

This is how entrepreneurs reacted to modi's demonetized notes policy

[Business](#), [Entrepreneurship](#)



In a master stroke to combat black money and reduce the counterfeit currency currently in circulation, the Indian government has announced INR 500 and INR 1000 notes will cease to be legal tender effective midnight of 8 November. Banks were closed on November 9 on account of this announcement.

Instead, new INR 500 and INR 2000 notes will be introduced on 10 November. Citizens have been given until 30 December 2016 to deposit the old currency notes with bank/post office/RBI, while showing their IDs. Banks will share this information with the income tax department, as they deem fit.

While this decision is a surprise, it is a continuation of various measures taken by the government to fight black money and corruption.

We interacted with entrepreneurs and industry experts to find out what they feel about Modi's government abolishing currency notes of 500 and 1000.

This what they have to say:

A Bold Move To Fight Tax Evasion

"The bold move comes in as an effort to fight tax evasion, including allowing taxpayers this year to come clean about undeclared income, without facing full penalties. This initiative will lead to further assertive actions towards fighting corruption and terrorism in the country. It aims at a long overdue newer, cleaner India," said Zafar Rais, CEO, MindShift Interactive.

eCommerce: A Longterm Impact on B2B eCommerce

For B2B ecommerce, the impact should be seen from both long term and short term perspective.

" It is a great move and increases the potential online market size multi-fold, especially when it will be followed up by GST. Short term, there will be an impact on COD orders, but with new currency coming in that should be tackled soon. We must understand that COD is only a mode of payment. Most of our COD orders are tax paid by our B2B buyers. So in the long run, even that should not be impacted," said Devesh Rai, CEO and Founder, Wydr- a b2b mobile platform for wholesale market.

Challenge for eCommerce

" This move will definitely bring about a sea of change in the way transactions are done in India. And help strengthen the economy by wiping out black money and fake notes. While e-comm companies that see a huge chunk of payments happening through Cash on Delivery mode will face some challenges in the initial few days, in the long run this move will only bring about positive changes." - Manoj Gupta, CEO and Co-Founder, Craftsvilla

Impact On Healthcare Sector: Delay In Treatment For Many Patients

70-80 per cent door step services in healthcare such as diagnostics or home care are paid at the time of visit in cash. These services are going to get affected by a lot of cancellation in the absence of cash.

" Old high denomination ban will impact the private healthcare sector for next 3 to 6 months, and the impact would be higher for home healthcare

service providers and door step service providers. If we look at consumers such as patients with chronic illness and old patients, they always keep cash with them for all sorts of medical needs and usually old patients living alone always ensure they have sufficient cash for emergencies.

Looking at the new limits for withdrawal it will take time for these people who rarely go to a bank to recollect sufficient cash. Even once the bank gets opened everyone would like to use cash for daily needs until there is an emergency. I am afraid that medical services being part of urgency and critical category are not kept out from the ban. This also could result in the delay in treatment for many patients," said Deepak Sahni, CEO & Founder, Healthians. com.

FinTech: Promising Move Towards Cashless Economy

With this move, we can expect more credit/debit card transactions, increase in digital payments, mobile payments and online banking which will push the vision of Digital India further.

" This is a promising move made by Prime Minister towards cashless economy. This will boost innovation in the nascent electronic payment and electronic invoicing industry. It will create awareness amongst the people of this country about paying taxes, filing taxes and joining the mainstream economy. This will lay the foundation for a golden era in the ecosystem of Fintech startups which will reiterate the opportunities in India for developing electronic payment methods. GST launch along with this impending will help to enhance traceability, which will be a key step towards strengthening the formal economy," said Ashwani Rathore, CEO & Co-Founder, SpiderG.

" This is a bold move by the government to scrap the existing 500 and 1000 rupee notes. We are confident that the move will cut down the menace of fake currency as well as reduce black money in circulation. This will add a great deal more liquidity to the formal banking system, which will benefit immensely from the legal flow of liquid cash. This is the right time to go #cashless, as it is both highly transparent and accountable, making life easy for the government and the common man," said Adhil Shetty, Co-founder & CEO, Bankbazaar. com.

Sleepless Nights For All The Blackmoney Hoarders

" From tonight it will be sleepless nights for all the blackmoney hoarders The biggest impact of this is on the businessman who have not utilized IDS (Income Disclosure Scheme) offered by the Government. Since every businessman has second sales and that unaccounted money will now move into banking system. This is a positive move for banks as they are struggling to meet the Tier 2 and Tier 3 capital requirements.

These unexpected deposits will lead to increased capacity of banks to lend more. Everyone knows that black money is mostly in foreign currency, in foreign banks, in the form gold or in properties and less in cash Hence, this steps alone is not going to help in unearthing black money, but still its Good decision which would change the whole scenario of our country," said Shubham Patil, CEO, Businesswindo. com.

Smartest Routes To Drive Growth In India's Startup Economy

Modi Govt.'s bold and decisive move has the potential to create mass change in one stroke.

" One of the smartest routes to drive growth in India's startup economy would be to find new sources of funding from angel investors and micro-vc's. This can happen by disrupting the grey (cash) economy that exists today, and compelling more Indians to pay taxes. If govt policy incentivises the public and businesses to submit unpaid tax via an anonymous amnesty (like the UK Govt did with offshore tax avoidance), and imposes a strong penalty and/or rule change for those who don't comply, then the system will transform rapidly," said Aftab Malhotra, Co-founder, GrowthEnabler.

The net impact on this move on the startup economy will be positive. More govt funding through unpaid tax dues that can be ploughed into Startup and Innovation programmes. Greater trust in the source of private/angel money and greater accountability on all ends. Greater financial transparency and opportunity for stronger governance - with no strings attached. And most importantly, the opportunity to grow global and/or raise funds internationally will be far simpler.

Overall, we see the de-monetisation of INR500 and INR1000 notes as a medium-term positive for the economy.