

REVIEWED STUDY ON IMPACT OF DEMONETISATION ON AGRICULTURAL SECTOR IN INDIA

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ABSTRACT

Demonetisation on Agriculture sector plays a crucial role in the Indian economy. This study aims at identifying the positive and negative effects of demonetisation on agriculture sector i.e. advantages and disadvantages.

Keywords: Demonetisation, Agriculture sector, Currency

INTRODUCTION

In general terms demonetization suggests that stopping of circulation of currency of some denomination in alternative words demonetization suggests that it's Associate in Nursing act of limiting a currency unit of its standing as a monetary system. sometimes it's enforced once there's drawback with black cash and unlawful currency. It includes substitution the recent units with new ones. Bharat has two-faced demonetization earlier within the year 1946. It is thanks to have a eye on the black cash. it's an effort created by Government of Bharat to induce obviate black cash. Later our Honorable PM man. Narendra Modi proclaimed demonetization to unravel the matter of corruption within the country. Not solely Bharat several alternative countries additionally enforced

Demonetisation love Switzerland, Australia, European Union.....Etc. European Union demonetization is taken into account as largest demonetization as a result of all the ecu Union countries currency has been replaced with monetary unit between the amount 1998-2000. As demonetization doesn't have a lot of result to those countries as a result of There value is way captivated with the service sector or industrial sector. A comparative to those countries Bharat has a lot of result of demonetization. As Agriculture sector is taken into account because the back bone of the Indian economy. it's several deserves and demerits on Agriculture sector.

NEED FOR STUDY

We need to study the effect of demonetisation on Agriculture sector because high denomination notes had hurt the agriculture in the state and could lead to the growth of the sector. As there is are more negative effects in agriculture sectors due to demonetisation in the initial stage. Later the negative effects are expected to decrease due to increase in the positive effects of demonetisation.

INTERPRETATION

Negative effects of demonetisation on Agriculture sector

- Agriculture growth in India contracted 0.2% in 2014 – 2015 and grew no more than 1.2% in 2015 – 2016, largely because of back to back drought.
- As Agriculture was expected to grow at 4% this year. According to this October 2016CRISIL stated that due to demonetisation it doesn't achieve.
- 65% of India's population depends on agriculture as work force, laboursetc. The wages to them are not paid due to demonetisation.
- As farmers buy seeds, fertilizers and farm equipment in cash .So demonetisation has given a bitter experience to farmers at that time.
- Sales have dropped 25% - 50% a cross market with occurrence of dumping.
- Demonetisation has announced when the kharif crops reached markets and Rabi sowing seeds. At this stage farmers will get profit and they have to spend to buy seeds, fertilizers ...etc to begin the Rabi season.
- After facing a two year drought scenario farmers in India are about to get profits, at this particular time demonetisation has announced.
- After announcing demonetisation policy 86% of money circulation wiped out. As farmers mostly depend on cash transactions .It would be a very bad effect on them.

- As banks in village are miles away from farmers .It is very critical to farmers to get new currency. As the bank staff also very few it is difficult to get money for them.
- Because of late sowing of seeds there may be damage in the crop output.
- Wheat Farmers are expected to get more profits this year. As there is a decrease in the wheat output. It is assumed as the price will be increase .But due to demonetisation, private trader's imported wheat from other countries. Despite of having number of Government Banks, farmers choose money lenders who charges high rate of interest at the time of demonetisation...
- Farmers who grow perishables like fruits and vegetables have suffered a loss of Rs.20000 to Rs.50000 per acre.
- Because of demonetisation potato cultivators of Himachal Pradesh have been hit hard. Both the sales and price of potato has been fallen down.
- Not only in Himachal Pradesh, but also wheat Farmers in Punjab and Haryana has a bad phase due to demonetisation. The farmers do not have sufficient money to buy seeds, fertilizers etc.
- Maharashtra also has been hit hard by demonetisation. The sowing of grams and wheat was effect by it. his table shows the changes in the price of perishables fruits, vegetables, wheat, rice and milk. Almost all the vegetables have the negative effect due to demonetisation i.e. price decreased. The same effects are followed by the fruits also. There is a increase in the price of wheat as there was a shortage of wheat. There is a decrease in the rice price of8 percent. There is no change in milk price.

PERCENTAGE CHANGE OF AVERAGE MEDIAN PRICES OF NOVEMBER 9-24 TO NOVEMBER 1-8						
Item	2011	2012	2013	2014	2015	2016
Vegetables	-7.9	-2.4	2.7	-4.9	2.8	-4.3
Tomato	-23.5	-11.1	19.3	-15.3	46.8	-1.1
Potato	5.1	-1.7	-15.6	1.8	-2.7	0
Onion	-8.4	9.4	-3	3.9	-12.9	1.5
Brinjal	-5.1	-6.2	-7.6	0.6	-1.2	-14.6
Peas	-9	-5.5	-8.3	-6.9	13.8	-12.4
Cauliflower	-25.9	-17.5	-2.9	-17.4	-5.7	-21.8
Fruits	-2.7	0.6	-0.7	-1.1	0.1	0.8
Grapes	0.3	4	1.8	-0.9	0.1	9
Guava	-0.3	2.9	7.2	-0.5	2.3	2.4
Banana	-5.5	0.4	-1.4	-3	-1.8	-4.9
Papaya	-1.4	0.8	3.8	5	-1.5	-0.4
Pulses	2.6	2.9	-0.9	1.2	-3.5	-0.9
Fruits Pulses Vegetables	-4.9	-0.5	1.6	-3.1	0.7	-2.4
Non Fruits Pulses Vegetables	5.1	4.3	-10.7	-0.8	2	0.7
Miscellaneous						
Wheat	2.3	13.5	-24.5	0	6	5.2
Rice	79	-0.9	-5.3	0.7	3.4	-0.8
Milk	5.2	9.5	-15.5	-2.6	0.3	0
Food	0.7	2.4	-6.1	-1.8	1.6	-0.6

Source: Daily Data from Department of Consumer Affairs, National Horticulture Board
Note: Each cell represents percentage change between reference prices (calculated as average price between November 1-8) and median prices (calculated as an average of November 9-24).

Positive effects of demonetisation on Agriculture sector

- Sugar cane farmers accept cheques from sugar factories from a long time. So other farmers are also can accept cheques from there traders which improve banking practises in rural areas
- Some of markets adopted electronic National Agriculture Market. So they can make payments by cheques, wallets, electronically.
- After demonetisation farmers accepting cheques from government for all the benefit schemes.
- Farmers of Moong, Apple, potato are using bank facilities to make and as well as to take payments
- Because of demonetisation farmers are motivated to take insurance and disaster relief cheques.
- Demonetisation made farmers to make use of banking services more efficiently.
- It also helped them to update new technologies of payment.
- Demonetisation helps to increase credit facilities to farmers as its main aim is to abolish black money.
- In recent budget the target for agriculture credit is fixed at Rs. 10 lack cores.

Demonetisation's Shadow Over Brighter Agricultural Prospects



SUGGESTIONS

To provide subsidy on fertilizers, seeds, pesticides.....Etc.

- To give high Agriculture credits.
- Government should pay reasonable price to the crops produced during demonetisation.
- Government should take preventive measures that farmers are not affected by the demonetisation policy.
- Farmers should update themselves with technological changes.

CONCLUSION

Demonetisation is likely to agricultural growth adversely and shrinks rural income and consumer Demand. It has already created a serious credibility crisis is for rural co operations. Demonetisation is unlikely to affect agriculture growth but it is likely to hit the farmers badly, unless the public procurement of pulses improves and distress sales of perishables are addressed.

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