

# Impact of Demonetisation in Import and Export Sector with special reference to Marine Fish Products in India

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## ABSTRACT

This paper content is based on overall impact of demonetisation, sector wise impact with marginal reference to fishery sector. Reason is currency crunch is overcome by every one every sector have some growth we are already using card payment for more than 10 years but in recent year only they try to use and after demonetisation only they get huge awareness between usage of cards. In fishery sector most of them are illiterate but this sector generates huge employment opportunity and it play vital role in development of Indian economy. India is one of the foremost developing countries in the world but in fishery sectors it placed third rank in exporting of fish and our country may export more than 120 countries in all over the world.

## 1. Introduction

On midnight of 8<sup>th</sup> November 2016 the Indian government announce term demonetisation i.e., ₹1000 and ₹500 currency were banned. In India demonetisation has occurred two times at the period of interim government under Jawaharlal Nehru in 1946 and in 1978 their main goal is to stop corruption and rise of black money. These announcements were severely affected all over fluctuation in Indian economy as well as it twisted the common man day today activities. Demonetisation also reflects in decreases the sectors wise growth rate temporarily. But even through there is economy slowdown, the government guarantees shows long term growth and the industries, small scale business are faced short term losses during the period. On that time government faces lots of pros and cons behalf of society and at the same times government get support from corporate bodies, social workers, businessmen, bankers and also some international appreciation to India.

## 2. Impact of demonetisation

All the major sectors were pushed to critical situation without circulation of currency. The major industries like gold, real estate, minerals, infrastructure, agriculture, oils ores, fishing sector and probably saviour changes in import, export activities there is fall in growth of economy. Comparably long scale industries were managed by temporary losses but in daily wages people and small scale industries are unable to manage the serious losses in that period of two months after the demonetisation.

**Daily Wage Workers:** In India major workforce is based on informal economy They need liquid cash daily to meet their expenses but after demonetisation without surplus supply of money lot of workers lost their jobs. According to CMIE's Consumer Pyramids Household Surveys (CPHS), during final quarter of financial year 2016-2017 approximately 1.5 million people were lost their jobs.

**Gross Domestic Product (GDP):** After demonetisation Indian economy has huge affected its growth because it is

cash driven economy. Comparably the GDP growth rate in 2015-2016 is 8.01% but in 2016-2017 it fell to 7.11%. This gap is only based on currency change there is no enough supply of money in manufacturing and construction industries.

**Small Scale Industries:** Like seasonal business, textile industry, hotels, restaurants, saloons, medical shops, agriculture sector, fishery sector etc., these are work under low capital and they need liquid cash for their business.

**For General Economic Situation:** After currency change still two months the general public were disturbed. They standing in queue for long time in banks and ATM centre to collect their own money. On that time bankers also face lot of difficulties to handle the situation and face the reaction of public.

**Black Money:** Our government main goal is take a bulk of black money from our Indian economy. But only small portion are stored as black money maximum based on physical assets like land, building, gold etc.,

**Towards Digital Economy:** Demonetisation which helps people to aware of using online transaction and usage of cheques or account transfer of electronic transfer of money on behalf of cash transaction. These types of transaction are recorded frequently which help the government to increase tax revenue.

## 3. Impact of demonetisation in export and import sectors

More over all sectors have certain drawbacks by implementing demonetisation. Especially Indian import and export market plays vital role in increasing countries economic growth on the basis of forex dealings. This sector reflects loss of confidence on business persons. Whatever the fluctuations in currency rate it seriously watched by foreign businessmen and the first impact based on payment. While every exporter

should satisfy their importer by right time shipment on behalf of competitors. In order to manufacturing a product the manufacturer need a raw materials from suppliers by payment here due to currency fluctuation there is no liquid cash flow so the suppliers are not able to fulfil their manufacturer and the exporter are also not able to follow the clients requirement in abroad. There is delay in right time supply of goods to their clients in foreign countries in large scale sector it is manageable but in micro and small scale sectors its leads to cancel the order by clients.

The import sector also faces certain imbalances by demonetisation. While our business persons are import raw material from other countries and making finished goods in India. By cash crunch there is temporary fall and at same time production also get low. Again, exporters are import finished goods from least developed countries (LDC) and they further export to developed or developing countries, at the time of cash crunch it is difficult to import and export from India.

These are some of things that happen due to currency crunch by all the sectors but this paper mainly deals with fishery sector. Because approximately 15 million people are

getting employment in fishery sector and its main thing all the sector has their educated people, safeguard for their life, assured income etc., but the fishery sector doesn't have any safeguard, assurance for their income because lot of intermediates involving by fixing prices and also there is continuous fluctuations in price.

#### 4. Impact of demonetisation in fishery sector

Fishery sector plays vital role in development of Indian economy through Forex earnings, food production and employment generation. India export fish and fishery products to more than 125 countries in the world and India plays third largest countries as leading exporter of fish. 1.3% of total Gross Domestic Product (GDP) contribution by fishery sector. Constituting 6.3% of the global fish production. Recently fish and fish products are emerged as largest sector in agricultural exports in India. In 2015-16 total export of marine products by India to top seven countries by 945892 Quantity in ton, 30420.83 Value in Crore, 4687.94 US \$ Million.

**Table 1 shows the total countries wise export of fishes**

|       | Year            | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|-------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total | Quantity in ton | 813091    | 862021    | 928215    | 983756    | 1051243   | 945892    |
|       | Value in Crore  | 12901.47  | 16597.23  | 18856.26  | 30213.26  | 33441.61  | 30420.83  |
|       | US\$ Million    | 2856.92   | 3508.45   | 3511.67   | 5007.7    | 5511.12   | 4687.94   |

The table 1 explains the total export of fish product to major countries from 2010-2016 In 2010 onwards there is continuous growth from US \$ 2856.92 in 2010 to 5511.12 in 2010 i.e., Quantity 813091 in 2010 to 1051243 in 2015 but in 2015-2016 there is decline in export of fishes.

#### 5. Impact of workers in fishery sector

In fishery sector maximum employees are comes under poverty line, mostly they are illiterate people and their no proper awareness about banking sector and usage of plastic cards. They use liquid cash for day to day life, because fishermen are not monthly salaried person they are daily wage workers (Cooli). In their family if there is three people they want to work all together to earn enough wages daily and they have no assurance for daily work it all based on climatic condition. Every family person must work hard for their daily life and they went for work into sea, even it takes more than 3 - 4 days to come back sometimes it will take more than a week also still that their family want to properly by the help of liquid cash facility.

By implement of currency crunch the fisheries sector business going down by nearly 70%. Every day fisherman sends fresh fishes to various markets but after demonetisation supply of fishes to markets are come down because they paid wages to labourers, drivers and intermediates it all based on unavailability of liquid cash. Due to lack of education card payment also not help them. There is no way to keep catch fish for long period it is perishable item and also the immediate cash for fish is based only for their freshness. After this saviour

problems faced by ever fisherman then only banks are came to create awareness programme between them about the usage of digital payment.

At the time also there is no considerable decline in major fishing operation but marginal decrease in multi day fishing operations.

- The foremost drawback is purchase of fuel because most of fishing operations are mechanised and motorised.
- Crew wages normally based on crew size, gear combination and the revenue is based on cost of operation range from 40-50% among trawl workers.
- Crew bata is a type of incentive given to crew members who engaged in fishing operation in sea without catch it is based on daily wages the amount should fixed and duration of fishing trip it normally ranges from ₹150-₹200 per day.
- Due to demand of currency 15-20% reduction in major species in the landing centre.
- There was 30-40% reduction faced by retail prices by lower demand of consumers.
- November and December is a peak period for sourcing export due to currency crunch the prevalent increased in exchange rate, the exporter get opportunity to procure more fish during the period and it increased 10-20%.
- Due to delay in payment wholesalers are largely affected because large payments are made by credit / cheque.

- Due to unavailability of liquid cash small retailers are affected for giving change to customers and also for dispose of fish it take long time by frequent changes in price also. These fluctuations are based on non availability small denomination.

decline faced by workers. In this sector most of them were illiterate so here trust will play a vital role the commission agents, boat owners, labourers and traders will facilitate smoothing fishing operations. The fishery sector is not a one man army everyone must play a major role in this area. The bankers also come front to educate and create awareness between uneducated people before anything occurred.

## 6. Conclusion

At the time of demonetisation all the sectors growth were slow down but when compare to fishery sector the marginal

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