

DEMONETIZATION : A PARADIGM SHIFT IN BHATKAL TALUK

Dr. Prasad Mahale*¹, Dr. C.K Hebbar*²

*¹Assistant Professor, Institute Of Management And Commerce, Srinivas University, Mangalore, Karnataka, India.

*²Research Guide, Institute Of Management And Commerce, Srinivas University, Mangalore, Karnataka, India.

ABSTRACT

The advent of currency dates back to the Indus valley civilization. Kingdoms issued royal seal , coins made of gold, silver ,copper that kept changing with rules and dynasties . Until 14th century when Mohammed Bin Tughlaq's tankas - copper and brass coins to replace gold and silver coins were introduced. Though they were in short supply. His experiment failed with counterfeits flooding the market , thereby making way for minted coins having a unique seal. Demonetization is the act of stripping a currency unit of its status as legal tender i.e, the process of removing currency of general usage or circulation. As India takes a step towards cashless economy, the biggest challenge is rural population. The answer lies in digitalization. As rural population becomes less prominent because of illiteracy and lack of information of operating this services, it should find friendlier solution to deal with. Demonetization has impacted to a paradigm shift in its economy. Since, it has paved the path to digitalization, services like E – payment, net banking etc are one of the important weapons for digitalization in India.

Keywords: Demonitization, E – Payment,Black Money, Paradigm, Digitalization.

I. INTRODUCTION

The advent of currency dates back to the Indus valley civilization. Kingdoms issued royal seal , coins made of gold, silver ,copper that kept changing with rules and dynasties . Until 14th century when Mohammed Bin Tughlaq's tankas - copper and brass coins to replace gold and silver coins were introduced. Though they were in short supply. His experiment failed with counterfeits flooding the market , thereby making way for minted coins having a unique seal.

In 1975,Nadir Shah devalued currency that let to a surge in inflation and withdrawing decisions subsequently. Though fast forwarding to 1923,Dr. B.R Ambedkar through his book “ Problems Of India Rupees” recommended changing currency every 10 year to curb inflation and black money. Following the suit India's first demonetization move in 1946 met with a little success with only 6.3% of high value currency notes exchanged.

Later in 1978, an Independent India announced withdrawing Rs.1000,Rs.5000 and Rs.10000 notes.This,to curtail hoarding of food items prices of which were roaring on A/C black money . However,the scheme failed as Rs.130 crore of high value black currencies still existed in the economy.Most of this didn't come back in system.

History tells us whilst others used demonetization as tool to give instant result ,PM Modi used in after slew of initiative .Jandan Bank A/C's,Direct Bank Payments for NREGA and Subsidies ,push on UPI, IMPS,Digital Wallets,NPCL,Tax collection at source on cash transaction > 2,00000 were some of them.

His timing after a good monsoon, cleansing of Bank Balance sheets and putting infra/manufacturing product on fast track to neget short term impact on note ban is impeccable may just turn him a winner in a gain lost by others.

Meaning :

Demonetization is the act of stripping a currency unit of its status as legal tender i.e, the process of removing currency of general usage or circulation.

Demonetization meant that RBI has withdrawn the old notes of Rs.500 and Rs.1000. On Nov. 8 ,2016, PM Modi along with RBI devalued these notes. It was considered as worthless pieces of paper. This act was previously done in 1946 and 1978 with demonetization of Rs.1000, Rs.5000 and Rs.10000. The government executed them to curb black money.

Objectives:

- To study the meaning of demonetization .

- Impacts of demonetization.
- Challenges faced by owners, bankers and customers.
- Findings and suggestions.

II. RESEARCH METHODOLOGY

This paper reviews the literature on the basis of primary and secondary data. Primary data was collected by questionnaire and interview and the secondary data was collected from annual reports, journals , news paper etc.

Impacts of Demonetization:

As a result of these move by Government, the impact is felt by every Indian citizens. The decision was taken to root out the menace of black money and corruption.

Impact of demonetization was felt at

1) Petrol pump/station :

After demonetization, the petrol station and toll plazas were accepting the old notes. Meanwhile, serpentine queues were seen in front of the petrol station. This was accepted until Nov. 11,2016. Later, this was extended till Nov. 14 with a few additions such as court fees.

2) Banks :

With demonetization, more people were depositing money into the banks to exchange their old notes. This led to more queues outside the branches of the bank. These queues outside the banks as well as outside the ATM'S made unacceptable to the common people since they had to wait for longer periods.

3) Railways :

Reservation counters of railway station turned out to be cash exchange counters of sorts for those in a hurry to get huge amount of money in demonetization of Rs.500 – 1000 exchanged. Ticket booking at the station was up by 151% compared to last year.

Though, the old notes were accepted in some of the petrol station, railways, gas cylinders, hospitals, consumers cooperative stores etc, for 72 hours after demonetization.

The impact was faced by the common people due to sudden change in the economy. The ban of these notes shocked the whole economy. Many bank were closed until they received new currencies of Rs. 500 and Rs. 2000. Since it was a bold move to eradicate black money. This act affected the common people. Standing in long queues for hours on end has been accepted because of desperation for money. The drastic move of the Government has created a tremendous panic among the people. Lack of information about usage of digital products pose a huge challenge

Since money is the backbone for the development of a country's economy, Government is not fully operational due to illiteracy, inadequate education about the advantages of the electronic payment in the country. In rural areas, there is no provision of internet connection, swipe machines etc. Hence, common people in here are not fully confident on electronic payments like PAYtm, e- banking , green banking etc.

The effect of demonetization in India has made a drastic change and encouraged the development of electronic payment. Thus ,transaction through electronic payment help to overcome all the negative measures. It will lead to the development of electronic payment in India.

Reduction in cash transaction will help multiplication of digital transaction such as debit cards, credit cards, mobile and internet banking. This will make more transaction not only in urban areas but also in rural areas. This will be another step towards the digital journey of the nation.

III. CHALLENGES FACED BY OWNERSRS, BANKERS & CUSTOMERS

Table: Showing respondents profile (distribution on the basis of gender, qualification, occupation and income)

Variables	no. of respondents	percentage
Gender	Male	25 / 37
	Female	45 / 63
Qualification	PUC	00 / 00
	Degree	18 / 25
	Diploma	02 / 04
	PG	42 / 61
Occupation	Ph.D	07 / 10
	Business	00 / 00
	Service	21 / 30
	Professional	30 / 43
	Student	17 / 25
Income	Not applicable	19 / 26
	Below 10000	06 / 08
	10000 - 20000	20 / 29
	20000 - 30000	06 / 09
	30000 - 40000	17 / 23
	40000 and above	05 / 07

Analysis:

From the above table,

- a) Majority are female with 63%.
- b) Majority are having PG qualification .
- c) Most are employed as professional.
- d) Majority of earning income is Rs. 10000 - 20000

Table: Showing customers awareness about electronic payment.

Variable	No. of respondents	Percentage
Aware	60	83
Unaware	10	17
total	70	100

Analysis :

From the above table,

- a) Majority of respondent were aware about electronic payment.

Table: Showing customers knowledge about electronic payment

Factors	No. of respondents	Percentage
Debit card	20	30
Credit card	10	18
Net banking	15	25
Mobile banking	15	20
NEFT	10	11
RTGS	05	04
All of the above	25	35
Total	100	143

Analysis :

Majority of the respondent knows debit cards, credit cards, net banking, mobile banking, NEFT, RTGS.

Table: Showing various reason for unawareness of electronic payment.

Reasons	No. of respondent	Percentage
Lack of knowledge	04	50
Lack of internet access	03	40
Low income	03	10
Total	10	100

Analysis :

Majority of respondent were unaware due to lack of knowledge and information.

Table: Showing benefits of E – payment perceived by the customers.

Particulars	No. of respondents	Percentage
Easy transaction	45	66
Enhanced security	15	22
Time saving	49	65
Environment friendly	23	32
Any other	03	04
Total	132	189

Analysis :

Majority of respondents perceived E- payment as easy transaction as well as time saving.

Table: Showing difficulties faced by the customers in using E- payment.

Difficulties	No. of respondent	Percentage
Delay	05	07
Fear of security	25	35
Network problem	45	64
Difficult to understand the mode	11	15
Less awareness	10	13
Errors caused in transaction	16	24
Total	112	158

Analysis :

Majority of respondents faced network problem while using electronic payment.

Table: Showing customers E- payment before the demonetization.

Particulars	No. of respondents	Percentage
5 – 10	24	48
11 – 20	13	30
21 – 30	07	16
31 – 50	05	10
51 and above	01	02
Total	50	106

Analysis :

Majority of respondents were using 5 – 10 % of E- payment before demonetization.

Table: Showing customers E – payment after demonetization.

Particulars	No. of respondents	Percentage
5 – 10	05	10
11 – 20	12	27
21 – 30	10	23
31 – 50	13	28
51 and above	10	16
total	50	105

Analysis :

Majority of them started using E- payment after demonetization.

IV. FINDINGS

- From this study, the majority of respondents were females than males with 63%.
- Majority of the respondents were aware about electronic payment.
- Majority of respondents were unaware of E –payment due to lack of knowledge, lack of internet access and because of low income.
- Majority of the respondents were convinced with E – payment since they made transaction easy and it was time saving and worthy for them.
- Respondents use 5 – 10 % of E – payment before demonetization as they precisely preferred to hard cash.
- Respondents faced difficulties while using electronic payment. These were issues regarding network problems. This created a major problem in the rural areas.
- Majority of respondents used electronic payment between 31 – 50% after demonetization because of non – availability of cash.
- Majority of respondent had knowledge about using of debit cards, credit cards, net banking, mobile banking, NEFT , RTGS.

V. SUGGESTIONS

- There must be an appropriate arrangement regarding network access. Since this is major issues faced by customers.
- As some customers are unaware about these facilities provided to them, they must educate people through training, seminars etc. and create awareness about the use of E – payment.
- The mode of E – payment were perceived by customers, it should provide developed apps through which transaction can be made without access of internet.

VI. CONCLUSION

Demonetization is not new to the Indian scenario. This move caused inconvenience among the common people. As India takes a step towards cashless economy, the biggest challenge is rural population. The answer lies in digitalization. As rural population becomes less prominent because of illiteracy and lack of information of operating this services, it should find friendlier solution to deal with. Demonetization has impacted to a paradigm shift in its economy. Since, it has paved the path to digitalization, services like E – payment, net banking etc are one of the important weapons for digitalization in India.

VII. REFERENCES

[1] Ahuja Neyati. (2015). Green Banking in India: A Review Of Literature. International Journal for research in management and pharmacy, 4, 11-16.

[2] Alam Touhidul Khan, Julker Md. Naim, Rashedul Islam And Khadiza Begum (2017). Green Banking: Bangladesh Perspective And International Experiences . RJOAS, 1(61), 10-16.

[3] Choudhury Toufic Tonmoy, Salim.Md, Bashir Al Mamoon. Md and Saha Prakash (2013). Influence of Stakeholders in Developing Green Banking Products in Bangladesh. Research Journal of Finance and Accounting, 4(7), 67-77.

-
- [4] Chowdhury Arshad Ali.Md and Dey Mouri (2016). Green Banking Practices in Bangladesh. The Cost and Management, 44(2), 34-39.
- [5] Corrocher, N. (2002). Does Internet Banking substitute Traditional Banking? Empirical evidence from Italy. Working paper, CESPRI, 134.
- [6] Jinwal Ashvinbhai Arunkumar (2013). Green Banking In India. International Multidisciplinary, Journal of Applied Research, 1(7), 84-86.
- [7] Kaeufer, K. (2010). Banking as a Vehicle for Socio-economic Development and Change: Case Studies of Socially Responsible and Green Banks. Presencing Institute, Cambridge, MA.
- [8] Kandavel D (2013). Green Banking Initiatives of the Commercial Banks in India. SIT Journal Of Management, 3(2), 213-225.
- [9] <http://businessworld.in/article/As-Demonetization-Boosts-Digital-Banking-Raises-New-Challenges-For-IT-Security-Networking/23-12-2016-110224/>
- [10] <http://m.firstpost.com/politics/narendra-modi's-mann-ki-baat-focus-on-digital-payments-e-banking-schemes-3172834.html>
- [11] <http://process9.com/block/2016/11/09/demonetization-high-currency-notes-India-big-boosts-digital-India/>
- [12] <http://www.brinknews.com/asia/demonetization-in-India-driving-a-digital-treasure-hunt/>
- [13] <http://www.technavoi.com/block/how-demonetization-Indian-currencies-has-led-increase-use-mobile-wallets>
- [14] <http://postcard.news/will-demonetization-lead-digitization-Indian-economy/>
- [15] <https://www.qoura.com/what-is-green-banking>
- [16] <https://www.republication.com>
- [17] Sudeep,S.(2006),Internet Banking and customer Acceptance:The Indian scenario,Cochin University of Science and Technology.
- [18] www.digitalvidya.com/block/demonetization-effects-on-ecommerce-online-payments/
- [19] www.investopedia.com/terms/d/demonetization.asp