

## Impact of Demonetization: A Study on Healthcare and Pharmaceutical Industry

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### ABSTRACT

It was the eve of 8th November 2016, when an unexpected revolution created history in Indian Economy. India witnessed an astute change in the economy that touched life of each citizen of India. The step toward demolishing the demon i.e. black money and fake currency, Demonetization took place. The Prime Minister, Mr. Narendra Modi, made a national announcement that 500 and 1000 rupee notes would cease to be legal from midnight, to strike the black money hoarders and counterfeit currency suppliers. This innovative and sudden attempt of Government of India within few hours shook each and every person and insecurity grew over the total money amount at home or in bank. The demonetization created hue and cry situation, long ATM queues cancellation of big events, cash crisis etc was evident, but this move was largely welcomed. It claimed to be a 'masterstroke' by the government to curb black money marketing. Soon the staggering situation was taken care of by government. The unpredicted move has impacted all industries of the economy, the healthcare and pharmaceutical sectors is one of them. Healthcare Industry being one of India's largest sectors - both in terms of revenue and employment and the Indian pharmaceuticals market being the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master, can be considered as booming and prospective industries. Health being one of the major concern for people, the influence of this change on this industry calls for understanding. Basically demonetization do not only have effects on the industries in turn will also be impacting the general people in respect of their decision making for consumption. Thus, this invites a proper understanding of the situation and effects of Demonetization on healthcare and pharmaceutical industry to understand and facilitate in any further contingencies.

**Keywords--** Demonetization, Impact of demonetisation, Strategies, Healthcare, Pharmaceutical, Medical Tourism

### *"History repeats itself"*

This quote of Marx has proved true in every aspect of life. The Indian economy has also experienced the truth of this statement. Indian Economy has encountered massive revolutions in past few decades at different intervals. The first demonetization occurred in Indian history was on 12<sup>th</sup> January, 1946 the main theme was conversion, 40% of British currency prevalent in India then. The second was on 16<sup>th</sup> January, 1978; the step was primarily to stop illicit transaction. Unlike the previous two, the recent one took place in November 2016 with the motto to eradicate black money.

**Demonetization, the unexpected Demon:** Sudden ban on 500 & 1000 rupees note, on the eve of 8th November 2016 left the nation in a trauma for quite a long time. This phenomenon is referred as "Demonetization". The Government of India made an innovative and astute attempt to strike the black money hoarders and counterfeit currency suppliers. The Prime Minister made a national announcement that notes of higher denomination would cease to be legal from midnight. This nullified 86% of Indian currency. The implementation soon enraged a minor part of the population for struggling with the cash crunch and a staggering fall in the economy but this move was largely considered and welcomed. It claimed to be a 'masterstroke' by the government to curb black money marketing. On that very day, there was a revolution in the history of Indian Economy, an abrupt change in policy got announced and implemented leading to different discussions, speculations, apprehensions etc about the probable outcomes of this particular policy. Despite the assurance given by the Government that within 50 days the doldrums in the economy as well as different sectors within the nation will be under control, the general individuals to companies were insecure about the effects. On individual's aspect, delay in payment of salary, cancellation of big events like marriage etc, delay in fee payments, drop in consumption behaviour was evident

### I. INTRODUCTION

apart from long ATM queues, queues outside banks for deposits or exchange, both national and international tourists facing problems were evident, on other hand companies bothered about the strategies to take up, actual impact on business, hindered production process etc had occurred. This unpredicted move has impacted all industries of the economy but differently. The sector which was one of the most important sector as it relates to life i. e. The healthcare and pharmaceutical sector was no exception.

**Reason for Demonetisation:** The objective of the bold step was to eradicate black money, counter tax evasion and destroy counterfeit currency. There was a huge rise in fake currency and black money across the Indian economy and this was being used in illegal activities, terrorism and anti-nationalist activities. As stated in an article, the necessity for this step are – A) In most large economies, cash is around 5 percent of GDP; in India it is 12 to 14 percent thus manipulation with cash in terms of fake currency is much prevalent. B) Less than one-third of Indians have access to financial institutions since most banks are concentrated in cities, most Indians live in villages resulting in hoarding of money at home, sometimes these habit is used as an excuse for black money hoarding. C) Only 5 percent of Indian workers pay income tax, just 15 percent of the economy is inside the tax net and India's tax to GDP ratio at 17 percent is 5 points lower than comparable countries. Because of high property taxes, for example, buyers collude with sellers to understate the sale value and split the tax difference. Forcing businesses to use banks and digital payments will help to bring them inside the tax net. This explains why the policy is an attack on the Indian way of doing business: Much of India's cash-based consumer transactions have ground to a halt.

The step was taken for flushing out the illicit wealth out of economy but the question was raised by the critics as how to estimate the illicit wealth as India being cash economy majorly 68% of total transaction is done on cash. Generally people try to hold liquid cash in their houses for using in contingent situation specifically medical emergencies. Moreover the poor keep their earning in form of cash majorly while rich keep it in form of commodities, shares, real estate, jewellery etc. Thus there was a great confusion over conflating cash and black money. Demonetization was aimed to wipe off the later but the former also got affected in due course. This particular aspect leads it to criticism and this impacted the general people.

From above it is understood that there is a dilemma about Demonetization being actually a demon or not. This paper makes an attempt to have a clear idea about the concept of demonetization and to understand the impact of demonetization on different sectors more specifically the healthcare and pharmaceutical sector. Since health is something that makes people more

sensitive. People now a day have become much health conscious any happening, be it in economic aspect, that tends to affect health people become resistant. Many news channels reported the pathetic condition of the patients, denial of treatment etc. Thus people considered this bold step as demon and life threatening. This aspect calls for actual understanding of the impact of demonetization on healthcare and pharmaceutical industry.

## II. OBJECTIVE OF THE STUDY

- ☐ Understanding the impact of demonetization on different sectors.
- ☐ Understanding the impact of demonetization on healthcare and pharmaceutical industry specifically.
- ☐ Proposed strategies to cope with any uncertainties, if arises in future, regarding health.

## III. RESEARCH METHODOLOGY

This research is done on the basis of analysis of secondary data available and also observation method is used in certain areas to derive implications. To get the proper picture data collected from four months before and after taking demonetization date as cut-off date. Here the Healthcare and Pharmaceutical sector are considered as single sector depending on availability of data.

## IV. LITERATURE REVIEW

As of now quite a few number of researches has been conducted on the buzz-word Demonetization. The speculation about the effects of demonetization is still a matter of interest in the economic field. The country is still unsure about the equilibrium of the expected benefit, projected benefit and the actual benefit derives out of that bold step. The majority of research have focused on different sectors of the economy. The findings are as follows:

An article depicts the main reason for this bold step is to curb black money as per RBI. Demonetization has created some positive and some negative impacts on different sectors but in long run it definitely will have positive impact in controlling black money and fake money.. (Mali, 2016)

A paper elucidates the impact of such a move on the availability of credit, spending, level of activity and government finances. It also depicts While medium and large scale business is unaffected to such ban, many small-size commercial establishments are deeply affected by such sudden move by the government. The economy of the country may experience recession in the coming few weeks but is expected to get back to its shape shortly. The demonetization drive will affect some extent to the general

public, but for larger interest of the country such decisions are inevitable. (Dr.S.Balamurugan)

The paper claimed that Demonetization is a general measure to mitigate the problems of black money and counterfeit notes, though there are specific measures to tackle the same menace. The paper suggested to focus on e-banking and e-commerce. It is high time to take stock, evaluate options and implement all such relevant measures which may be of help in availing and sustaining the dividends of demonetisation for a long period to come and keep black money menace at bay. (CS, 2016)

Another work stated the necessity of this step. It stated Demonetisation has happened two times in India, but third demonetization has created new hope for economic growth in India and also leading role in global economic system. It further showed the challenges of demonetization. (Mariappan)

A paper says that it is essential to note here that although it is an excellent move towards curbing corruption, the plan can by no means be a conclusive step. The government has initiated a war against corruption and black money but this must be treated as a beginning and further steps should be taken to stop generation of black money and the need to do so. Only then will this decision of denomination currency hold the significance the government has intended it to. (B.Gayathri)

This decision of govt. will definitely fetch results in the long term. From an equity market perspective, this move would be positive for sectors like Banking and Infrastructure in the medium to long term. This could be negative for sectors like Consumer Durables, Luxury items, Gems and Jewellery, Real Estate and allied sectors, in the near to medium term. This move can lead to improved tax compliance, better fiscal balance, lower inflation, lower corruption, complete elimination of fake currency and another stepping stone for sustained economic growth in the longer term. (Kaur, 2016)

According to the study, it was found that majority (14%) of the respondents are in grocery business while the rest are engaged in other businesses such as flowers, fruits, vegetables, milk and diary products, medicines, books and stationeries, ice cream, textiles and so on. Among the many problems faced by the small retailers, majority of them have ranked the problem of 'inconvenience to make small purchases' as first, followed by problems such as Waste of time at bank/ATM, Rush at banks, limited cash received from banks, decrease in sales, In appropriate denomination to be paid as balance to customers, Network problem in case of net banking and use of swipe machine. But the situation is expected to be under control once the money flow increases. (M.Thangavel)

The article, from the perception of the author, throws some insightful lights into the vexatious issue i.e. Demonetization. The short-term pain borne mostly by low and middle income groups need to be translated into long-term gain to the economy. The pertinent question is when

will the wait be over and what benefits will accrue to the nation? The research further depicts that Long term gain seems to be vague and little; a possible discontented revolt by the short-term pained class shall need to be faced by the ruling class, demonetization exercise has not and will not yield desired results unless legal reforms are addressed to. (Ranjitham)

The benefits are much dominating and it will be in the long term interest of our country. Government need to take all the necessary steps so as to ensure that there will be a turn into chaos if government takes no necessary steps to circulate in our economy. This has been established and estimated by another study. (Mrs.S.Sangeetha)

According to a study Demonetization is a one step of many steps in fighting corruption, black marketing, and financing insurgency. However preparation for demonetization was lop-sided, and its impacts was terrible on Indian public. All market transactions have been killed. The people, who were targeted, did not come on streets, but common folk are out from their work places as well as homes. The author quoted a parable as For killing ten crocodiles, government pumped out all water from the pond results killing ten thousand fish in pond but Crocodiles walked off on dry sand. As the step with intension to curb illegal wealth will have impact on parallel economy but commoners are suffering more. (Shah, 2017)

The study established the increase in cashless transaction, people's acceptance of the bold step demonetization. (Veerakumar, 2017)

A paper advocates, demonetization, despite, the banks and ATMs across the country faced severe cash shortages with severe detrimental effects on a number of small business, agriculture and transportation and the scarcity of cash due to demonetization led to chaos and most people holding old banknotes faced difficulties exchanging them due to endless lines outside banks and ATMs across India, Demonetization is a deep psychological strike on Black Money. The move was also described as an effort to reduce corruption, the use of drugs and smuggling. (Girish Shanbhogue, 2016)

In a study it was projected the comparison and contrast between the impact of demonetization on Indian stock market and Asian stock market moreover different experiences from different countries have been cited in this context and the major impact on the Indian economy was also projected. (Dr. Partap Singh, 2016)

Different researcher have tried and stated the interpretations about different aspect of demonetization, its pros and cons, industries affected and its future benefit estimation. Most of the researches focused on either economy as whole or major sectors of the economy. But not much effort was delivered to understand the effect on another major sector of economy and the most important for common people is the healthcare sector and pharmaceutical sector. Thus the paper focuses on this

particular sector along with understanding the impact on other sectors and also put forward few safeguard measures to help fight uncertainties by the common people.

## V. OVERVIEW OF IMPACT OF DEMONETIZATION

The impact of demonetization was quite alarming in the initial days. Just after the announcement made, the next sun came up with challenges and hurdles for general people. The television flashed news on different problems faced by the general people from the very next day, long tiring queues outside ATM and all banks, the harassment faced, people dying outside hospitals for refusal of admission, old man crying for help as hospitals denied the operation, chemists not selling drugs in exchange of higher denominations etc. The hue and cry continued. The major visible impact was there is shift from physical asset to financial assets as investors in the short term understood that Cash is not the safest asset. The impact of demonetization was ranging from trivial to severe in respect to different sectors. There were some immediate effects of demonetization as –

- Online retail stores temporarily stopped cash on delivery facility,
- Disbursement Rate Microfinance Institutes' slow down,
- Slowdown in micro enterprise sector,
- E-wallet firms could gain good business.
- The reduction in interest rates due to huge money inflow in banks has stimulatory effect on economic growth.
- The reduction in budget deficit resulting to the reduction in inflation, also calls for a beneficial stand.
- Surge in deposits creating more demand for government bonds and other high rated bonds.

On other way it can be observed that there were majorly four groups of people highly affected, they are : a) The casual workers, who are paid in daily basis, specifically those are paid in 500 and 1000 notes, delay in their payment followed by losing of their working day and wage due to waiting in long queues for the process of exchange or deposit of money. The working class of unorganized sector, contract workers, even the white-collar class was also affected as they have to miss their work day after day for queuing outside the banks. b) The small-medium enterprises, specifically the wholesale and retail traders. Everything ranging from raw materials to intermediate inputs to food items and other consumer goods cash transactions forms an integral part of daily operations for traders. Numerically, this class is not as large as the working class, but their impact on economic activity is very large. c) The third group is the self-employed professionals, for example, doctors, lawyers, accountants. The tax-evaded income is high in this

category. The majority of their income is in form of property than cash. d) Lastly, the real-estate sector, for past few years it was going through different doldrums but this step of demonetization has a major impact as large section of black- money is converted to properties as in real estate. There are other fiscal and monetary impacts of demonetization as well.

Hence, it is observed there has been considerable impact of this bold step of Demonetization on each sector of economy. This study focuses on understanding the impact of demonetization on healthcare and pharmaceutical industries. It is necessary to understand whether or how far this industry is affected and their effects. Let's understand the effect of demonetization taking healthcare and pharmaceutical industry separately at first.

**Healthcare Industry:** It has become one of India's largest sectors - both in terms of revenue and employment. Healthcare sector comprises of hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The healthcare delivery system is categorised into public and private system. The Government, i.e. public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centres (PHCs) in rural areas. The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, tier I and tier II cities. India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe.

The impact on healthcare sector is the combined effect of impacts on different components of this sector majorly the medical tourism.

- The healthcare practitioners: The medical practitioners have the habit of improper income declaration in order to evade tax. This step has whipped straight on this issue now they are forced to declare accurate amount.
- General patients: They have faced difficulties in initial stages due to the habit of spending smaller notes and keeping the bigger ones for emergency like medical emergency left the general people mainly the patients cashless. The hospitals refused to take 500 & 1000 notes but again the cashless situation was addressed to and the cut-off date extended till on 24<sup>th</sup> November, 2016, this affected the outpatients but the healthcare organisations has escaped as they were well equipped with the digital facilities.

**Delay in Treatment for many Patients:** Due to demonetization nearly 70-80% of door-step services in health care industry like home care and diagnostics were affected. As the patients were not able to pay the exact

change for these services, they just cancelled their appointments with respect to diagnostics.

- **Medical tourism:** Medical tourism in India is a growing sector. Medical tourism is used often synonymously with health tourism, but however health tourism can be differentiated from medical tourism, where health and wellness tourism indicates travel for taking rejuvenation and alternative therapies and spas. Medical tourism encompasses primarily on bio-medical procedures combined with travel and tourism. Since many medical facilities are cheaper as compared to the other developed nations majorly the cost of surgery, hair transplant etc. The trend of growth in medical tourism has increased from 2013. In October 2015, India's medical tourism sector was estimated to be worth US\$3 billion and is expected to grow by 2020. But the demonetization move has affected the foreign tourists in various ways like overseas patients can receive only 5000 new notes from the airports, which is not sufficient to have any treatment or surgery in India. The foreign nationals was refused to accept the old currency at super-speciality hospitals, moreover, tourists do not possess Aadhar card, voter card and other verification documents even no Indian bank account so it was hard for them to exchange currency. They totally depend on travel agent or currency exchange agencies. Thus until the government extended the cut-off date the impact on medical tourism was adverse.

- **Medical Insurance:** This sector got a positive effect from the abrupt policy. And is expected to reap the benefit in future as well.

**Pharmaceutical Industry:** The other sector that is highly related and goes hand in hand with healthcare sector is the Pharmaceutical Industry. The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. The country has an important position in the global pharmaceuticals sector as well as presently, over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms. The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Ten of over Ala fen amide (TAF) for 112 developing countries. The Indian healthcare & Pharmaceutical sector, with large pool of scientists, engineers, doctors and its strengthening coverage, services and increasing expenditure by public as well private players, have the potential to leverage this sector in coming years.

The major impact is seen in the pharmaceutical industry are as follows:

- **New entrants :** In this industry cash plays a very important role since beginning of a startup. The start-ups suffers great problem in initial stage due to cash incentive donated by big pharma companies in pharma sector for selling products. It is tough to stand against cash transactions and money power of the big players. But demonetization have acted as an advantage for the new entrepreneurs as for cash crunch, the practice of cash incentive is in trouble and there is a chance to play legal competition.

- **Medicine Rates goes down:** It is known that medicine business is one of the most profitable one and the manipulation and suppression of actual selling or profit is also prevalent. The OTC medicines and others that can be purchased without prescription, there is the maximum chance of manipulation. Demonetization has forced to conduct every dealings through online and banks. Hence the Dealings will have legal invoicing & billing and exact amount will get reflected in ITR. This will help the rate to o down.

- **Prescription influenced by cash:** It is an age old practice and a habit developed by doctors that they prescribe the medicines on the basis of cash or kind they get from the company. No incentive (in terms of cash or kind) no prescription habit was encouraged by both start-ups and big player companies to increase sell. For demonetization this habit got adversely affected.

Hence it is seen that the effect of demonetisation is ranging from boon to bane depending on the sector's internal policy and mode of operation. But the impact of any economic phenomenon can be easily identified by the GDP factor and the Market Indices. Hence in the next part the analysis and interpretations based on the analysis is drawn.

## VI. ANALYSIS & INTERPRETATIONS

As discussed earlier the general impact on the healthcare and pharmaceutical sectors have been considerably high in initial days but as days passed the apparent impacts and suffering weakened. Hence from above it is clear that there was a temporary effect of demonetization. In other way the impact of the bold step could be assessed by the economic scenario taking the demonetization date as the cut off date. The GDP and the Stock market being the predictors of the economic scenario of a nation, the analysis is focused on them to derive insightful findings.

The Gross domestic product (GDP) is the single standard indicator used across the globe to indicate the health of an economy. GDP provides one single number that represents the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Since it predicts the health of the economy, investors, policy makers etc keep close watch on GDP to take decision. Any policy change or

implementation that have considerable effect on the economy is then gets reflected in GDP. The Gross Domestic Product (GDP) growth of India in the year 2016-17 is estimated at 7.11 percent as compared to the growth rate of 7.6 percent in 2015-16 due to the impact of demonetization. The estimates have been reduced in all the sectors, except for agriculture, which has improved due to the positive monsoon season. But it is very tough to analyse over a short period of time that whether the difference or slash down in GDP is the result of only demonetization.

The Stock market is also considered here as the representative factor of the economy as a whole. When the economy is stable the stock market remains stable with minimum fluctuations, when the economy is unstable the stock market gets impacted accordingly. Thus, it can be said that fluctuations in stock market can project the economic scenario to an extent. The risk and correlation analysis of the Healthcare and Pharmaceutical Sector is

expected to give an overview of the effects of demonetization on this particular sector.

The market risk is measured by Beta factor ( $\beta$ ). Beta measures the responsiveness of a stock's price to changes in the overall stock market. When Beta = 1 the risk is said to be normal, beta >1 the risk is higher and when Beta < 1 it indicates less risk. While Correlation ( $r$ ) signifies the extent of relationship between the two sets of variables. The formula for calculating Beta Factor is as follows:

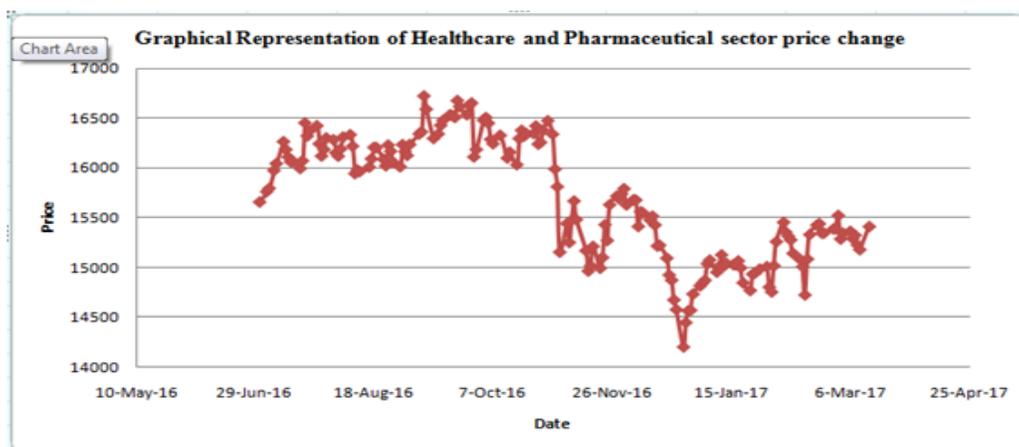
$$\beta = \frac{\{\sum XY - (\sum X * \sum Y)\}}{\{\sum X^2 - (\sum X)^2\}}$$

Where, X = Independent variable Market price

Y = Dependent variable healthcare sector price

The impact on healthcare and pharmaceutical sector is assessed on the basis of both graphical analysis and risk and correlation analysis to understand its extent of effect if any.

**1) Graphical Analysis of Healthcare and Pharmaceutical sector price Movement before and after demonetization date:**



**Interpretation:**

The graphs depicts the change in price i.e. the price movement of the industry namely Healthcare and pharmaceutical industry. The graph indicates that there has been sheer change in price i.e. the price dropped sharply in healthcare sector and continued to be low. The reality sector as per graph it is observed that there has been a fall in price but again there was a fair price rise. Thus it can be interpreted that the expectation from healthcare sector was

less thus the risk associated will be less. The demonetization effect on price is evident from the graphs. But since price movement are affected for many other reasons an analysis of risk is also needed for further understanding.

**2) Comparison between Pre and Post effect of demonetization, taking demonetization date as cut-off date, of healthcare sector in respect to Sensex :**

Table 4

Comparison of effect among Health care ,Auto and Reality Sector.				
Sector	Beta factor		Correlation	
	4months before demonetization date	4 months after demonetization date	4months before demonetization date	4 months after demonetization date
Healthcare	0.972903	0.827291	0.671751	0.623072

(Source: BSE Indices, )

**Interpretation:**

The Correlation between the healthcare sector and the overall market in tending towards +1 which indicates there is a moderately high correlation between them, as the market moves the industry also moves accordingly and vice versa. Thus any condition that creates doldrums in overall market is sure to affect this industry. The correlation value of four months before demonetization date and value four months after demonetization date depicts there is a slightly downward change in there degree of correlation, which signifies strength of relationship between the market and sector relationship is weakened as relatively but the change is very minimal thus it can be considered the market and sector was in favourable correlation.

The market risk i.e. the beta factor ( $\beta$ ) tending towards 1 which depicts the market risk for the healthcare and pharmaceutical sector is fairly high. There is a significant fall in the market risk from four months before the demonetization date to four months after demonetization date. This indicates that the healthcare and pharmaceutical sector is less volatile, and the effect of demonetization was not that severe on the sector as a whole.

Thus it can be derived that there is no significant impact on the healthcare and pharmaceutical sector as per stock market is concerned. The volatility of the healthcare and pharmaceutical sector is low. Being related to life, this industry seems to be the less volatile market, thus, the impact of demonetization excused this sector from its major effect.

## VII. STRATEGIES FOR FUTURE UNCERTAINTIES

Change is the only constant thing and is an automatic process, it is always associated with uncertainty. The fear of unknown and uncertainty increases the risk factor of any phenomenon and infuse fear among the general people. Thus people should be always ready to face it. The objective of any entity be it an individual or organization is to minimize the risk. The demonetization move is an example of such uncertain risk and calls for building certain measures to manage its effects and also to prepare for managing such future uncertainties.

The healthcare and pharmaceutical sector deal with life. Individuals tend to be extra cautious when it comes to the matter life of them and their family. This is the major reason why despite such crisis i.e. cashless situation, this particular sector is not affected to a greater extent. Decisions regarding purchase of auto or land, flats can be postponed but taking of medical assistance can never be postponed in any situation. Still in initial stage many people, mainly the out patients, suffered. To avoid such situations, if occurs in future again, the strategy that

needs to be adopted both by individual and organisation at least to safeguard life is health insurance.

- **Health Insurance:** *It is the policy which ensures cashless treatment or expense reimbursement in case of illness. It is the contract between the general insurance company and the individual, which considers the expenses incurred when availing treatment. The main importance of medical insurance is to prevent a medical emergency from turning into financial emergency i.e. it makes sure that the healthcare need like hospitalisation cost, medical outlay, medication and laboratory test cost etc are addressed in real time without depleting one's saving and hampering the future goals. From this it is understood that this insurance helps to shield against any uncertainty. Moreover it gives advantage as deduction in tax under sec.80D.* Thus the most useful strategy for uncertain risk management is to get covered under insurance. Medical Insurance can provide a shield against the adversities resulting out of any sudden change like demonetization. In India, according to National Health Profile 2015, compiled by the Central Bureau, less than one-fifth of India's population - are covered under health insurance, amongst them 67% of people are covered under general insurance. In rural India, almost 80% of the out-of-pocket expenditure is on medicine, whereas in urban areas it is around 75%. The doctors' fee varies between 11 and 14 per cent and diagnostic tests account for 7-8 per cent of out-of-pocket expenditure. This shows that the penetration of medical insurance is highly less in rural part and is considerably poor in urban as well. Government have made different health insurance scheme like Rashtriya Swasthya Bima Yojana (RSBY) for the BPL section and 11 unorganised sector workers including MGNREGA workers (who have worked for more than fifteen days during preceding financial year) of the population where they will get coverage of Rs 30000 per annum to families (a unit of five) on floater basis in government empanelled hospitals including both private and public units. Apart from government initiative there are other companies offering Medical insurance coverage for individual and family. During demonetization the patients who had medical insurance has successfully escaped the cashless crisis for medical assistance. But the major problem in India is majority of people are still ignorant about the policy and its benefits specifically the rural section of population. Nearly 80% of rural people are not aware of the policies, benefits, process of this insurance. And thus the demonetization have affected them in adverse way. Hence government should try to make more advertisement of the benefits of medical insurance alike 'Swachh Bharat Abhiyan', a great initiative which got a great success due to huge advertisement creating awareness among people. Moreover, the Gram Panchayat Pradhan, or in rural areas the educated people should made to understand the utility of this insurance such that they can spread it among other rural clan.

Thus, for both the healthcare and pharmaceutical sector, besides the government policies, these strategies is expected to reduce the risk and will help the general people and the hospitals to manage any abrupt change like demonetization in future.

## VIII. CONCLUSION

Demonetization, despite considered being a demon in the initial stage after the declaration of the policy by the Prime Minister, has gained appreciation of the economists and general people for its assurance of series of future benefits associated with it. Reserve Bank of India former governor Duvvuri Subbarao have termed this move as creative destruction for destructive creation. The major aim was to curb black money through a abrupt whip with the demonetization policy. Along with this, the policy will also induce many positive aspect into economy like ethical conduct, digitization, cease on tax evasion, encourage new business though fair competition etc. There will be total economic growth in terms of GDP which is expected to rise by 2020 as forecasted by World Bank.

As this paper aims to identify the impact of demonetisation on healthcare and pharmaceutical industry the effects of demonetization can be listed as:

- The suffering of the general people, out patients and the overseas patients to take up medical help in hospitals were high in initial days when the hospitals were not accepting the old currency but eventually as the time passed, the government ordered to consider old notes for treatment at hospitals and relaxed the time of exchange, the situation slowly got streamlined.
- In spite of hue and cry prevailing in the nation for quite a long time after the announcement of the policy

among the patients, no significant effect is seen in the healthcare and pharmaceutical market as a whole.

- The major problem was faced by people who were not insured with medical insurance. Those who were under insurance coverage did not face the troubles of cashless situation as far as the medical treatment is concerned.
- The barriers to new entrants got relaxed due to slash down in money power of the big players. The cash incentive and other under table dealings got affected negatively.

Hence the overall impact on this particular sector of demonetization is negligible, though news featured different disruptive incidents but in gross it was in positive direction. But again for avoiding any such unpredicted happening people and organisation should get them prepared for the uncertainty through the above mentioned strategies.

### Limitations and scope for future study:

- Study based on secondary data. More intense and accurate result could be drawn if primary data is also considered
- Healthcare and pharmaceutical sectors are assumed as single sector during stock market analysis. More precise analysis could be carried out if both sectors are considered separately.
- Only GDP and stock market is considered as the indicators. Many other factors influence their movement and many other predictors can be applied to find more specific result.
- Time frame is considered four months pre and post of the demonetization date. Clearer picture could be derived with larger time span.
- Comparison made considering two dominant sectors. The increase in number of sectors can lead top more accurate scenario

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