

IMPACT OF DEMONETIZATION FIASCO ON INDIAN ECONOMY (WITH SPECIAL REFERENCE TO AUTOMOBILE INDUSTRY)

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Abstract

On November 08, 2016, the Government of India reported the demonetization of all 500 (US\$7.40) and 1,000 (US\$15) banknotes of the Mahatma Gandhi Series. The administration guaranteed that the activity would reduce the shadow economy and take action against the utilization of unlawful and fake money to support illicit action and terrorism. The sudden way of the declaration—and the drawn out trade deficiencies out the weeks that took after—made noteworthy interruption all through the economy, undermining monetary output. The move was vigorously censured as foolish and out of line, and was met with dissents, suit, and strikes. Month to month automobile growth rate in India slipped to a 16-year-low in December with aggregate vehicle deals declining by 18.66% as demonetization hits the business hard. As per most recent SIAM information, the greater part of the significant portions, including bikes, cruisers and autos, saw record decrease December deals as the car area kept on enduring the worst part of negative customer opinions in the wake of the boycott of Rs 500 and Rs 1,000 banknotes reported in November. Car shares were likewise harmed by this move the BSE Auto record shutting with lost 2.5% on following day of the declaration. The revelation of PAN while purchasing vehicles had as of now been made necessary aside from bikes. The passage level auto portion would affect this move however the country zone would confront some log jam in Two-Wheeler fragment. Exactly when India's car segment crossing traveler autos, SUVs, two-and three-wheelers, and business vehicles, was starting to quicken, it ran over a speed breaker as demonetization on November 8.

The Federation of Automobile Dealers Associations (FADA) has said that the whole auto retail exchange has gone under serious anxiety and has asked vehicle producers to decrease stock at dealerships which are saddled with stock. Among the carmakers, organizations like Maruti Suzuki India and Toyota Kirloskar Motor, which are seeing great looking interest and sitting tight periods for some high-offering models, November deals have indicated great development. That is on the grounds that they have had a sizeable number of propel appointments close by. In examination, UV maker Mahindra and Mahindra, which sees a generous number of its business roll in from country India, has seen a sizeable drop in its November deals numbers. It's initial days yet and general November 2016 deals numbers may not mirror the genuine effect of the demonetization work out, since the month had opened up in the Diwali happy season which is when most new vehicle purchasers take conveyances. Anticipate that automakers will take a relook at their development figures for the monetary as industry intellectuals' trust it will take a quarter or more before regularity comes back to the retail car segment.

Keywords: Demonetization, Automobile, Vigorously, PAN, Saddled.

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