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Research Paper

DEMONETISATION: A FIGHT AGAINST CORRUPTION AND BLACK MONEY

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ABSTRACT

The word demonetisation, meaning, a currency being deprived of its being a legal tender in an economy, was on everyone's mouth from the mid night of 8th November, 2016, when an announcement was made by our Prime Minister that our bigger currency denominations, (Rs 500 and Rs 1000 currency notes) will not be a legal tender now. It will be merely a piece of paper from tomorrow. Its basic motive was to eradicate black money from the economy and to remove corruption from the country.

KEYWORDS: *Demonetisation, Black money, Corruption.*

INTRODUCTION

The word demonetisation means when a currency is being deprived of its being a legal tender in an economy. On 8th November, 2016, our Prime Minister, Mr. Narendra Modi, gave a panic attack to the public by making an announcement that currency notes of Rs 500 and Rs 1000 will now not be valid and new notes of Rs 500 and Rs 2000 will be issued. He also told that people holding notes of Rs 500 and Rs 1000 can deposit the same in their bank accounts and post offices from November, 10 till December, 30 and can also get the old notes exchanged till 30th December. In our country earlier also demonetisation has been done. In the year 1946 currency notes of Rs 1000 and Rs 10000 were removed from circulation and in the year 1978 currency notes of Rs 1000, 5000 and 10000 were deprived of its legal tender. At that time also the motive was to fight against corruption and curb black money generation in the economy and year 2016 demonetisation also had the same motive.

OBJECTIVES OF DEMONETISATION

1. To keep a check on black money
2. To make our country a corruption free country
3. To restrict funding of terrorist activities in India

4. To curb the money power use in elections
5. To promote a cashless economy

RESEARCH METHODOLOGY

The paper is based on secondary data and the data has been gathered from internet, journals and magazines.

DEMONETISATION AND BLACK MONEY

The money which is not earned legally and is not reported to the government is the black money. In our country income inequality exists on a big platform and black money is a big reason behind that. The rich are getting richer and the middle and lower income classes are suffering. Some reports claim a total of US\$ 1.06 trillion is held illegally in Swiss Bank. A report by Swiss Bankers Association says that the total amount held in all Swiss Bank accounts by the citizens of India is about US\$ 2 billion. This black money is eating away the Indian economy.

Sources of Black Money Generation

The very big source of black money generation in our country is tax evasion. Big Companies, corporate houses, celebrities they do not reveal their real income and use different methods like submitting false tax

returns, inaccurate financial statements, maintaining double accounts for the purpose of tax evasion.

Another important source is political funding where crores of rupees is required for elections and to provide funds to the politicians one uses black money because such heavy amounts cannot be financed by white money.

Corruption, a other big source for generating black money and it exists in almost all the sectors. For getting jobs specifically in the government sector or to get any work done bribe is asked which is mostly paid by black money.

Real estate sector is also a black money generating source.

WILL DEMONETISATION ABOLISH BLACK MONEY AND CORRUPTION

It can't be expected that demonetisation will vanish black money and corruption but definitely it was a amazing step taken by the government to remove corruption and black money.

After 8th November, 2016 now in one's mind the fear exists regarding storing crores of rupees at different places because if government resorts to this step that money will be just a piece of paper because even if one brings that amount in the banks for exchanging one will have to reveal the source of the income if the amount exceeds the prescribed limit. And now the bank accounts are linked to the Aadhar Cards so black money can't be stored in bank accounts also. So, now black money hoarders will have to find a new and innovative way to stash their ill-gotten wealth.

CONCLUSION

Demonetisation, a positive move done by the government to eradicate black money from our economy also had some negative impacts, specially to the common man like cash became scarce at that time, standing in the que for so many hours outside of the banks to get the old notes exchanged, people who had marriage ceremonies at that time faced a big problem because in our country in marriages huge cash requirement is there and many other problems emerged but all these problems were a temporary problem and got solved after new notes came in circulation and for the betterment of our country people were ready to face these temporary problems so that we can expect a better tomorrow for our country.

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