

## A study on the Impact of Demonetization

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### Abstract

*Demonetization refers to Withdrawal of a particular form of currency from circulation. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be removed and substituted with a new currency unit. The currency was demonetized first time in 1946 and second time in 1978. On Nov. 2016, the currency is demonetized third time by the present Modi government. This is a bold step taken by the government towards the betterment of the economy and the country. In this paper, we want to discuss the impact of recent demonetization on the Indian system.*

*The common public and bankers are undoubtedly in hassles in the present scenario. The first question that arises is why was demonetization done at this point of time. Following are certain points which clarify this need:*

- *To develop a good banking system*
- *Blocking inflow of fake currency notes used for criminal activities including terrorist activities.*
- *Destabilizing election campaigns being done through black money.*
- *Destroying hoardings of public money by few influential people.*

*The positive Impacts are:*

- *A big attack on Corrupt Practices, Counterfeit Currencies and terrorism.*
- *Banking System will improve*
- *Reduction in Government Liability*
- *Positive Impact on Government revenues*
- *Neutral impact on Inflation*
- *Positive impact on Retail Industry*
- *Tax rates may come down*

*The negative Impacts are:*

- *Negative Impact on GDP in short run*
- *Highly negative impact on sectors with high proportion of cash transactions*
- *Added replacement cost of currency*
- *Initial hassle to create cashless society.*

*This study investigates how the sudden demonetization move by the Indian government played a role in the society. A sample of around 127 were selected from the city of Guwahati and from some areas of North East India.*

*The aim of the research is to find out the impact of demonetization on the society. This research has also been conducted to see if there is any significant impact among the different factors that*

*is related to demonetization and its outcome. This study is a causal and conclusive study. The questionnaire was prepared for measuring Impact of demonetization, the implementation process and the perceptions of the people with regards to the government's intention. The data were analyzed by using statistical tools and data analysis through the questionnaire. It was found out that a lot of factors played a role due to the move taken by the government. There is also a relationship between the implementation, government's intention and the impact due to this move.*

## 1. Introduction

Demonetization is the act of stripping currency unit of its status legal tender. Demonetization is necessary whenever there is a large change of national currency. The old unit of currency must be retired and replaced with a new currency unit.

There are multiple reasons why nations demonetize their local units of currency. Some reasons include to combat inflation, to combat corruption and to discourage a cash system. The process of demonetization involves either introducing new notes or coins of the same currency or completely replacing the old currency with a new currency.

Back in November 2016, the Indian government decided to demonetize the 500 and 1000 rupee notes, the two biggest denomination notes in the country. These notes accounted for 86% of the country's cash supply. The government's goal was to eradicate counterfeit currency, fight tax evasion, eliminate black money gotten from money laundering and terrorist financing activities, and promote a cashless economy. By making the larger denomination notes worthless, individuals and entities with huge sums of black money acquired from parallel cash systems were forced to convert the money at a bank which is by law required to acquire tax information from the entity. If the entity could not provide proof of making any tax payments on the cash, a tax penalty of 200% of the tax owed was imposed.

In 2015, the Zimbabwean government demonetized the Zimbabwean dollar as a way to combat the country's hyperinflation that was recorded at 231,000,000%. The 3-month process involved expunging the Zimbabwean dollar from the country's financial system and solidifying the US dollar, Botswana pula, and South African Rand as the country's legal tender in a bid to stabilize the economy.

Another example of demonetization occurred when the nations of the European Monetary Union adopted the euro in 2002. In order to switch to the euro, authorities first fixed exchange rates for the varied national currencies into euros. When the euro was introduced, the old national currencies were demonetized. However, the old currencies remained legal tender for a while so that a smooth transition through demonetization would be assured.

The Coinage Act of 1873 demonetized silver in favor of adopting the gold standard as the legal tender of the United States. The withdrawal of silver from the economy resulted in a contraction of the money supply, which subsequently led to a 5-year economic depression in the country. In response to the dire situation and pressure from silver miners and farmers, the Bland-Allison Act remonetized silver as legal tender in 1878.

## **2. History of Demonetization in the Modern World**

The act of demonetizing currency was not only limited in India but the world as a whole. Some of the countries which demonetized their values are:

- **Ghana:** In 1982, Ghana rolled out the decision to demonetize their 50-cedi currency notes in order to monitor money laundering and corruption. The change was not welcomed warmly, creating chaos across the country and finally resulted in a move back to physical assets and foreign currency.
- **Nigeria:** Nigeria's economy collapsed after the 1984 demonetization move that did not go as planned. The military government of then President Muhammadu Buhari introduced different colored notes to invalidate their old currency in order to fight black money. The outcome failed. He was thrown out of power in 1985-86.
- **Myanmar:** Around 80% of Myanmar's currency was demonetized in 1987 by the military to curb black money, but the move resulted in a lot of protests and the country witnessed several killings.
- **Soviet Union:** Under the governance of Mikhail Gorbachev in 1991, the then Soviet Union demonetized the higher denominations of ruble bills, the 50s and 100s. The move did not go well and resulted in the takeover of Mikhail's leadership within eight months of the plan.
- **Pakistan:** On June 2015, the Government of Pakistan has announced the demonetization of Rs.5 and Rs.500 in June 2015 with immediate effect and phase out of all other denominations. The people of Pakistan had one-and-half year time to exchange these notes, after which (December 1, 2016) the notes will be declared null and void. The outcome is messed Up. One and Half Years for demonetization to exchange notes and cannot curb black money neither counterfeit notes.
- **Zaire:** In 1990, the Dictator Mobutu ran the demonetization drive which led to economic instability in the country which won freedom in 1970 making it more vulnerable to foreign funding at that time. The country recovered in 2000. The outcome failed.
- **Zimbabwe:** In 2010, due to chronic inflation in Zimbabwe, the government started printing notes with a face value of 1 hundred trillion Zimbabwean Dollars' worth just 40 cents. The status failed and the country replaced their currency with the US dollar later. Zimbabwe once had a hundred trillion dollars note, which was demonetized and was exchanged in a mocking way dropping trillion dollars to \$0.5 dollar
- **United States of America:** In 1969, due to black money, the country was losing its sheen the so-called American Dream was under threat. US President Richard Nixon announced all bills above \$100 null and void. The outcome was a success. Even today \$100 bill is the maximum available for circulation.
- **Australia:** In 1996, the government to the curb black money crisis and improve security features on the notes, they withdrew all paper-based notes and replaced them with long life polymer-based notes of the same denomination. The outcome was a success. This improved the life of the bills and helped in making Australia a business-friendly country, despite the initial costs incurred to manufacture polymer-based notes.
- **North Korea:** In 2010, the then dictator of North Korea, Kim Jong-IL has decided to remove two zeroes from the currency denominations to curb black money menace and tightly control the economy. The outcome miserably failed. Due to bad harvests and high inflation, this move was highly criticized by the International Media, making the dictator to apologize in the public.

If we have a look on all the other demonetization drives, only the ones made by developed nations have been successful and African nations have suffered a lot because these countries are still a victim of neo-colonialism. However, India must be happy with the fact that it is the only country

that flourished to become an economic power after independence.

### **3. History of Demonetization in India**

On 12<sup>th</sup> January 1946 as announced by the Reserve Bank of India: The World War II just concluded and the allied powers led by the United Kingdom won the war bearing huge cash loss. The situation in most of its colonial countries was not good as people did not have food to eat. Honorable Prime Minister of United Kingdom at that time, Winston Churchill has allowed the massacre of 3 million people in the man-made Bengal famine in 1943 to supply food to the soldiers in the war. The rich Indians were on their toes to help the colonial power to make more money. With the introduction of Rs.10000 bill of the newly formed Reserve Bank of India in 1938, the rich hoarded money at the expense of the poor increasing Hyperinflation.

The government announced demonetization of denominations above Rs.1000 with effect from 12<sup>th</sup> January 1946 and gave little time for exchange too. As the notes were accounted only to 3% of the India's population, it didn't affect normal life much. The crown princes were exempted from the same and only 40% of today's India-Pakistan-Bangladesh saw this demonetization controlled by the British. The government through this drive collected Rs.134 crore of the total Rs.143 crore available in the market. It turned out to become more like a currency conversion drive as the government couldn't benefit much in the cash-strapped economy at that time.

On 16<sup>th</sup> January 1946, it was announced by the Reserve Bank of India on the All India Radio where the announcement stated that the government had repeatedly made the same mistake by reintroducing Rs.1000, Rs.5000 and Rs.10000 bills in 1954. The Wanchoo committee has stated in the late 1960s to the government to withdraw all high denominations, but it was not heard of until 1978 when Janata Party-led by Morarji Desai. The Wanchoo Committee had recommended the government to withdraw the currency because the country was going through a difficult period.

In 1950s and 1960s the trade deficits had reached an all-time high. In 1965, the military expenditure due to the Indo-Pak war pushed our inflation close to 7%. The trade deficit was close to Rs.950 crores at that time. Then the Honorable First Woman Prime Minister of India, Mrs Indira Gandhi announced the devaluation of the Indian Rupee pegged at Rs.4.75 to Rs.7.50 per US Dollar, 57% devaluation. This move reduced the trade deficit to Rs.100 crore. Meanwhile, other factors were increasing exports.

She saved the day, but, India lost the value of Indian Rupee. Indian Rupee was the major currency used in the Middle East in the 1950s and 1960s printed in Bombay. Due to severe fluctuation in Indian currency, from 1954 by Kuwait and lastly Oman in 1971, they adopted their own currencies pegged to the US Dollars. While there were other factors like Kuwait became extremely rich from 1950s to 1980s due to the oil discovery till Iraq attacked them. Yemen and Oman with governance change in the country and oil discovery also adopted their own currency.

On 6<sup>th</sup> June 1966, due to lack of purchasing power in US Dollars by under-developing countries, the developed world would accept the payments for their goods and return the same in the local currency.

In 1978, Coming to the initial agenda of what happened in 1978. After the Emergency period in 1977, Indira Gandhi's government was overthrown due to lack of political, economic and social stability. The demonetization in 1978 failed because there were rumors that the demonetization

would come into effect sooner or later. If the previous government had heard the committee's recommendations by agreeing to print 3.5 Billion currency notes in 1972, the public nature of the Wanchoo Committee wouldn't have created such a problem to encounter the same issue which is Inflation.

Before 8<sup>th</sup> November 2016: In 2016, the Modi-led government had controlled the inflation, made India more investment friendly, and getting strong leaders on board, India did not have much of a problem like in 1946 and 1978. It was a kind of Swacch Bharat Abhiyan drive by the government to get more perspective points and reduce black money effect on the economy controlled by some powerful politician and businessmen. Except for Fin Min and top officials of the RBI, no one heard the news about the activity which was on the cards for 6 months. The Cabinet was briefed early on Tuesday and were not allowed to move out of the premises till the PM finishes his address. It came as a shocker, but the government seemed well prepared to handle the situation. Mr.PM has left no stone unturned for any hue and cry among the public. The Prime Minister had got most of the unbanked sector into the banking ecosystem by the Jan Dhan Yojana with Rupay Cards. He then gave an opportunity without extension through the Income Declaration Scheme to declare the black money and strictly warned of action to be taken by the government against hoarders. The announcement was done by the Prime Minister in the evening rather by the RBI in the morning. Most of the businesses were shut for the day and people were wrapping up from their day's work. Banks remained closed for the next day paralyzing the country. Black money hoarders couldn't find a way out to funnel the black money, making it a fool proof plan to nab all the hoarders under the tax radar.

#### **4. Impact of Demonetization**

The Reserve Bank manages currency in India and derives its role in currency management on the basis of the Reserve Bank of India Act, 1934 and a new redesigned series of Rs 2000 banknote is in circulation since 10 November 2016. The new redesigned series is also expected to be introduced in the banknote denominations of Rs 1000, Rs 100 and Rs 50 in the coming months.

The term demonetization is not new to the Indian economy. The highest denomination note ever printed by the Reserve Bank of India was the Rs 10,000 notes in 1938 and again in 1954. But these notes were demonetized in January 1946 and again in January 1978, according to RBI data.

#### **The need of Demonetization:**

The common public and bankers are undoubtedly in hassles in the present scenario. Now the question - Why was demonetization required at this point of time? Here are certain points to clarify the need for currency demonetization:

- To develop a good banking system
- Blocking inflow of fake currency notes used for criminal activities including terrorist activities.
- Destabilizing election campaigns being done through black money.
- Destroying hoardings of public money by few influential people.

#### **5. Demonetization and its Impact on Indian Economy**

In this section, we are going to list down some of the positive and negative impacts of demonetization. The list has been prepared based on online reviews.



## Positive Impacts:

- 1. A big attack on Corrupt Practices, Counterfeit Currencies and terrorism:** One of the biggest benefits of this move is that it is going to drastically affect the corrupt practices.
  - People who are holding black money in cash will not be able to exchange much as they would be in a fear of getting prosecuted by the authorities.
  - Enemies of the country who are involved in counterfeit currency and terrorism will not be able to continue it further.
  - The smuggling of arms and dealing with the terrorist will not sustain further as all of the money will be on record now.
- 2. Banking System will improve:** A good economy is always said to be an economy with a sound banking system. Banking System in India will get a boost, as around Rs. 7-8 lakh crores of the base money consisting of the new legal tender will enter the system which in turn will create around 3-4 times more money due to re-circulation.
- 3. Reduction in Government Liability:** Since every note is a liability to the government, the old currency will become worthless for the people who choose to not disclose their income and thus worthless will benefit the Government by extinguishing its liability. It is expected approximately Rs.5 lakh crores will be coming to the government in the form of extinguished RBI liability and taxes and penalties.
- 4. Positive Impact on Government revenue:** As per CRISIL there will be a direct positive impact on government tax revenue collections, its ability to spend on infrastructure investments and resultant impact on growth. Since government investments will increase and so will the supply capacity, there will be a positive impact on the GDP in the long run.
- 5. Neutral impact on Inflation:** Inflation is expected to fall sharply in the current scenario due to a reduction in cash transactions, but in the long run since government spending will rise, employment and income will push up and demand will be revived. Therefore, there will be a neutral impact on inflation in the long run.
- 6. Positive impact on Retail Industry:** Although in the short term, retailers may feel a pinch as consumers are facing the problem of liquidity, but the movement towards a cashless society would be positive for organized retailers as demand would shift towards them.
- 7. Tax rates may come down:** As per a CRISIL report on Demonetization- Significant Structural Benefits on Cards for India, higher income tax collections arising from better compliance would offer scope to reduce tax rates over the long term, which would increase disposable income. This can give a positive impact on consumption demand in the long term.

## Negative Impact:

- 1. Negative Impact on GDP in the short run:** GDP growth is expected to be negative for around 6 months. As consumption and demand will face a dent in the short run, the cash based economy will face a crunch. But in case the government chooses to reduce tax rates, with the increase in net disposable income in the hands of consumers, there will be a net positive impact on GDP in the long run.
- 2. Highly negative impact on sectors with a high proportion of cash transactions:** The liquidity squeeze caused by demonetization will be negative across sectors with a high level of cash transactions. Real estate, jewelry, retailing, restaurants, logistics, consumer durables and luxury brands, cements and some segments in retail/SME lending space will be facing short term instability.
- 3. Added replacement cost of currency:** The move will give birth to an extra added cost which can be said as the replacement cost here. As the whole currency in circulation needs to be replaced so there will be a new currency which needs to be printed and this will lead to a

huge printing cost. We cannot ignore the increased cost of operating ATMs as now they need to be refilled more often and also it will be a huge burden on banks.

- 4. Initial hassle to create cashless society:** Initially, it is very difficult to create a cashless society as more than 50 percent of Indian population is not well versed with card transactions. Also for these initial months, it will be very difficult to make in cash transactions of a higher amount.

## 6. Effects of Demonetization.

The probable consequences of this decision on various economic variables and entities are as follows:

- 1. Effect on parallel economy:** The removal of these 500 and 1000 notes and replacement of the same with new 500 and 2000 Rupee Notes is expected to remove black money from the economy. Black money owners will not be able to deposit the same in the banks. This will also temporarily stall the circulation of the large volume of counterfeit currency and curb the funding for anti-social elements involved in smuggling, terrorism, espionage, etc.
- 2. Effect on Money Supply:** With the older 500 and 1000 Rupees notes being scrapped, until the new 500 and 2000 Rupees notes get widely circulated in the market, money supply is expected to reduce in the short run. To the extent that black money (which is not counterfeit) does not re-enter the system, reserve money and hence money supply will decrease permanently. However, gradually as the new notes get circulated in the market and the mismatch gets corrected, money supply will pick up.
- 3. Effect on Demand:** The overall demand is expected to be affected to an extent. The demand in the following areas is to be impacted particularly:
  - Consumer goods
  - Real Estate and Property
  - Gold and luxury goods
  - Automobiles (only to a certain limit)

All these mentioned sectors are expected to face certain moderation in demand from the consumer side, owing to the significant amount of cash transactions involved in these sectors.

- 4. Effect on Prices:** Price level is expected to be lowered due to moderation from the demand side. This demand driven fall in prices could be understood as follows:
  - Consumer goods: Prices are expected to fall only marginally due to moderation in demand as use of cards and cheques would compensate for some purchases.
  - Real Estate and Property: Prices in this sector are largely expected to fall, especially for sales of properties where the major part of the transaction is cash based, rather than based on bank transfers or cheque transactions. In the medium term, however the prices in this sector could regain some levels as developers rebalance their prices.
- 5. Effect on various economic entities:** With cash transaction lowering in the short run, until the new notes are spread widely in circulation, certain sections of the society could face short term disruptions in the facilitation of their transactions. These sections are:
  - Agriculture and related sector
  - Small traders

- SME
- Services Sector
- Households
- Political Parties
- Professionals like doctor, carpenter, utility service providers, etc.
- Retail outlets

The nature, frequency and amounts of the commercial transactions involved with these sections of the economy necessitate cash transactions on a more frequent basis. Thus, these segments are expected to have the most significant impact post this demonetization process and the introduction of new notes in circulation.

- 6. Effects on GDP:** The GDP formation could be impacted by this measure, with a reduction in the consumption demand. However, with the recent rise in festival demand is expected to offset this fall in overall impact. Moreover, this expected impact on GDP may not be significant as some of this demand will only be deferred and re-enter the stream once the cash situation becomes normal.
- 7. Effect on Banks:** As directed by the Government, the 500 and 1000 Rupee notes which now cease to be legal tender are to be deposited or exchanged in banks (subject to certain limits). This will automatically lead to more amounts being deposited in Savings and Current Account of commercial banks. This in turn will enhance the liquidity position of the banks, which can be utilized further for lending purposes. However, to the extent that households have held on to these funds for emergency purposes, there would be withdrawals at the second stage.
- 8. Effect on Online Transactions and alternative modes of payment:** With cash transactions facing a reduction, alternative forms of payment will see a surge in demand. Digital transaction systems, E wallets and apps, online transactions using E banking, usage of Plastic money (Debit and Credit Cards), etc. will definitely see substantial increase in demand. This should eventually lead to strengthening of such systems and the infrastructure required.

## 7. Opposition to the 2016 Demonetization

Political members who oppose the 2016 demonetization move are Mamata Banerjee, Rahul Gandhi and Arvind Kejriwal who stood together in unison, opposing the move.

For Mamata Banerjee, demonetization was an assault on the vegetable vendor or tea garden worker who sustains his/her family on their daily income. However, the fact that her state is a home to Kaliachawk, the center of the fake currency network in eastern India, cannot be discounted. In 2015, the National Investigation Agency (NIA) estimated that 80% of fake currencies were smuggled into Kaliachawk through Bangladesh. The industry has now been hit hard by this sudden move.

Arvind Kejriwal, once a hope for a “reformed” India due to his “anti-corruption” stance that propelled him to win the Delhi elections in 2015, termed Modi’s decision as a “Tughlaki farman” with reference to the medieval emperor Muhammad Bin Tughlaq, a man driven by hasty decisions that cost his supporters more than him. He also stated that the move was to save those big businessmen who hold big money. But the fact that the big businessmen who are being



“protected” are not really the people who hoard large sums of cash at their homes has been forgotten. The target audience of demonetization was someone else.

India is also a country that houses Rahul Gandhi, the current descendant of the Gandhi family and the Congress party, who passes blanket statements like “demonetization is a ‘Modi-made disaster’” and “the scheme was launched to ‘repay’ 50 super rich families which helped Modi become the Prime Minister of India.”

Opposition to the demonetization scheme needs to have a logical reasoning behind it. The fundamental argument being presented against demonetization is that the laborers and the farmer, the people rely on cash as their sole source of income have been severely affected by the scheme. To understand the plight of people living below the poverty line who can be potentially affected by such a scheme, a look at the amount a person from the unorganized sector in India earns.

According to a 2014 report in the Hindu Newspaper, an average farmer earns Rs. 6,426 a month. And that’s not just from farming, but it is from a host of other activities. Growing sugarcane, a profitable crop, can fetch Rs. 30,000, but not many farmers have access to more than half an acre of land in India. The actual farmer subsists on less than Rs. 100 a day. Indeed, it can be presumed that a laborer in the suburbs of an urban city in India may have kept Rs. 500 notes in bulk at home to send to his village, but it does not mean that he would use those notes daily.

For some, the argument is simple. What people are overlooking is the fact that the prime minister and finance minister have repeatedly said they will not “replace” the cash within the economy. Rather, they want less cash to flow within the economy.

By December 19, 2016, about Rs.13 lakh crore of the Rs.15 lakh crore of demonetized currency notes was deposited to bank counters. The government needs to print Rs.15 lakh crore to get cash flowing in the same amount into the economy as it was before demonetization. Former Finance Minister P. Chidambaram has said that it will take a minimum of six months to get cash flowing into the economy at the same rate, given the printing capacity of the note presses of the Reserve Bank of India (RBI).

A less cash economy means that money can finally flow into bank accounts, where subsidies can directly be deposited into the bank accounts of the poor. In 1978, when then Prime Minister Morarji Desai decided to ban high-value currency, his move failed because very few people belonged to the upper classes that could hoard such high-value notes. The objective of demonetization back then was also very different, so comparing then to now is illogical.

## **8. Objectives**

### **Objectives of the study:**

1. To find out the perception of people regarding the positive impact of demonetization process.
2. To find out the perception of people with regards to the negative impact of the demonetization move by the government.
3. To find out the perception of the people with regards to the government implementation.

### **Scope**

1. The study will cover the areas of Guwahati and parts of North Eastern states of India.
2. The study will cover the effects of demonetization taken by the government of India.

## **9. Method of study**

- a) **Research Design:** The study has been done based on the objectives and scope. The information needed is gathered from the respondents as well as secondary data from books, newspaper, journal and the internet. It is a causal and conclusive study.
- b) **Sampling design:** The sample population will consist mainly of the citizens of Guwahati and Meghalaya. Even though a simple random sampling method is used while selecting from the population, the sample obtained will be a convenience sample.
- c) **Sample size:** The size of the study is 127 respondents which represent different categories of gender, age, and, occupation.
- d) **Data type:** Primary data are collected from survey method from more than 127 respondents through a structured close ended questionnaire, personal interview, mail questionnaire with the respondents. Secondary data was collected from different websites, journals, books etc.
- e) **Instruments used:** A close ended questionnaire and secondary data were used.
- f) **Analytical Tools:** Graphical representations of bar graphs and pie charts, Statistical Tools, whichever is more reliable and testable is used. The analytical part is done with the help of spreadsheets, word processor applications etc.

## **10. Limitation of the study:**

- The sample size taken is limited to the residents and students in the city of Guwahati and Shillong which may not be an adequate representation of the entire population.
- During the project, it was found that respondents were reluctant to share their information so the responses might be biased.
- Some of the respondents are not fully aware of the terms and motives taken by the government.
- The same question may be answered differently by different respondents owing to differences in understanding of the question.

## **11. Literature Review**

According to Insights website, it concluded that demonetization is a historic step and should be supported by all. One should look at the bigger picture and in the long term fetch positive results. This is what the people have been asking for a long time and it finally happened.

Shashi Tharoor in his article India's Demonetization disaster stated that India's fishing industry, which depends on cash sales of freshly caught fish, is wrecked where traders are losing perishable stocks and farmers have been unloading produce below cost, because no one has the money to purchase it, and the winter crop could not be sown in time, because no one had cash for seeds.

In the analysis done by CARE, they came out with the following views with regards to demonetization:

- In spite of the initial hiccups and disruptions in the system, eventually this change will be well assimilated and will prove positive for the economy in the long run.
- Black money hoarders will definitely lose out, eventually boosting the formal economy in the long run.
- Short term fall in real estate prices might benefit middle class citizens.
- This move by the Government along with the implementation of the GST will eventually make the system more accountable and efficient.

Professor Sandeep Kaur on his research on Demonetization and its impacts in India concluded that this is a historical step by the Modi government and should be supported by all. This decision of the government will fetch results in the long term. From an equity market perspective, this move would be positive for sectors like Banking and Infrastructure in the medium to long term. This could be negative for sectors like Consumer Durables, Luxury items, Gems and Jewellery, Real Estate and allied sectors, in the near to medium term. This move can lead to improved tax compliance, better fiscal balance, lower inflation, lower corruption, complete elimination of fake currency and another stepping stone for sustained economic growth in the longer term.

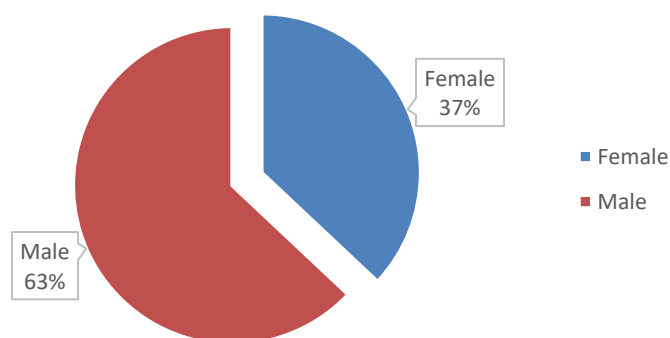
In his article, Chanda Kochhar concluded that it is the most significant move ever taken to curtail the parallel economy. It will give a sharp boost to all formal channels of payments which in turn will help the formal economy to grow at a faster clip in the long term.

In the article, The Impact of Demonetization, Deepak Parekh concluded that it is a big reform, which no one can expect and will have a huge impact on people who are hoarding money and not disclosing money for tax purposes. The realty sector, which depends a lot on cash transactions, may be impacted and construction activity can also slow down, but underlined that it is a pain worth taking in the short term for long term gains.

## 12. Analysis and Interpretation

### A. Demographic Representation

#### Gender:



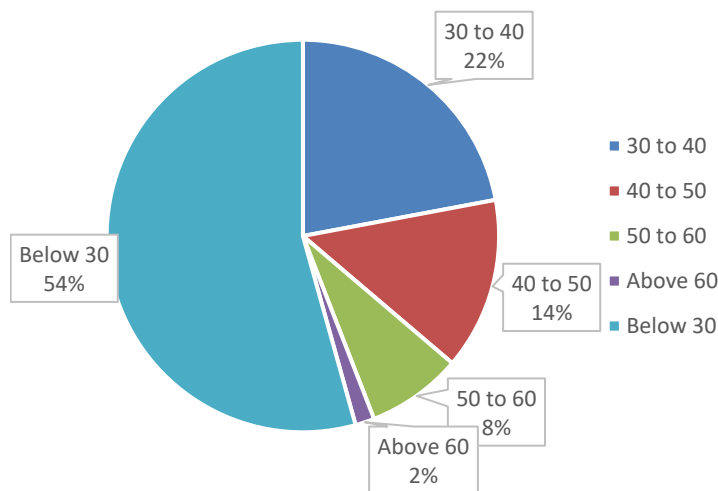
**Fig. 1**

Gender	No. of Respondents
Female	47
Male	80
<b>Grand Total</b>	<b>127</b>

**Table. 1**

**Interpretation:** The data collected for this paper consisted of 47 females and 80 males collected through questionnaires.

**Age:**



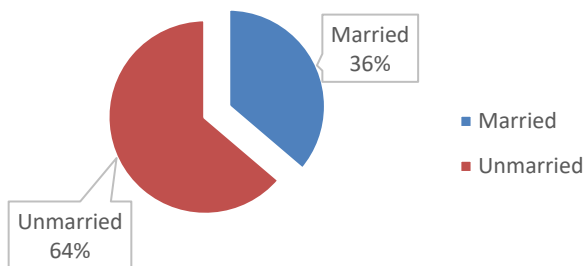
**Fig. 2**

Age	No. of Respondents
30 to 40	28
40 to 50	18
50 to 60	10
Above 60	2
Below 30	69
<b>Grand Total</b>	<b>127</b>

**Table. 2**

**Interpretation:** Out of the total 127 respondents of the sample, 28 respondents fall in the age group 30 to 40 years, 18 respondents falls in the age group 40 to 50 years, 10 respondents falls in the age category of 50 to 60 years, 2 respondents falls in the age group of 60 years and above and 69 respondents fall in the age category of under 30 years.

**Marital Status:**



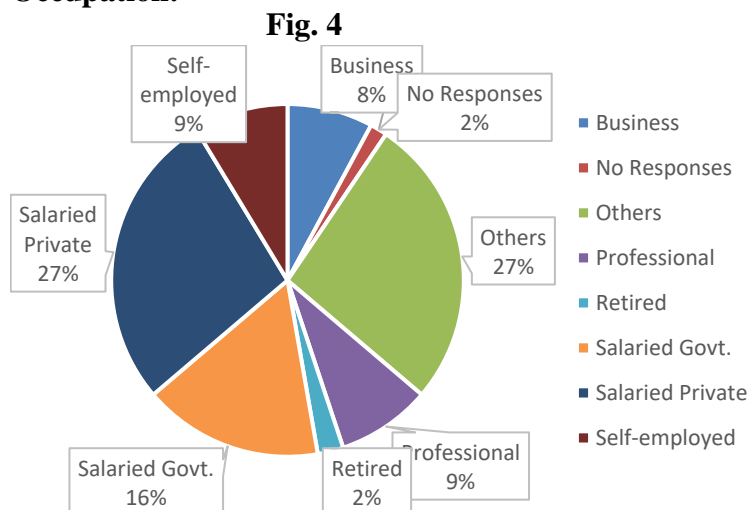
**Fig. 3**

Marital Status	No. of Respondents
Married	46
Unmarried	81
<b>Grand Total</b>	<b>127</b>

**Table. 3**

**Interpretation:** The sample size consists of 46 married respondents and 81 unmarried respondents.

**Occupation:**



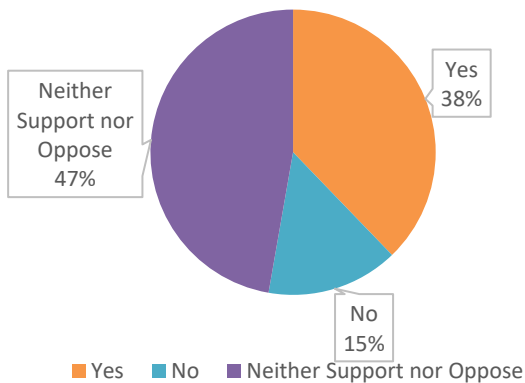
**Fig. 4**

**Table. 4**

Occupation	No. of Respondents
Business	10
No Responses	2
Others	34
Professional	11
Retired	3
Salaried Govt.	21
Salaried Private	35
Self-employed	11
<b>Grand Total</b>	<b>127</b>

**Interpretation:** Out of the total respondents of 127, 10 respondents have their occupation as Business, 11 respondents have their occupation as Professionals, 21 of the respondents are employed by the Government, 35 of the respondents are working in the private sector, 11 of them are Self – employed, 3 respondents are Retired, 34 of the respondents are either unemployed or are still students or working in other type of jobs whereas 2 of the respondents does not respond to this question.

**B. Do you support the demonetization drive by the government?**



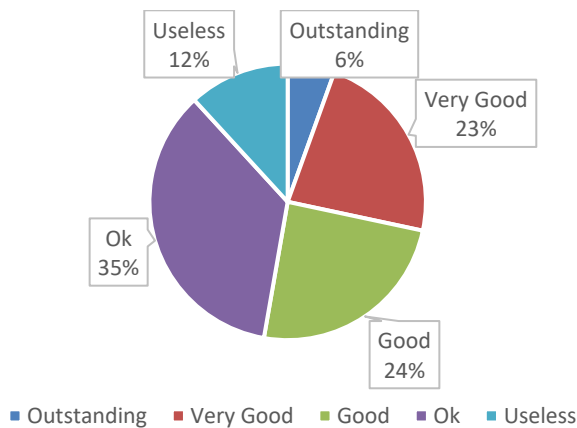
**Fig. 5**

Opinion	Percentage	No. of Respondents
Yes	37.80	48
No	14.96	19
Neutral	47.24	60

**Table. 5**

**Interpretation:** From the information gathered with regards to this question, very few respondents does not support this move by the government whereas a majority has a somewhat neutral opinion. What can be concluded from here is that people are accepting the move.

**C. What do you think of the Modi's Government efforts against corruption so far?**



**Fig. 6**

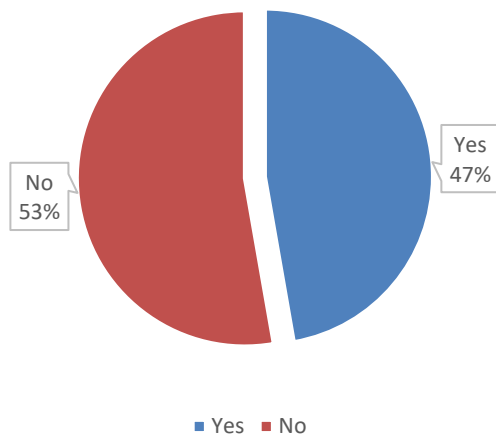
Opinion	No. of Respondents	Percentage
Outstanding	7	5.5
Very Good	29	22.8
Good	31	24.4
Ok	45	35.4
Useless	15	11.8

**Table. 6**

**Interpretation:** From the data gathered, most of the respondents were OK or neutral to considering the demonetization move as an anti-corruption one. Most the respondents also viewed this move either as a good move and or a very good one. A few found this move useless and another few found it to be outstanding. Combining the opinion of Good, very good and Outstanding, it accumulates to around 53% which is a positive response. Therefore, overall it can be said from this information that people consider this move by the government as a good move and people takes it positively.



**D. Do you have to forego any potential opportunity pertaining to career/ personal life due to the currency shortage during the demonetization period?**



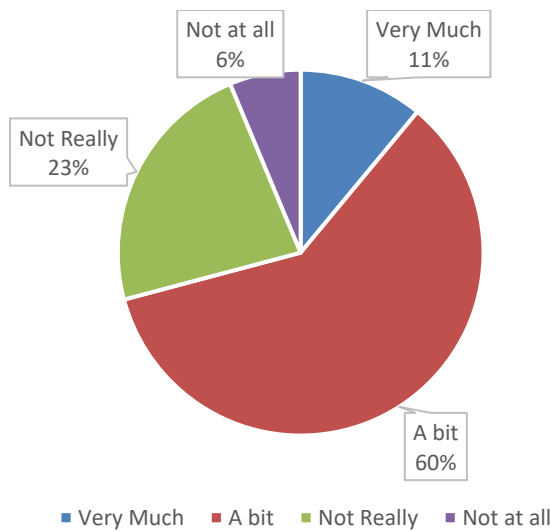
**Fig. 7**

Opinion	Percentage	No. of Respondents
Yes	47.24	60
No	52.76	67

**Table. 7**

**Interpretation:** This question is being asked with respect to the duration when demonetization took place. Out of the total respondents, 67 said that they did not forego any potential career opportunity or miss out on opportunities in their personal lives due to the currency shortage. 60 respondents said that they did forego opportunities. It can be concluded from this data that people took the impact positively even though it was a sudden move implemented by the government.

**E. Has the move disrupted your regular routine?**



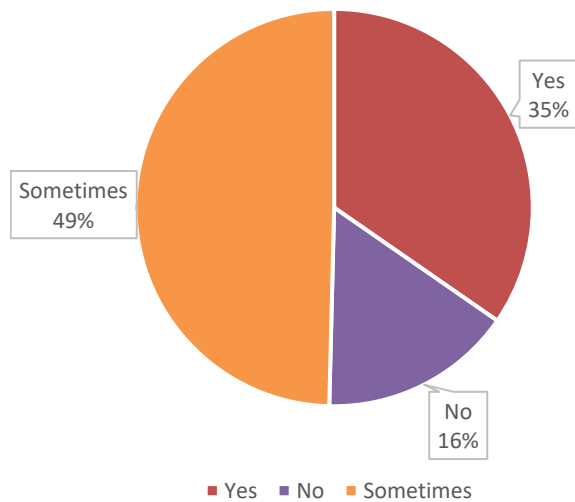
**Fig. 8**

Opinion	Percentage	No. of Respondents
Very Much	11.02	14
A bit	59.84	76
Not Really	22.83	29
Not at all	6.30	8

**Table. 8**

**Interpretation:** As seen from the chart above, most the respondents said that the demonetization move has affected them only a bit. This is followed by the response of demonetization not really affecting them. Very few respondents said that the move has affected them very much. Thus, it can be said that even though the move has disrupted the routine, yet people are trying to accept it positively.

**F. The ATMs in your locality are being steadily supplied with cash now?**



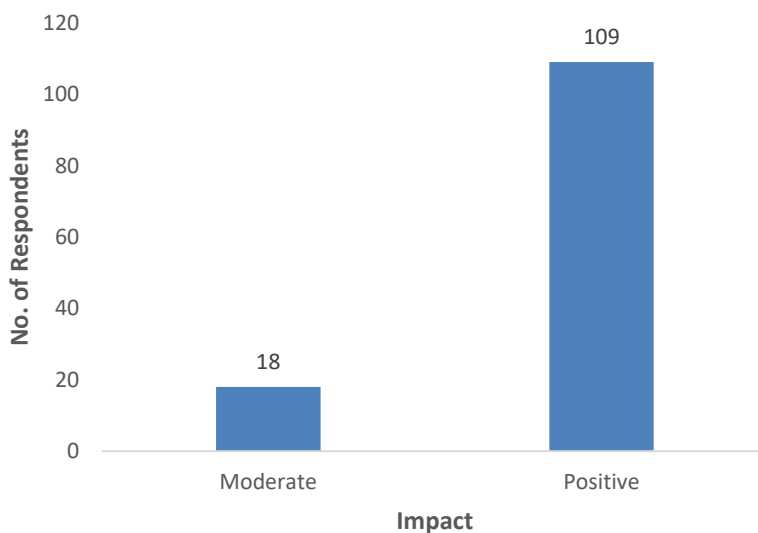
**Fig. 9**

Opinion	Percentage	No. of Respondents
Yes	34.65	44
No	15.75	20
Sometimes	49.61	63

**Table. 9**

**Interpretation:** From the above data, a majority of the respondents has said that the ATM machines in their localities have cash supplied to them sometimes, whereas very few said that their ATM in their localities are not supplied with cash. Thus, cash supplies seem to have improved compared to the cash crunch during November – December 2016.

**G. Impact of Demonetization:**



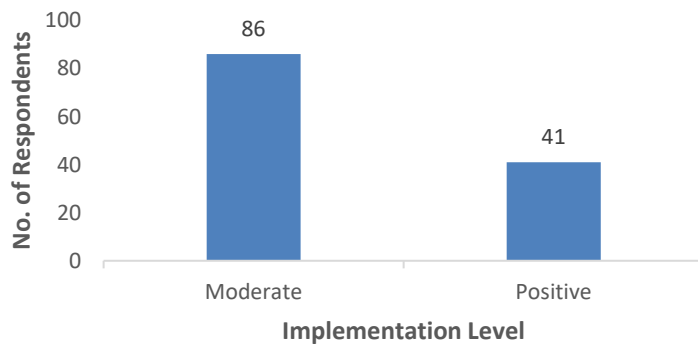
**Fig. 10**

Impact	No. of Respondents	Percentage
Moderate	18	14.2
Positive	109	85.8

**Table. 10**

**Interpretation:** It has been found out from the study that 18 respondents felt that the impact of demonetization is moderate and 109 of them felt that the impact is positive but none of the respondents felt that they are affected negatively. Thus, it can be concluded that a majority of the respondents felt that the process of demonetization is good and has a positive impact and can be said that the process has a positive move in the society.

**H. Pace of Implementation:**



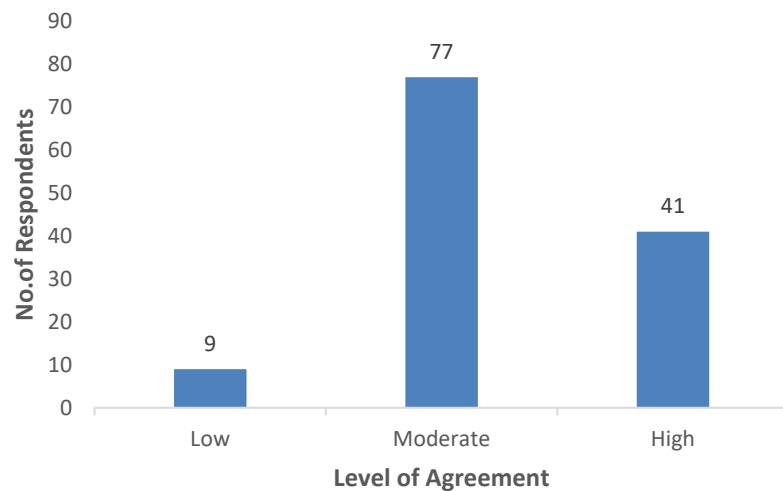
**Fig. 11**

Implementation	No. of Respondents	Percentage
Moderate	86	67.7
Positive	41	32.3

**Table. 11**

**Interpretation:** With regards to the implementation part, it can be seen that the majority of the respondents felt that the process is being implemented at a moderate pace while some felt that it is done at a fast pace. While nobody thought that it has been done at a slow pace.

**I. Perception towards government intention:**



**Fig. 12**

Intention	No. of Respondents	Percentage
Negative	9	7.1
Moderate	77	60.6
Positive	41	32.3

**Table. 12**

**Interpretation:** With regards to the government's intention, very few are negative about it or thought that it is for the government's gain, whereas most of them thought that it is neither a positive or negative intention but quite a few felt that it is a positive intention of the government. Through analyzing the figures, it can be concluded that people are more positive about the government and believe the government is doing the right thing to improve the country.

## J. Benefits of Demonetization to the country:

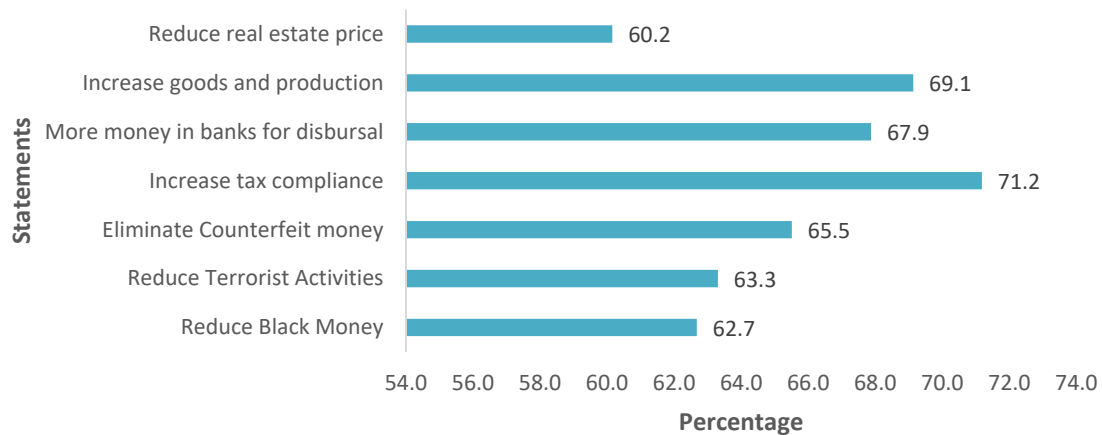


Fig. 13

**Interpretation:** The statements mentioned in the graph are used to depict the benefits of demonetization where a majority of respondents believed that the major benefit is this move would increase tax compliance followed by the statement that it will increase the production of goods and services. Many have also cited that it banks will have more money for disbursal and also it will eliminate counterfeit money. Taking the overall picture, it is seen that a positive benefit can be derived from this move to the economy as the percentage score in all the statements is somewhat more than average.

## K. Problems created by Demonetization:

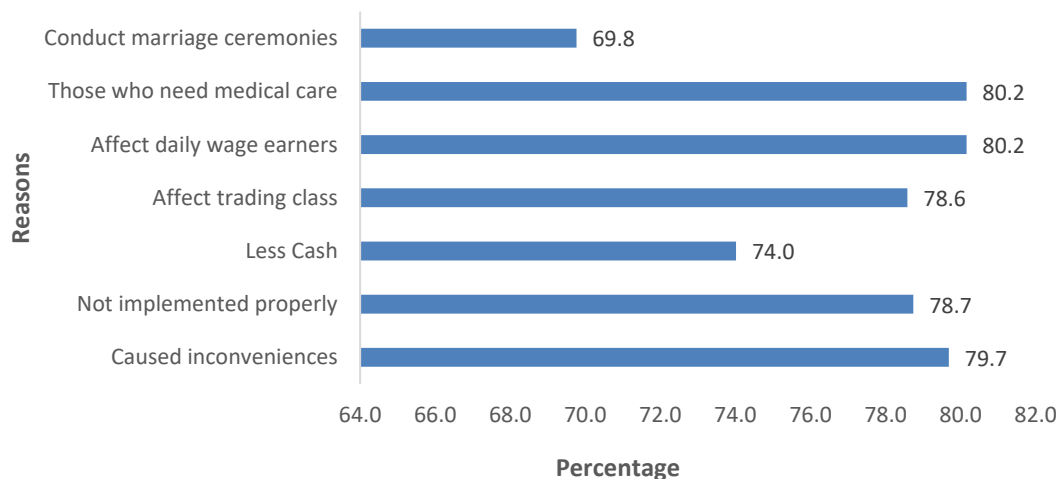


Fig. 14

**Interpretation:** From the above statements mentioned in the chart, most the respondents agreed that demonetization has affected people who need medical care and it has also affected daily wage earners. Many respondents also agreed that it has caused inconveniences to the people and that it has affected trading class. It can be also seen that the move has led to shortage supply of cash. From all the respondents, the statement of conducting marriage ceremonies is affected the least. It can be concluded that people are aware that demonetization will create problems and according to them the cited responses are most affected and the level of problems is somewhat high and moderate according to them.

**L. Relationship between Occupation and the three factors**

**Occupation and Implementation:**

Occupation	Negative	Moderate	Positive	Total	Positive %
Business	0	5	5	10	50.00
Others	0	27	7	34	20.59
Professional	0	9	2	11	18.18
Retired	0	2	1	3	33.33
Salaried Govt.	0	12	9	21	42.86
Salaried Private	0	19	16	35	45.71
Self-employed	0	10	1	11	9.09

**Table. 13**



**Fig. 15**

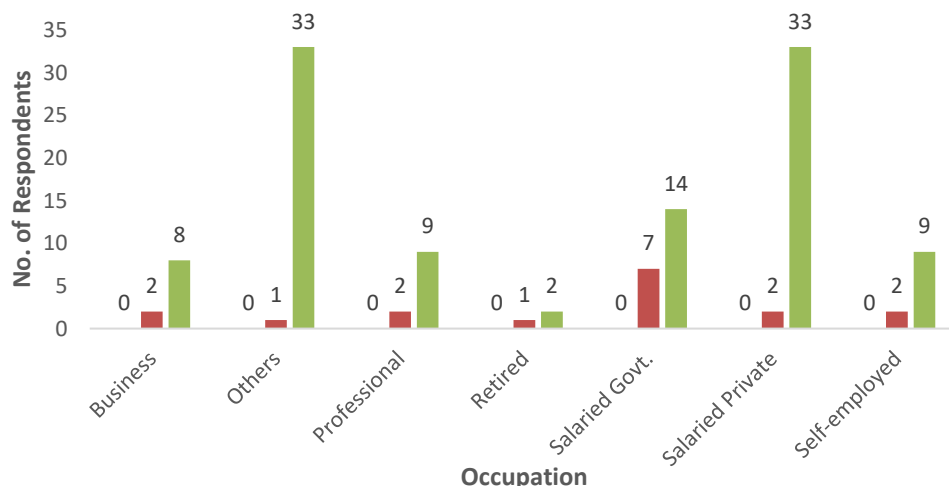
**Interpretation:** The implementation scores which are depicted in the figures are gathered by assigning points and based on the scores, the level is ascertained. From the graph above, it is seen that no respondents feel that the implementation of the demonetization process was bad. A majority the respondents felt that the implementation was at a moderate pace, whereas some of them felt that it is being done at a fast pace. Based on the occupation, the occupation group Business, Salaried Government and Private have a somewhat positive response with respect to the implementation of the process, whereas professionals and self-employed employees have more of a negative response to the implementation and reason might be because it caused them problems.

**Occupation and Impact:**

Occupation	Moderate	High	Total	Positive%
Business	2	8	10	80.00
Others	1	33	34	97.06
Professional	2	9	11	81.82
Retired	1	2	3	66.67
Salaried Govt.	7	14	21	66.67
Salaried Private	2	33	35	94.29
Self-employed	2	9	11	81.82

**Table. 14**





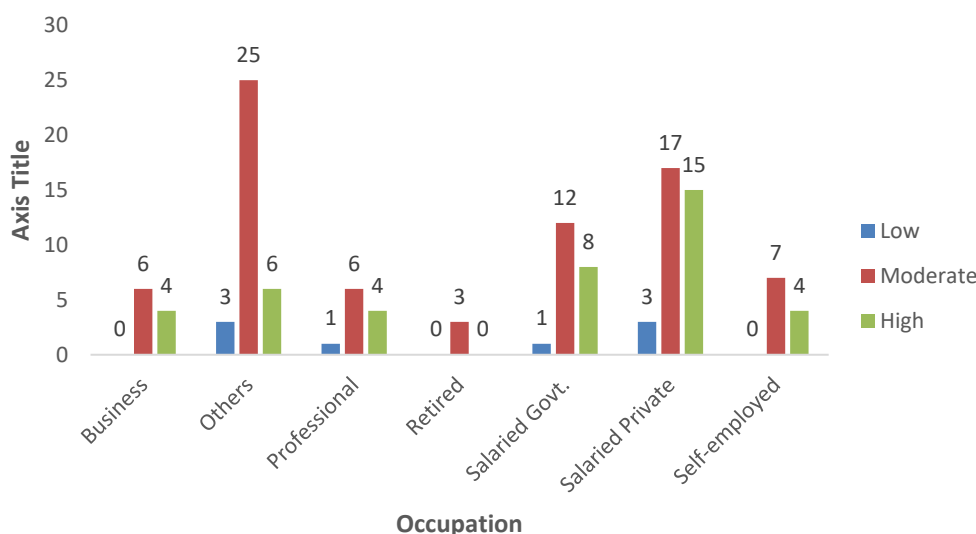
**Fig. 16**

**Interpretation:** Demonetization was not a show stopper for any individual in any of the aforesaid occupational groups. This tells us that the move which has been taken by the government did not have any adverse impact. Thus, it can be concluded that in people from all occupational categories considered demonetization in a positive light.

**Occupation and Govt. Intention:**

Occupation	Low	Moderate	High	Total	Positive%
Business	0	6	4	10	40.00
Others	3	25	6	34	17.65
Professional	1	6	4	11	36.36
Retired	0	3	0	3	0.00
Salaried Govt.	1	12	8	21	38.10
Salaried Private	3	17	15	35	42.86
Self-employed	0	7	4	11	36.36

**Table. 15**



**Fig. 17**

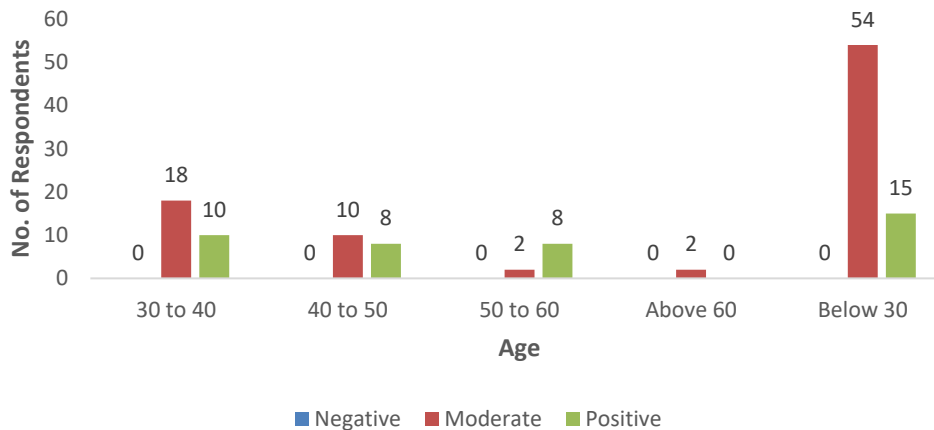
**Interpretation:** It can be seen from the graph above that a majority of the respondents felt that the intention of the government is neither positive nor negative. Very few of the respondents felt that it is a negative intention of the government. Most of them feels that it is a positive step and the Government is doing the right thing. It can be seen from the positive percentage that in all occupational groups have a moderate view on the intention of the government.

## M. Relationship between age and the three factors.

### Age and Implementation

Age	Negative	Moderate	Positive	Total	Positive %
30 to 40	0	18	10	28	35.71
40 to 50	0	10	8	18	44.44
50 to 60	0	2	8	10	80.00
Above 60	0	2	0	2	0.00
Below 30	0	54	15	69	21.74

**Table. 16**



**Fig. 19**

**Interpretation:** From the chart given above, it can be said that based on the age group, none of the respondents have a negative view on the implementation process of demonetization. Age group 30 to 50 years, 40 to 50 years, above 60 years and Below 30 years shows many have a moderate view on the implementation, whereas the age group 50 to 60 years shows a majority of them having a positive view on the implementation. Based on the positive percentage, it can be seen that almost all age groups have a moderate score on the implementation of the process, whereas age group 50 to 60 years felt that the implementation is done rightly. People over the age of 60 feel that it is a negative move.

### Age and Impact

Age	Negative	Moderate	Positive	Total	Positive %
30 to 40	0	2	26	28	92.86
40 to 50	0	2	16	18	88.89
50 to 60	0	1	9	10	90.00
Above 60	0	1	1	2	50.00
Below 30	0	12	57	69	82.61

**Table. 17**

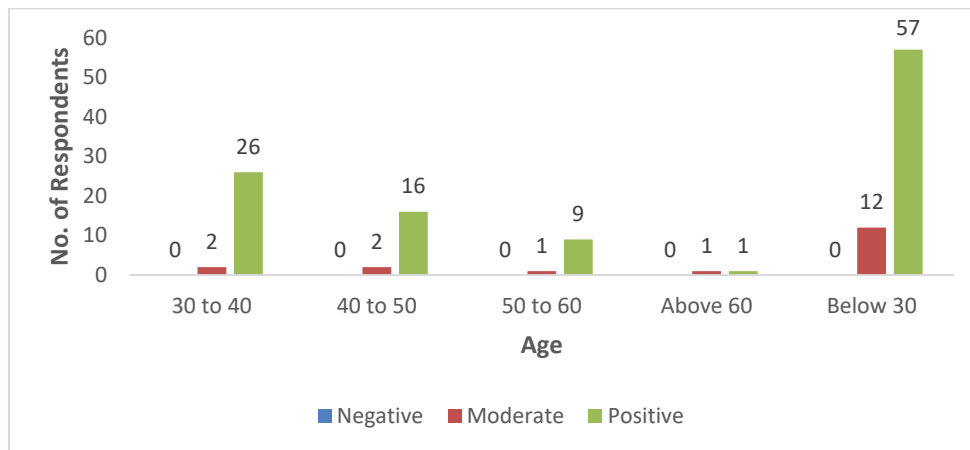


Fig. 19

**Interpretation:** Based on the chart above, it can be concluded that in all age groups, none of the respondents have been negatively impacted by the move taken by the government. Surprisingly, the majority of all age groups shows that they are positively impacted by the move taken by the government. From the positive percentage, impact is seen as a very much positive impact in all age groups except for age group above 60 years where the impact is a moderate impact.

**Age and Govt. Intention**

Age	Negative	Moderate	Positive	Total	Positive %
30 to 40	5	14	9	28	32.14
40 to 50	1	12	5	18	27.78
50 to 60	2	5	3	10	30.00
Above 60	0	2	0	2	0.00
Below 30	27	32	10	69	14.49

Table. 18

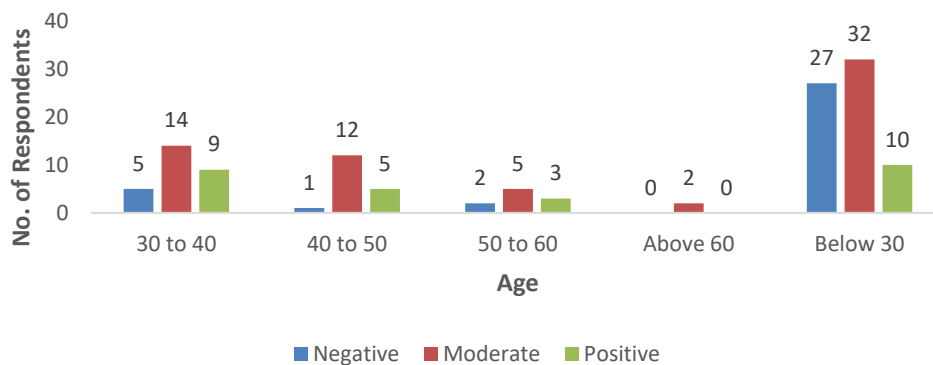


Fig. 20

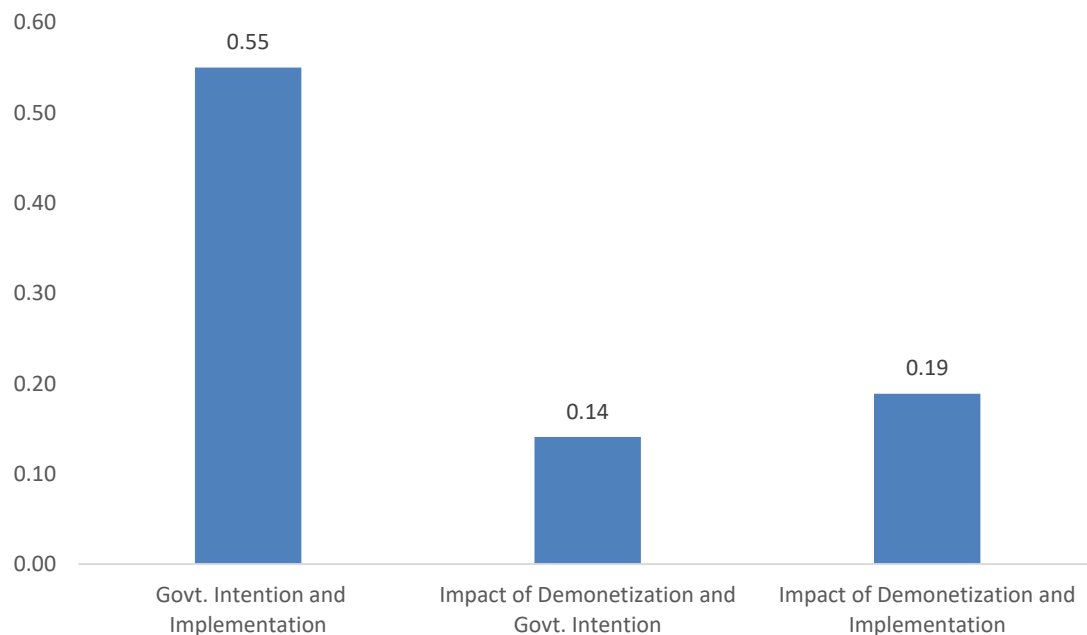
**Interpretation:** From the chart above, it can be said that based on the age group, very few of the respondents felt that it is a positive intention of the government. While a majority of them felt moderately about the intention of the government, some of the respondents felt that is a negative move that the government had done. From the positive percentage table, it can be seen that in all age groups they felt that the intention of the government is moderate.

## N. Descriptive Statistics:

<i>Government Intention</i>		<i>Implementation</i>		<i>Impact</i>	
Total Score	9	Total Score	17	Total Score	70
Mean	4.811024	Mean	10.6063	Mean	50.04724
Standard Error	0.166097	Standard Error	0.187124	Standard Error	0.72984
Median	5	Median	10	Median	51
Mode	5	Mode	10	Mode	50
Standard Deviation	1.871814	Standard Deviation	2.108778	Standard Deviation	8.224873

**Table. 19**

## O. Correlation



**Fig. 21**

**Interpretation:** Correlation between Government intention and Implementation of demonetization is a positive, moderate correlation, Impact of demonetization and Government's intention are weak uphill (positive) linear relationship, whereas correlation between Impact of Demonetization and Implementation of it is a weak uphill (positive) linear relationship. Therefore, we can conclude that these three factors have a positive correlation, although it is not a strong correlation. The correlation between Government Intention and Implementation somehow has a strong moderate correlation.

## P. Chi Square Test

### 1. Occupation and Demonetization Implementation:

**H0:** *There is no significant relation between Occupation and Demonetization Implementation.*

**H1:** *There is a significant relation between Occupation and Demonetization Implementation.*

Occupation and Implementation	Occupation	Business	No Response	Others	Professional	Retired	Salaried Govt.	Salaried Private	Self-employed	Grand Total
	High	5	0	7	2	1	9	16	1	
Expected	Moderate	6.8	1.4	23.0	7.4	2.0	14.2	23.7	7.4	127
	High	6.8	1.4	11.0	3.6	1.0	2.9	11.3	3.6	
Observed-Expected	Moderate	-1.8	0.6	4.0	1.6	0	-2.2	-4.7	2.6	
	High	-1.8	-1.4	-4.0	-1.6	0	6.1	4.7	-2.6	
(Observed-Expected) Squared	Moderate	3.1	0.4	15.8	2.4	0	4.9	22.1	6.5	
	High	3.1	1.8	15.8	2.4	0	37.1	22.1	6.5	
(Observed-Expected) Squared/Expected	Moderate	0.5	0.3	0.7	0.3	0.0	0.3	0.9	0.9	
	High	0.5	1.4	1.4	0.7	0.0	12.8	2.0	1.8	
p Value	0.000951862									
Critical X2	1.635									
Calculated X2	24.4									
Df	6									

**Interpretation:** At the 95 % level of confidence, the calculated  $\chi^2$  is **24.4** which is greater than the critical  $\chi^2$  which is 1.635. Therefore, we fail to accept the null hypothesis that there is no significant relation between occupation and demonetization implementation and conclude that there is a significant relationship between occupation and demonetization implementation.

From the earlier table on the Occupation and the Chi test it can be seen that salaried class is positive about the implementation but the self-employed and others are not very positive. This could be because they may have been negatively impacted or inconvenienced more because of the process.

## 2. Occupation and Impact of Demonetization

**H0:** *There is no significant relation between Occupation and Impact of Demonetization.*

**H1:** *There is a significant relation between Occupation and Impact of Demonetization.*

Occupation and Impact	Occupation	Business	No Response	Others	Professional	Retired	Salaried Govt.	Salaried Private	Self-employed	Grand Total
	High	8	1	33	9	2	14	33	9	
Expected	Moderate	1.4	0.3	4.8	1.6	0.4	3.0	5.0	1.6	127
	High	1.4	0.3	29.2	9.4	2.6	12.0	30.0	9.4	
Observed-	Moderate	0.6	0.7	-3.8	0.4	0.6	4.0	-3.0	0.4	



<b>Expected</b>	High	6.6	0.7	3.8	-0.4	-0.6	2.0	3.0	-0.4
<b>(Observed-Expected) Squared</b>	Moderate	0.3	0.5	14.6	0.2	0.3	16.2	8.8	0.2
	High	43.3	0.5	14.6	0.2	0.3	3.9	8.8	0.2
<b>(Observed-Expected) Squared/Expected</b>	Moderate	0.2	1.8	3.0	0.1	0.8	5.4	1.8	0.1
	High	30.6	1.8	0.5	0.0	0.1	0.3	0.3	0.0
<b>p Value</b>	<b>0.00000562513</b>								
<b>Critical X2</b>	<b>1.635</b>								
<b>Calculated X2</b>	<b>47.0</b>								
<b>Df</b>	<b>6</b>								

**Interpretation:** At the 95 % level of confidence, the calculated  $\chi^2$  is **47.0** which is greater than the critical  $\chi^2$  which is 1.635. Therefore, we fail to accept the null hypothesis that there is no significant relation between the occupation and the impact of demonetization and conclude that there is a significant relationship between occupation and the impact of demonetization.

### 3. Occupation and Government Intention.

**H0:** *There is no significant relation between Occupation and Government Intention.*

**H1:** *There is a significant relation between Occupation and Government Intention.*

Occupation and Govt. Intention	Occupation	Business	No Responses	Others	Professional	Retired	Salaried Govt.	Salaried Private	Self-employed	Grand Total
<b>Observed</b>	<b>Low</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>0</b>	127
	Moderate	6	1	25	6	3	12	17	7	
	High	4	0	6	4	0	8	15	4	
<b>Expected</b>	Low	0.7	0.1	2.4	0.8	0.2	1.5	2.5	0.8	127
	Moderate	6.1	1.2	20.6	6.7	1.8	12.7	21.2	6.7	
	High	3.2	0.6	11.0	3.6	1.0	6.8	11.3	3.6	
<b>Observed-Expected</b>	Low	-0.7	0.9	0.6	0.2	-0.2	-0.5	0.5	-0.8	
	Moderate	-0.1	-0.2	4.4	-0.7	1.2	-0.7	-4.2	0.3	
	High	0.8	-0.6	-5.0	0.4	-1.0	1.2	3.7	0.4	
<b>(Observed-Expected) Squared</b>	Low	0.5	0.7	0.3	0.0	0.0	0.2	0.3	0.6	
	Moderate	0.0	0.0	19.2	0.4	1.4	0.5	17.8	0.1	
	High	0.6	0.4	24.8	0.2	0.9	1.5	13.7	0.2	
<b>(Observed-Expected) Squared/Expected</b>	Low	0.7	5.2	0.1	0.1	0.2	0.2	0.1	0.8	
	Moderate	0.0	0.0	0.9	0.1	0.8	0.0	0.8	0.0	
	High	0.2	0.6	2.3	0.1	1.0	0.2	1.2	0.1	
<b>p Value</b>	<b>0.333474911</b>									
<b>Critical X2</b>	<b>1.145</b>									
<b>Calculated X2</b>	<b>15.7</b>									
<b>Df</b>	<b>5</b>									

**Interpretation:** At the 95 % level of confidence, the calculated  $\chi^2$  is **15.7** which is greater than the critical  $\chi^2$  which is 1.145. Therefore, we accept the null hypothesis that there is no significant relation between Occupation and Government Intention and conclude that there is no significant relationship between occupation and Government Intention, meaning that government's intention has no impact on people based on occupation.

**4. Age and Implementation:**

**H0:** *There is no significant relation between Age and Demonetization Implementation.*

**H1:** *There is a significant relation between Age and Demonetization Implementation.*

Age and Implementation	Age	30 to 40	40 to 50	50 to 60	Above 60	Below 30	Grand Total
<b>Observed</b>	Moderate	18	10	2	2	54	127
	High	10	8	8	0	15	
<b>Expected</b>	Moderate	19.0	12.2	6.8	1.4	46.7	127
	High	9.0	2.6	3.2	0.6	22.3	
<b>Observed-Expected</b>	Moderate	-1.0	-2.2	-4.8	0.6	7.3	
	High	1.0	5.4	4.8	-0.6	-7.3	
<b>(Observed-Expected) Squared</b>	Moderate	0.9	4.8	22.8	0.4	52.9	
	High	0.9	29.3	22.8	0.4	52.9	
<b>(Observed-Expected) Squared/Expected</b>	Moderate	0.0	0.4	3.4	0.3	1.1	
	High	0.1	11.4	7.1	0.6	2.4	
<b>p Value</b>	<b>0.00076</b>						
<b>Critical X2</b>	<b>0.351846</b>						
<b>Calculated X2</b>	<b>26.8</b>						
<b>Df</b>	<b>3</b>						

**Interpretation:** At the 95 % level of confidence, the calculated  $\chi^2$  is **26.8** which is greater than the critical  $\chi^2$  which is 0.351846. Therefore, we fail to accept the null hypothesis that there is no significant relation between age and demonetization implementation and conclude that there is a significant relationship between age and demonetization implementation.

**5. Age and Government Intention:**

**H0:** *There is no significant relation between Age and perception towards government intention.*

**H1:** *There is a significant relation between Age and perception towards government intention.*

Age and Govt. Intention	Age	30 to 40	40 to 50	50 to 60	Above 60	Below 30	Grand Total
<b>Observed</b>	Low	5	1	2	0	27	127
	Moderate	14	12	5	2	32	

	High	9	5	3	0	10	
<b>Expected</b>	Low	7.7	5.0	2.8	0.6	19.0	127
	Moderate	14.3	9.2	5.1	1.0	35.3	
	High	6.0	3.8	2.1	0.4	14.7	
<b>Observed-Expected</b>	Low	-2.7	-4.0	-0.8	-0.6	8.0	
	Moderate	-0.3	2.8	-0.1	1.0	-3.3	
	High	3.0	1.2	0.9	-0.4	-4.7	
<b>(Observed-Expected) Squared</b>	Low	7.4	15.7	0.6	0.3	63.7	
	Moderate	0.1	7.8	0.0	1.0	11.0	
	High	9.3	1.4	0.8	0.2	21.8	
<b>(Observed-Expected) Squared/Expected</b>	Low	1.0	3.2	0.2	0.6	3.4	
	Moderate	0.0	0.8	0.0	0.9	0.3	
	High	1.6	0.4	0.4	0.4	1.5	
<b>p Value</b>	<b>0.069267921</b>						
<b>Critical X2</b>	<b>0.103</b>						
<b>Calculated X2</b>	<b>14.52</b>						
<b>Df</b>	<b>2</b>						

**Interpretation:** At the 95 % level of confidence, the calculated  $\chi^2$  is **14.52** which is greater than the critical  $\chi^2$  which is 0.103. Therefore, we accept the null hypothesis that there is a significant relationship between age and Government Intention and conclude that there is no significant relationship between age and Government Intention.

**6. Age and Impact of Demonetization:**

**H0:** *There is no significant relation between Age and Impact of Demonetization.*

**H1:** *There is a significant relation between Age and Impact of Demonetization.*

Age and Impact	Age	30 to 40	40 to 50	50 to 60	Above 60	Below 30	Grand Total
<b>Observed</b>	Moderate	2	2	1	1	12	127
	High	26	16	9	1	57	
<b>Expected</b>	Moderate	4.0	2.6	1.4	0.3	9.8	127
	High	24.0	15.4	8.6	1.7	59.2	
<b>Observed-Expected</b>	Moderate	-2.0	-0.6	-0.4	0.7	2.2	
	High	2.0	0.6	0.4	-0.7	-2.2	
<b>(Observed-Expected) Squared</b>	Moderate	3.9	0.3	0.2	0.5	4.9	
	High	3.9	0.3	0.2	0.5	4.9	
<b>(Observed-Expected) Squared/Expected</b>	Moderate	1.0	0.1	0.1	1.8	0.5	
	High	0.2	0.0	0.0	0.3	0.1	
<b>p Value</b>	<b>0.390354064</b>						
<b>Critical X2</b>	<b>0.351846</b>						
<b>Calculated X2</b>	<b>4.12</b>						
<b>Df</b>	<b>3</b>						

**Interpretation:** At the 95 % level of confidence, the calculated  $\chi^2$  is **4.12** which is greater than the critical  $\chi^2$  which is 0.351846. Therefore, accept the null hypothesis that there is a significant relation between age and the impact of demonetization and conclude that there is no significant relationship between age and the impact of demonetization.

### 13. Findings

It is found out from this study (where the total respondents are 127, and out of that 47 are females and 80 are males) that:

- Very few respondents do not support the move by the government. A majority has a somewhat neutral opinion. Hence, it can be concluded that people are accepting the move and see the move as a positive step towards the development of the country.
- With regards to the move by the PM on corruption people consider this move by the government as a good move and people takes it positively and overall, the majority of the respondents are positive about it.
- People are taking the impact positive even though it was a sudden demonetization move which is implemented by the government with regards to the foregoing of any potential opportunity pertaining to career or personal life due to the currency shortage.
- Very few respondents are affected very much by the move and the very few respondents also stated that they are not at all affected while a majority said that it has only affected them a bit.
- Cash supplies have improved a lot as compared to the cash crunch during the demonetization process.
- 18 respondents felt that the impact of demonetization is moderate and 109 of them felt that the impact is positive, but none of the respondents felt that they are affected negatively and a majority of the respondents felt that the process of demonetization is good and has a positive impact and can be said that the process has a positive move in the society.
- The majority of the respondents felt that the process is being implemented somewhat okay while some felt that it is done positively. While nobody thought that it has been done negatively, many of the respondents are quite moderate.
- A majority of the respondents are more positive about the government and believe the government is doing the right thing to improve the country.
- A positive benefit can be seen from this move to the economy as the percentage score in all the statements is somewhat more than average.
- People are aware that demonetization will create problems and according to them the cited responses are most affected and the level of problems is somewhat high and moderate according to them.
- Occupation group Business, Salaried Government and Private have a somewhat positive response with respect to the implementation of the process, whereas professionals and self-employed employees have more of a negative response to the implementation and reason might be because it caused them problems.
- In all occupation categories, the impact played by demonetization is positive as the percentage of positive impact for all categories is either moderate or high impact.
- In all occupation groups have a moderate view on the intention of the government.
- Almost all age groups have a moderate score on the implementation of the process, whereas age group 50 to 60 years felt that the implementation is done rightly. People over the age of 60 felt this to be a negative move.

- A very much positive impact is seen in all age groups except for age group above 60 years where the impact is a moderate impact.
- In all age groups, they felt that the intention of the government is moderate.
- The correlation between government intention and implementation of demonetization is a positive, moderate correlation. The impact of demonetization and government's intention is a weak uphill (positive) linear relationship, whereas correlation between the impact of demonetization and its implementation is a weak uphill (positive) linear relationship. These three factors have a positive correlation, although it is not a strong correlation. The correlation between government intention and implementation has a strong, moderate correlation.

## **14. Conclusion**

So far, it can be said that Demonetization is a historic step by the Government and should be supported by all citizens for the benefit of the country. This decision of the government will definitely fetch results in the long term. Demonetization is indeed a great move when seen from a holistic angle in terms of fake money, black money, terror financing and long term economic gains, but inconvenience experienced by the people in the unorganized sector should be reduced as they occupy the strong base of the economy.

The aim of demonetization is to protect the common man. It is to put those who are laundering money in real estate, NGOs and educational institutions into a tight spot so they can transact only through one method which is through online mode. By saying this it means that the average Indian is not being forced to go online, but the person who pays the money is. Those inconvenienced by less cash within the economy have their reasons to oppose the scheme, but the larger picture cannot be evaded and the necessity for the implementation of demonetization cannot be denied too.

What can be done now is to look ahead and see the future with respect to the economic development. Despite of certain short term troubles, demonetization is certainly going to give a boost to the Indian economy in the long run. A step like this can result in the cleaning up of a system for which many believed it could not be done, as earlier attempts did not have a significant impact. Some just don't make enough and the others who do, siphon off the money. Such changes can never be a walk in the park. It will have collateral damage in terms of inconveniences, lack of liquidity, adjustments and more. It is not just an ATM machine that is being recalibrated, but the whole financial machinery is. But it is a small price to pay for the bigger goal of flushing out the entire black money from the country. It is what the people have been asking for a long time, and has finally happened. Nations were never built in a day and stepping stones like these may not be easy to traverse, but are essential to reach the final destination.

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