

ISSN 2277 - 5730
AN INTERNATIONAL MULTIDISCIPLINARY
QUARTERLY RESEARCH JOURNAL

AJANTA

Volume - VIII Issue - I English Part - I January - March - 2019

Peer Reviewed Refereed
and UGC Listed Journal

Journal No. 40776



ज्ञान-विज्ञान विमुक्तये

IMPACT FACTOR / INDEXING
2018 - 5.5

www.sjifactor.com

❖ EDITOR ❖

Asst. Prof. Vinay Shankarrao Hatole
M.Sc (Maths), M.B.A. (Mktg.), M.B.A. (H.R.),
M.Drama (Acting), M Drama (Prod. & Dir.), M.Ed.

❖ PUBLISHED BY ❖



Ajanta Prakashan
Aurangabad. (M.S.)

∞ CONTENTS OF ENGLISH PART - I ∞

S.No.	Title & Author	Page No.
1	Judicial Review of Economic Legislation & Economic Policy- Critical Analysis of Sarfaesi Act 2002 and Demonetisation Policy Amit M. Savadi	1-6
2	Demonetization in India and its Legality Adv. Arun Ramchandra Gaikwad	7-13
3	Impact of Demonetization in India Ms. Shivanjali Bhoite	14-21
4	Demonetization: Effect on Black Money Mrs. Pratima Rajendra Kumbhare	22-25 ✓
5	Demonetization and its Impact on Trade and Commerce Nidhi Ranka Radha Naik	26-35
6	Demonetisation and Indian Economy Prof. Ghute B. T.	36-45
7	Demonetisation: A Corporate Assault on People Ravi Janardan Bhovate	46-53
8	Demonetization- "Advantages and Disadvantages" Prashant Prabhakar Jarandikar	54-59 ✓
9	Demonetization and Effects on Agriculture Sector Mr. Vikram Vitthal Irale Mr. Sanjeevkumar G. Sable	60-64 ✓
10	Demonetization and Indian Economy Vaishnavi Lokhande	65-68
11	Demonetization and Law in India Dr. Trupti Subhash Jadhav	69-73
12	Demonetization in India : Impact on Banking Sector Prakash Kumar	74-80

9. Demonetization and Effects on Agriculture Sector

Mr. Vikram Vitthal Irale

Research Student, JITU University, - Rajasthan.

Mr. Sanjeevkumar G. Sable

Research Student, Shivaji University, Kolhapur.

Abstract

Demonetization has affected every Indian, but it has hit the agricultural segment to the core. Demonetization affected farming directly in four ways, these includes area of land cultivated, crop pattern, productivity and market. The impact is visible in different sub-segments. Farmers normally deal in ready money and India is also mainly a cash economy. Cash is the primary mode of transaction in agriculture sector which contributes 15% to India's total output. The cash dealings in this economy are far extra than the total number of electronic transactions done on a every day basis. Farmers could not purchase seeds, manures and other things required for farming. It was like financial problem to farmer and took long time to come out of it.

Introduction

Demonetization is the process of devaluing a piece of currency to zero. The Indian Government has demonetized Rs.500 and Rs.1, 000 denomination notes in circulation and it directly affected the common man, business and Indian economy. It is important to study actual impact of demonetization on farmers and other people and their response about achievements of demonetization. The Indian government decided to demonetize the 500 and 1000 rupee notes, the two biggest denomination notes. These notes accounted for 86% of eradicate counterfeit currency, fight tax evasion, eliminate black money gotten from money laundering and terrorist financing activities, and promote a cashless economy. Demonetization has affected every Indian, but it has hit the agricultural sector the hardest. Agriculture in India accounts for 50% of the workforce. Farmers, who are the backbone of our national economy, were severely affected by the note demonetization. Farmers could not buy seeds, fertilizers and other things required for farming.

People sensitivity concerning demonetization was changed, for the period of demonetization they were more hopeful for fine results but after 1 year they are disappointed about achievement of their anticipation from demonetization. People admitted that

demonetization was not greatly successful in tumbling corruption, checking terrorist and naxalite actions and for moving towards cashless financial system. But demonetization was successful in reducing fake currency notes. Common people think that idea of demonetization was good but execution was poor.

Farmers and cash Economy

Demonetization is not a new event for either the world or India. There are several pieces of evidence of demonetization in the world and some of them in India. It can be rolled out in the economy to tackle numerous socio-economic problems present in the country like black money, counterfeiting, inflation, corruption and so on.

India's 263 million cultivators exist mostly in the money market. Agriculture is truly dependent upon cash transactions via cash is direct burden to the farmers markets because they should purchase all their agriculture inputs even bigger landholders may face problems such as paying daily wages to the farmers and purchase in harvested produce while selling may face the problem.

The demonetization of 500 and 1000 rupee notes to crush back economy has come at a wrong time for farmers.

What is demonetization?

Demonetization is an act of cancelling the legal tender status of a currency unit in circulation. Anticipating positive changes on the liquidity structure as whole, nations often adopt Demonetization policy as a measure to counterbalance the current economic condition. Countries across the globe have used Demonetization at some or the other point to control situations such as inflation and to boost economy. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency.

Demonetization and General Effects: The scheme, popularly called note bandi, was with aim to end the menace of black money, counterfeit currency, and corruption. Inevitably, low-income and rural households have been hardest hit by this currency reform. Due to demonetization cash was not available to common man to pay for food products. It resulted in drop in demand and ultimately led to a crash in the costs of crops. Farmers were not able to recover even the costs of transportation from the low rates offered at market. This forced the farmers across the country to dump their products in desperation. Some farmers resorted to burying unsold vegetables. Agricultural products such as vegetables, food grains, sugarcane,

milk and eggs were dumped on roads. The fishing industry which depends on cash sales of freshly caught fish is close to collapse.

Demonetization and capacity to purchase Seeds and fertilizers

Many farmers were unable to buy fertilizer and seeds for winter-sown crops due to demonetization of high value currency in November 2016. Report of the Agriculture Ministry admits that millions of farmers were unable to buy seeds and fertilizers because of demonetization. Due to the shortage of cash, about 1.38 lakh quintals of wheat seeds of the national seed corporation were not sold. The government had later allowed the use of old notes of Rs 1,000 and Rs 500 for the purchase of wheat seeds. But this relaxation did not improve the situation much.

Effect on Market

Agriculture is impacted through the input-output channels as well as price and output feedback effects. Sale, transport, marketing and distribution of ready produce to wholesale centres or mandis, is dominantly cash-dependent. Small and marginal farmers were most affected in contrast to large farmers in case of sowing, purchase of inputs and sale of agricultural commodities. Among commodities, farmers dealing with perishables were more affected than who dealt with grains. However, wholesalers were most affected in grain markets & retailers in fruits and vegetable markets. Vegetables and fruits that along with crops added 61% of agriculture's gross value added in 2015-16, depends critically upon a cash-strapped transport sector for daily supply network. Sales dropped sharply (25-50%) across markets with occurrences of dumping. Demand was repressed for want of currency, so prices were subdued. . supply shortages caused prices to rise. How long can the demonetization drag upon agriculture persist? And how soon could the segment rebound? The answer is up in the air at this point.

Shortage of Cash to Pay Wages

During Demonetization farmers have faced problem of Cash shortage to pay wages to the agriculture labours. Initially There were set an upper limit of cash withdrawals from bank is 10,000 per day (up to 20,000 per week) per account, and from ATM 2000 per day per account from 10 to 13 November which is changed from 14 November to 24,000 per week from bank and 2,500 per day from ATM per account till 31 December., although a needy person can withdraw with valid reason. But daily wages was not considered as a valid reason for withdrawal of amount, therefore along with farmers agricultural labour was also got affected. This situation took several days to get changed.

Demonetization and overall effects

Many people were facing difficulties due to the move of government. Even this decision lowered the GDP of the country, downfall in stock market as well. Two years after demonetization, the Union agriculture ministry has admitted that the farmers were badly hit by the note ban. Demonetization had made 86 per cent of existing currency (in denominations of Rs 500 and Rs 1,000) illegal tender. The farmers, particularly the smaller ones, depend on cash for the purchase of seeds and fertilizers.

However the government has maintained that demonetization was a necessary step to curb black money and a successful exercise. It has defended demonetization in the face of criticism by the Opposition who said that the farmers and smaller business entities were the worst affected.

Now, the Union agriculture ministry has admitted in a report that the note ban badly affected the farmers. In a meeting of the Standing Committee of the Ministry of Finance, the Ministry of Agriculture acknowledged that due to the lack of cash, millions of farmers were unable to purchase seeds and fertilizers ahead of the rabi season.

The agriculture ministry informed the committee that when demonetization was implemented, the farmers were either selling their kharif yield or sowing rabi crops. Demonetization rendered all the cash they had in hand useless. This drastically affected the farmers, as accepted by the agriculture ministry report, which discusses the effects of demonetization.

Even government seeds could not be sold, the report said further. Demonetization also affected big farmers as they had to pay wages to the labourers working on their fields. But they went cash-strapped after demonetization.

However, the labour ministry, in its report to the committee, commended the demonetization saying that the move saw an increase in employment data in the subsequent quarters.

Agriculture ministry took 2 years to admit that demonetization hit farmers badly.

Conclusion

On the evening of 8th November 2016, Indian Prime Minister Mr. Narendra Modi announced a sudden denomination of 500 and 1000 rupee notes. Instead of RBI Governor Urjit Patel, surprisingly Prime Minister announced the news of demonetization that these banknotes would not be legal tender after midnight of the 8th November; means the high value notes will not be legal for transaction. The cash dealings in this economy are far extra than the

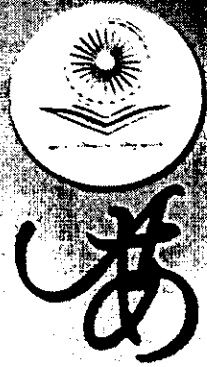
total number of electronic transactions done on a every day basis. Farmers could not purchase seeds, manures and other things required for farming. It was like financial problem to farmer and took long time to come out of it.

References

1. <https://www.livemint.com/Opinion/BIvFTOgwqHjdM5nkmg2CxJ/Demonetization-The-impact-on-agriculture.html>
2. Pravin Pratap Vyankatrao Naikwade and Arvind Madhukarand Kulkarni , Impact of Demonetization on Farmers and Other People from Rural Background and Their Perception on Demonetization Aayushi International Interdisciplinary Research Journal (AIIRJ)
3. Bisen Jaiprakash, Kumar Shiv, Venkatesh P. and Aditya K.S. (2017). Impact of demonetization on agriculture: a case study, Indian Journal of Economics and Development, 5(2), 1-11.
4. <https://www.bankbazaar.com/savings-account/demonetisation.html>
5. <https://www.investopedia.com/terms/d/demonetization.asp>
6. Shirley M. Angel Jasmine (2017). Impact of Demonetization in India, International Journal of Trend in Research and Development, Special Issue, 20-23
7. Pravin Pratap Vyankatrao Naikwade and Arvind Madhukarand Kulkarni , Impact of Demonetization on Farmers and Other People from Rural Background and Their Perception on Demonetization Aayushi International Interdisciplinary Research Journal (AIIRJ)
8. Undale Swapnil and Gaggad Krishna (2016). One month after demonetization: what people say..? GE-International Journal of Management Research, Special, 450-457.
9. <https://www.indiatoday.in/india/story/demonetisation-hit-farmers-badly-agriculture-ministry-takes-2-years-to-admit-1393030-2018-11-21>
10. https://www.researchgate.net/publication/319143752_Demonetization_and_Its_Impact_on_Indian_Economy

2018-19

डा. संजय साबळे का विक्रम इन्स्टीट्यूट



Peer Reviewed Referred and
UGC Listed Journal
(Journal No. 40776)

ISSN 2277 - 5730 AN INTERNATIONAL
MULTIDISCIPLINARY QUARTERLY RESEARCH
JOURNAL

AJANTA

Volume-VIII, Issue-I
January - March - 2019
English Part - I

IMPACT FACTOR /
INDEXING 2018 - 5.5
www.sjifactor.com

Ajanta Prakashan

BUSINESS
Special Job for people who
love to travel
Personnel of the
European Union

