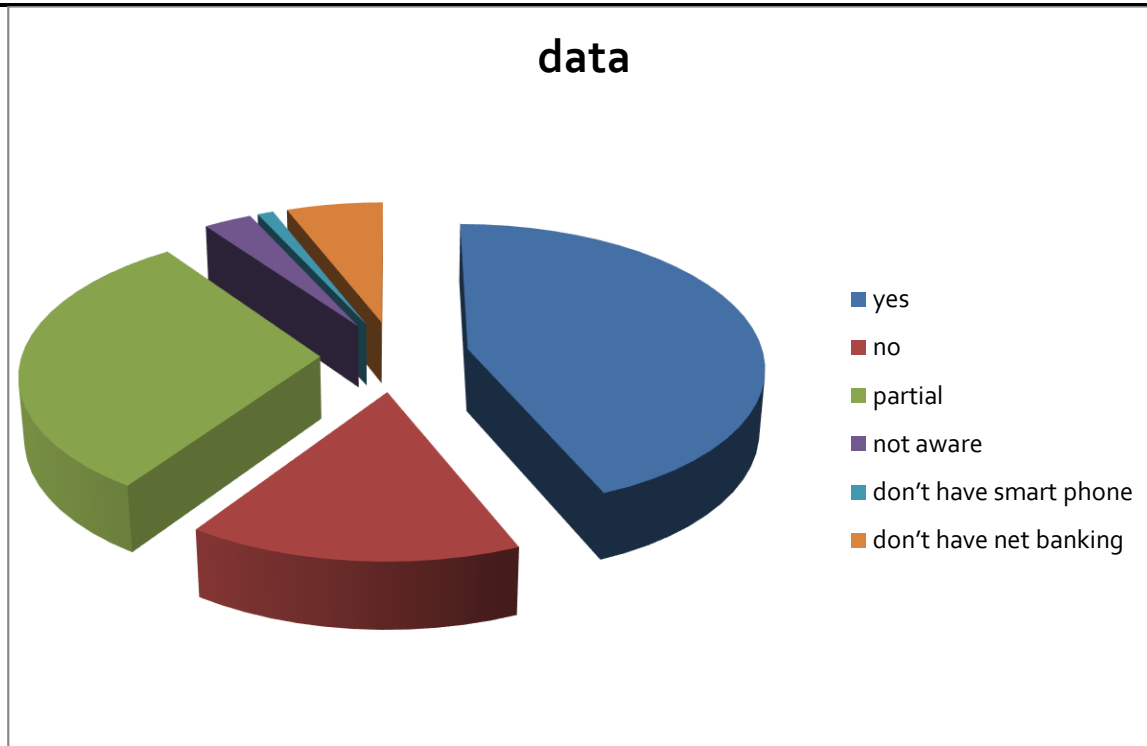
According to Merriam Webster dictionary: the term 'Demonetization' has its root word from verb 'Demonetize' it is a transitive verb which has various meaning as followed:

- To stop using (a metal) as a monetary standard
- To deprive of value for official payment

'Demonetization' has its origin in French 'Demonetizer' de- Latin moneta- coin. It was 1st used in 19th century that is 1852.

On evening of 8th November 2016 India's Prime Minister Narendra Modi made an announcement that surprised the whole nation, the total value of rupees old 500rs and 1000 notes in the circulation is to the tune of 14.2rs trillion which is about 85% of the total value of currency in circulation, and also demonetization slow down the GDP by approximately .6 % estimated is 7.6 but its achieved is only a 7%.

One of the survey on demonetization which is mentioned in the one of the journal (ISSN:2455-6211, volume 5, 1jan 2017, impact factor:2.287) says that demonetization which was answered by 133 people from various statuses like students, private sectors, government sectors, academicians and entrepreneurs. It reports, demonetization is welcomed by 82.3% of the people, whereas opposed by 17.7%, among them, 80.3% agree that it is necessary, meanwhile, 19.5% stand against its relevance in India. It also evidences that 53.1% of the people have managed difficultly, whereas 23% and 23.9% have managed it 'very difficultly' and 'easily' respectively. It also witnesses that the familiarity of people with digital transactions to promote 'digital India' movement as below:



According to the above survey only it is clear that their will be a acceptance of majoty portion of the country, but some may have a partial opinion, but majority will be having a positive only so demonetization in country like india will change the country and its economy drastically in upcoming years.

What is Black Money....?

According to National Institute of Public Finance and Policy (NIPFP) defines the black money as “black money is the aggregate of income which are taxable but not reported to authorities”, is called black money.

India is a country majorly facing a problem of black money not only a India so many other country’s also facing, some the country those all maintaining their black money in Swiss bank are as follows:

According to 3rd report published in may, 2012 SWISS NATIONAL BANK estimates total deposits as below:

COUNTRY	MONEY DEPOSITED
INDIA	\$ 1,456 BILLION
RUSSIA	\$ 470 BILLION
UK	\$ 390 BILLION
UKRAINE	\$ 100 BILLION
CHINA	\$ 96 BILLION

How Black Money Is Generated...?

Black money is generated from legal, illegal and corruption. from these 3 major sources :

- ❖ Generated through illegal means such as drug, trafficking, weapons trading, terrorism, selling of stolen goods etc..
- ❖ By legal means like evades of tax, under reporting revenues or receipts or production, audit relating thereto etc..
- ❖ Corruption which includes bribe given to and by public affairs.

These above mentioned 3 are the major sources and apart from that there are several factors involving in that.

CASHLESS ECONOMY:

Cashless economy or cashless society describes an economic state whereby financial transactions are not conducted with money in the form of physical banknotes or coins, but rather through the transfer of digital information between the transacting parties is called cashless economy.

How Demonetization is a Step Towards the Eradication of Black money and Corruption.....?

Demonetization is take into Act with the main aim of Digitalized economy and cashless economy. Digitalized economy will maintain the each and every record through computers or digitalized modes. It will give a clear accountability and it will avoid major corruption and also it will give a transparent economy concept, hence it will be a step towards a eradication of corruption and also through cashless economy it is another objective of Demonetization it will help to reduce the circulation of the money, when the circulation of money reduce definitely it will reduce the corruption and other fraudulent activities and also through using their two objectives that is cashless economy and digitalized economy indirectly it will aiming towards the eradication of the black money by demonetization the circulations of old 500's and 1000's will stops . and the holders of the black money in terms of 500's and 1000's that amount will became waste, and it will leads to stop the circulation of such money and it will helps in eradicating black money and definitely the demonetization is the major step taken by the Bjp government in regard of eradication of corruption and black money and it will definitely positive impact on a country and county's economy.

After the introduction of demonetization in India with the object of cashless economy, demonetization made an greater impact on digital payments and online trading it will be a great sign for the digitalized economy, and one of the RBI survey will given the picture of how the India is growing towards cashless economy and as well as towards digital economy after the demonetization as fallows:

YEAR	TRANSACTION THROUGH WALLET(in billion)
2012-13	0-10
2013-14	10-50
2014-15	50-100
2015-16	100-500

To eradicate the problem of black money, corruption and to convert the economy into cashless we should work on our own morality, ethics and values. People should be made aware about our fundamental rights and duties. there should be no lacunae in the system and laws, giving the room for the discretionary desires and powers to the politicians and bureaucrats. Implementation of the policies should be left with the independent commission or authority, and there decisions can be challenged in the courts only. Several reforms like state funding of election expenditure for candidates, making accounts of the political parties audited from time to time and electronically filing income-tax returns, denying persons with criminal records a chance to constant elections, should be brought in. responsiveness accountability and transparency are a must for a clean system. bureaucracy, the backbone of good governance. should be made more citizen-friendly, accountable, ethical and transparent.

CONCLUSION:

This paper will says about how the demonetization will became a step towards the eradication of corruption and black money by using other two major two concepts those are cashless economy, and digitalized economy. In country's like India the black money and corruption are the main two problems that the country is facing, so to eradicate and reduce this two that is corruption and black money, Bharathiya Janatha Party(BJP) government on 8th November taken a one major decision that is demonetization of notes of denominations of 500 and 1000 rupees, and initially it was effected the general public a lot but the reason behind that will make whole country adjustable to the changes made by the modi government. And if the proper reduction of the black money and corruption by using digitalized economy and cashless economy means defiantly India will have a positive move towards the economic growth and also demonetization will supports for the transparent economy, by seeing these things we can easily say that demonetization will be a step towards the eradication of corruption and black money. and finally as a citizens of india, its necessary to know about the changes made in the country because the any changes made in the economy will directly effect to the general public itself so its necessary,

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