

DEMONETISATION: A SUCCESS OR FAILURE

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ABSTRACT

To demonstrate the effect, success and failure of demonetisation in Indian economy, the present study help us in knowing the perception of people towards demonetisation which took place on 8th Nov 2016. The study involves samples of people nearby Ambala Cantt. The result suggests how people faced problems and how many people found this move a success. In order to accomplish the objective a sample of 104 people were taken into consideration and the findings helped us in knowing whether this huge step of government was a success or failure ?

INTRODUCTION

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Our government had took major step to pull of 500 and 1000 notes from the economy on 8th November 2016. Instead of our governor of RBI, our prime minister surprisingly announced the news of demonetization that these banknotes would not be legal tender after midnight of the 8th November, it means the high value notes will not be legal for transaction. While stating the reasons of increasing corruption, scams and tax evasions, he had stated that this step will help to bring the cash flow back in the economy. The ministers had also argued that this step would have a long term effect and would gradually help in the increased GDP of the nation. So as there is two sides of a coin, many people and newspapers say that this move was a failure and harmed the unorganised sector, on the other hand many says that this was an important step to curb black money.

OBJECTIVE OF THE STUDY

1. To analyse that demonetisation is a success or failure from people point of view.
2. To know the point of view of people from different parameters.
3. To analyse the impact of demonetisation in area of Ambala Cantt and adjoining places.

LITERATURE REVIEW

1. M. Angel Jasmine Shirley (February 2017) has studied about the “Impact of Demonetization in India” in her research paper.
2. Mr Brijesh Singh and Dr. N. Babitha Thimmaiah (January 2017) in their research paper studied the effect of demonetization in terms of “Won or lost”

3. Sherline T.I (December 2016) has undertaken the research on “Demonetization as a prelude to complete financial inclusion“
4. Chabi Gupta (December 2016) had studied about the payment banks and demonetization.
5. Dr. Sacchidananda Mukherjee (2016), Demonetisation: Impact on the Economy
6. K. Veerakumar (2017) A study on people impact on demonetization.

RESEARCH METHODOLOGY

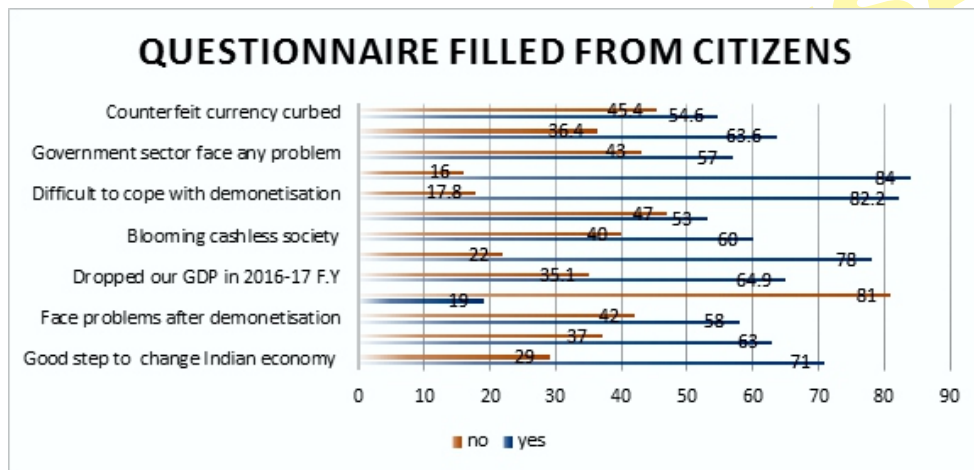
Data Type- Primary Data and secondary data

Data Collection Tools- Structured questionnaire

Types of Sampling- convenience sampling

In convenience sampling, the researcher takes information through his convenient accessibility and proximity. The researcher conducted his data analysis from non-probability technique.

According to our questionnaire people view on these parameters arguments as under:



1. **Good step to change India economy:** Change is enviable so, people also like this change of Prime Minister to change Indian economy 71% people feel in same manner. Large amount of people and business are brought into the bosom of the formal economy via demonetisation program which has led to bosom in liquidity and an apparent in its recorded economic growth.
2. **Good strategy in curbing black money:** 63% support it and reported that Curbing the black money which has been one of the main agenda of demonetization will get the major push as the black money hoarded in the form of banned currency will no longer be of use, leading to publication of such amount or throwing away of these notes.
3. **Face problems after demonetisation:** Demonetization had an adverse effect on farmers and villagers who did not have bank account and had mostly the demonization of 500 and

1000 rupee notes after the sale of their crops. Due to the demonetization many people lost their life either because of standing in long queues or denial by hospitals to give treatment in exchange of old currency notes which led to death of many people. 58% people reported that yes they faced problems

4. **Difficulty in remembering physical features of new notes:** 81% people found no difficulty in remembering the size, shape and colour of notes.
5. **It dropped our GDP during 2016-17 F.Y:** 65% people says yes it dropped our GDP. The frequent changes of the policy gave the idea about the lack in preparation of the government for such change.
6. **Small scale enterprises are largely affected:** Small business faced the major loss and people also had to skip their work in order to withdraw money from ATMs by standing in serpentine queues. So, 78% reported that yes they are largely affected.
7. **Blooming cashless society:** 60% people are in favour of it and reports says that, Through the demonetization there has been kick start of cashless economy, where many people have started using internet channels for payment of money. This step has given a major foundation base to various e-payment portals and the drive towards the digitisation on the nation.
8. **Billionaires know about this announcement:** 53% that means majority of the people feel that rich class of society do know about this sudden announcement.
9. **Difficult to cope with demonetisation:** In the country where 90% of transaction takes place in cash in the market, where only 40% have bank account in that country government banned those notes which had 86% of share in the market which led to great hustle in the market. Due to the demonetization many people lost their life either because of standing in long queues or denial by hospitals to give treatment in exchange of old currency notes which led to death of many people. Families which were having marriage ceremony were greatly affected as they had withdrawn cash which were mostly in the currency notes of Rs500 and Rs1000. Now according to this report 82.2% people feel that they found it difficult to cope with demonetisation.
10. **Bank face problem in liquidity of cash:** There was poor coordination between the banks and the government. So 84% of the people says that bank too faced problems in liquidity.
11. **Government sector face any kind of problem:** This off-guard step was greatly criticised by the oppositions where many rally were taken out in protest of such change. And yes 57% people says that government too faced problem during demonetisation.
12. **Outflow of cash on terrorism is in control:** Fake Indian Currency Notes (FICN) which were mainly used to fund the terrorists will be dismantled. 63.6% people favours this argument.
13. **Counterfeit currency curbed:** The introduction of new currency notes of Rs. 2000 and Rs. 500 have come with fine security design to avoid the production of counterfeit notes. 57.3% people favours this argument according to the data collected.

LIMITATIONS

1. The study is restricted to the selected sample of Ambala Cantt and adjoining places and hence the result of the study cannot be generalized.
2. All the limitations of primary data are applicable to this study.
3. Moreover this topic requires a very depth research whereas here only 100 respondents have taken so it may not enough for this study.
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CONCLUSION

According to the data, the study showed maximum positive points, this study reveals that demonetisation is a successful plan of Prime Minister though every coin has two faces, it may be criticised by a group but on the same part it is appreciated by many. People became more conscious about online banking. This study revealed that it may for short term benefit but any change in policies of government is like the change in wind for the citizen. 71% of the people like this Prime ministers concept of demonetisation and 66% people feel that this was a successful plan at least some attempt is made by our government to decrease corruption, terrorism, black money etc.

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