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IMPACT OF DEMONETIZATION ON BANKING SECTOR WITH REFERENCE TO GHAZIABAD CITY

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Abstract:

Demonetization is going to be the landmark in the history of the Indian economy. India's demonetization means that it is stripping a currency unit of its status as a legal tender, whenever there is a change of national currency. The present paper is focused on the impacts of demonetization on banking sector. This study covers the banking sector of specially Ghaziabad city.

Keywords: Demonetization, corruption, black money

Introduction

Demonetization is that the act of eliminating the present currency from the national economy and replacement it with the different one. It's the step concerned by suggests that of the govt. sometimes with the aim of removal of corruption. Moreover it's the act of depriving of value of foreign cash for reliable fee. It doesn't solely embody the foreign cash however in addition comprehend the valuable metals. Initially termination is that the French phrase "demonetiser" relationship once more to 1850- 55. The reasons for the termination area unit to fight with inflation, to overcome the corruption, to induce eliminate the counterfeit currency and to discourage the money system. Growing use like Republic of India has got to realize the answer of issues like this for betterment of you. In 1982, Republic of Ghana took the selection to devaluate their fifty Ghanian monetary

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unit forex. That created chaos and also the alternative wasn't well return. Later on Federal Republic of Nigeria (in 1984), Union of Burma (in 1987), Russia (1991), D.P.R.K. and Republic of Zimbabwe had in addition took this kind of call in on the far side.

History

It is not the primary time within the history that government has taken this kind of step. It's been happen twice within the past. The primary time currency ban was declared as on 12th January, 1946 (Saturday) by run batted in headquarters. At that point currency notes of a thousand and ten thousand were wholly off from economy. Each the notes were re-entered in year 1954. At that point individuals had given ten days' period to exchange the notes. Moreover it absolutely was extended to fifteen days more wherever by individuals has got to provide correct reasons why that they had not changed the notes in previous 10 days. It had not shown a lot of result at that point. By the tip of 1947 out of Rs.143.97 crores, notes of solely Rs.134.9 crores were changed. Therefore notes price Rs. 9.07 were may be "Demonetised".

The second time currency ban was created on sixteenth Gregorian calendar month, 1978 (Monday), declared by R. Janaki Raman a senior official of run batted in, and at that point of Morarji Desai crystal rectifier Janata party. At that point currency notes of a thousand, 5000 and 10,000 out of circulation. That point the individuals had given solely three days to exchange the notes. This point around seventy three.1 large integer was demonetized.

Finally the third, the foremost recent termination had been declared as on eighth November, 2016 by Prime Minister Narendra Modi. This point the currency notes of five hundred and a thousand notes area unit demonetized from economy. The Govt. has ordered the hospitals, fuel pumps, airports etc to just accept the previous notes until eleventh November, 2016.

Literature Review:

Mr. Brijesh Singh and Dr. N. Babitha Thimmaiah (January 2017) in their analysis paper studied the impact of demonetization in terms of "Won or lost". They need used the secondary knowledge in their articles article, that they had conducted their study. The study reports that they had tried to clarify the thought of cashless economy by taking the reference of Woodford (2003). It's not all concerning the money you're having in your case; you'll pay by any

of the charge card or banking transfer. In their analysis paper that they had show the impact of demonetization in numerous areas like, cash rush, stock exchange, agriculture, banking, business, income tax, railways etc. There are no exact proofs of black money holding in cash but studies show that almost 8% of black money is held in cash form. According to the Centre for Monitoring the Indian Economy (CMIE), the cost of transaction of demonetization until 30th December, 2016 is estimated around Rs. 1.28 lakh crore. As per R. Gandhi, Deputy Governor of RBI, speaking on 7th December 2016, Rs. 11.5 lakh crore has been already deposited at bank out of total 14.5 lakh crore which means still 3 lakh crore are not identified. Sherline T.I (December 2016) has done the analysis on “Demonetization as a prelude to complete money inclusion “. The most focus of the study was to grasp the target of demonetization as a live of economic inclusion. Money inclusion stands for, the delivery of the money services at a awfully cheap value to the low financial gain segments of society. As per the report of previous years money inclusion will boost the savings additionally as credit handiness. The study shows that this move of the Govt. has to make future advantages. What is more medium to future accounting and saving account (CASA) quantitative relation may improve? What is more demonetization would scale back money transactions within the real estates, which can decrease the worth of that avenues. What is more the long run inflation can decrease as a result of less cash transaction.

Chabi Gupta (December 2016) had done the analysis on demonetization. She had explained the impact of demonetization move. in keeping with the banking concern of Republic of India (RBI) figures, as of March 2016 currencies in circulation amounted to Rs.16,415 billion of this five hundred notes were of around forty seven.8%in price and one thousand were of thirty eight.6% in price. Collectively they had 86% value in the economy. Several banks like HDFC, ICICI and AXIS are exploring to launch the contact less debit and MasterCard. It'll enable the shoppers to use card while not swipe.

Research Methodology:

Research methodology is the process of collecting the information and data, with the intention of doing the research. It may include different tools like research objective, sampling methods etc.

Objective of The Study:

- To understand the effect of demonetization.
- To identify the accounts which are highly affected due to demonetization.
- To know the awareness of online banking among consumers.
- To understand about the attitude of people for keeping the money either at home or at bank.

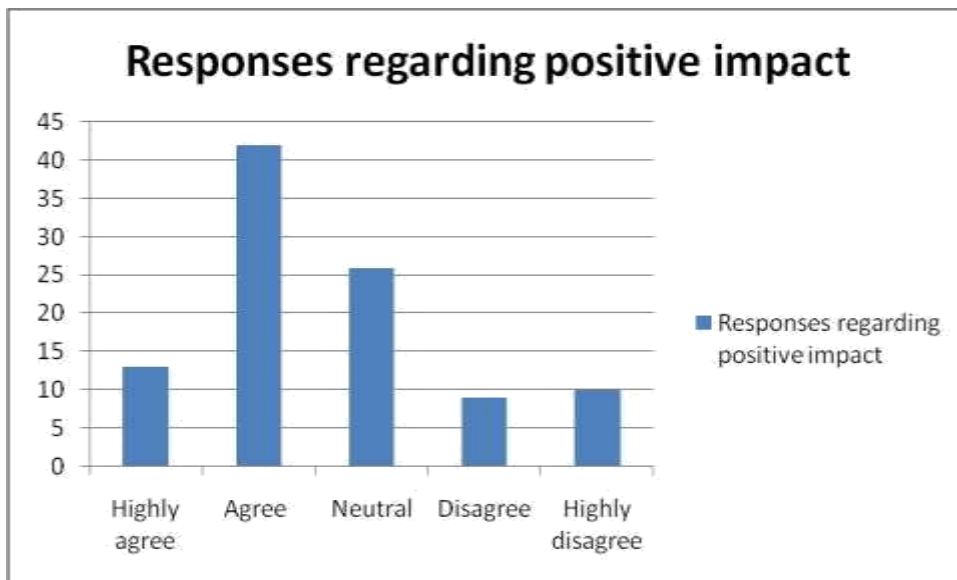
Data Collection:

Data collection is an important part of a research study. For this study primary data was collected with the help of questionnaire.

Data Interpretation:

Responses regarding positive Impact of demonetization on banking sector

Sr. no	Options	No. Of responses
1	Highly agree	12
2	Agree	43
3	Neutral	27
4	Disagree	08
5	Highly disagree	10
Total		100

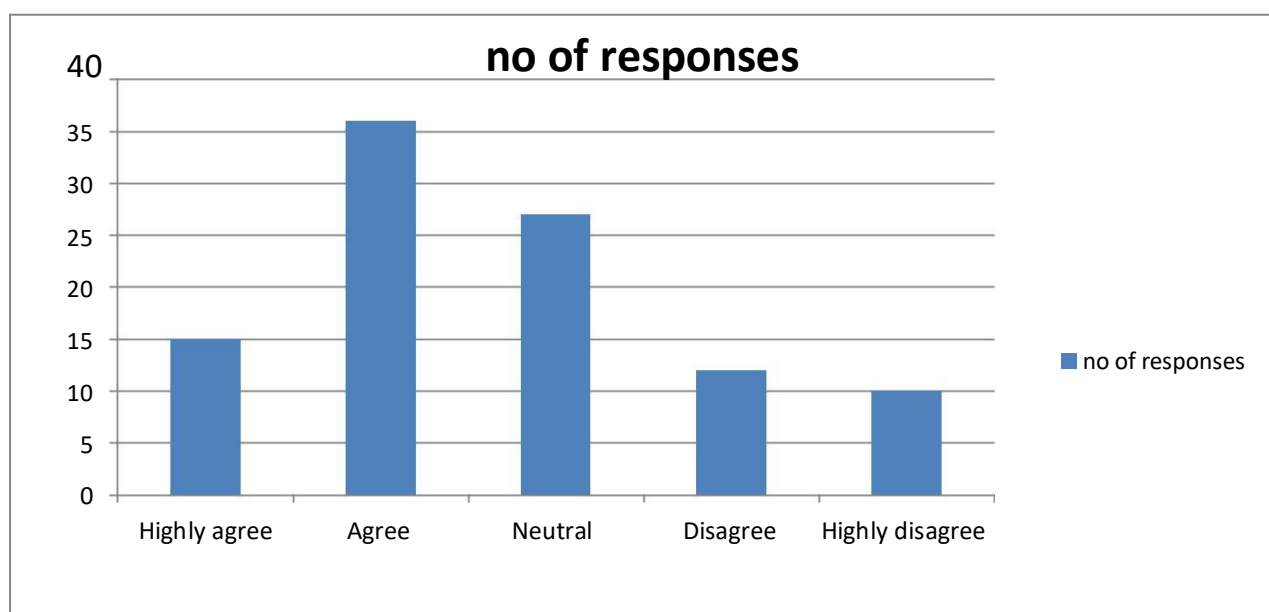


Interpretation:

From the above data, Researcher can interpret that 55% employees are agree with the statement i.e. Positive impact of demonetization on banking sector. Whereas only 10% employees are not agree with this.

Impact of demonetization on online banking

S.no.	Options	No. Of responses
1	Highly agree	15
2	Agree	36
3	Neutral	27
4	Disagree	12
5	Highly disagree	10
Total		100



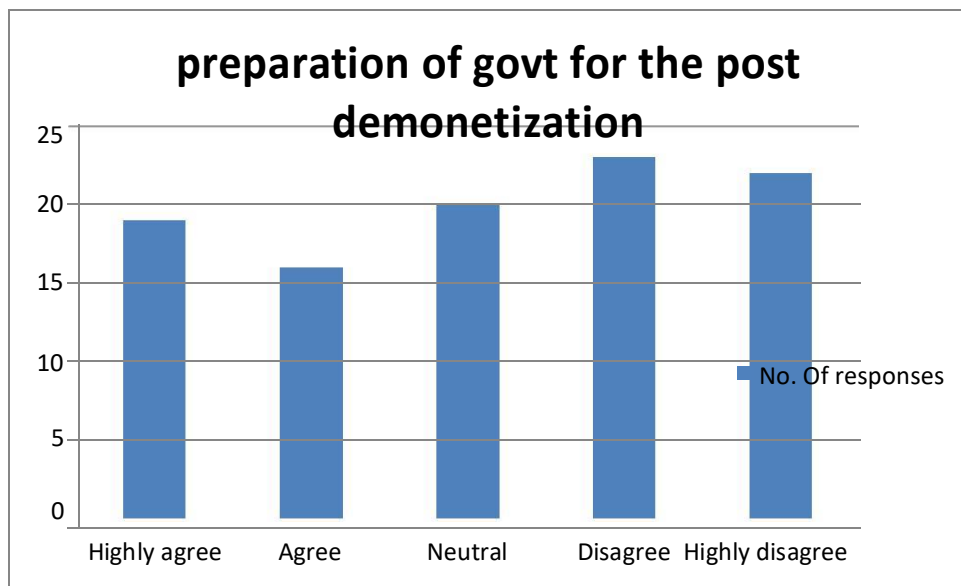
Interpretation:

From the above table we can interpret that 51% employees had positive opinion about the impact on online banking. Moreover the employees who were agree or highly agree with increased use of online banking, had given reason that customers are using the mobile app also to pay money.

Preparation of Government for the post demonetization situation

Sr. No	Options	No. Of responses
1	Highly agree	19
2	Agree	16

3	Neutral	20
4	Disagree	23
5	Highly disagree	22
Total		100



Interpretation:

From the above graphical presentation researcher could say that there is a mixed opinion about the preparation of Government for the post demonetization period. Some of the employees said government done whatever was required whereas some had negative opinion of it.

Limitation Of The Study:

- 1) This study covers only few banks of the Ghaziabad city, which may not provide the complete picture of the effect of demonetization over banking sector.
- 2) Moreover demonetization is the very current topic to study, due to that not enough study material are available in this sector to study.
- 3) Some respondents were not ready to fill the questioner.
- 4) This topic requires a very depth research whereas here only 100 respondents have taken so it may not enough for this study.

Conclusion:

By seeing the data collected over here, I can say that, this time demonetization has proven somehow more successful as compare to previous two. Wind has been change. People became more conscious about online banking. Bank employees had work continuously without taking day off. Their co-operation matters a lot. Though total black money had not been grabbed by this tool, this tool proves beneficial for at least creating fear in the minds of black money holders. It was essential for the Government to take some steps like demonetization to decrease corruption, black money etc.

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