

THE AWARE CONSUMER

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DEMONETIZATION

Are we in the pink of health?



THE LAST MILE

Demonetization of
Indian Currency:
Who will pay
the price?

OUT OF THE BOX

Demonetization:
A Gamble by
Central Government

IN FOCUS

Demonetization:
Hustle and Bustle

PLUS

ROUND UP • MY MARKET • THE PRESCRIPTION

OUR
BUSINESS
is PATIENT
SAFETY.

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BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

The great CASH clean-up

Since black money is used for illegal activities like terrorism funding, gambling, money laundering and due to demonetization all such activities will get reduced and also it will take years for people to generate that amount of black money.

IN THE LIGHT of said facts about terms and policies of demonetization, we can conclude beyond the shadow of any doubt that it is a very healthy step to combat the deadly disease of corruption and black money.

This happens to be the third instance of demonetization in modern India. As a result of this major move, banknotes belonging to the Mahatma Gandhi series that we now use will be replaced by the Mahatma Gandhi new series. The most important conclusion about this step is that the process will help curb financial malpractices in the country. This includes money for which tax is not paid, and many other false practices which are going on in our country. So far many instances of demonetization have taken place in the world, and it has always proved to be very beneficial for the country and economy of the nation. People in other countries who have witnessed this act did not face the same consequences like us because they were given enough time to convert the older

currency to the euro in order to ensure a smooth transition.

Such a move could definitely affect people but as a process, demonetization has proved effective in controlling counterfeiting and black money in any country. It is hoped that with the recent move of demonetization, the tax evaders will be forced to return the high denomination bank notes. In this way, hidden money will be exposed and the cheats can be arrested.

This step will slowly remove the big division between the rich and the poor, and the government will slowly get over the political crisis it is going through because of this massive step. Hence, it is our duty to show trust towards this decision which has brightened the future of many countries. And, now it is our turn to accept the policy by looking at the positive side of this step.

**“Let's
Not Fall
Victims
to Fraud
Be Aware”**

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It is estimated that gold worth Rs. 5,000 crore or around 15 tonnes, was sold between 8 pm on Nov. 8 and 2-3 am the next day, after the PM's demonetisation announcement. Nearly half of these sales happened in Delhi, UP and Punjab.

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This is a massive opportunity for people to move from informal to formal economy. In the long run, it should really lead to is an economy where bank savings are up, bank interest rates down and the fiscal deficit will come down.



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Once you have downloaded the wallet, you just need to open the app and follow instructions.



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In a further push to cashless economy, the Central cabinet has approved the ordinance for paying wages via electronic means — which means that the government has given its nod for cashless salary.

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This Government will continue to follow sound and prudent economic policies, to ensure that India has a bright future in the long run. We will not shy away from taking difficult decisions, if those decisions are in the interest of the country. Demonetisation is an example.



ROUNDUP



Demonetization of Indian Currency

INDIA HAS SEEN a number of revolutionary changes in its history and present, and will continue to come across many more in future too. The important point to be noted here is that, it has brought a huge change in the monitoring and governing system of the country. One such revolutionary effort is the demonetization of Indian currency to combat various forms of corruption in our society. It is a process of removing or abolishing the values attached to the money or monetary system of any institution or the government bodies in a country or the world. It is executed to replace the old currency with a new one, and is necessary whenever there is a need to bring about a change in the national currency of any country. Little do we know that this implementation has not taken place for the first time in India. It was first imposed in the year 1946 in the month of January, and notes of Rs. 1000 and higher denomination notes were demonetized. Once again, around 38 years ago, in the year 1978, then Prime Minister Morarji Desai had taken a crucial step to fight against the corruption and accumulation of black money which was mushrooming in India

during that time. He had imposed the policy of demonetization in 1978 to scrap out Rs 1,000, Rs 5000, and Rs 10,000 notes immediately after emergency was lifted from India. The highest denomination of currency printed by Reserve Bank of India was of Rs. 10,000, in the year 1938 and 1954, but these were also demonetized by Indian government in 1946 as well as 1978 respectively. On 8th November 2016, this major step was taken by our Prime Minister Narendra Modi, to eradicate the black money and social evil called corruption from our country. He declared the notes of Rs. 500 and Rs. 1000 invalid from the midnight of the same day on which he announced. Apart from his motto to fight against corruption, he also aimed to scrap out the fake currency which was being used to finance terrorism. With this, he introduced a newly designed note of denomination Rs. 2000 and also Rs. 500 which were circulated to various major banks from 10th of November. He also declared that newly designed notes of Rs. 10, Rs. 50, and Rs. 100 will be introduced soon after the stabilization of this first step taken by him. ▶

DATA BRIEFING

**NUMBER
OF CARD
transactions
increased
over
65%
showing a
significant
shift to
payments
by cards**

Effects of DEMONETIZATION

INDIA LOST ALMOST 86% of its monetary base by our respected Prime Minister's masterstroke on 8th of November. Undoubtedly, our PM has taken a massive step against three evils of our society which was prevailing since a long time. Although, several concessions were provided in various sectors to do away with the rigidity of this implementation, but there were still a large group of people who managed to find out the flaws. Electronic payment was the only way to carry out transactions, but the sections of the society which was not as digitalized as the cities and towns were finding it difficult to meet their daily requirements. Though this step seemed to be like a flash flood for all the citizens of India, but the main reason behind maintaining the secrecy over this step is quite genuine. Had the market place known about the plan of government, they would have discovered ways to circulate their black money and unregistered properties rapidly. This would have proved to be a great failure on government's part. Not only the common man and defaulters, but the bank officials and higher authorities were also trapped in this loop and many of their illicit cash circulation activities were exposed by media. Days after Modi's declaration of demonetization also, banks did not have adequate amount of cash of lower denomination to meet the demands of people. While in some banks, the workers managed to satisfy all their customers and worked hard to meet their demands, meanwhile we came across corrupt bank officers who leaked out cash through backdoor. Because majority of citizens and organizations were unprepared to face this, it took a long time to restore the economic equilibrium of our country. But, the brighter side confirms that, making this decision a surprise did not give sufficient time to defaulters to find loopholes and escape. Many market places and start-ups were shut down with immediate effect due to lack of availability of funds in cash form. The bigger picture reveals that limiting the withdrawal amount gave rise to a majority of problems but it also prevented the circulation and conversion of black money. Initially, we will have to face a lot of challenges in getting over the impulse of this step, but when we look at the long term benefits, we can surely expect a bright and corruption free future of our country. ■

Demonetization:

WE HAVE ALREADY discussed that on 8th of November almost 14 trillion rupees worth of 500 and 1000 rupees notes were no longer considered as legal tender. This gave rise to huge chaos within the country and the central government witnessed that the supporters and opponents were in equal ratio. Demonetization of 500 and 1000 rupees notes caused a huge windfall in Indian economy and the Reserve Bank of India witnessed many tax payers taking advantage of this scheme. These tax defaulters tried to pay their longstanding dues with abolished currency, in order to get a clean chit and convert their black money into white. Although a report presented by experts reflect that collection of tax did not show any gradual improvement by implementation of this policy, but another report showed a contrasting trait of the same. After conducting a survey of more than 47 urban local bodies, it proved that the collection of tax was increased by 268% in the month of November as compared to that of previous year. They had previous record of collecting approximately Rs. 3,607 crores in the month of November 2015, whereas this year showcased a collection of Rs. 13,192 crores, which is almost four times of the former one. The tax dues which remained unsettled for a long time were now cleared after demonetization, and it is a positive sign. The continuation of this system could reform the



The Reserve Bank of India informed a parliamentary panel that it is working on a mechanism to bring down transaction cost on online payments post demonetisation even as cash flow position in urban as well as rural areas have improved significantly.

A Windfall or Disaster

MAJOR BENEFITS OF DEMONETISATION THAT YOU DON'T SEE IN MEDIA COVERAGE !

FAKE CURRENCY

Out of circulation
in one stroke.

HAWALA SOURCES DRIED UP

Funding stops to
Terrorists, Naxalites and
Underworld.

KASHMIR MOVING BACK TO NORMALCY

Blow to insurgency,
no more schools being
burnt and no stone pelters
to be found.



REDUCTION IN FISCAL DEFICIT

Fiscal deficit of India
set to reduce.

USE OF APPS AND CARD

Small vendors have
started using Apps and
card machines.

GOLD STOCK

All jewellers are being
issued forms to declare
their Gold Stock on day
to day basis.

tax assessment register and will increase the efficiency of collection of tax through spatial analytics and outsourcing.

While on one hand central government is happy that reverting of black money is increasing, on the other hand demonetization is causing disastrous impacts on other people. The one with credit card and net banking facility is able to do away with the problems occurring due to lack of cash availability. But, the sectors such as fishing industry and small trades which solely relies up on cash exchange are

The pace at which the demonetised notes are coming back to the banking system is raising a question: will the demonetisation drive result in a "surgical strike" on black money?

adversely affected. It is almost ground to halt, and as per our former Prime Minister Dr. Manmohan Singh, India's GDP will shrink by 1 to 2 % because of demonetization. Amidst all this, we witnessed a chaos amongst the black money holders too. Though we were given deadline till end of the year to return our defunct currencies, many people were under pressure to convert their black money without being in the limelight. All in all, this policy is showing more positive signs as compared to negative ones. ▶

BLACK MONEY AND DEMONETIZATION



AFTER STRICT IMPLEMENTATION of this step, it was clear in the mind of many people that it will create an inconvenience in the starting days but will end effectively. The sole motto of demonetization included eradication of black money and shaking the roots from where it is generated. Black money is not just possession of money gathered by invasion taxes, but also the properties, gold, land, or vehicles bought through this money. Altogether, these things are called black economy, and this step taken by our respected PM is being criticized due to this reason. Some partially aware economists and self-proclaimed experts are opposing his decision by saying that demonetization only targets on black money and not on black economy as a whole. Little they know that our PM also

laid out certain rules and policies regarding ownership of property, gold, and land in his speech. It was clearly mentioned that any individual possessing more than two properties in a particular city or state will be investigated and he will have to produce the source of his income immediately and pay appropriate taxes for each of his possessions. It will take a long time to get rid of corruption, and that is why the steps are implemented slowly to not disturb the national calm all at once. As we all know that corruption is an epidemic on national level, it will certainly demand some time and patience from all of us. The central government is facing a lot of hurdles in carrying out this process because many people think it will be of no help for

removing the black money. The introduction of new currency will make sure that either the black money holder will be caught, or all his possession will be of no value if not submitted back to the government. At least the 5 to 6 % of black money which is kept in hard cash will surely be neutralized after this step, and the remaining which falls under black economy will be removed soon. As we have seen the steps taken by our PM related to unexplained real estate possession, gold, and vehicle, there is no doubt about the positivity of this step. We may find some drawbacks of this sudden attack, but if cooperated properly, we can fight the war against corruption and black money in a smooth manner. ▀

Terror Financing

AMONGST THE THREE principle mottos behind bringing in demonetization effect to India, curbing of fake currency which is pumped into Indian economy every year is one. Based on the reports presented by National Crime Records Bureau (NCRB), the year 2015 witnessed the circulation of almost 1,78,022 pieces of fake Rs. 1000 note, and 2,99,524 pieces of fake Rs. 500 note. These fake currencies were circulated into Indian subcontinent and approximately 70 crore fake notes were pumped into Indian economy every year. In this context, we can certainly conclude that the system of terror financing will definitely collapse with the implementation of demonetization. The reason why fake notes cannot be detected easily is that they keep getting circulated within the market in the form of hard cash. It hardly enters the banking system within India, and it becomes extremely difficult for the common man to differentiate between the real and fake currency. We have got many cases registered against the circulation of fake notes, and some of

The year 2015 witnessed the circulation of almost 1,78,022 pieces of fake Rs. 1000 note, and 2,99,524 pieces of fake Rs. 500 note.

the defaulters are convicted in three cases.

According to investigation done by security agencies, it was found that these fake notes are generated in Pakistan by several terrorist organizations. These fake currencies are sent transferred to Bangladesh via air route, and then Indian economy is fed with the same. Some experts have established a well-organized group who are professionals in pumping the fake currencies into India. An intelligence bureau chief claimed that black money is the root cause of all the malpractices going on in the society to disturb the social balance of India. Hence, by combating this evil, one can certainly hit hard on the matters related

to fake currency and terror funding. It was discovered that the main reason behind Pakistan being able to generate fake Indian currency is that, the supplier of ink, and raw currency is common for both the nations. By demonetization, we have successfully nullified all the fake currencies that terrorist organizations have along with them in the form of hard cash. It has become a piece of paper now, and they can no more transport it through channels by which militants and arms are being transferred. It is a massive blow for sleeper cells who keep the fake currency along with them. Therefore, altogether demonetization is playing a crucial role in washing off majority of social evils that prevail in Indian society. ▶





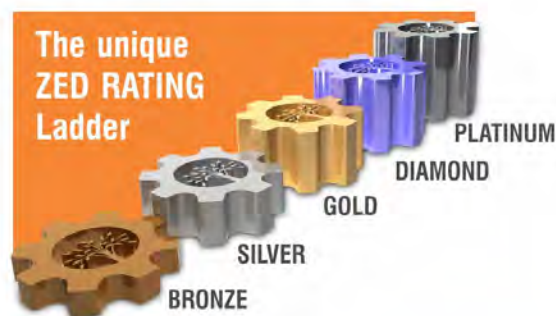
“Let's think about making our product which has 'Zero Defect'; so that it does not come back (get rejected) from the world market and 'Zero Effect' so that the manufacturing does not have an adverse effect on our environment”

SHRI NARENDRA MODI
Hon'ble Prime Minister



Certification Scheme

A roadmap to
World-class manufacturing



HIGHLIGHTS

- ⚙️ A scheme by Ministry of MSME, Govt. of India
- ⚙️ Certification on the systems and processes of MSMEs
- ⚙️ Handholding MSMEs towards world class manufacturing
- ⚙️ Special emphasis on MSMEs supplying to Defence Sector
- ⚙️ Direct subsidy to participating MSMEs
- ⚙️ Creating a credible database of MSMEs for OEMS/CPSUs/Foreign Investors under "Make in India initiative"
- ⚙️ Quality Council of India (QCI) to function as the NMIU (National Monitoring and Implementing Unit) of the scheme

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Overall Analysis of the Demonetization in India

DEMONETIZATION IN INDIA, as introduced by our Prime Minister on 8th November 2016, has been like a demon to fight against corruption, counterfeit currency, black money, tax evasion, crime and terrorism. Although there are divergent opinions about its impact and relevance on Indian economy, the fruits of the valiant and audacious act will bear in the long run.

Some of the key analysis of the demonetization are:

- a) The total value of Indian currency in circulation till Nov. 2016 – 26 lacs crores.
- b) The total value of two highest-denominations (500 and 1000 rupee) in circulation till Nov. 2016 – 22.5lacs crores (86%).
- c) The total value of the highest-denomination of 1000 rupee note in circulation till Nov. 2016 – 15lacs crores (64%).
- d) The total value of the 2nd highest-denomination of 500 rupee note in circulation till Nov. 2016 – 7.5 lacs crores (32%).
- e) The total value of the lower-denominations below Rs. 500 (Between Rs. 100 to 50 paise) in circulation till Nov. 2016 – 3.5lacs crores (14%).
- f) The total deposit value of two banned/demonetized highest-denominations (500 and 1000 rupee) in bank account till 30th Dec. 2016 – 16.5 lacs crores.
- g) The total anticipated non-deposit value of two banned/demonetized highest-denominations (500 and 1000 rupee) in bank account till 30th Dec. 2016 – 6 lacs crores.
- h) The total anticipated value of two banned/demonetized highest-denominations (500 and 1000 rupee) as counterfeit currency – 1 lac crores.
- i) The total anticipated value of two banned/demonetized highest-denominations (500 and 1000 rupee) as currency in terrorism funding – 700 crores.
- j) The total anticipated value of two banned/demonetized highest-denominations (500 and 1000 rupee) as black money currency – 1.5 lacs crores.
- k) The total anticipated value of two banned/demonetized highest-denominations (500 and 1000 rupee) as currency in internal disturbance funding through Maoist activities – 400 crores.



- l) The total anticipated value of two banned/demonetized highest-denominations (500 and 1000 rupee) as currency in corruption and associated matters – 550 crores.

All these data presented in this analysis are tentative as there has been no clarity either from Reserve Bank of India or the finance ministry of the present government about the deposits of demonetized currency notes under various categories, and associated facts related to the impact, relevance and after-effects of demonetization. We hope that the reasons might be strategic to deal with the core issues of demonetization for which this revolutionary and historic initiative has been taken.

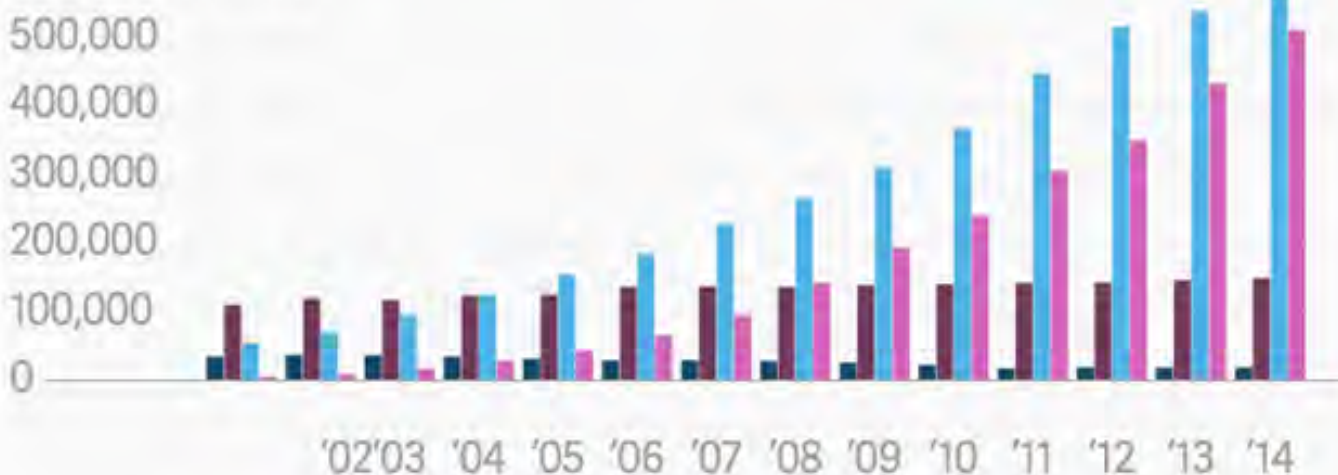
Historical Analysis

In order to understand this better, it makes good sense to analyze the historical perspectives of currency circulation of high denomination notes during the periods 12 years spanning from 2002 to 2014. This analysis is in the perspective of the introduction of the highest denomination currency of Rs. 1000, and this was also the beginning of corruption and black money

Value of Indian currency notes in circulation

■ Rs50 notes ■ Rs100 notes ■ Rs500 notes ■ Rs1,000 notes

Rs600,000 crore



coated with the smear of terrorism funding and fake currency.

During this analysis, a currency note of Rs. 50 to Rs. 1000 is comparatively and contrastively displayed for value of Indian currency notes in circulation. And this data is prepared by the central ministry of "Statistics & Programme Implementation" for holistic examination and interpretation.

In the context of the aforementioned statistical and diagrammatic presentation, it is found that the lower denomination of Rs. 50 had constant circulation from 2002 to 2014. In the ending year, there was marginal decline in the circulation of the Rs. 50 currency note. Similarly, the quantum of the denomination of 100 had been almost constant during the same period. But when compared to the denomination of Rs. 50 for the same period, the total value of the denomination of Rs. 100 was over 3 times more than that of Rs. 50.

As far as the denomination of Rs. 500 is concerned, it had consistent swing of 20% every year from 2002 to 2014. Believe it or not, the total circulation of denomination of Rs. 500 currency note in 2002 was about 40,000 crores, and it increased to 5, 80,000 crores in the next 12 years by 2014. In the case of the then highest denomination of Rs. 1000 currency note, its circulation was negligible in 2002, and it is estimated to be

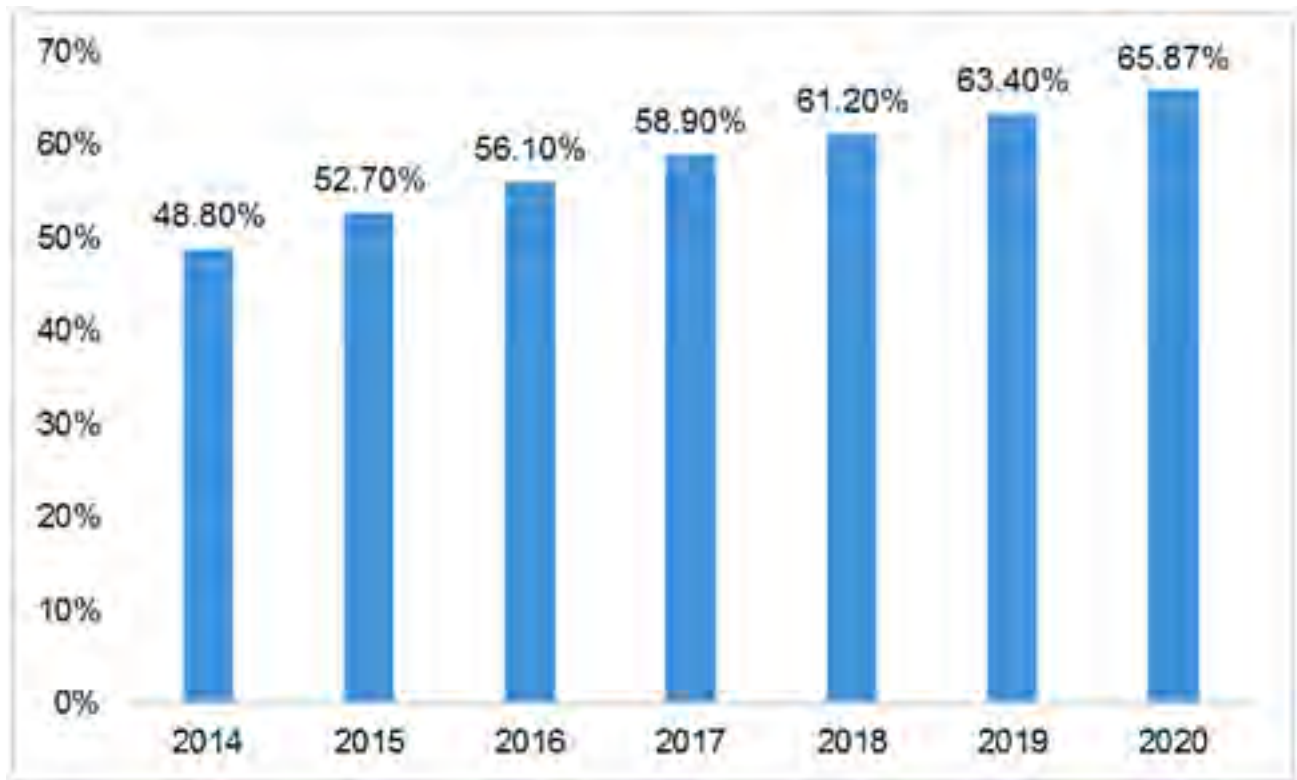
Union leaders are of the opinion that post demonetisation banks will suffer "catastrophic losses" because deposits have increased but advances – or loans that keeps a bank functioning – have fallen down drastically.

around 500 crores. But, its circulation in the Indian market increased consistently at a rate of about 20%, and its circulation was 5, 00,000 crores in 2014. This diagrammatic analysis further goes on to state that the circulation of Rs. 1000 currency notes till 2014 was less than that of Rs. 500.

With the passage of time, the economic growth took upward trends towards the end of 2014. And it is estimated that the value of currency circulation of Rs. 1000 currency notes had exponential jump, and it increased to about 40% more than that of Rs. 500.

Subsequently, by the end of October 2016, the value of currency circulation of Rs. 1000 currency notes is estimated at about 15,00,000 crores, and Rs. 500 currency notes is estimated at about 7,50,000 crores. Ultimately, the combined value of the two highest denominations of Rs. 1000 and Rs. 500 is about 22.5 lacs crores. And, this value is about 86% of the total currency note circulation in India.

Further, it is important to note that the anticipated total deposit value of two demonetized highest-denominations of Rs. 500 and Rs. 1000 rupee notes till 30th Dec. 2016 is about 16.5 lacs crores. Since the process is still going on for the residual deposits by both the resident and non-resident Indians, the clear picture of the actual deposit value of the demonetized currency



notes will be explicit by July 2017. These details will help us to design and develop the roadmap for the pace and intensity of digitalization process in India after the demonetization drive by the Indian government.

In view of the progressive and revolutionary drive for the lasting economic upsurge through demonetization of the two higher-denomination currency notes, it is pertinent to spread the virus of digitalization among the common public by enhancing the intensity of mobile network. In this process, the role of central government is immense to empower and redefine the life of the Indian masses who could take on the challenges of modern world in the 21st century. In this age of globalization through computerization of product design and delivery process, it makes good sense to make the commoners involve themselves in the process of digitization and demonetization. It is the demand of the modern hour that everyone should get conversant with the use of mobile so as to create a platform for digitalization, and help in creating an ecosystem of cashless and less-cash economy.

With the transformative and progressive outlook of global and national economy, the application of mobile-based financial transaction is the need of the ever-changing world, and our future lies in the adoption of the futuristic tools and technology. In this perspective, it is significant to analyze and interpret the data of mobile users who could play an important role in adding values to demonetization through digitalization.

Thus, it is appropriate to examine the global trend of mobile users in the period spanning from 2014 to 2020.

Global mobile phone internet user penetration 2014-2020

In view of this diagrammatic presentation, it makes good sense to plan and execute the process of digitalization by analyzing the global trends of mobile phone-based internet users. As the data clearly reveal that the world is moving at a fast pace when the mobile phone-based internet users were only 48.80% till 2014. And, there is a positive sign of enhancement every year in the number of mobile-based internet users, and this increase ranges from 2% to 4%. And, at the end of 2016, the trend has touched the limit of 56.10%. Further, it is estimated that this phenomenon will continue to impact the penetration of mobile-based internet users, and it will touch the limit of 65.87% by 2020 in order to make the dream of digitalization in Indian economy successful and efficient. So, the existing and futuristic data go on to state the relevance and significance of demonetization through digitalization. Finally, the analysis substantiates the facts that the future of India and global governance system lies in improving the process of financial transaction through digitalization and demonetization. And, this will certainly pave the strong platform of a powerful and progressive India by following the path of transparency and accountability in our currency transaction system. ▶

5 million preventable
deaths occur every
year



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you are one of them



WE HAVE ALREADY taken a glance at the effects of demonetization in our country. Above everything, we have to admit that it has created a chaos in the country, and many people find it uncomfortable to cope up with the impact it has left. Although, we know that it is going to be beneficial for the future of our country and in the long run, but the sudden withdrawal of currency has created a big fuss. All the major sectors of our country are adversely affected by demonetization, and some sectors are literally recovering from the after effects. Same is the case with Indian economy, as this step has a direct effect on the economy, and almost every other sector is indirectly linked. The basic point is that, Indian economy has experienced maximum alteration in the system because of this sudden implementation. Given below are some of the points which reflect the condition of Indian economy after withdrawal of currencies of higher denomination.

Impacts of Demonetization on Indian Economy

- The economy is majorly affected because 86% of the currency which was in circulation within the country was no more a legal tender. The sad part is that, this bulk amount of currency was not replaced by the new currency. A large void was left when it was about compensating the banned currency with newly introduced ones. Also, after Rs. 100, the only higher denomination available was Rs. 2000, and it was difficult for them to get change for this currency of higher value. Even the banks were not able to give Rs. 100 notes in exchange for the higher denomination. This inconvenience caused was very difficult to handle, because with each passing day the pressure on the common man was increasing.
- Using the note of Rs. 2000 was quite uncomfortable because as already mentioned earlier, the change was not available. Its utility decreased in comparison to that of Rs 500 and Rs 1000 note. People did not find it useful to carry as cash.
- We have witnessed a clear cut impact on consumption which in turn affects investment and production. And, all this will show a bigger impact on the employment sector which will cause a large imbalance in the economy of our

nation. Technically, demonetization is appearing as a liquidity shock which has shaken the economy of our country.

- We all know that Rs. 500 notes were very popular, and as on March 2016, 49% of the currency circulated across the country was of Rs. 500 denomination. Immediately after implementation of demonetization, we came across a new currency of higher denomination i.e., Rs. 2000 which did not prove to be useful for cash oriented transaction. Amidst all this, central government failed to compensate the loss caused by withdrawal of Rs. 500 notes. Although, new notes were introduced of the same denomination, but it did not fulfill the void which was created. This situation is termed as liquidity crunch where people do not have sufficient currency in the form of hard cash to carry out their daily needs.
- Because of non-availability of cash, the daily wage laborers were under pathetic condition because their employer did not have enough cash to pay them. Also, very few daily wage laborers have access to internet banking, because majority of them use cash only to fulfill their day to day requirements. In some places, their wage was cut short due to lack of sufficient cash, and many of them lost their jobs. This affected Indian economy in a negative way, because the problem was not just confined to poor working class, instead, the other workers also faced the same problem.
- Everything was facing a downfall, be it consumption rate, employment, production, growth, or tax revenue. Because of the decrease in majority of factors concerned with the Indian economy, it is certain that India will witness a decrease in its GDP in due course of time. We know that situation is not stabilized even after completion of 50 days tenure to return all the old currency, and reports show that this imbalance will last for 3 to 4 months further. Thus, it is quite easy to

Immediately after implementation of demonetization, we came across a new currency of higher denomination i.e., Rs. 2000 which did not prove to be useful for cash oriented transaction.



imagine the degradation in the GDP of our country which was once considered as the fastest growing largest economy in the world.

- One of the major impacts will be the accumulation of bulk amount in the banking sectors due to which the interest rates on the savings account will be decreased. However, this is expected to last only for a short period of time until the situation is getting stabilized. The banking sectors will see a considerable increase in the number of new savings account, because many people will be trying to convert their black money into the fair legit one. It is expected that as soon as the situation is normal, all the money deposited in the newly opened savings account will be encashed by the account holder at right time.
- Also, one of the prime reasons for implementing demonetization is black money. In this context, we will come across various defaulters who never pay taxes and hold black money. But, we also know that black money holders do not have all the unexplained income in cash

form, instead they possess it in the form of physical assets. So, the return from black money will be less than expected.

- After demonetization, the circulation of fake currency will come to a halt for sure. This will reduce the loss faced by Indian economy every year due to fake currency, and it will certainly compensate the downfall it is experiencing because of this implementation.

Therefore, in the light of aforesaid facts we can know about the impacts of demonetization on Indian economy. We can conclude that initially the economy will go through several crests and troughs to overcome the suddenly created imbalance in the economy. But, as far as long term benefits are concerned, this will prove to be very fruitful step in the history of India. The overall economic activities will be at pause for a short period of time, but all the unavoidable losses occurred will be compensated perfectly to not leave any void for further malpractices. ▀

DEMONETIZATION Hustle and Bustle

It is estimated that gold worth Rs. 5,000 crore or around 15 tonnes, was sold between 8 pm on Nov. 8 and 2-3 am the next day, after the PM's demonetisation announcement. Nearly half of these sales happened in Delhi, UP and Punjab.



AS MAJORITY OF people were unaware of the decision taken by our respected PM, the chaos in the morning was much unexpected for them. Everything changed overnight, and the shopkeepers, small traders, vendors, and drivers were not ready to take the old currency. When people referred to newspapers, and television channels, they came to know that the notes of Rs. 500 and Rs. 1000 were no more valid for use.

This news dropped on their head like a comet, and many of them were worried about their existence as they did not really have any clear idea. Some people started feeling vulnerable and insecure as they relied totally upon cash, while others were a bit relieved because of the online payment system. Amidst all the chaos and confusion, the maximum inconvenience was experienced by the tourists from other countries, who were totally clueless about the sudden implementation of demonetization policy. Not even tourists but many other people were affected by this huge step, because unlike western countries, India majorly believes in cash exchange. Not all the shops provide the facility to pay through credit card and debit card was also not a genuine option to rely upon. While everybody was busy finding out a solution to this problem, a new currency of denomination Rs. 2000 was introduced. This worked as fuel to fire, because people were already struggling to pay through the notes of denomination Rs. 100, Rs.50, Rs.20, and Rs. 10. Above all this, they had to deal with the problem of providing change for Rs. 2000 straightaway.

People had to worry so much to buy small things and pay small bills because even the banks gave limited amount of change per

person. The ATMs were shut down with immediate effect, and it was really unexpected to wait 6 hours in the long queues outside bank. After the last demonetization policy, it was more than two generations that people came across any such thing. And now, all of a sudden they had to struggle in this way. In the middle of this, we saw many people opposing this policy, and we also came across many black money holders getting exposed. One positive thing in all this was the slow recovery of the situation with time. Although we expected a huge mess, but the situations were handled wisely, and many people cooperated to support this policy for eradication of black money from our country. ▶



COUNTRY'S REACTION ON DEMONETIZATION

THE COUNTRYMEN SHOWED a mixed emotions towards the policy of demonetization. While some people were ready to cooperate and support, others were totally against this step. While some people were confused about the future benefits of this policy, others declared it as a bluff of central government. Some people who solely relied upon cash were worried about fulfilling their day to day demands, while others who used PayTM, credit cards, and debit cards, were quite relieved with their condition. Amidst all this we saw emergence of new kinds of malpractices done by bank officials, and they helped many defaulters in converting their black money into white. While in some areas, we saw the bank employees' working day and night to serve their customers and the higher authorities tried their level best to maintain the adequate amount of cash availability at their branches. We also came across the facility of mobile ATM provided by some well-known banks for the convenience of their customers staying in different areas. Some citizens took a sigh of relief because the black money was finally going to get removed from Indian economy. While others tried to fight against this decision of PM because in some way or the other they saw their loss.

Initially, this step appeared as an ill planned decision because more than 30 people lost their lives because of the impact of this. Hospitals refused to take old notes and patients were not admitted on time because of non-availability of new currency. Many students had to struggle like never before to pay their semester fees, and many housewives committed suicide because they had only hard cash savings. Senior citizens were unable to stand in long queues and they collapsed, whereas many had to crave to meet their daily demands. We have already discussed the situation of daily wage laborers, and the vulnerability they faced during this phase. Many people accused our PM to be very diplomatic and they tried to prove him wrong by showing unnecessary logic, but there were people who believed that taking little pain for the country's wellbeing will do no harm. Initially, many protests were also carried out to abolish this newly implemented policy, but with each passing day, the decision proved to be fruitful. Finally, we noticed that only those who feared to get trapped were the ones raising their voice against this decision. The defaulters tried their best to portray a negative image of demonetization in front of common people, but the truth always wins and it so happened here. ▶

Benefits and Side-Effects of DEMONETIZATION

Demonetization would lead to generation in employment. Government can now lend massively to infrastructure sector through the recapitalized Public Sector Banks. This would generate a lot of employment opportunities thereby moving more people out of poverty. Demonetization is advantageous in short, medium and long term.

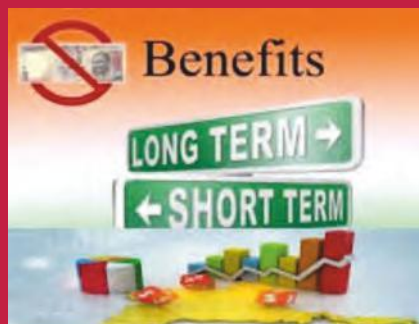
THE RECENTLY IMPLEMENTED policy of demonetization has become a matter of debate in almost every house and news channel. People are trying to present their views and counterinterviews related to this policy without even understanding the major terms. Some people blindly support it whereas some people are blindly opposing it. We have already discussed that a mixed reaction was received from our countrymen regarding the implementation of this policy. In this context, it becomes very difficult to convince people over the truth behind demonetization, because they will certainly fail to adapt to the ideas. So here are some pros and cons that our country will face because of this policy.

The first and foremost benefit of this policy is that all the people having black money in the form hard cash will be at loss and they can neither exchange it nor can they make use of it anytime in near future. If they try to get it exchanged through banks, they will have to produce the source from where they have earned it and they will be required to pay all the taxes. This will be just like a penalty for them. The circulation of fake currency within the country and pumping of the fake notes by neighboring countries will also stop. By this step, India will become a digitally powered cashless economy, and the intelligence department can easily keep track of the transactions taking place from various accounts. This will not

only reduce black money and fake notes, but will also kill terrorism from its roots and they will no more have access to any of our states. The foundation of banking sector will increase as crores of amount will enter the bank as base money. With this decision, it will be very easy to catch tax defaulters and from now onwards nobody will escape from the hands of government.

The side effects of demonetization are already discussed in previous topics. We have already seen that with this step, the Indian economy will get adversely affected because of the liquidity crunch. The compensating process of old currency with new one will take a lot of time and the situation will not become normal until all the void is filled by the central government. Not all the people are aware of the online payment system and it will be a very difficult thing for them to adapt a totally new method. Also, it will be quite difficult to convince them to opt for this method because they will fear the fraudsters. Some people are not educated and some are not even capable of using smart phones, and this problem is standing in between like a challenge for the central government. Due to a

major downfall in the economy, it will require extra efforts to uplift the position once again. Also, it will demand extra funds to make sure that online transaction is taking place successfully in maximum areas of our country. Like every coin has two faces, so does the policy of demonetization. »



Amitabh Kant

CEO, NITI Aayog

on Demonetization in India

Amitabh Kant is an Indian government official. As of 2015 he was CEO, NITI Aayog. NITI is a Government institution for catalysing economic development.

THE AWARE CONSUMER : Why did you support demonetization in India?

AMITABH KANT : I think it's a very radical move, a revolutionary move in many ways. India is essentially a cash economy, 86% is cash. This leads to a lot of black money, it leads to counterfeit money which in turn, leads to a lot of ills in our economy. That's why out of a population of over 1.4 billion, only 1% pay tax, 99% don't. A scheme of this nature has never happened anywhere else in the world before. It's revolutionary. It's like John F Kennedy saying were going to put a man on the moon. The dimension, size and scale of this move are enormous and we must understand that this is a huge opportunity to make a 'cashless India, shift it towards digital payments, a formal economy. It is a huge opportunity to increase its tax base, to increase the savings of people, get liquidity and investments. Over a long period of time,

you'll see that since the bank savings have gone up, a lot of money will move from the informal to formal economy. Bank deposits will go up and people will end up saving more. Demonetization will accrue huge gains in the long-term for the Indian economy. The country is moving towards a totally digitised payment system that will accrue huge gains in the long-term for the economy. There are long-term gains for the country (from demonetization). The country will move towards a totally digitised payment economy. It will move towards formalized economy. The move has enabled the push towards a digital economy in a much quicker way.

TAC: What are the challenges and opportunities in your view with demonetization?

AK: We must look at it in the larger dimension which is that it is a huge

opportunity for the country. Only 1.23 million people pay tax in this country. This is a massive opportunity for people to save more, move from informal to formal economy, from cash to digital economy. In the long run, it should really lead to is an economy where bank savings are up, bank interest rates down and the fiscal deficit will come down. There is a huge opportunity to reduce tax rates and create a completely new equilibrium. The government will ensure that the money that comes in the banking system is put back into long-term infrastructure creation. Lending will go up, and India will move to a high equilibrium growth rate. Therefore there will be some short term pains. The country is moving from non-formal economy to a formal economy, so the people should have patience and faith. We are in the middle of a major disruption, at the moment 85 per cent of transactions are in cash, which creates more opportunities for black money. But



wallet, for example, and become part of the bumper prizes being rolled out. The incentives will be rolled out in the following manner:

Lucky Grahak Yojana for consumers:

- I) Daily reward of Rs 1,000 to be given to 15,000 lucky consumers for a period of 100 days
- II) Weekly prizes worth Rs 1 lakh, Rs 10,000 and Rs. 5,000 for consumers who use the alternate modes of digital payments

This will include all forms of transactions viz. UPI, USSD, AEPS and RuPay cards but will for the time being exclude transactions through private credit cards and digital wallets. Bumper prize: 3 mega prizes for consumers worth Rs 1 crore, Rs 50 lakh and Rs 25 lakh for digital transactions between 8 November, 2016 to 13 April, 2017 to be announced on 14 April, 2017

Digi-Dhan Vyapar Yojana for merchants:

- 1) Prizes for merchants for all digital transactions conducted at merchant establishments
- 2) Weekly prizes worth Rs. 50,000, Rs 5,000 and Rs. 2,500
- 3) Mega draw on 14th of April
- III) Mega prizes for merchants worth Rs 50 lakh, Rs 25 lakh, Rs 12 lakh for digital transactions from 8 November, 2016 to 13 April, 2017 to be announced on 14 April 2017. Announcing 'Lucky Grahak Yojana' and 'Digi Dhan Vyapar Yojana', both the schemes would cover small transactions between Rs. 50 and Rs. 3,000 to encourage every section of society to move to digital payments and the government will spend Rs 340 crore in all for this Christmas gift.

TAC: There is criticism that the government wants India to go on a digital highway without building the required safeguards. Are the safeguards in place?

we have seen extraordinary growth in mobile phones, meaning the infrastructure for a cashless economy is there. It will happen because technology will make it so easy; it will become an enabler for every citizen to participate in a user-friendly way. India has a \$2 trillion economy, and a \$1 trillion black economy. If you want it to become a \$10 trillion economy, you need to smash the black economy. Around 98 per cent of Indians don't pay tax. That restricts India's ability to grow. The long-term solution for a country which has ambition, hunger and the drive to grow at high rates of growth is to go towards a formal digital economy. That's the way to go. This is a huge opportunity that India should never lose. We should look at this issue from a short-term perspective of pushing India into a formal cashless digital economy. That's what we're trying to do. Moving states, collectors, school children, moving IITians so on. But I think long term is that 86% of cash is disastrous for any

country. We need to move towards a less cash economy.

TAC: What kind of incentives are you contemplating for attracting the consumers to go digital and cashless?

AK: Government has proposed a host of incentives, which will encourage citizens to adopt digital payments (and shunning cash) from 25 December this year. There will be daily and weekly cash awards for consumers as well as merchants beginning Christmas Day, provided any of the four government backed payment instruments are used for transactions between Rs 50 - Rs 3,000. The incentives are available on payment by RuPay card, through UPI, through Aadhaar enabled payment systems and through USSD. The caveat is this though: these incentives only apply on people to merchant and people to government transactions, not for people to people or B2B transactions. So you cannot transfer money to an e-

AK: A huge amount of security measures have been taken across several systems. It is important for your readers to understand that there are various things which are operating. First and foremost, there is a unified payment interface mechanism which connects all the banks. All you need to do is to download an app called Unified Payment Interface (UPI). It enables any transaction in a flash and links up with all the banks. It's an inter-operable system across banks. So if I want to buy groceries from a store, I can use this UPI app and directly pay, even if both the users do not have UPI app. The UPI app will do a direct debit or credit transaction into his account and he will see it right in front of you. It's very simple. The second is, you may say many people don't have internet or a smartphone, so there is a system called the USSD, which is usable by any GSM phone. You have to press *99# to get

into it and the USSD will enable you to transfer money on a GSM phone anywhere in India. This is an established mechanism. UPI and USSD are open systems therefore can transfer money. The third is, you have debit/ credit cards. There are 80 crore debit cards, many of us use debit cards only to go to an ATM to withdraw money. Please use them for making all your payments. I have heard many harrowing stories about debit card fraud. Debit card is a very simple mechanism because the PIN is known only to you. There are security measures at the back. Don't get worried over these security measures. I've been transacting debit for almost 10-12 years. I've never had any issue. So as journalists, it is important for people like you to not create fear in the mind of people. It's not an invalid fear. It's not as if debit card fraud cases haven't happened. Maybe but I think banks have taken adequate security measures. There are also prepaid cards



you can get from banks and pay. Moving on, the fourth step that is there is Aadhar-enabled payment system; it's a very simple mechanism. Once you have Aadhar and your account number it's again an open system. You take any micro ATM today, you can take any

NITI Aayog: PM Modi to head panel that will give strategic advice





android phone, you can just link thumb impressions and just feed your Aadhar number. So if my account is in the Central bank of India, I go straight there and transact. It's a simple three-step process. In India, 99.1% people of adult population have an Aadhar, 36.5 crore people have their accounts seeded with Aadhar. Now 36.5 crore people can have mobiles, then all that they need to do is to use that to transact business.

TAC: Finally, you believe that best way for India to grow is to go completely digital?

AK: I am saying that there are five different options available. I talked about four. UPI; USSD; debit; credit and prepaid cards; and Aadhar-enabled payments. Fifth is that there are huge number of e-wallets. Not everyone is aware of these. You go to back and beyond of Azamgarh, nobody is aware of these apps or digital wallets you talking about. THE AWARE CONSUMER plays an important role to empower the consumer in downloading that app and therefore in my mobile I have UPI, USSD. I have a wallet here and I have internet banking all here. Consumer Activists like you must take the challenge of training atleast 30 people. You must convince The Aware Consumer to have the following options like I have today. I have in my mobile and you can use any

This is a massive opportunity for people to save more, move from informal to formal economy, from cash to digital economy. In the long run, it should really lead to is an economy where bank savings are up, bank interest rates down and the fiscal deficit will come down.

of them. I have four of them here and I have a debit/credit card.

- 1) UPI. It's an interoperable open system so your money doesn't go out of the bank. Unlike the wallet, your money is in the bank. You continue getting interest.
- 2) The other thing those who don't have smartphones should have USSD, *99#. Use that mechanism
- 3) You can have any wallet (public, private, SBI Buddy or Paytm) and have it in your account.
- 4) Educated people can also use a thumb impression that is linked to your mobile phone. IDFC does all its transactions from there. Just put your thumb and feed in your Adhaar

number before transacting. It's a 3-step process.

5) Internet banking

Today what is the government saying? That your mobile is your bank and you're mobile is your wallet. You can convert your mobile into your bank and your wallet. The great thing about India is that you have today the infrastructure for servicing one billion plus biometrics. You have a billion phones; no other country in the world has it. Therefore, it is possible to leap frog and do digital payments for India. Now your issue about change of mindsets is important and therefore we need a lot of people. That is what we have done yesterday asked district collectors to create digital armies. What is education ministry doing, every school child, every IIT student? Their intention is convert them into a digital army. What are we doing, look at this E-disha which exists already, the outsourcing of extension centres for information technology. You know how many trained people there are for financial inclusions. There are two lakh people who are already trained for financial inclusions. So they are actually the people who will do all this banking enabled service. Now, what we are pushing is that every district, every taluk, every panchayat, we create digital armies of young people. It's not you and I. ■



S. Krishnan
IAAS (Retd.)

Is demonetization a constructive move?

AFTER ALL THE discussion on the pros and cons of demonetization, now the question is whether it is a constructive move altogether or not. We have already looked at the prime goal of our beloved Prime Minister behind the implementation of this policy. And, we have also seen the pace of recovery after the policy was imposed across all the states of our country. We came across a mixed reaction of people, where some were in favor and others were totally against the policy. By looking at all the aspects of demonetization, we can certainly conclude the fact that it is one of the most useful implementation which has occurred in the history of India. The country witnessed the downfall of economy but it also came across people who were indulged in socially harmful activities. We saw the suicide and death of a handful of people, which is obviously sad, but we also gathered some strong supporters who were ready to do anything for the reformation of their society.

The ups and downs in the market is a natural process and it can occur at any point of time, and same is the case with business. However, the negative impact of demonetization including the inconvenience caused will not be a permanent one. We all know that things will be sorted with time, and the country will soon acquire the state of equilibrium in a better way. We have also seen the blockage of counterfeit currency which was going on in our country since a long time. Hence, by looking at all the points given in favor and against the policy of

demonetization, we can reach a conclusion that altogether it is going to be a constructive move for all the citizens of India. It is a revolutionary step taken by our PM and the struggle is worth the temporary chaos. In order to support the policy of demonetization, PM Modi has enforced several other laws related to interest rates, property taxes, possession of assets, and possession of jewels. Therefore, we see no loopholes in this policy which could be exploited by the negative elements of society. All the terms and conditions of society are clearly revealed by the central government, and now there should be absolutely no doubt in the minds of the people about trusting this decision. The policy clearly reveals that it will curb

down all the financial malpractices going on in the country amongst defaulters.

As per the data from the Reserve Bank of India, the supplies of banknotes in all denominations have increased by 40 per cent in the past few years. But the number of currency notes in the denominations of 500 and 1000 has increased more than that. The reason given for this is the counterfeit of notes, which will now be blocked by demonetization. The illegal activities such as drug trafficking, financing terrorism, corruption, etc. will be washed off. And moreover, the process takes India a step ahead to the digital world, thus in spite of difficulties, economists say that it will help India in the long run. ▀



"We should support demonetization, but keep reminding the government to iron out the execution issues"

Chetan Bhagat

PAYMENT GATEWAYS

BY INTRODUCTION OF cashless economy in India, we have solved a number of problems but we have also given rise to a number of challenges. In this context, the payment gateways were affected positively, as the online transaction increased within a short span of time. Initially the payment gateways witnessed a limited amount of transactions, and demonetisation is something closely associated with payment gateways. Internet banking is one of the most popular methods of banking today, used by the people across the globe with the help of several payment gateways only. As the name suggests, it is an electronic payment system developed in association with various banks to conduct a wide range of transactions through the websites. Like all the modern kinds of banking, this one too enables us to make all the payments online including our bills, rents, etc. Using payment gateways we can also transfer money from one account to another account, and it assures us that our money is in safe hands. Usually we find many online fraudsters who try to appear genuine and reliable but are actually very untrustworthy. In this context it becomes very important to find the right option while preferring online transactions.



Cashless economy

With the implementation of demonetization policy, and non-availability of cash in banks and ATMs, we have seen the emergence of a large number of payment gateways that will help us in carrying out transactions without the use of hard cash. Initially, creating a payment gateway for your company was a hectic task, and it involved a hell lot of paperwork and registrations. But, now after this policy we have seen the explosive growth of payment gateway business because every single person is switching to online payment from cash. Be it a cable operator or a garment shop, you can see everyone registering their websites with payment gateway for easy and systematic inflow of funds.

These gateways can be used for payments of all kinds and sizes. The transactions range from few thousands to lakhs and you can adopt this method of payment for all types of

business transactions. It is the most convenient method to opt for in situations like these where every place is chaotic. But before relying upon a payment gateway, one has to make sure that they have a very good and potent network connection because the slow network may lead to failure in transactions taking place through these payment gateways.

Other non-cash methods of transactions that occur with the support of payment gateways are RTGS, NEFT, and IMPS. Therefore, in the light of aforesaid facts, it has become really important to register with a payment gateway until the cash availability is back to normal. With the help of payment gateways we can also ensure our clean transactions and the government can keep a record of what we have done.

Plugging Leakages

Aim:
To curb flow of black money
Use DBT to prevent leakages

Wants to build on the JAM platform

| | | |
|---|--|---------------------------------------|
| 22 crore bank accounts under PMJDY | | 18 crore RUPAY cards issued |
| 9.73 crore accounts seeded with Aadhaar | | |

Task force suggest measures
Setting up of more ATMs and POS machines
Five interbank transactions free
Rationalise merchant discount rate

Current scene:
Task force set up to incentivise cashless transactions

E-wallets, UPIs, and BHIM App

Any electronic device that helps a person to make electronic commerce transactions is called an e-wallet or digital wallet. In other words, it helps to exchange goods and services electronically, without the customer having to cross barriers of time and distance. For example, a customer can buy anything and everything through online markets - from groceries to advanced equipment. This can be done using debit cards, credit cards, net banking, e-wallet, or other convenient methods like PayTM, Freecharge, etc. The major attractions of such online trading include convenience, accessibility, and round-the-clock service. Some of them come with a lot of offers too. Yet another advantage is that the products of purchase reach the consumer

Once you have downloaded the wallet, you just need to open the app and follow instructions. Most digital wallets let you sign up with your mobile number. Once that is done, you can create a password and start your account.

wherever he is. Of course, there are drawbacks to online dealings. You see the purchased product in real life only when it reaches you. But, when we look at the present situation of our country, we can certainly say that majority of transactions have taken place through these e-wallets in last two or three months.

Undoubtedly, it is a boon in this era of advancing technology, and it has helped a lot of people in combating the uncomfortable situation caused by sudden declaration of demonetization. Although, e-commerce also suffered a small portion of negative impact because of demonetization, but it recovered from the impulse at a faster pace as compared to other sources.

The cash on delivery orders were cancelled or suspended for some time, the number of orders also reduced due to this step, etc. However, the impact on e-commerce was for a short span of time and they came out of this challenging situation with flying colors. Then the e-commerce websites decided to compensate the loss and regain the trust of their customers by introducing



some more effective policies. They expanded their payment system by allowing the users to pay through e-wallets. They promoted the “Go Cashless” slogan to receive maximum orders without cash on delivery. Some amazing discounts and offers were given to the customers, and in this way they increased their business amidst all the chaos in the country.

Amidst all these, the government also developed the BHIM app for convenient online transaction, and many policies were launched for people who are not aware about smart phones, and online payment methods. Even the banks launched their upgraded policies, according to which you can carry out the transaction with the help of basic mobile phones also. All you need is a valid identity proof with a valid number to register yourself with these online payment methods. BHIM stands for Bharat Interface for Money and works on UPI mobile banking system. For this, the user needs to register their bank account with this mobile app, and set a UPI pin for the account, and they can use their active mobile number as the payment address. The best quality of this app is that you can operate all your bank accounts with the help of this single app, and now you do not have to keep separate apps if you have accounts in different banks. This is the reason behind this app becoming popular in a short span of time, and has received 10 million hits on download within few hours of its launch. ▶

Mobile Number Do, Paise Lo!

ISSUED IN
PUBLIC INTEREST

What's your
Mobile Number?

Shop

Thank you!
I have received
the payment.

Demonetization of Indian Currency: Who will pay the price?

THIS MAJOR STEP to implement demonetization was taken by our respected Prime Minister on the eve of 8th November, and this changed the lives of many Indians within few hours. For some it was a sigh of relief whereas for others it was like a consecutive round of 100 shocks altogether. It is not that the step is negative or it will have harsh after effects, but at this point of time it is about sudden implementation and unplanned enforcement.

Neither we have enough amount of new currency in hand, nor can we use the old ones. So the situation is quite messy and although we knew that it will have long term benefits, the present pathetic condition always pricked the minds of common people. However, any new policy is always questioned by everyone, and so is the case with this one also. If we look at it with wider perspective and in a positive way, then we will certainly not question this decision further. The burning question as per the present scenario is whether the menace will last or will it cure the social malware like a medicine. In this context, it is very important to analyze every single step in order to extract maximum information and benefits from it.

In a country where 70 to 80 per cent transactions are based on hard cash, nullifying the majorly utilized cash economy will be a devastating step. But, the motto behind this demonetization was not to create a fuss but to eradicate social evils like corruption, counterfeit, and terror financing. However, the sudden imposition caused enough chaos to make it appear negative but because of the cooperation showed by few people it survived 50 days of trial period effectively, without causing much loss.



When we compare the sectors which were majorly affected by this step, we again get to see a mixed up picture with no one in a critical situation and no one in a flourishing condition. This step could not only improve the economy of India, but will also streamline the tax payment system along with removal of fake currency and unexplained income. With this, the people who were fully fledged with black money will be exposed and they will see a downfall in the upcoming time. Also, it is believed that common people are suffering because of this which is not true. Let us correct this thought; common people are not suffering, instead they are just going through the consequences, particularly the normal ones which is quite obvious. The one who is getting hoarsely affected by this are the black money holders and the people from minor areas who do not have access to much information and cannot make use of digital methods for payment. This is a case of both rich and poor becoming poorer, while the intermediate ones are clean and hence they are ready to compromise for their country. However, amidst all this, we witnessed the sad

demise of few women, senior citizens, and ill patients because of their extreme condition, and the government is feeling for it. But, others are taking advantage from it and they are trying to escape from this trap by making a shield of other's sorrow.

On the other hand, the tourists who were in India when this happened were also affected because even they did not have any idea about why people were not ready to accept their own currency. Along with them, small farmers, small traders, daily wage laborers, etc. were also affected because they did not have capital to invest more and they were solely dependent on cash for meeting their day to day demands. When we look at the future of this decision, we can conclude that even the poor person will be benefitted in the long run and situation will improve for them because government has also taken other crucial steps to compensate for their loss. But, only the defaulters will have to pay the price under any circumstances, because they are not maintaining the transparency with banks and government. And, hopefully the evil of black money and terrorism will be removed from Indian subcontinent by gradually implementing the rules strictly. ▶

25 Out Of 33 Patanjali Ads Were False & Misleading





THE ADVERTISING STANDARDS

Council of India (ASCI) found more than 500 instances of advertisements

in electronic media that were making misleading, false, and unsubstantiated claims. ASCI also found that 25 out of 33 advertisements of Patanjali Ayurved violated the ASCI code.

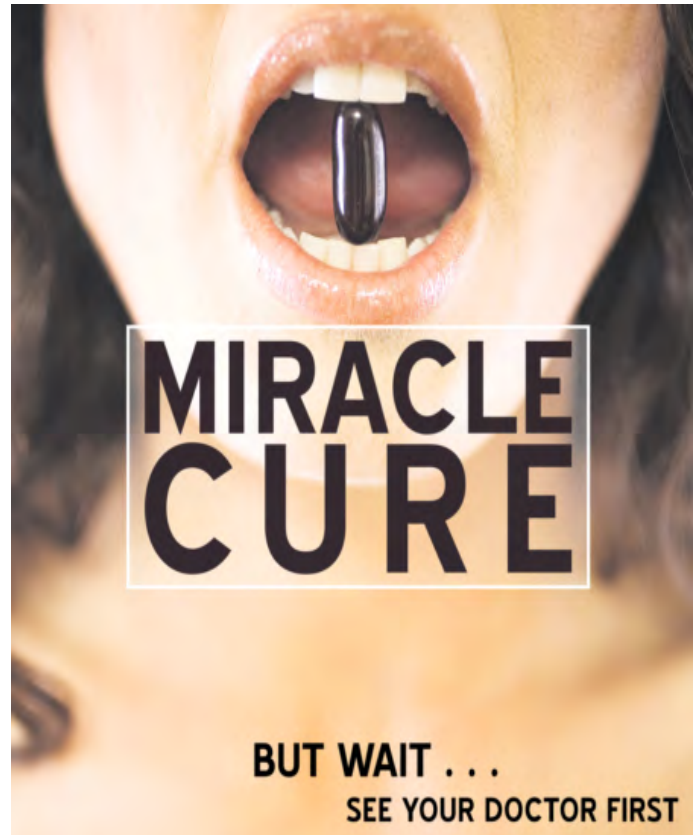
Misleading advertisements are a common thing these days in both print & electronic media. Even the Department of Consumer Affairs (DoCA), Government of India has information on a large number of instances of misleading advertisements in various media. The Advertising Standards Council of India (ASCI), a voluntary self-regulatory body of Advertisement Industry has been appointed by the government as their executive arm to process complaints received about misleading advertisements.

As per information shared by the government in the Lok Sabha, between 2013 and 2016, ASCI found more than 500 instances of advertisements in electronic media that were making misleading, false and unsubstantiated claims. Between April 2015 and July 2016, complaints have been received against 33 advertisements of Patanjali Ayurved Limited out of which 25 were found to be violating the ASCI code.

How are Misleading Advertisements dealt?

Section 2 (1) (r) of the existing Consumer Protection Act 1986 states that the practice of making any statement, whether orally or in writing or by visible representation which falsely represents that the goods are of a particular standard, quality, quantity, grade, composition style or model; falsely represents that the services are of a particular standard, quality or grade, falls under unfair trade practices.

A consumer can make a complaint against unfair trade practice in a Consumer Forum established under the Consumer Protection Act, 1986. If the complaint is upheld by a Consumer Forum, it can order for removal of the defect pointed out, replacing the goods with new goods free from any defect, issuance of corrective advertisement to neutralize the effect of

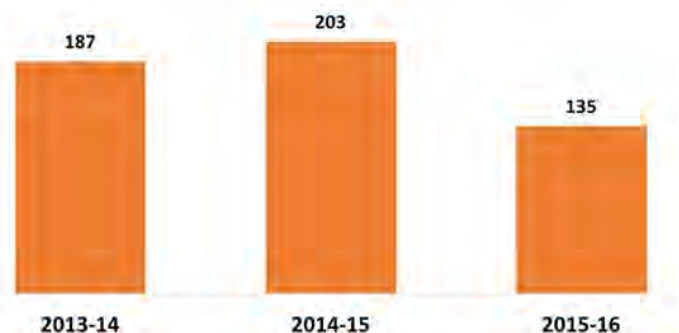


misleading advertisement at the cost of the party responsible for issuing such misleading advertisement, etc.

The DoCA has recently launched a portal to enable consumers to register Grievances Against Misleading Advertisements (GAMA). After preliminary scrutiny of the grievances registered on the portal, the grievances are forwarded to the State Government concerned or the respective Central Regulator based on the subject matter. Between March 2015 and March 2016, 1046 complaints have been received through the GAMA portal.

| GAMA Numbers March , 2015- March 31, 2016 | |
|---|------|
| Successfully Resolved | 363 |
| Rejected | 234 |
| In process (with ASCI) | 41 |
| Escalated for Regulator to intervene | 391 |
| For Ministerial Group to intervene | 17 |
| Total Complaints | 1046 |

Number of misleading advertisements as found by ASCI



COMPANY: Patanjali Ayurved Limited

PRODUCT: Patanjali Dant Kanti

COMPLAINT:

" "Effective Against Pyorrhoea, Swelling & Bleeding Of Gums , Yellowing Of Teeth , Sensitivity & Bab Breath"
 "Protects your teeth for a longer time and provides a natural shield against germs" "

NATURE OF COMPLAINT:

"Ad Claims That This Toothpaste Is " "Effective Against Pyorrhoea, Swelling & Bleeding Of Gums , Yellowing Of Teeth Sensitivity & Bab Breath . There Is No Scientific Data To Support These Claims . Hence This Ad Is Misleading" "

RECOMMENDATION: UPHELD

The advertiser representatives were given personal hearing by ASCI. The CCC viewed the print advertisement and considered the Advertiser's response. The advertiser has sought for two months time as they are in the process of procuring clinical/scientific evidence for the product benefit claims made in the TVC. The CCC concluded that the claims, "Effective Against Pyorrhoea, Swelling & Bleeding Of Gums, Yellowing Of Teeth, Sensitivity & Bab Breath", "Protects your teeth for a longer time and provides a natural shield against germs", were not substantiated and are misleading. The advertisement contravened Chapters I.1 and I.4 of the ASCI Code. The complaint was **UPHELD**.

What is ASCI then?

The Advertising Standards Council of India (ASCI) is a voluntary self-regulatory body of Advertisement Industry. It self-regulates advertising content to monitor and decide on complaints against advertisements making misleading, false and unsubstantiated claims. Rule 7(9) of the Advertising Code states that no Advertisement which violate the code for self-regulation in advertising as adopted by ASCI, shall be carried in the cable service. In 2015, the government appointed ASCI as its executive arm to process complaints received on the GAMA portal about misleading advertisements. ASCI also receive direct complaints from citizens.

Between 2013 and 2016, a total of 525 advertisements in electronic media were found to be making misleading, false and unsubstantiated claims by ASCI.

25 advertisements of Patanjali were found to be violating ASCI code

As per data shared by the government in the Lok Sabha, complaints have been received against 33 advertisements of Patanjali Ayurved Limited during April 2015 and July 2016, appearing in various media such as TV, Print and Product packaging and in various sectors such as Food and Beverages,

Personal care, Health care etc.

A total 17 advertisements out of 21 advertisements complained against, were found to be in violation of ASCI code for self-regulation of advertising content while the remaining four product packaging claims were not found to be in violation of ASCI Code.

Six (6) product packaging communications out of 8 complaints were considered to be in violation of ASCI code. Two (2) TV advertisements out of 4 complaints were considered to be in violation of ASCI code. In all, 25 out of the 33 advertisements were found to be violating ASCI code.

For instance, one of the advertisements about Patanjali DantKanti was found to be misleading since there was no scientific data to prove the claims.

The advertisements of various other companies like Vodafone, Idea, Airtel, Hero Motocorp, Tata Motors, Uber, Loreal, Proctor & Gamble, Hindustan Unilever etc were also found to be violating the ASCI code. As per ASCI data, more than 80% of the advertisers have either withdrawn or modified their ad accordingly after directions from ASCI. ▀

Source: Factly | Image Courtesy: eju



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BHARAT**
A EUREKA FORBES INITIATIVE



A Social Initiative by

Aquaguard®
PAANI KA DOCTOR



**69 CRORE INDIANS LACK ACCESS
TO HEALTHY DRINKING WATER.
YOUR ONE SMALL ACT
CAN MAKE A BIG IMPACT.**

Just share 5 litres of healthy drinking water every day with your maid, your watchman, your driver or others around you who need it.

It's simple, it's easy. And this,
CHHOTI SI BAAT, CAN BECOME A BIG SHURUAAT.

More than 32 communities have registered so far.
Over 2 million people have pledged
their support to Jal Daan. Have you?

TAKE THE PLEDGE

Visit **www.jaldaan.org**
or give a missed call on **0 72107 72107**

For every pledge taken, Aquaguard will contribute ₹10 on your behalf to set up water purification plants for the underprivileged.



EUREKA FORBES
Your friend for life



Source - www.usf.vc

Going digital: Cashless Society

POOJA
KHAITAN

Almost everyone has knowledge of digital payment system and many of the smart phones users are opting for online banking or internet banking.

In a further push to cashless economy, the Central cabinet has approved the ordinance for paying wages via electronic means — which means that the government has given its nod for cashless salary. Accordingly, the government approved to amend Section 6 of the Payment Of Wages Act.



To promote digital payments, give Rs 1,000 subsidy to buy smartphones, chief ministers' panel urges PM Modi



THE MOST POSITIVE thing we have seen in the middle of all the confusion and fuss and the best gift we got from central government was of cashless economy and digital payment method. Many people consider this step as a bluff to justify his sudden enforcement of policy of demonetization but here are some major reasons. These reasons will prove that India is ready to become digital on a larger platform.

- We have seen a significant increase in the usage of smart phones amongst Indians, and we have also witnessed that they are fulfilling all their needs and requirements with the help of online payment only. People are usually opting for cash on delivery option, and they pay all their bills through e-wallet only. Even the money is shared between peers through e-wallets and they are successfully making use of all the fruits of technology. Hence, it is better for them to use the same for all the transactions too.
- After analyzing the reports, it was found the only small portion of smart phone users were not connected to internet on regular basis. Almost everyone has knowledge of digital payment system and many of the smart phones users are opting for online banking or internet banking.
- With the advancement in technology, we have seen rise in the demand of data from respective network operators. This has also given rise to some of the cheapest data packs with highly amazing speed and connectivity. By looking at this census, and increase in the switch over from offline to online tasks indicates that they are compatible to adopt completely

online transactions. The problem occurs when people are not aware and less educated but now we have smart phones in every house and it is quite easy to adapt with the digitisation.

- We have also seen the development of various mobile apps that fulfil majority of the needs from your day to day life. There are a large number of mobile apps which are launched every day and every app provides new features and bonus to their users. They leave no stone unturned to attract maximum amount of users, and this is a proof that India needs a digital economy. We have discovered our comfort in tasks which can be done online and can be accomplished with just one tap.
- Keeping aside the mobile applications and net banking, we have seen a spontaneous growth in the users of debit card and credit card. By looking at this number, we can certainly conclude the fact that majority of people do not carry hard cash along with them even while going for window shopping. They prefer to pay through their credit card or debit card and majority of them use it for all purposes such as while going to movies, restaurants, play area, theme parks, etc.
- Indians find it very fascinating when they get certain offers from their service providers and it is obvious that they will choose the one who gives maximum benefits to them. According to this analysis, it is found that the online market will increase to a larger extent in the upcoming years, and hence it will not be very difficult to impose a digital transaction system on the citizens of India. ▶



DEMONETIZATION

A Gamble by Central Government



DEMONETIZATION IS A bravely-strategized historic gamble by the central government of India, led by the premier Mr. Narendra Modi. On the one hand, this gamble is thickly coated with huge social, economic and political risk. On the other hand, there is a trace of immense gain earned by designing and developing a foundation of transparency and accountability.

Historical Background

India had, in the past, attempted for demonetization of Indian Currency by various governments in the pre- and post-independence era in 1946 and 1978. This drive had been long overdue, and the present government took the risk of demonetizing the high-value denomination of Rs. 500 and Rs. 1000 on 8th Nov. 2016. This path was carpeted with thorns as

there was an involvement of multiple agencies like tax, law, legislature, investigators, logisticians and many more that have to work in varying permutations and combinations. And, no one took the risk of gambling with the problems and challenges of demonetization.

Immediate Response

The response from the common people reflected the ray of hope but due to inefficient planning, the commoners were forced to suffer for their own money. Politically, one set of opposition politicians branded this act as a grave historic and monumental blunder. But, another group of opposition displayed high degree of confidence in this historic initiative of demonetization. There were lots of ups and downs in the rules and regulations by the

central banking agency but it was done to tweak the suitable changes based on the emerging feedback from the demonetization drive.

These changes brought immense criticisms for the central government and central bank of India. Sometimes, it was detected to have differences between the government and governing bodies. Sometimes, anger and frustrations dominated the process of demonetization but the present government took this bold decision based on strong conviction of social and economic vision and mission that reflected the fragrance of rationality and reasoning in the government's outlook and efficacy.

It is to be borne in mind that derecognizing these high value currency notes of Rs. 500 and Rs. 1000 as legal tender is a herculean task. Our country displayed a sense of nationalistic and patriotic temperament during these hard days from 8th Nov. 2016 to 30th Dec. 2017. Similarly, the country never hesitated in becoming uproarious and impatient when the circumstances forced common public to stand for hours to withdraw their own money. And, even the bank and ATM went cashless. But, intention was solemn to cleanse corruption, black money, fake currency and terrorism funding.

Repercussion and Challenges

Demonetization influenced our life socially, politically, economically, commercially, and industrially in multiple ways.

Some of the key elements of demonetizing impacts are:

- a) There was long queue for withdrawal and deposits of money.
- b) There was absence of money in bank and ATM.
- c) People became impatient as sustaining life became a challenge.
- d) Absence of sufficient circulation of currency created havoc and panic among common public.
- e) There was shortage of low-value denominations of currency.
- f) There seemed inefficiency in logistical, operational and strategic planning in the execution of currency distribution and availability.
- g) Banks had huge deposits but there was no sufficient currency to re-monetize the demonetized currency.
- h) Trade, industry, and commercial transactions were hugely hit.
- i) Sale of automobile industry was badly hit by 24% decline in Dec. 2016.
- j) Medium and low sized industries were totally crippled.
- k) The worst affected were laborers and farmers from unorganized sectors.
- l) There was a sign of poor public & private investment, and slow growth caused by the negative public sentiment.
- m) There was monitoring by Supreme Court, although it did not object to its intent, but raised doubts on its implementation.

Opportunity and Solution

Despite all the hurdles and disturbance caused by demonetization, there is a ray of hope gleaned with silver lining. It is true that India went through a period of pang during the last 60 days, and still there is trace of demonetizing impact in our life. But, all these problems and challenges are coated with huge opportunity for us to find solutions for innumerable problems.

Some of these are:

- a) There has been success in tracing the leads and links of black money.
- b) A sense of fear is created in the minds of dishonest and fraudulent people.
- c) The business of counterfeit currency has been uprooted.
- d) A shockwave has been created in the terrorist- and Maoist-related activities.
- e) A foundation is being laid to unearth the black money.
- f) There is an opportunity to reinforce the tax enforcement agency through effective monitoring and intelligence.
- g) A path has been carved to move towards digital economy that strengthens cashless and less-cash economy.
- h) An opportunity is created through this gamble to make rural and semi-urban people become digitally literate.
- i) System through process-based rules is being developed to ensure accountability and transparency in transactions.
- j) It is a boon to catch tax evaders who disturb and discourage the eco-system of our development.
- k) Life of everyday struggle caused by demonetization is slowly getting diminished.

Therefore, all these challenges and opportunities are the cause of demonetization, and it is for us to grab this opportunity to usher in an era of transparency, honesty, integrity, and accountability.

Keeping all the aforesaid factors into account, there is an ample reason to appreciate the efforts of our Prime Minister, Mr. Narendra Modi, who has taken this monumental stride to fight against black money, fake currency, terrorism funding, and corruption. It is true that in the process of making demonetization process viable and reliable, we have made and have been making a lot of short-term sacrifices in the hope of gaining long-term gains. Believe it or not, today we may not realize, but each and every action and reaction of demonetization will become of part of our history to make a great, powerful, prosperous, and happy India.

Ultimately, it will be appropriate for us to forget the past, and think of making a better future by effectively and efficiently implementing the plan of demonetization by the central government. And, all of us ought to give our helping hands to make this mission and vision of the powerful India a great success. ■

Common people and Demonetization

We have already seen the effects of demonetization on common people as well as people having ambrosial background. While we were expecting a very fancy response from each one of the common people that they are not very satisfied with this idea, they showed a very positive response.

Although they faced many problems in the initial days, it is commendable that they were ready to take the pain for the welfare of our nation. Based on the reports presented by authorities, it clearly showed the loss of health and energy that was faced by common people, but we saw a great zeal in them to fight against black money and corruption. They presented a completely new way of approach towards demonetization and they were ready to understand all the terms and policies of this new decision.

People belonging to rural areas who have no access to daily news and do not get a clear idea of what is going in and around them faced difficulties. It was weird for them, when they saw that shopkeepers and vendors are not accepting the old currency. But, when they came to know about the benefits of these newly implemented policies, they understood and agreed to cooperate with the system. However, some extreme situations forced them to breakdown and some of them stood against the decision of demonetization because they were not able to cope up with the loss they faced. Some of them lost their ill family members because the hospitals were not ready to accept the old currency. The daily needs were not fulfilled and they lost their patience after certain point of time. But, as each day passed by, we saw that things were getting stabilized slowly and many people understood the essence of the idea of demonetization.



- They faced cash crunch due to non-availability of adequate amount of cash. They stood outside the ATMs in long queues and some of them fell sick because of it. Although they complained that enough currencies were not being supplied to all the branches of the bank, they did not protest against the decision so religiously.

- The small traders and businessmen who are also categorized under common man faced a huge downfall in their business and market. Due lack of cash inflow, they did not have enough capital to support their business at the time of crunch.
- Although, the prime motto of demonetization was to wash off the black money, we witnessed that the currencies were circulated to influencing people through back door. This was the malpractice which took place simultaneously along with demonetization. Many higher officials of banking sector were exposed through sting operations. But, at the end of the day, common man was still waiting outside the banks and ATMs in long queues.
- There was limit on the withdrawal of money from banks, and they received the cash in the denomination of Rs. 2000 which was really difficult to be changed with the currency of lower denomination. In this scenario, the common man found it quite difficult to get Rs. 100 notes, and the sad part is that even the banks did not have enough amount of change.

Thus, although common man was affected by this sudden step, they respected the efforts taken by our respected Prime Minister. And, they wanted to contribute their part in the fight against corruption instead of protesting the act. ▀

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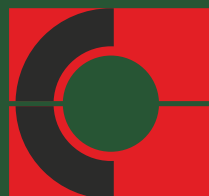
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