

ADDENDUM

Business Studies—XII

(Changes for the Session 2018-19)

By R.K. Singla

Unit 3: Business Environment (Topic Added)

■ Demonetisation: Concept and Features

November 8, 2016 was the day when ₹ 500 and ₹ 1,000 notes were withdrawn from circulation. It amounted to withdrawal of 86% currency in circulation. People were advised to go to the banks to replace old notes with the new ones. There were serpentine queues inside and outside the banks. The economy was gripped by the liquidity crises. But, by and large, the people endured it. Because, they believed that demonetisation was a move against the hoarders of black money. The people believed that demonetisation was an action against the rich, and a move in favour of the poor. Demonetisation was a major economic event of the year 2016. It led to a deep impact on all sections of the society including households, traders and industrialists.

Demonetisation: Concept

A currency note of ₹ 2,000 is just a piece of paper unless the government declares it as a legal tender. It carries the exchange value of ₹ 2,000 because the government imparts this value to it. When the government withdraws the value imparted to a currency note, it no longer remains a legal tender. It is reduced to a piece of paper.

Withdrawal of the status of 'legal tender' to the currency in circulation is called demonetisation. After demonetisation, the exchange value imparted to the currency ceases to exist. Demonetised currency is no longer accepted as a medium of exchange. Its purchasing power is reduced to zero. Thus, demonetisation of ₹ 1,000 and ₹ 500 notes on Nov. 8, 2016 by the Government of India implied that these notes lost their status of legal tender. These notes were no longer to be accepted as a medium of exchange. Their purchasing power was reduced to zero. These notes were reduced to pieces of paper.



Tool Kit

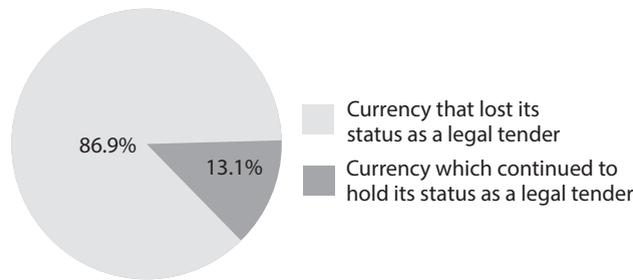
Demonetisation?

Withdrawal of the status of 'legal tender' to the currency in circulation is called demonetisation.

Extent of Demonetisation

Nov. 8, 2016 was the doom's day for the holders of unaccounted cash. Because, demonetisation of ₹ 500 and ₹ 1,000 notes (high value currency notes) led to a massive loss of liquidity in the economy.

According to RBI Report, demonetised currency (on Nov. 8, 2016) valued at ₹ 15.4 trillion. It amounted to 86.9% of the value of total currency in circulation.



Features of Demonetisation

Or

Why was Demonetisation Done: Expected Benefits of Demonetisation

The following are the main features and expectations of demonetisation:

- (1) **Elimination of Black Money:** Black money is a household name in India. It refers to unaccounted money. Holders of black money avoid payment of tax on this money. By demonetising high value currency notes, the government wanted to eliminate the stock of black money in the economy. Following demonetisation, people were forced to declare their unaccounted cash balances. Otherwise, these balances would be reduced to pieces of paper.
- (2) **Eradication of Corruption:** High value currency notes are the commonly accepted medium of bribe. The government wanted to strike at the root of corruption by banning these notes.
- (3) **Elimination of Counterfeit Currency:** Note ban would have implied the elimination of counterfeit currency. Counterfeit currency enhances money in circulation and contributes to inflationary spiral. It destabilises the economy.
- (4) **Elimination of Terror Funding:** Note ban also aimed at the elimination of terror funding. It is largely in high value currency notes that the terrorists receive funds through hidden sources.
- (5) **Money Laundering:** Demonetisation was expected to check money laundering. It refers to hidden transfer of funds across different regions of the country. With cash transactions coming to a grinding halt, demonetisation would have hurt money laundering in a big way.
- (6) **Rise in Government Revenue:** Demonetisation was expected to force many people to convert their black money into white by paying taxes and penalty to the government. Accordingly, government revenue was expected to rise.
- (7) **Financial Inclusion:** The government expected poor people to deposit their cash in Jan Dhan Accounts. This would increase financial inclusion in the economy. The poor people could avail loans from the banks on the basis of their bank deposits.
- (8) **Cashless (or Low Cash) Economy:** Demonetisation was expected to promote digital transactions or e-transactions in the economy. Higher level of e-transactions (implying lower level of cash transactions) would mean a shift from cash economy to cashless economy. Cash economies are breeding centres of corruption. If transactions are effected through banks, the corruption would get a big jolt. Developed economies are cashless economies and almost free from corruption.



New Guidelines for Project Work

(Revised Part)

Students are supposed to select one unit out of four and are required to make only ONE project from the selected unit. (Consist of one project of 20 marks)

1. Help students to select any ONE Topic for the entire year.

2. Same

3. Same

4. Same

5. Same

] No change

6. The teachers must also ensure that allow one project should be finished before summer holidays. **(Point deleted now)**

I. Project One: Elements of Business Environment

No Change

II. Project Two: Principles of Management

No Change

III. Project Three: Stock Exchange

No Change

IV. Project Four: Marketing (Revised Part)

- | | |
|-------------------------|----------------------|
| 1. Adhesives | 2. Air conditioners |
| 3. Baby diapers | 4. Bathing Soap |
| 5. Bathroom cleaner | 6. Bike |
| 7. Blanket | 8. Body Spray |
| 9. Bread | 10. Breakfast cereal |
| 11. Butter | 12. Camera |
| 13. Car | 14. Cheese spreads |
| 15. Chocolate | 16. Coffee |
| 17. Cosmetology product | 18. Crayons |
| 19. Crockery | 20. Cutlery |
| 21. Cycle | 22. DTH |
| 23. Eraser | 24. e-wash |
| 25. Fairness cream | 26. Fans |
| 27. Fruit candy | 28. Furniture |
| 29. Hair Dye | 30. Hair Oil |
| 31. Infant dress | 32. Inverter |
| 33. Jams | 34. Jeans |
| 35. Jewellery | 36. Kurti |

- | | |
|---------------------|------------------------|
| 37. Ladies bag | 38. Ladies footwear |
| 39. Learning Toys | 40. Lipstick |
| 41. Microwave oven | 42. Mixers |
| 43. Mobile | 44. Moisturizer |
| 45. Music player | 46. Nail polish |
| 47. Newspaper | 48. Noodles |
| 49. Pen | 50. Pen drive |
| 51. Pencil | 52. Pickles |
| 53. Razor | 54. Ready Soups |
| 55. Refrigerator | 56. RO system |
| 57. Roasted snacks | 58. Salt |
| 59. Sarees | 60. Sauces/ Ketchup |
| 61. Shampoo | 62. Shaving cream |
| 63. Shoe polish | 64. Shoes |
| 65. Squashes | 66. Suitcase/ airbag |
| 67. Sunglasses | 68. Tea |
| 69. Tiffin Wallah | 70. Toothpaste |
| 71. Wallet | 72. Washing detergent |
| 73. Washing machine | 74. Washing powder |
| 75. Water bottle | 76. Water storage tank |
| 77. Wipes | |

ASSESSMENT

(Revised Marking Scheme)

[Allocation of Marks = 20 Marks]

The marks will be allocated under the following heads:

1.	Initiative, cooperativeness and participation	2 Marks
2.	Creativity in presentation	2 Marks
3.	Content, observation and research work	4 Marks
4.	Analysis of situations	4 Marks
5.	Viva	8 Marks
	Total	20 Marks

