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Impact on People in Demonetization

A. Radhakrishnan*

ABSTRACT

The demonetization had an extraordinary huge and prompt effect on the condition of the Indian economy. In this paper, an endeavor has been had to discover effect of demonetization on general society. Tests of 100 respondents were haphazardly chosen from Cuddalore District. It is discovered that four factors to be specific sexual orientation, age, yearly wage, occupation have critical relationship with the effect of demonetization. It additionally comes about that demonetization wrecks dark cash is the main positioning given by the respondents and it is trailed by defilement, psychological warfare and so on

Keywords: Demonetization, Dark cash, Electronic cash.

INTRODUCTION

Demonetization is the most vital when there is a difference in national cash. The old unit of cash supplanted with new money. Demonetization is where government pronounces the as of now running money notes unlawful to be delicate after the assertion is made. There are two advantages and disadvantages of demonetization in the Indian economy. The purposes behind demonetization are to control fake notes that could be adding to fear based oppression, and to undermine or kill the "dark economy". There are some conceivably courses in which the pre-demonetization cash supply will stand modified:

1. There would be operators in the economy who are holding money which they can't clarify and thus they can't store in the managing an account framework. This piece of the money will be quenched since it would not be supplanted in any way.

2. The government may supplant just a piece of the money which was available for use as money. In alternate words, the rest would be accessible just as electronic cash. This could be an instrument used to drive a change to cashless medium of trade.
3. The experimental degree of these two parts will be unwound just finished the following a half year.
4. These two would affects the economy temporarily and in the medium term, as will be investigated underneath (ref.1).

DEMONETIZATION IN INDIA

1946: Rs.1,000, Rs.5,000 and Rs.10,000 notes were removed from course in January 1946. The Rs.10,000 notes were the biggest money division at any point printed by the Reserve Bank of India, presented without

*PG & Research Department of Commerce, St. Joseph's College of Arts & Science (Autonomous), Cuddalore-1.

*E-mail: radha_aa@yahoo.com, Mobile: +91-9003532393

precedent for 1938. Every one of the three notes were reintroduced in 1954 .

Historically, past Indian governments had demonetized monetary certificates. In January 1946, banknotes of Rs.1,000, Rs.5,000, and Rs.10,000 notes were removed from flow. The Rs.10,000 notes were the biggest money category at any point printed by the Reserve Bank of India, presented without precedent for 1938. In the year 1945 every one of the three notes were reintroduced.

In 1977 Wanchoo council (set up in 1970s), an immediate expense request panel, proposed demonetization as a measure to uncover and counter the spread of dark cash.

On 28 October 2016 the aggregate banknotes available for use in India was Rs.17.77 trillion (US\$260 billion). As far as esteem, the yearly report of Reserve Bank of India (RBI) of 31 March 2016 expressed that aggregate monetary orders available for use esteemed to Rs.16.42 trillion (US\$240 billion) of which about 86% (around Rs.14.18 trillion (US\$210 billion)) were Rs.500 and Rs.1,000 banknotes. They were removed from dissemination from 2016 (ref.2,3).

NEED FOR THE STUDY

The fake Indian currency notes in higher denomination have increased.

Unaccounted money, often used in any form of corruption and illegal activities.

The Financial Action Task Force, a global body that looks at the criminal use of the international financial system, notes that high-value bills are used in money laundering schemes, racketeering, etc.

In the United States, the highest denomination bank note is \$100 and United Kingdom, the highest denomination bank note £50.

The highest denomination note is essentially 50-100 times the smallest denomination note of one dollar or one pound.

In India, up until now the highest denomination note was Rs 1,000 and this was 1,000 times the smallest denomination note of Re 1 (Note: Re 1 notes are issued by the ministry of finance).

REVIEW OF LITERATURE

Arpit Guru and Shruti Kahanijow (2010) analyst dissected the dark cash pay? Requirement for change in DTAA & ITEA and investigated that dark cash is spread wherever in India up to an expansive degree which persistently reserved towards abroad in a substantial sum. The specialist likewise distinguished how dark cash had caused dangers in our economy and in what ways it is utilized.

Sukanta Sarkar (2010) led an examination on the parallel economy in India: Causes, impacts and government activities in which the analyst concentrated on the presence of causes and effects of dark cash in India. As indicated by the examination, the fundamental explanation for the era of dark cash is the Indian Political System i.e. Indian govt. simply centered around making advisory groups instead of to execute it. The examination infers that laws ought to be actualized appropriately to control dark cash in our economy.

Duty Research Team (2016) in their working paper expressed for demonetization Its primary target is to investigate the effect of demonetization on Indian economy. This paper demonstrates the effect of such out of here the accessibility of credit, spending, level of action and government funds.

OBJECTIVES OF THE STUDY

- To describe the demonetization concept in India.
- To analyze the demographic profile of the respondents in Cuddalore District.
- To identify the people's impact on demonetization.

RESEARCH METHODOLOGY

Cuddalore District is the study area selected for this research. Primary data is collected through well-structured questionnaire. Samples of 100 respondents in Cuddalore District have been selected by using random sampling method. The collected information were reviewed and consolidated into a master table. For the purpose of analysis the data were further processed by using statistical tools. The statistical tools are

- Simple Percentage
- Chi-Square Test
- Ranking Method

LIMITATIONS OF THE STUDY

- The study is restricted to the selected sample of Cuddalore District and hence the result of the study cannot be generalized.
- The statistical methods used to analyze the data have their own limitation.
- All the limitations of primary data are applicable to this study.

ANALYSIS AND INTERPRETATION

1.1 Demographic Profile of the People

It describes the demographic profile of the respondents for the study. Out of 100 respondents who were taken for the study: it has been identified that most (63%) of the respondent are male, (57%) whose age group is under 26 to 50 years, most (68%) of the respondents

are up to school Level education, (46%) of the respondents are businessman and the annual income of (44%) respondents is above Rs.2,50,000, (64%) of the respondents belong to nuclear family

1.2 Relationship between the Demographic Profile of the Respondents and Impact of Demonetization

It depicts the relationship between selected demographic variables and Level of Impact of demonetization of the respondents. It is clear that, the calculated Chi-square value is less than the table value at five percent level, there does not exist any significant association between educational qualification, type of family of the respondents and level of impact on demonetization. Thus the null hypothesis is accepted. It is clear that, the calculated Chi-square value is greater than the table value at five percent level, there exists a significant association between gender, age, annual income, occupation and level of impact on demonetization. Thus the null hypothesis is rejected.

Table 3: Shows the Factors Impacting the People's on Demonetization

Factors	5	4	3	2	1	Total	Mean Score	Rank
Demonetization helps to Destroy Black money in India	16	54	18	4	10	100	3.80	1
Demonetization helps to destroy corruption, illegal activities etc.,	45	26	14	4	14	100	3.78	2
Implementation of Electronic Payment	18	30	14	24	12	100	3.10	5
People are affected by demonetization	20	38	16	16	08	100	3.6	3
High impact on Real estate, gold rate, stock exchanges	27	38	8	8	18	100	3.4	4

1.3 Factors Impacting the People's on Demonetization

The above table shows about the weighted average of each factor regarding the impact of demonetization. From the calculated weighted average demonetization destroy of black money is been the first by the respondents and it is followed by corruption, terrorism etc.,

CONCLUSIONS

The demonetization of the most elevated group note attempted by the administration is a major stun to the Indian. The demonetization is taken for a few measures, for example, tax avoidance, fake cash and financing of unlawful exercises. A few people are storing cash notes in abundance of indicated

restrains straightforwardly into financial balances has demonstrated the unaccounted wage, subject to higher expense and different punishments. Elective installment techniques, for example, e-wallets, online exchanges utilizing e-managing an account, charge and Mastercard use have been expanded and this will move a proficient cashless framework.

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APPENDIX

Name: _____ Age: _____
 Profession: _____ Gender: Male /female
 Do you have smart phone: Yes/ No
 Debit card: Yes/ No
 Credit card: Yes/ No

Q.1: Did you go to the bank since 08/11/2016?

Yes/ No

Q.2: Were able to withdraw money using cheque or card?

Yes/ No

Q.3: Change in buying behavior

	Same	Increased	Decreased
i. Vegetables	1	2	3
ii. Groceries	1	2	3
iii. Easting out	1	2	3
iv. Transport	1	2	3
v. Shopping	1	2	3

Q4: Method of buying

	Using cash	Credit card	Mobile wallet
i. Vegetables	1	2	3
ii. Groceries	1	2	3
iii. Eating out	1	2	3
iv. Transport	1	2	3
v. Shopping	1	2	3

Q5: What is the impact of demonetization on

	Very Good	Good	Nothing	Bad	Very bad
You	1	2	3	4	5
Rich	1	2	3	4	5
Middle class	1	2	3	4	5
Poor class	1	2	3	4	5

Q6: Will it have impact on black money?

Yes/ No/ I don't know

Q7: Will it make people less corrupt in India?

Yes/ No/ I don't know

Q8: Would the demonization affect the company?

Which sectors would be affected

(i) Agriculture

Yes/ No/ I don't know

(ii) Unorganized manufacturing

Yes/ No/ I don't know

(iii) Organised manufacturing

Yes/ No/ I don't know

(iv) Unorganized services

Yes/ No/ I don't know

(v) Organized services

Yes/ No/ I don't know

(vi) Transport

Yes/ No/ I don't know

(vii) Real estate

Yes/ No/ I don't know

(viii) Any other sector

Q9: how long would it take for everything to return to normal?

- i. 2 weeks
- ii. 2 months

- iii. 6 months
- iv. 1 year
- v. Any other
- vi. Any comments