

DEMONETIZATION: CURBING THE PRACTICE OF HOLDING UNACCOUNTED MONEY AND MOVING TOWARDS E- MONETIZATION (An Empirical Study on Local Shopkeepers of Sagar City of Madhya Pradesh)

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ABSTRACT

"I promise to pay the bearer the sum of one thousand rupees/five hundred rupees" undersigned by the RBI governor on notes, seemed dubious the day when the demonetization of two high denominated Indian currencies i.e. 1000 rupee-note and 500 rupee-note was announced by the Prime Minister of India. It was bound to hit the economic system of the nation as the whole country faced the problem of liquidity. The recent move of demonetization in India has certainly affected the local traders adversely in all the regions of the country but the change in their practice of holding unaccounted money was not studied so far. The present study is about the small shopkeepers of a region, change in their accounting practices and their problems in shifting towards e-monetization i.e. cash less mode of payment after the accomplishment of the demonetization process in India. The study is empirical in nature and is based on primary as well as secondary data. Primary data has been collected through schedule of 15 questions filled by the enumerators from the 40 shopkeepers dealing in daily needs, jewelry, hardware, mobile & accessories and baked materials established in four major areas of Sagar city of Madhya Pradesh and secondary data has been collected from websites of NPCI & RBI and various other sources. To categorize and quantify the collected data, five point Likert scaling technique has been used and to check the goodness of fit, Kolmogorov-Smirnov (K-S) test has been applied. For the interpretations, percentage technique has been used wherever found necessary. The study concludes that the recent move of demonetization in India has caused a significant decrease in unaccounted income of the local shopkeepers of select region and the entire e- monetization at present will not stop tax evasion in the country.

KEYWORDS: *Demonetization, Unaccounted Income/Money, E-Monetization, Black Money..*

Introduction

"I promise to pay the bearer the sum of one thousand rupees/five hundred rupees" undersigned by the RBI governor on notes, seemed dubious the day when the demonetization of two high denominated Indian currencies i.e. 1000 rupee-note and 500 rupee-note was announced by the Prime Minister of India as he said, 'these notes are just papers from tomorrow'¹, and even in subsequent period until the re-monetization took place, it remained in question. Between November 8 midnight and December 30, 2016, there was a hue and cry among the common men as well as the prominent figures of the country. Many a citizens as well as politicians criticized this move of the government and the government too failed to have anticipated the complexities and catastrophic effect of the move in short term. However the period of affliction was for a short span, it jolted the entire economic system of the nation. Following the announcement, there was a rush at banks and ATMs, to exchange old notes and

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¹ *Bhatt, A.Last, F. M. (2016, November 9). Watch PM Narendra Modi's Entire Speech On Discontinuing 500, 1 000 Rupee Notes. NDTV. Retrieved from <http://www.ndtv.com/indianews/pm-modi-speaks-to-nation-tonight-at-8-pm-1622948>.*