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ABSTRACT

On 08/11/2016, the Indian government has made a prominent decision regarding the note ban. The central government was a prudent, thought-provoking and well-organized step, and would eliminate all the existing black money. In the important decision announced by the Government of India, the notes of 500 rupees and one thousand rupees will not be valid tenders from midnight, 8 November 2016. The RBI will issue a new sample of two thousand rupees and a counterfeit 500 rupees will be circulated from November 10, 2016. Notes of one hundred, fifty, twenty, ten, five, two and one rupees are legal tender, and this decision will not have any effect. The Prime Minister has tried to bring this to the notice of corruption, black money and fake notes. This decision is expected to liberate the formal financial system and black money will be broken.

In this, we highlight the various economic changes and the potential consequences of this decision on various institutions. This study will help us to understand the positive and negative consequences of the note ban decision taken by the Indian government. This study is based solely on secondary data, which is collected from newspapers, magazines, internet websites, some related books related to the subject etc.

KEYWORDS: Anonymous, Cashless Behavior, Credit, Tax Theft, demonetization.

I. Introduction

The Government has brought about a major change in the economic environment by removing high-value currency notes of 500 and 1000 rupees. It has been ceased to be a legal tender since midnight of November 8, 2016. People have been forced to exchange notes taken by them until December 30, 2016. Government instructed Removal of the existing notes in exchange with new notes. In the short term, cash will be reduced from the market, because the person can withdraw less money as limit placed on withdrawal of money. In the coming month, this drain can be somewhat relaxed. The reasons given for notabandi: One, controlling counterfeit notes, which can help terrorism, in other words will take care of national security, and secondly, reducing or eliminating "black economy". There are two possible ways in which the pre-demonetization currency supply will stand modified in the new regime that one is the some economy agent who cannot understand and explain why they are holding cash and therefore cannot credit it in the banking system. This currency will be energized because they will not be changed in any way, the second thing the government may choose to change only one part of the currency i.e. in the form cash. In other words, the rest will be available only through electronic money. It is a mechanism that can be used to transfer mounds to cashless media. The experimental limit of these two components will be scored in the next six months. Both of these will have different effects on the economy in a short period of time and in the medium term, as they will be searched below. To understand the consequences of these dimensions, it is important to understand first what is cash in the economy? There are a large number of transactional transactions in the economy; accounted, unaccounted, informal, and illegal transactions. The first two categories are related to whether they are registered for tax purposes of transactions and related income. In the third category there are large number of agents, which earn less than the free limit and therefore does not come under tax liability, which cash they use for various departments of the economy. Ultimately, cash will be demanded for unlawful reasons for bribery in elections, spending over approved limits, criminal and corruption behavior. If at any time, taking a snapshot of the place of the cash, it is difficult to say or estimate how much cash is in this category.

II. Definition of the second ‘demonetization’

Demonetization is the act of stripping a currency unit of its status as legal tender. It is necessary whenever there is a change of national currency: The current form.

III. Demonetization Impacts In India

A) Black money stored in the form of 500 and 1000 rupees. Black Money will be removed from our system. According to the ICICI Securities Primary Dealership, the government will deposit black money worth Rs 4.6 lakh crore on a scheme to scarp 500 rupees and 1000 rupees.

B) Terror funding Fake Indian currency Notes (FICN) network is suffering because of removing the notes of 500 and 1000 rupees. It will have a permanent impact on the syndicate of the FICN, the terrorist network will be affected in Jammu and Kashmir, the northeastern states and the turbulent hit states.

C) Significant improvements may appear in real estate. There is a possibility of a far-reaching effect on the real estate. In the real estate sector, resale transactions generally need to be capital growth because it reduces the cost of capital gain tax. Black money was responsible for the admiration of property in the Metro; the real estate price can now see a sharp drop.

D) Political parties in the political circles have been amazed after elections in five states of 2017. Especially in large states like Punjab and Uttar Pradesh, cash donations are a major part of "election management". In a stroke, large parties may feel like hammering down themselves because cash is not frequent money. Political parties need to implement the entire strategy in light of the issue of prevention.

E) Moving towards a digital payment Demonization will lead people to carry out visual tabs like paytm, ola money etc. This behavior change can be a game changer for India.

F) Temporary chaos and confusion public will face problems for a few days due to scarcity of notes.

There are many debates on the issue of the current government’s declaration and its impact on the real estate sector after the ban on 500 and 1000 rupees notes. Nearly 12% of the Nifty Realty Index fell as a reflection, especially on emotions. Let’s see how…

A) Commercial Real Estate: There will be minimal impact on the office / industrial leasing and transaction, as the cash component does not play an important role in such transactions.

B) Residential Real Estate: The primary sales department is largely influenced by home finance companies and the deal is achieved in a transparent way. That is why this division has limited impact on large cities, although some tier 2 and tier 3 cities will have a business tactic where cash component remains a factor in primary sales. However, secondary or resale market will definitely be affected as cash segment is involved in this segment.

C) Real Estate Investment Market: Projects will be able to grow because there is no available capital for informal sources. These actually give institutional capital more opportunities. FDI, Private Equity and Debt Player will suddenly become market transparent and attractive. Apart from this, banks can start raising funds for land transactions and hence the cost of land is declining.

D) Retail real estate: Retailers are seen to have little effect on their business due to reduced cash transactions. There is a possibility of a luxury segment hit due to the increased historical increase of cash acceptance. However, credit / debit cards and e-wallet must be used in rescue. Overall, the story of the home cost remains constant; there is no threat to the full power and growth of the Indian retail industry.
E. Demonetization impact on organized Sector
Organized sector is already familiar with banking formalities. But most unorga-
nized sectors, farmers and laborers will suffer as they get the most of the time
money so they get and save currency notes. Electronic transactions are limited to
less than 20% of transactions per day. In small and medium terms, many depart-
ments of the hospitality industry of India will have different effects of demoneti-
ization drive, but there will be a positive impact on the development of the Hospi-
tality business in long term. Specifically, a strong season for the hospitality sector
in the country runs from October to March, which in large measure it ensures suc-
cess for the industry in any given year. Lack of available currency will allow
some hospitality customers to either postpone / cancel their journey. Demoneti-
ization drive will be the biggest beneficiary of the organized hospitality sector of
India. Consolidation with the general awareness of this field, being convenient in
alternative mode, will lead to a positive impact on the light market in the orga-
nized sector. However, the large numbers of hotel rooms in the country are in the
unorganized sector, we expect the general performance of the industry to witness
some variation in the short term. Hospitality business in the formal market is famous
because of the ability to create large scale direct and indirect employment in the
country. Since there is a lack of available inventions, due to the inability of the customers / tourists to spend a rough deal, the unorganized industries will have
the greatest difficulty in creating new jobs. The consequences of mobilization
will also be experienced by the suppliers of consumables, which mostly work on
the cash transactions of their wholesale counterparts. The number of unorga-
nized goods in the industry will be most affected by this decision. In addition, the
laser area hotels and restaurants segments will have more impact due to prudent
expenditure in this area. More cash transactions will be compared to the main-
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V. Demonetization impact on unorganized Sector
On the November issue of high value currency in the unorganized sector, India
will be the worst hit, while the organized sector industries will be short of the nec-
C. Currency restrictions
1) The government has introduced to stop further infiltration of counterfeit currency
notes in the Indian economy. We know that the government has received information from sources that large scale fake currency is being invested in
Indian markets. This is great reason why governments decide to ban curren-
cies.2) Then what are the chances of breaking the black money through ban on
currency? The result is very negligible because all transactions are not white
money anyway.

D. restriction can stop black money
1) Those who have huge currency, have the link to convert them through banks.
There are corrupt links everywhere with government employees and banks.2) There is no effect on those who have black money out of India. There are people who have invented the money as a loan for a specific period and
can get back the interest. The hard days the farmer will face as he has taken money (loan) from them.3) There were events of thousands notes dumping or burning but this was very negligible. But do not think that every-
one has black money, it is foolishness.

VI. the consequences of this tour will be entirely in areas with different
types of intensities and different time zones.
A) Impact of Parallel Economy: cash economies for witnesses slimming
down. The currency of the prevailing money is 66% of the total current value of
currency in circulation. It is expected to eradicate black money from the
economy since holders will not be able to deposit it in the bank, smuggling,
terrorism, espionage etc to temporarily stop the large segment of fake cur-
rency and reduce funding for anti-social elements.
B) Impact on GDP: Increase in currency and bank deposit will adversely
affect consumption demand in a short-lived economy. GDP growth may
decline due to adverse impact on real estate and informal sectors.
C) Lower money supply has an impact of insufficiency: old 500 and 1000
rupees notes are being removed, unless the new 500 and 2000 rupees are
widely distributed in the market, short-term money supply is expected to
decrease. The reductions in money supply can also be influenced by the
reduction in the budget.
D) Impact on Bond Markets: Surge in deposits increase the demand for gov-
ernment bonds with the maximum demand for loans and other high-rated
bonds, especially the small bond yields of the curve.
E) Credit Impact in Sector: The effect of these policy measurements will pri-
marily be linked to real estate sector with sectors like cement and steel,
and will reduce the short-cut to negative.
F) Impact on Banks As per the Government's instructions, the legal tender clo-
sure is now to be deposited or exchanged in the bank (at certain limit) due to
notes of 500 and 1000 rupees. It will automatically accumulates in savings
and current accounts in the savings of the commercial amounts.
G) Impact on of Online transaction and alternative options: With minimal
cash transactions, demand patterns are increasing for E-wallets and apps,
online transactions using e-banking, plastic money usage (debit and credit
card) etc.
H) Declaration of Bank Deposits: We can expect large amounts of cash to be
brought to the realm of formal banking system through deposits in current
cash account and savings account (CASA) so banks can reduce interest rates.
I) The quality of the assets of NBFC faces pressured: We trust the property of
the borrowers, especially the NBFCs, who have developed skills in credit
assessment in the informal section and have prepared models around the
short-term to remain under pressure. Under NBFC, the quality of the lending
property with a large contribution on cash balances will be in risk in the short
term. Risk profile for NBFCs can change in the long term, because strong
borrower profiles can shift to potential banks.
J) Payment Bank Benefits: The payment banks and other institutions which
are part of the transaction ecosystem will be long-term beneficiaries,
as more and more cash enters into the formal banking channel.
K) Financial Products in Investment: In the short term, investors now believe
that cash is not the safest asset and the accumulation amount is less. This will
return them from physical assets to financial assets where the return will be
more.
L) Effect on consumption sectors:
1) Contractual pricing of real estate can increase: We expect that real estate
owners cannot be affected by the end users, because most of them help in get-
ting funds from bank loans. During the medium term, prices of this sector
can be recovered on many fronts as developers rebalance their cost (charg-
ing more on check payments).
about 80% of the workers cannot be considered for a natural form of employ-
ment, at least the time limit may be considered. From our point of view, the GDP
growth rate may be higher than expected and recovery may increase in three to
four quarters for a normal growth journey. It is really difficult to predict potential
growth trajectories. But it is believed that the formal sector has registered the
average increase in the last 10 quarters and in the informal sector, third quarter of
2016-17 Q3 Growth may fall down to 4.1% in best conditions. If the contraction
increases to industrial and commercial services sectors and is a bit more in con-
struction and trade, the increase in Q3 will be reduced by 1.5%. In the fourth quar-
ter (Q4) of 2016-17 and the first quarter of 2017-18 (Q1), the growth is expected to
be gradually excavated before returning to its normal journey. It is true that
increasing the liquidity in the formal banking sector will increase the GDP
growth rate of this sector, but GDP gets around 6% and this segment has
increased by 0.5% and 1.0%. Growth in the third and fourth quarters, respec-
tively, is not likely to be significant as the overall GDP growth numbers. Due to
this additional liquidity, the effect of easy availability of credit to the formal sec-
tor can take some time, and this is not important in the third and fourth quarter.
Moreover, demand reduction can also be put on demand for investing funds at a
moderate level. It is important that the number of quarterly GDP of the Ministry
of Statistics and Program Implementation will include the difficulties in this
informal sector because the GVA quarterly estimates have been compiled by the
benchmark-indicator method. The annual budget estimates for the previous year
are estimated, such as estimation of crop and livestock, industrial production
index, steel and cement discharge, sales tax refunds, sale of commercial vehicles,
deposits and credit enhancements, banks, service tax, government expenditure,
are all for formal sectors. Some of the relevance of this assumption has been
found in the current situation and we may be surprised to see the good official rate
of GDP growth for the third and fourth quarter.

VIII. Conclusion
Commercial homes are also an integral part of the country's economy. In the
absence of such a trade ban certain medium and large-scale business remains
unaffected but severely affects several small-sized business organizations activi-
ties. The country's economy may be a recession in the next few months, but soon
the Government's influence is expected to return to your normal size. The central
government's recent decision to eradicate black money in India is a big step in
showing high value currency. Demonetization drive to some extent will affect
the general public, but it is inevitable in such decisions in the interest of the coun-
try. Also, it cannot completely prevent black money, but definitely there is a big
impact on breaking large amounts of black money.

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2) Sale of Used Car Dust: Original Equipment Manufacturers will be affected
by the sale of second-hand vehicles, so that new car sales will be spoiled as
buyers will not be able to easily dispose of their old vehicles.

3) Consumption: To discontinue selling discounts on discretionary spending:
Sales of white goods such as TVs, refrigerators, and washing machines can be
redeemed by up to 70 percent, because the good part of the market is in
cash. The dust may continue for the next six months until it stabilizes and
may lead to sufficient circulation of new currencies. Due to decreasing
demand, prices are expected to be lower, using cards and checks may result in
some purchase.

4) Reduce demand for Gems and Jewelry: We can expect to decrease
the demand of jewelry and jewelry in the next two to three quarters. Due to the
high working capital cycle and scope of higher workload, it will weaken the
credit profile of the industry.

5) Reduced retail demand for high solutions: Reducing discretionary
demand in these segments reduces the result of high end productive retail
and luxurious items. In the case of quick service restaurants, although 60%-70%
of the transactions are currently in cash, the possibility of a lower ticket
price for purchases and the high likelihood of a well-advised shelter for plas-
tics money could have the effect of normal.

6) Private Educational Institutions: Since private educational institutions
take large amounts in cash, which is 40% to 50%, we expect that this deci-
sion will have an impact on the achievement of private education institu-
tions.

7) Medical Institution (both Hospitals and Medical Colleges): Once, if
donations are made in the bonds which are more than 100% of medical insti-
tutions like hospitals and colleges, then we can expect that this move not
effect admissions but also receipts

8) Political parties: Elections and political parties are the major source of
black money transactions. Most of the national political parties have 40% to
50% cash in funding and when it comes to regional parties, they go from 50%
to 60%. 90% of these funds are never disclosed. The candidates and
their doers felt that the political parties would have cash interest.

9) Dabba trading: It can destroy the Dabba trading. Market outbreaks, specu-
lative markets and illegal betting markets can lead to natural death because the
currency gets a new face. Demonetization was a shock for the traders
who had been in the equity market for many years.

VII. Demonetization and GDP growth
Some rating agencies are expected to decline 40 basis points for 2016-17 for
GDP growth and a slight increase in 2017-18. Photo: PTI Cash is the preferred
method of trading globally, 85% of which is their average. In some developed
countries, less than 50% of total transactions are in cash, whereas in India they
are 95%. Easy access, acceptance and certainty of performance, because the set-
tlement is not dependent on any additional infrastructure, and does not make any
additional charge compose it universally the most preferred mode. The only prob-
lem with cash is that it is a hassle and trouble for establishing a mark-down and
having an ideal mode for a non-negotiable transaction, 1975-2000, the GDP
ratio, which was 8.4%, was first time 10% in 2002-03 and since then it has
remained above this level. This ratio is 10.8% average in the last decade, but in
the last three years, the negative trend has been absolutely affected. The ratio of
these would have been sustained compared to the year before the declaration of
higher denomination notes declared void on November 8. The existence of large-
scale informal sector is one of the most important factors in this core of the cash-
based economy. In the informal sector economy (average 2011-15) the average
gross value (GVA) ratio of growth (GVA) was 45 percent. The growth of the informal
sector is largely cash oriented and so far its production depends on the
promotion of cash transactions. Even after considering the negative and negative
growth of saving and capital formation, this sector contributed about two-thirds
of the investment for 40% capital formation and investment.

85% currency is prevalent due to demonetization of high-volume notes (Rs 1,
000 and Rs 500). This has resulted in short term interruptions in transactions in
agriculture and related sectors, small establishments, families and professionals.
Since the injection of liquids is slower, the disadvantage of the irregular area of
income in both formal and informal sectors has been affected. As self-employed
and informal workers dominate the overall economy, their income can be a set-
back. Some may say these costs and changes in income, but one part of it can actu-
ally be revenue and income permanently

Demonetization fallout: ADB predict reduction in India's GDP growth rate to
7% as the rating agencies have projected a decline of 40 basis points for GDP
growth for 2016-17 and a low proportion for 2017-18. These estimates are based
on the sharp changes between early currency liquidity injection and cashless
transactions. However, due to religious beliefs there is a section of population
that still wants to deal with cash. Approximately 40 basis points fall in GDP,
about 50% of the workers cannot be considered for a natural form of employ-