

Panel discussion on demonetization held at IIM-Raipur

Raipur, Nov 12:

Finatix, the Finance Club of IIM Raipur organized a panel discussion on the topics Demonetization and its effect on various sectors here in which the Students from the first and second year participated as panel members and expressed their views on the burning topic.

Providing above information, Piyush Gaurav, Coordinator, Finatix said that Swagat Kumar Dash, a PGP 2nd year student appreciated the move and stated that, "Kudos to the NDA Government for the bold step, which I perceive as one of the biggest reforms post liberalization era apart from the other big reform, GST, which again has been implemented by this Government.

The long-term effect of the demonetization step will be positive with a blow to the Parallel Economy and unor-

ganized sectors involving significant cash transactions. Consumption is likely to go down for the initial few months owing to reduction in currency circulation but that will be more than compensated by Pent up demand once the circulation resumes to normal levels. The e-payment sector is the one likely to gain the most, with a significant boost to Government backed JAM trinity. Surgical Strikes indeed on Black Money and Fake Currency."

Echoing a similar thought that the long term benefits would be much higher, Arkaprabha Bhattacharya, a PGP 1st year student said, "Considering the recent demonetization, the use of cashless transaction will immensely increase.

Sumit Srivastava, a PGP 1st year student, felt that Demonetization is going to have a mixed impact on econ-



omy. He said, "Economy will suffer in this quarter due to low consumption by public low owing to cash crunch and uncertainty. However, with more money available with banks we can expect around 25 basis points cut in

interest rates by RBI followed by some big-ticket investment announcements by government in next year budget.

Inflation can be expected to go down due to low demand." Kavisha Agarwal, a PGP 2nd year student, opined that the

decision came as a blow to black money hoarders. She further explained, "One of the most preferred sectors for deployment of black money is Realty. This sector is expected to see a fall in prices of proper-

ty by 20-30 percent in the next 6 months and hence a boost in sales which have stalled for a while now. As the black money is driven out, the sector is also expected to attract foreign investment as its credibility increases."

D Santosh reckoned that the impact on automobile sector is expected to be moderate and only where cash transaction is involved. He further said, "Luxury segment is the one that will get affected adversely because of the investment of black money. Second hand market would also be adversely affected as the segment is highly unorganized. Two wheelers sales will have effect in short run due to liquidity crunch."

Kewal Krishna, a PGP 2nd year student, was optimistic of the move and said, "This is a positive step towards transparent and cashless economy. E-commerce as well as

startup space will get a boost from this decision. This will also increase domestic investments in Startup which was very minimal due to easy movement of black money in real estate sector."

Speaking on the challenges of Demonetization, Pratik Garg, a PGP 1st year student, spoke - "Some of the challenges that I see for the implementation of demonetization are, introduction of higher denomination note of 2000 Rs which might counter the effect done to reduce the large value storage of black money.

The govt. step on curbing the menace of black money and counterfeit money depends upon the new technologies and features in the new notes and the difficulty in copying them. And lastly, the logistics challenge in providing the banks with the new currency notes as early as possible."