

EFFECT OF DEMONETIZATION ON THE FOOTWEAR EXPORTS OF AGRA*

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Abstract

Demonetization has brought disruptions to the economy across many sectors and one of them is the leather sector. The leather footwear industry in India has a huge potential for export and employment generation. Agra's footwear industry, which mostly deals in cash, was hard hit by this reform. Demonetization has turned up into the decline of the leather industry and the closure of many small and cottage units and losing jobs. In this paper, the short-term effect of demonetization on the leather footwear industry of Agra has been analyzed.

Keywords: Demonetization, Footwear industry, leather, export, workers, Government.

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Introduction

Demonetization of 500- and a 1000-rupee note was announced in India, all of a sudden on 8th November 2016. That means these notes would no longer be the legal tender money from midnight of 8th November 2016. However, the old notes can be exchanged till 31st December 2016, but the limit of withdrawal was fixed by the government. The purpose behind demonetization was to restrict the activities like black money, corruption, tax evasion, counterfeit currency, terrorist financing, money laundering, etc., India was facing such problems. At the time of demonetization, many industries suffered due to availability of cash, especially those industries which are dealing with cash transactions like the construction industry, leather industry, and many others. The leather industry is a very prominent industry and earns foreign exchange for India and is characterized as a labor-intensive industry and mainly deals in cash. The cash is required for the payment of wages of labor, purchasing raw material, etc.

Agra Footwear Industry

Indian leather industry holds the place of prominence in domestic as well as in the international market. Since the Mughal era, Agra has been the main hub of the footwear manufacturing industry and holds a major rank in footwear production in India as well as in Asia. The city provides employment to nearly around 70% of the people. Agra was developed as the hub of the leather footwear industry at