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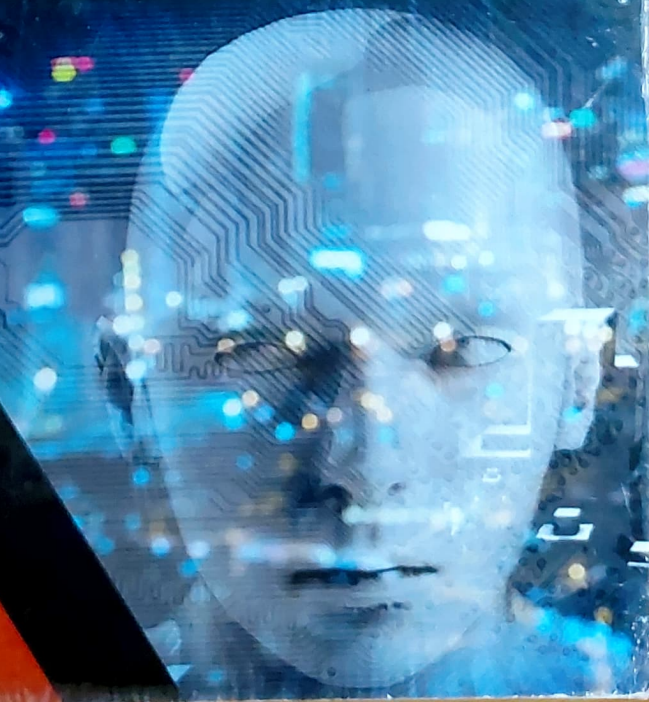


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# AJANTA

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January - March - 2019  
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**CONTENTS OF ENGLISH PART - II**

S.No.	Title & Author	Page No.
13	Aftermath of Demonetization of Currency in India Dr. R. B. Deshmukh	72-76
14	Impact of Demonetization on Rural India and Farmers Mrs. Neelangi A. Kadam	77-83
15	Demonetization: Rise or Fall in India Prof. Patil Sandip Ganpati	82-85
16	Kamala : As a Commodity in Male Dominated Society Miss Asmita J. Badhe	86-90
17	Locating Dalit Resistance in Folklore of Maharashtra Dr. V. L. Sirsat	91-96

## 13. Aftermath of Demonetization of Currency in India

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### Abstract

The declaration of legitimacy of demonetization of high currency note in India is one of the unforgettable event in the Indian Economy. Present State is acting as economic controller which is one of the significant modern function. Many of the time, State has to adopt various policy decisions in order to implementing the welfare policy. Such policy sometime fails due to multifarious reason or some policy can be opposed. Due to declaration of demonetization by Indian Government, it is emphasized that advantages are less and disadvantages are more. As a result of this, the policy of demonetization of currency in India widely affected on several sector. There has been several implication of demonetization. This economic event had adversely affected and this issue is widely discussed and debated for some period. In this perspective it is required to discuss various aftermath of demonetization of currency note. The declaration of such policy is having positive and negative impact on various sphere on Indian live.

**Keywords:-** Demonetization, Government, Law, Policy, Currency, Judiciary etc..

### 1. Introduction

Recent Demonetization policy was one of the significant policy adopted by the Government. There were several reason behind adopting such policy on the part of the undertaken by the Government. In order to solving some of the significant problem like tax evasion, counterfeit currency, black money, corruption, some of the illegal activities etc., the legitimacy of demonetization was declared by the Indian government on the eve of 8<sup>th</sup> November, 2016 immediately. Such declaration has widely discussed and debated within the legal and political angle. Apart from this reason, it was an objective of the Government to adopt cashless society. Hence, in order to moving people from cash to cashless, the policy of demonetization has been adopted in Indian scenario.

### 2. Objective of Paper

In so far as the title of paper is concerned, following will be the objective of paper.

- a) To discuss the concept of demonetization

- b) To understand the impact of demonetization of currency in India
- c) To discuss the role of Judiciary
- d) To provide concrete suggestion etc.

### **3. Research Methodology**

Researcher has collected various data from secondary source such as online journal, case study, online legal data base such as live law, Manupatra etc. In this way, reliable secondary data has been used by the Researcher in order to achieving solution of the present research problem. Therefore, doctrinal method is adopted by the researcher.

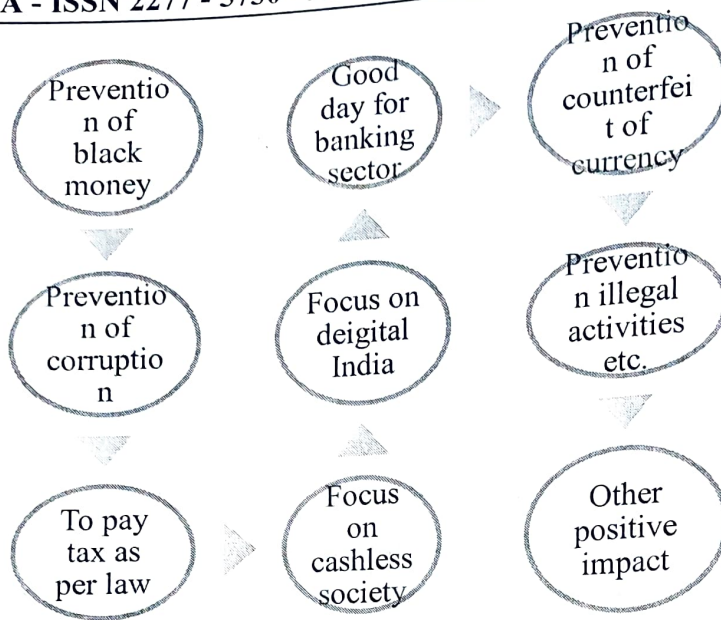
### **4. Concept of Demonetization**

India is Sovereign, democratic, socialist and republic country. In so far as the role of India is concerned, It is required on the part of Government to adopt various policy from time to time. Present declaration of demonetization policy in Indian scenario, the said decision came into controversy on number of ground because it was considered as immediate impact on the daily life of common people specially people from rural area who have no awareness as to the consequences of legitimacy of demonetization of high currency note.

In this way, although the motive was good on the part of the Government but we can say herewith that due to demonetization, bad impact on the society were many more and its demerits are less. Therefore, this decision was came into conflict under the social and political circle. Because, the decision of banning of the high currency note was treated as real magic and due to which law and order in the society was disturbed. Daily life of the people was disturbed. If we considered from grass root level, then we come to know that it was horrible.

### **5. Aftermath of demonetization of Currency**

The Declaration of demonization of Currency note like 500, 200 had some positive and negative impact on society. Apart from this, due to demonetization, certain practical difficulty faced by common people. Example- limitation in withdrawing an amount from ATM, non-availability of new currency etc. various aftermath which can be discussed with the help of following chart.



## 6. Role of the Judiciary and Demonetization

In so far as the policy of demonetization is concerned, here it is required to discuss the role of the Judiciary. One of the primary function of the Judiciary is to secure justice. Demonetization was one of the economic event recently and it was challenged immediately after declaration of ban on high currency note on various grounds. Various petitions have been filed for cancellation of such illegal order as in petition it was contended that such order are to be held as illegal which is inconsistent with the right of common people in the society. AS per the notion of The Reserve Bank of India is concerned, the most significant reason for ban on currency note of 500 rupees and 1000 rupees note was that rising cases of fake currency in the market which resulted deceiving cases as well as increasing cases of black money in the economy of the nation. Because many of the time these duplicate note has been used for any unlawful activities like terrorist. Therefore, Indian Government intends to adopt cashless economy and digital India. It was good move towards improving the economy of the nation. But due to demonetization of high currency note of 500 and 1000 rupees, daily life of common people was disturbed. Common people's daily life was suffered. Because it was immediately declared by the Government that 500 and 1000 notes will not be remained as valid from midnight of 8<sup>th</sup> November, 2016.

After declaration of demonetization in India, various petitions were filed before the Supreme Court for challenging demonetization policy as it was immediate interference into the life of common people and their daily routine was disturbed for example, limitation placed regarding withdrawal of an amount from ATM, long queue in depositing old currency of Rs. 500

and 1000 which became time consuming for people. Apart from this, lack of free flow of new currency note in the market. On the ground of all these reason, overall 14 petitions were filed relating to 'demonetization'. Such petitions were intended to challenge the Constitutional validity of demonetization. While deciding to such petitions, Apex Court had said that those people who were available of their own money for no fault of theirs. Then their money should be protected. But on the contrary, the very objective of demonetization will be loosed, in case if sufficient time and opportunity is given to those who were black money. Hence, the person who have black and unaccounted money, they will utilized such amount with careful planning and conspiracy within that permitted period i.e. December 30<sup>th</sup>, 2016. In this perspective, the Government had promised that monetized currency notes could be exchanged or deposited at any banks, post offices or any branches of Reserve Bank of India till the date of 30<sup>th</sup> December, 2016. Further, Centre had denied the extension period because if fresh window is permitted for depositing the demonetized currency note, then will shackle the very purpose of demonetization in India. Hence, in this perspective, various writ petitions were dismissed by the higher judiciary. While reviewing all these petitions, Hon'ble Supreme Court has held that it is not for the Judiciary to interfere in connection with right policy decisions taken by the Government in order to solving various current problems in India. Further in *Poonam Devi v. Anil Kumar* held that there may be possibility of some difficulty due to the demonetization policy of the Government of India but further expectation made that everything shall be normalize in few period of time. In this connection, whenever any complex problem or cases come up before the higher judiciary, then it becomes responsibility on the part of the Judiciary to overview both positive and negative consequences of any policy decision of the Government. Sometime Constitutional validity of any executive decision can be challenge in case if such administration action is against statutory and Constitutional norms. It is the Judiciary which can exercise power with the help of significant tool of power of Judicial Review.

## 7. Conclusion

The policy decision of the Government although was good, but it had impacted 6 to 8 month after declaration of such demonetization. Undoubtedly, State have to undertake various activities, policy or guideline for the purpose of improving the economy of the nation. Because growth of the economy of the nation leads towards national growth. Here, role of the Judiciary cannot be negated. It can act as protector of statutory and fundamental right of the people in the

society. Lastly, it is stated that all the policy decision of the executive authority are not immune from the purview of judicial review. These policy decisions are subject to testify on the touchstone of judicial review.

### 8. Suggestion

- a) It is the responsibility on the part of Government to adopt any policy in a careful and systematic manner
- b) They should adopt such policy by keeping in mind right of common people
- c) Such policy and guideline should be in accordance with the law
- d) Such policy will enable for solving Socio-economic complexities in the society
- e) All the policies are subject to judicial review which is one of the significant tool in the hands of Judiciary.

### Footnote

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2. Manpreet Kaur.
3. Currency Change: Critical Analysis Impact on National Trade and International Scenario, published in Bharati Law Review and written by Dr. Monika Jain, Oct-Dec, 2016 1,
4. Demonization- A step towards modified India, published in International Journal of Commerce and Management Research and written by Vedashree Mali. www.managejournal.com
5. <https://www.livelaw.in/sc-refers-14-petitions-relating-to-demonetisation-to-constitution-benchsc-refers-14-petitions-relating-demonetisation-constitution-bench/> visited 04.02.2019
6. <https://www.livemint.com/>
7. <https://www.livelaw.in/demonetisation-aftermath-judiciary-intervene/> visited on 05.02.2019
8. Nov. 2016 <https://indiankanoon.org/doc/74292173/> visited on 05.02.2019
9. Under Article 32 of the Indian Constitution, Judiciary can exercise power of Judiciary Review to test the Constitutional validity of any executive action.