



COLLISION OF DEMONETISATION IN BANKING AND DIGITAL TRANSACTIONS

ABSTRACT

This article aims to examine the impact of demonetization in banking and growth of digital transactions under RBI. Demonetization is a drastic financial step where currency unit's status as a exchange is declared unacceptable. It is a process of removing the old unit of value from common usage and replacement of new unit of value in a country. It was announced on 8 November 2016 . It means all the sectors got affected by demonetization process. There is both constructive and unconstructive impact on banking sector.

Demonetization helped the banks to grab the deposits and increase their deposits. Variety of digital payment methods are available these days that include that include UPI apps, cards, E- wallets, internet banking and many other.

Payments through digital dealings in India are witnessing development of growth like usage of plastic cards has increased to some extent. Low availability of cash opens the doors for digital transactions in India. RBI sees increase in digital transactions which have grown up by 250% after 8 November 2016.

KEY WORDS

Currency

Digital

Demonetization

INTRODUCTION

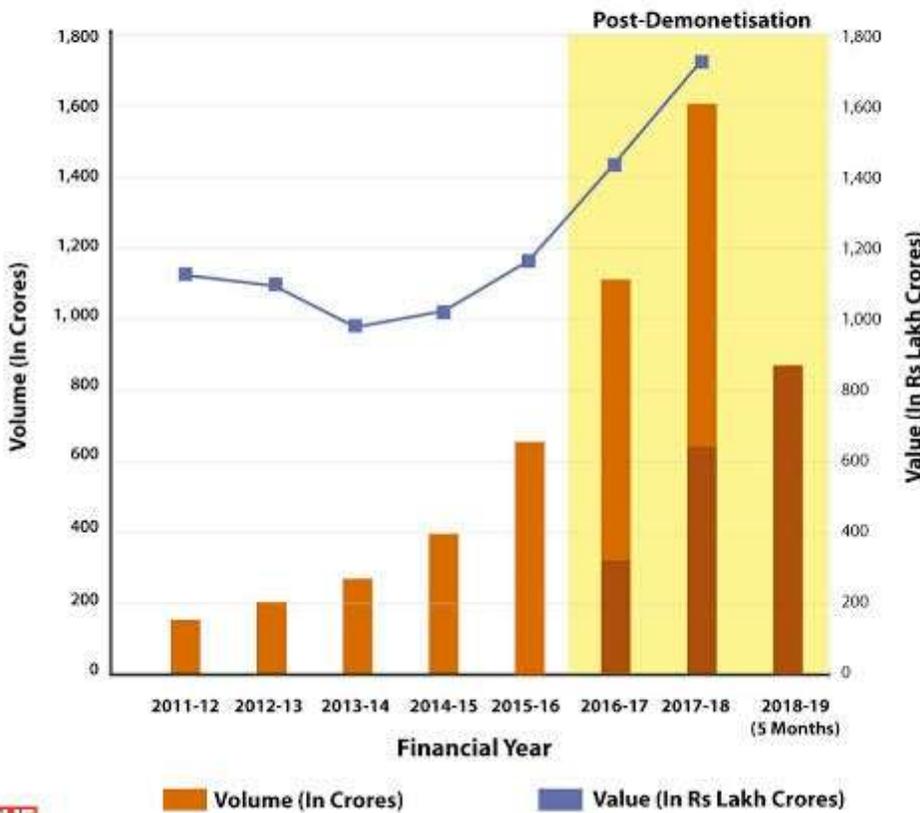
Historically, 'demonetisations' of currencies by governments have been in response to hyperinflations. In many such cases of absolute withdrawal of notes from circulation being adopted, when regular means to awake surplus liquidity in the system have unsuccessful. The basic purpose has always been to control absconder inflation and the complementary failure of trust in the domestic currency. The method of demonetization comprises either announcing new notes of the similar currency . Government of India bans Rs500Rs1000 notes to fight black money which impacted as an historical step for India's economy. India's drive with Demonetisation had a different outlook to growth before and after Demonetisation. Major aim of Demonetisation was making India a cash less society. Due to scarcity of money to public. Banks were extremely overcrowded by people where the disqualified notes were being officially exchanged. In result alternative form of payments. As per RBI report, debit cards at ATMs account for 88% and 94% of the debit card transactions and 12% and 6% account for POS transactions. Through cashless methods of transacting in the economy, anyone one can transfer money from one point to another point easily and

accessibly without any loss of extra energy and efforts, as these methods are fast and efficient. Variety of digital payments methods are available in these days that include UPI apps, E-wallets, mobile transactions and many other. The digital India programme by government of India was initiated with the vision to renovate the country into digitally emancipate and cultivated society.

On the third anniversary of demonetization, we tell you how the note ban has brought about a change in the country's digital payments ecosystem. While demonetization acted as a vehicle for people to hold electronic payment ecosystem, it has not reduced cash usage, as was the objective intended for demonetization.

This can be realized in the jump of 19.14 per cent in the total currency in circulation from November 2016 to March 2019, as per RBI annual report.

Digital Payment Trends in India - An Overview



OBJECTIVES

Curb corruption

Improve digital transactions

Tackle terrorism

Eradicate black money

Eliminate fake currency

MERITS

INCREASE IN TAX COLLECTION

Due to demonetisation force, led increase in significant increase in no of income tax returns filed.

TACKLING BLACK MONEY

Government identified many firms and shell companies affianced in thrashing black money.

IMPACT ON TERRORISM/NAXALISM

Both terrorist and naxalite financing has stopped almost entirely, fake currency noted were found and seized by intelligence operations.

INCREASE IN DIGITAL TRANSACTIONS

Increase in digital transactions lead to print RBI only a fewer notes which helped to save the costs of government.

UPI app and BHIM app boosted the digital transactions up.

DEMERITS

POOR PLANNING

India went demonetisation without having done proper plan which led to many repercussions.

ECONOMIC IMPACTS

Jobs, savings, government expenditure, GDP, tax evasion, corruption, fake notes , agriculture, were affected.

OTHER IMPACTS

Real estate , bank, stock markets, foreign investors, had adverse effect led to slump.

REVIEW LITERATURE

Review of literature has been accepted to well-designed a broad range of collision of demonetization on India country and distinctiveness related issues and to build questions for the current study. Moreover, available literature of demonetization has been analysed and included in the direction of point out gaps in our information.

In the nonattendance of steps to control and curb the generation of black money. Demonetisation has been effected is leading to a strife kind of situation in the nation. We demand that the Government guarantee that ordinary people have instant way in to get enough money to pay for their daily needs and health emergencies. Failing which we demand deferral of demonetisation to enable the ordinary person to make sufficient necessities for daily needs. The

Government role behind it, is to assume sincere tax administration and not to treat the common person like a illegal making him/her stand in line and filling forms to access his/her own valid money.

V. Gupta (2016, he points out that the main purpose of this move was to curb the black money, corruption and fake money peril. All the people but those who were indulged in misconducts welcomed the move. The new currency which replaced the old one is of denomination of 500 and 2000 notes. Though the people faced a lot of difficulty owing to scarcity of funds they did not criticize the government for the move. Even they lauded the currently (2016) Prime Minister of India for this big move. Prime Minister also addressed the people many times telling the people that it was a Mahayana and they must offer their own Ahuti in it. Moreover, further said Modi was aware the hardships, people would experience from but he required only 50 days to set the things right. He jibed at the chief political leaders who have stashed big amount of money and now joined hand to power government to take the decision back. The most interesting thing regarding the demonetisation is that people are devising a range of exclusive methods for transform their black money into legal money.

CONCLUSION

Demonetisation initiative was to make India a cashless economy. The ethical and social aspects of this spectacular demonetization move are of highest importance the measure represents the draining of a drain, created over seven decades nonetheless demonetisation can only be a part of a inclusive strategy to tackle corruption and generation of black income, and it is likely to impose extensive pain because of the poor effect on GDP and low-end employment.

