



A STUDY ON IMPACT OF DEMONETIZATION ON WORKING CLASS AT BANGALORE

Mrs. B Rammya

Assistant Professor, VET First Grade College, J P Nagar, Bangalore 78

Ms. Kavya

Student (IV sem Mcom) VET First Grade college

ABSTRACT Demonetization has a long history in India and the world. Demonetization is a process by which a series of currency no longer remains the legal tender. It has the objective of tackling black money, to curb corruption, eliminate fake currencies and eradicate black money from the economy. This study aims to analyse the impact of demonetization moves on the working-class section of society. The researcher has collected the data using primary source through questionnaire. The impact of demonetization on working class was both positive and negative but it was a welcome move by the working class.

KEYWORDS : Demonetization, working class, impact

Introduction

Demonetization means discontinuation or withdrawal of currencies by the government with the sole purpose of replacing it with new currencies. It is one of the major reforms from the economy's point of view. It has an impact on overall economic position of the country. In simple words it means stripping the currency off its legal tender. It is a situation in which one or few currencies cease to exist and gets replaced with a newer legal tender. This is basically done by the central bank of the country i.e. Reserve Bank of India in India where it withdraws or pulls back certain denomination and introduces fresh and new denomination in its place.

Demonetization has a long history in India. This was the third time which happened on November 9, 2016 wherein Rs 500 and Rs 1000 notes were withdrawn back by RBI. The history dates to January 1946 when Rs 1000, Rs 5000 and Rs 10000 notes were called back for a short period of 8 years but were again reintroduced in 1954. Again, the history repeated in 1977, 1987 and in 2000 when the same higher denomination currency was withdrawn. Demonetization has been a phenomenon not only in India but various countries of the world like Nigeria(1948), Ghana (1982), Pakistan (2016), Zimbabwe, North Korea, Soviet Union, Australia, Myanmar etc.

Demonetization word derived from French and Latin 'from French demonetize from expressing reversal' and Moneta word is derived from Latin it means money'. Demonetization is a process by which a series of currency will not be legal tender. The series of currency will not accepted as valid currency.

It has the following objectives

1. To tackle black money in the economy.
2. To lower the cash circulation in the country which is directly related to corruption
3. To eliminate fake currency and dodgy funds which have been used by terror groups to fund terrorism in India.
4. to eradicate or reduce black money from the economy.

It has lots of benefits for the economy as a whole like impact on price, impact on demand, banks, supply of money in short and long term, political parties, black money hoarders, impact on GDP, stop or reduction in terrorist funding, increase in tax revenue to government etc.,

Review of Literature:

Tina Blossom Fernandes (2017) The educated class of the State of Kerala feels that demonetization would be good, if it were to eradicate the evils of corruption, black money and terrorism. The study points out that majority is into equipping with cashless modes like Plastic Money, even though not the latest ones like E wallets and Mobile Banking, but a minority among this educated class is yet to adapt to the need of the hour i.e. going cashless. The move of the government, was opined, as an initiative that was not well planned.

Manpreeth kaur (2017) study was concerned with "demonetization impact on cashless payment system". This paper emphasizes the demonetization impact on Indian citizen and also analyzes the examiner status of electronic payment system and rising use of credit or debit cards, net banking, and other online payment mechanism will be another positive effect of demonetization.

Kamatchi Muthulakshmi (2016) study was concerned with the "impacts of demonetization of Indian economy issues and challenges". This study is analyzing the current and immediate impact of demonetization on Indian economy and analyzes the experience and impacts of impacts of demonetization in various countries in past years.

Geetha rani (2016) the study on effect of demonetization on retail outlets. This paper tells about what are the past effects of demonetization on retailers. This paper also shows that their were lots of problems faced by the shopkeepers, how their business was affected and the effects on most popular brand sales.

Need for the study:

The review of literature shows studies have been conducted to analyse the impact of demonetization on the economy as whole and even on retailers. Hence the researcher identified the need to conduct a study to study the impact on working class.

Objective of the study: The objective of the study is to analyse the following points

- To analyse the opinion of working class on demonetization
- To identify the impact of demonetization on working class
- To evaluate the problem faced by the working class during demonetization
- To find out the perception of working class about demonetization

Scope of the study:

The scope of the study covers working class in the geographical area of J P Nagar, Bangalore

Research methodology:

This study is an empirical study conducted by distributing questionnaire which was pilot tested to check its effectiveness by administering it on 25 respondents.

Data: The data was collected through primary source by self-administered questionnaire containing 20 questions.

Sample size: 100 respondents

Sampling method: Simple random sampling

Profiling of respondents: 50% of respondents were male, 63% belonged to the age group of 20-30, 44% of them were married, 47% of them were graduates and 38% being post graduates, 40% working in schools and college, 37% in companies and around 15% in banks.

Analysis:

Table no. 1 Table showing "respondents opinion on whether demonetization drive by the government was a good move"

OPTIONS	NO OF RESPONDENTS	PERCENTAGE
Yes	87	87%
NO	13	13%
TOTAL	100	100%

The above table shows that 87% of respondents that felt demonetization drive is good move and remaining 13% of respondents felt demonetization drive is bad move

Table no. 2 Table showing "whether demonetization drive shook the working class"

OPTIONS	NO OF RESPONDENTS	PERCENTAGE
Yes	55	55%
No	45	45%
Total	100	100%

The above table shows that 55% of respondents are of opinion that demonetization drive shook the working class and 45% of respondents were negative to the question.

Table no. 3 Table showing 'number of visits to bank for exchange of the notes per day'

OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1 time	49	49%
2 times	27	27%
3 times	9	9%
>3 times	15	15%
Total	100	100%

The above table shows that 49% respondents visited the bank single time, 27% of respondents visited the bank twice, 9% of respondents visited the bank thrice and balance 15% of respondents visited the bank more than 3 times for exchange of the notes per day. This shows that majority of them did not face much inconvenience due to demonetization.

Table no. 4 Table showing 'waiting time in queue at bank /ATM'

OPTIONS	NO OF RESPONDENTS	PERCENTAGE
Less than 2 hours	60	60%
2-4 hours	26	26%
4-6 hours	8	8%
More than 6 hours	6	6%
Total	100	100%

The above table shows that 60% of respondents waited in queue for less than 2 hours, 26% of respondents for 2-4 hours, 8% of respondents for 4-6 hours, and 6% of respondents are waited in queue in more than 6 hours, in front of the bank/ATM. This also shows that a few faced problems of long awaits in the queue.

Table no. 5 Table showing opinion of working class on demonetization move"

Options	No of Respondents	Percentage
Great move in right direction	37	37%
Good move but not properly planned	49	49%
Will make no difference	14	14%
Total	100	100%

From the above table it is clear that 37% of respondents felt demonetization was a great move in right direction 49% of respondents were of opinion that it was a good move but not properly planned, and 14% of respondent's opined that it dint make much difference at all.

Table no. 6 Table showing problems faced by working class during demonetization"

Options	Yes	No	Total	Yes (%)	No (%)
ATM's not working	90	10	100	90%	10%
Longest time weighted in queue at bank/ATM	89	11	100	89%	11%

Refusal of old notes in public hospital	61	39	100	61%	39%
Problems in facing day to day needs	78	22	100	78%	22%
Getting change for 2000 Rs notes	61	39	100	61%	39%
Refusal of old notes in government bus, cabs, auto's	63	37	100	63%	37%
Bank and ATM did not have enough cash to with draw	85	15	100	85%	15%

The above table shows that majority of the respondents faced problems relating to non-working of ATMs, waiting time in banks, refusal of old notes in public hospitals, buses, cabs and autos, meeting daily requirements and that ATMs did not have enough cash to withdraw

Graph No 1 Graph showing problems faced by working class during demonetization"

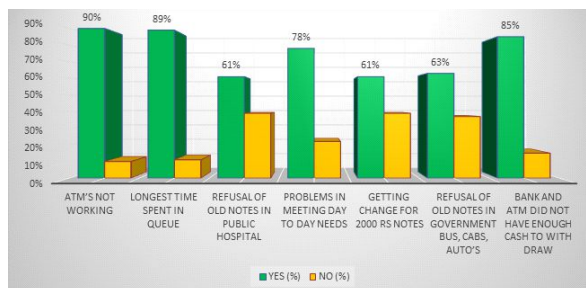


Table no. 7 Table showing people's perception about demonetization move.

OPTIONS	NO OF RESPONDENTS	PERCENTAGE (%)
Unpredicted	21	21%
Confusion	26	26%
Immediate shock	35	35%
Inconvenience	18	18%
Total	100	100%

The above table shows that 55% of the respondents are satisfied and highly satisfied with demonetization move, 30% were neutral and balance 15% were dissatisfied with the move.

Findings: The findings from the study are:

- 87% of the respondents believe that demonetization move by the government was a good move but 57% felt that it could have been planned better.
- 55% of them felt that it totally shook the working class.
- Majority of the respondents faced problems relating to non-working of ATMs, waiting time in banks, refusal of old notes in public hospitals, buses, cabs and autos, meeting daily requirements and that ATMs did not have enough cash to withdraw.
- 21% of respondents perceived it as totally unpredicted, 26% of respondents were confused, 35% of respondents perceived as an immediate shock and 18% felt it as causing inconvenience.
- Overall there was a mixed opinion on the satisfaction level of the move.

Limitations:

- The study was conducted in a limited area.
- As the number of respondents is 100, the results cannot be generalized.
- The study does not cover students and professional people.

Conclusion: It can be concluded that Demonetization move though had some problems for working class but has been perceived by working class as one which has created confusion, immediate shock and inconvenience among them. Also, people have welcomed it as it would curb and reduce black money and mitigate the funding the terrorist activities. The impact of demonetization on working class was both positive and negative but it was a welcome move by the working class.

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