



### **A REVIEW OF ECONOMIC REVOLUTION IN INDIAN ECONOMY** **(With Special Reference To Digital India And Demonetization Of Big Denomination Currency** **Notes By Government Of India)**

**Dr. Vimlesh shukla**  
Asst. Professor

#### **ABSTRACT**

Like other developed economies in the world Indian economy will also become a Cashless economy where you need not carry cash for shopping and other trading activities. Government of India is taking all efforts for making India a cashless economy. It started its initiative with Digital India to create knowledge economy and good governance, every minister and Ministry is now on twitter. Government of India has demonetized 500 and 1000 denomination note in India with effect from 9<sup>th</sup> November 2016. It is a revolutionary decision taken by NDA government to stop corruption, terrorism and counterfeit currency in the country.

The paper focuses on review of economic revolution in Indian economy. A movement by government for making India a Cashless economy, with special reference to Digital India and demonetization of big denomination currency notes in Indian economy.

**Keywords:** - NDA government, Digital India, good governance, Cashless economy.

#### **Introduction:-**

In last Two years NDA government has launched so many schemes and programs like financial inclusion scheme (Jan-Dhan Yojana), LPG Subsidy Reform, Swachh Bharat Mission, Digital India and so on. The Jan-Dhan yojana entered the Guinness Book of world Records for maximum number of accounts opened in a week. The scheme is a big boost in moving towards direct subsidy transfer.

Recently the government has taken one more Historical and Revolutionary step to abolish Parallel economy. Government has demonetized 500 and 1000 denomination note in India with effect 9<sup>th</sup> November 2016. It is a surgical strike on Black Money. The main purpose of this decision is to remove money laundering in India permanently and also to stop corruption, terrorism and counterfeit currency.



Digital India is a program launched by Government of India headed by Prime Minister Mr. Narendra Modi the main purpose of this campaign is to make available government facilities to all Indian citizens with the help of providing online facilities almost every part of the country. It was started on 1<sup>st</sup> July 2015 by Government of India it not only focus on Digital literacy but also to connect rural areas with basic high speed internet networks. It is a plan to connect rural areas with high speed internet networks. It includes providing online infrastructure and internet connectivity all over India. It is to ensure that government services are made available to citizens electronically.

The importance of this project for Indian economy can be explained as follows:-

- **Digitally empowered citizens:-**with success of Digital India campaign all citizen of the country will be empowered digitally. It means they can access all the information with the help of their android mobile or personal computer/Laptop. They don't need to visit government offices again and again
- **General public access to all government facilities:** - Digital India is beneficial to all citizens in country because it help in accessing all government announcements and policies online.
- **Development of the country:** - Indian economy is a fast growing economy. Digital India is the demand of today's modern world. If we want to stand at par with the world digital India is a very essential step for that. Otherwise we will be lacking behind like other developing economies.
- **Employment opportunities for people:** - Digital India project creates employment opportunities for people like program developer, data entry operator etc.
- **Paperless economy:** - India will become a paperless economy like other developed nation. All the transactions will be done electronically whether it is regarding payment or obtaining any kind of information.
- **Good Governance:** - It means transparency in all transactions. No one can hide important information required to be known to a common man, it will be accessible to all.
- **Internet connectivity in all parts of the country:** - very soon internet and Wi-Fi connectivity will be available everywhere in the country; it will be beneficial to students, businessmen, housewives etc.



- **Removal of corruption:-** There will not be corruption in the country as all economic transactions will be done digitally.
- **Transparency in every field:** - There will not be any hidden agenda in the country as transparency is desirable in Digital India.

But there are some common problems found in execution of this program which can be discussed as under:-

- **Lack of basic infrastructure facilities-** digital India campaign requires infrastructural facilities like Wi-Fi connection, Personal computer, broadband connectivity, landline connection etc. it is not an easy task to provide these facilities in every part of country.
- **Problem of Illiteracy:** - even if the government is able to provide infrastructural facilities across India, many of them will not be able to utilize these facilities, they may be provided training but that may be also a costly affair.
- **Poverty and unemployment:** - Digital India campaign requires lot of expenditure like internet connectivity, Wi-Fi network, personal computer, broadband connection, etc. In India more than 30% population still come under poverty line. They cannot afford all this expenditure. Because they want to satisfy their primary needs and wants firstly than only they can go for such types of secondary needs.
- **Availability of qualified manpower:** - for success of Digital India, availability of qualified manpower is very important. Human resource specially from IT sector will be required for successful implementation of this campaign
- **Time consuming and complex procedure:** - to make India digitally empowered is a time consuming, lengthy and complex process as its coverage is very wider. It covers remote and rural areas where internet connectivity not an easy task.
- **Lack of legal support:-** In India there is no any kind of legal framework for the safety and security of electronic transaction and payment.

**Some suggestions have been put forward to make this program successful:**



- Sincere and committed staff is one of the important requisite of Digital India campaign as it is a very big and important project.
- There should be creation of employment opportunities for youth of the country in a large scale.
- There should be optimum utilization of available resources like internet and Wi-Fi connections.
- Developments of infrastructural facilities especially in interior and remote areas are also important for success of digital India.
- Security and protection must be provided to users through creation of strong legal framework.

Sweden set to become the first ever cashless country in the world. It is possible due to development of information technology as well as a crackdown on crime and terror, according to a study from Stockholm's KTH Royal institute of technology. Besides simplicity and lower costs, digital payments also add transparency to the nation's payment system. Cost of handling cash is high. Kenya, Canada, S. Korea, Singapore, U.S and Nigeria are some of the cashless economy in the world where only mobile payment and plastic payment (Debit and credit card) is accepted.

In order to make Indian economy as a cashless economy Digital India is an important step taken by the government. One more step is taken by government of India towards this step is ban on 500 Rs note and 1000 rupee note. This announcement was made by Prime Minister shri Naredra Modi on 8<sup>th</sup> November, 2016 after closing of all offices and Banks. This was a surgical strike on black money hidden by many rich people in their houses.

This was really a hard decision to penalize those who are not paying tax and encouraging corruption and terrorist activities in the country with the help of black money. A common man has welcomed this decision even though they have to suffer from lot of problems. Many political parties and leaders have opposed this decision, but it was appreciated in all over the world. No governments till today have taken such a decision to destroy black money in the country.



Finance Minister Mr. Arun Jaitley said that this is a historical decision and have many advantages for Indian economy. Keeping cash at home is not beneficial at all when a farmer or common person will deposit the money in bank his money will be safe and he will earn interest on that amount.

No question will be asked if up to 250000 Rs. is deposited. If more than 1000000 Rs is deposited 200% penalty will be charged as per sec 270 of Income Tax Act, 1961. Rich people convert their black money into white money by purchasing Gold in bulk quantity and advance booking of railway ticket. A person can withdraw up to 10000 Rs in a day and maximum 20,000 Rupees in a week. Cash exchange up to 4000 is allowed. Up to 30<sup>th</sup> December old notes can be deposited in Banks without any efforts.

Strict action to be taken against tax evaders using other persons Bank a/c to convert black money into new denomination notes. The following activities have been implemented after announcement of demonetization of big currency notes by Prime Minister on 8<sup>th</sup> November evening.

S. No.	Activities	Amount	Date
1	Old notes exchange	4000	10/11/16.-24/11/16
2	Bank note withdrawal	10000 Daily	10 <sup>th</sup> Nov. onwards
3	Bank note withdrawal	20000 weekly	10 <sup>th</sup> Nov. onwards
4	ATM note withdrawal	20000 Daily	10/11/16-18/11/16
5	ATM note withdrawal	4000 Daily	19/11/16 onwards
6	Old note deposit	No limit	10/11/16-30/12/16
7	Cashless online shopping	No limit	8/11/16 onwards

(Source: <http://onepromocode.com>)



2000 Rupees notes are available with effect 11<sup>th</sup> Nov. 2016. Problem is faced by those families where marriages are going on, by the farmers and marginal traders who were undergoing financial transactions and were in immediate need of money. If this surgical strike on black money will be successful, it will be really a historical achievement of NDA government also it will help to poor and middle class people in a larger scale.

The Indian economy will be certainly benefitted from Note revolution. This can be summarized as follows:-

- **Removal of corruption and exploitation:** - Black money leads to corruption and exploitation of poor and middle class families. This economic revolution in the country will stop creation of black money in the country which in turn will remove exploitation of poor people. A common is forced to pay his hard earn money in cash to middlemen and agents. Ban on big currency notes will stop such type of activities.
- **Crackdown of terrorism:** - Fake currency notes are supplied to terrorists for purchasing weapons and other equipments. Due to note ban building of black money will be demolished and fake currency business will be damaged this will help in crackdown of terrorism.
- **Removal of Black money from country:** - after announcement of demonetization of big denomination currency notes people are either exchanging it from banks or depositing the same in their respective accounts. This results in collection of big denomination note by banks in huge quantity. Tax evaders and black money holders will be penalized strictly and there will not be black money in the county.
- **Low rate of interest by the Banks:** - Banka have collected huge amount of cash in big currency notes due to note revolution in the country. In future the banks will lend the money to those who want to start a new business, purchase a new shop for earning their livelihood, or other such type of activities at low rate of interest. This will help youth of country to get self employed. Lot of employment opportunities will be created in near future.
- **Increase in number of tax payers in the country:**-Government have imposed penalty to tax evaders and strict action will be taken against those who have created black money so





ultimately number of tax payers in the country will increase. Government will get revenue for implementation of its projects and programs.

- **Benefit to poor and middle class people:** - the main aim of note revolution is to benefit poor and middle class people of the country. This not only a ban on currency notes but also an economic revolution in the country.
- **Rapid economic growth and development:** - Black money is main hurdle in the economic development of any country, because it leads to corruption, exploitation, black marketing and all other types of non desirable activities which are obstacles in growth and development of our country.
- **Transparency in economic activities:** - all the accounts, data and information will be accessible to general public due to digitalization of Indian economy. In case of economic transactions even a single rupee transaction can be recorded for future references. Thus there will be transparency in economic activities like payment, purchasing and selling activities etc.
- **Elimination of middlemen and Agents:** - agents and middlemen always charge their commission in between and increase costs of transactions due to which poor person have to pay more in cash. Online payment will reduce cost of economic transactions by eliminating middlemen and agents.
- **Stepping ahead towards cashless economy:** - Indian economy is moving ahead towards cashless economy like U.S, Canada, S. Korea, Sweden etc. because online payment is much economical than cash payment. Many people in the country go for mobile payment, plastic payment and online payment.
- **Loss of Fake note currency business:** - due to note ban decision of government fake note currency business is suffering from losses. People involve in fake currency business may have to close their shutter very soon; because they will be strictly punished for such activity.
- **Increase in investment:**-government can invest collected cash in many productive projects like smart city, Digital India, Clean India etc. and provide benefit of this program to poor people.



### Summary

Indian economy is a very fast growing economy in the world due to pro-activeness of its government. The government of India has launched many schemes like Digital India, Swachh Bharat Mission, Financial inclusion, demonetization of big currency notes etc. but other political parties of the country are not sincere for policies and programs of government. They always oppose and criticize policies announced by the government due to which government have to face many problems in execution of the policies.

Sometimes citizen of the country also do not contribute and participate in execution of policies. For e.g. if we observe in our surrounding people are not sincere for swachh Baharat Mision. Our platforms, Roads, public places etc. are not cleaned properly because of our habits. This is the main reason of failure of government programs and policies. So if really want our country a cashless economy, digitalized economy, cleaned economy, pollution free economy we have to begin it first. If we will think like this we can give a green, healthy and developed India to our future generation.

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