Problems of demonetization

What is the issue?

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The gains of demonetisation are from high human cost.

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What are the adverse effects of demonetization?

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- War on black money, a surgical strike, had whipped up a surreal, distinctly militaristic fervour.
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- Its objective of curbing black money has been failed.
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- There were no explanations on offer in Parliament, even after the event, on why demonetisation was the preferred course of action.
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- It was an assault on the economic rights of ordinary people, with an all-knowing state offering no explanation.
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How demonetization affected people?

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- It has created enormous pain it inflicted on those who are not responsible for the black economy.
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- Many people from bank branch to bank branch, from ATM to ATM, from medical shop to medical shop.
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- There were instances of Adivasis in the interiors of Chhattisgarh losing their lives because they could not reach hospitals on time.
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- The victims of demonetisation those who lost their jobs or lives have not

been compensated
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- The Government displayed insensitivity towards the concerns of a society where a quarter of the population is officially illiterate and a greater number financially so.
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What are the ethical flaws of demonetization?

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- Digitisation poses an additional hardship on individuals locked into cash, even if one accepts that it provides a trail for the taxman.
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- Underlying the push from cash to card is the subtle criminalisation of all users of cash.
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- The virtues of a cashless society are questionable, one spend less when we use cash than when use cards.
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- And unlike in countries such as the US or Australia, families in India which tend to be extended and supporting several dependents need to spend less and save more.
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What is the status of other sectors post demonetization?

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- Small self-employed businesses dependent on the cash economy, do not seem to have recovered from the impact of the disappearance of cash, and of demand for their services.
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- Thegrowth of property sector is uncertain, with the Economic Survey reporting a recovery in prices after an initial problem.
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- Government has given more importance to tax compliance than the erosion of competition with the small sector.
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- There are slump in jobs, demand and growth, post demonetization has hit everyone.
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Source: Business Line

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