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Research Paper

ATTITUDE AND RESPONSE TOWARDS DEMONETISATION OF Rs.500 AND Rs.1000- A STUDY WITH SPECIAL REFERENCE TO RURAL PEOPLE OF KERALA

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ABSTRACT

The government has implemented a great change in the economic environment by demonetising the high value currency notes of Rs 500 and Rs 1000. These ceased to be legal tender from the midnight of 8th of November 2016. People have been given up to December 30, 2016 to exchange the notes held by them. Through this proposal government involves the elimination of these existing notes from circulation and replacement with a new set of notes of Rs.2000 and Rs.500. In the short term, it is intended that the cash in circulation would be substantially squeezed since there are limits placed on the amount that individuals can withdraw. As a result of this demonetisation people were queuing in the bank for exchange and deposit of the same demonetised currencies. This paper elucidates the response and attitude of rural people towards demonetisation of high value currencies.

KEY WORDS: demonetisation, attitude, economy, currency.

INTRODUCTION

Since 8 November 2016, for the third time in modern Indian history, the central government has declared notes of Rs.500 and Rs.1000 denominations to no longer be valid legal tender. When announced by the Prime Minister on 8 November, it was pitched as a measure, inter alia, to tackle the “black money” problem in India. Since then, the justification has changed; it is now supposed to make India a “cashless society.”

The reasons offered for demonetisation are two-fold: one, to control counterfeit notes that could be contributing to terrorism, in other words a national security concern and second, to undermine or eliminate the “black economy”. Prime Minister Narendra Modi’s move to curb unaccounted cash, or black money, circulating in the Indian economy by withdrawing the highest-value currency notes of Rs.500 and Rs.1,000 as

legal tender within three-odd hours of the announcement, is a bold one. He invoked provocative imagery to explain the measure of corrupt officials stashing kilos of ill-gained cash under their mattresses, and such illicit black money fuelling inflation as well as terrorism. He pointed out how difficult it is for honest taxpayers to buy a house as the real estate sector seldom operates without a cash component, some of which finds its way to political funding. The increase in the circulation of these notes in the past five years has been disproportionate to the economy’s growth. The introduction of new Rs.500 and Rs.2,000 notes, the government argues, would not only check counterfeit currency, a problem that has assumed serious

In the past week since the central government scrapped Rs 500 and Rs 1,000 notes in a bid to weed out black money, 33 deaths have been reported across the



country that can be directly or indirectly linked to the sudden demonetisation move. While a few deaths have been out of shock, as alleged by the families of the deceased, some deaths are claimed to be owing to exhaustion after standing for long hours in dimensions, but also purge India's economy of the black wealth amassed in the form of high-value notes. Any decision like this needs to be sudden, and it is not surprising that it has caused hardship as people scramble to get notes of smaller denomination for daily expenditure. The only defence for this is that the larger public purpose outweighs the immediate difficulties. The utmost primary objectives of the demonetisation can be achieved only through providing certain additional infrastructure to convert country in to cashless or digital.

REVIEW OF LITERATURE

Alok Prasanna Kumar (2016) states that there are some fluctuation of objectives which are laid down under demonetisation. The study focused to put forward the concept of legality of demonetisation. The study found that legality has been completed on account of demonetisation but the legality of the manner in which demonetisation has done is not good.

Dr. Kavita Rao et.al (2016) elucidates the impact of move on availability of credit spending, the level of activity of government and financiers'. The study focused identifying the short term, medium term and long term impact of demonetisation.

STATEMENT OF THE PROBLEM

There is no need to explain the importance of money in day to day life of human beings. To survive from one moment to the next, we need money. To travel through time we need food, clothing and shelter that can reach us only with the help of money. When we turn the pages of history we see the role that money has all along played in the lives of people. As one generation has passed to another, the importance of money has increased. Money, therefore, has an increasing role in our lives. Cessation of high value currencies like Rs.500 and Rs.1000, which are major part of total currency circulated, creates a shock as well as transaction difficulties to people. Malappuram is the most populous District in the State of Kerala with a population 4,112,920.

Out of these more than half that is 2,295,709 population lives in rural area. The District occupies the 9th position in literacy rate (93.57per cent). But usage of cashless transaction is not popular among rural people. So the current study tries to understand the attitude and response towards demonetisation of high value rupee currencies among rural people is significant.

OBJECTIVES OF THE STUDY

Following are the main objectives of the study.

1. To understand the concept of demonetisation of Indian high value Rs.1000 and Rs.500.
2. To study the socio-economic characteristics of rural people and its relation with attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500.
3. To assess the level of cashless transitions of rural people.

HYPOTHESIS

Following are the hypothesis formulated for the study

H₀₁: There is no relationship between age of the respondents and their attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500.

H₀₂: There is no significant difference between level of attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500 among male and female members.

RESEARCH METHODOLOGY

The current study is descriptive in nature and it has made an attempt to understand rural people's attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500. In order to attain the objective of the study, the following methodology has been made use of: A sample of 100 rural people of Malappuram district has been taken for the study. The respondents are selected by using convenient sampling technique. The data required for the study were collected by using of interview schedule. This consists of Likert five point scale questions. The secondary data for the study was compiled from census data of Malappuram district, websites, journals, magazines and books. For analysis purpose percentage, independent sample t-test and one way Anova were used.

ANALYSIS AND INTERPRETATION**Table: 1 Consumer Demographic Factors**

Gender of the respondents		
Variable	Frequency	Percentage
Male	50	50.0
Female	50	50.0
Total	100	100.0
Age of the respondents		
Variable	Frequency	Percentage
0-25	21	21
26-35	35	35
36-50	25	25
Above 50	19	19
Total	100	100.0
Occupation of the respondents		
Variable	Frequency	Percentage
Kooli and daily workers	29	29
Agriculture	19	19
Business	7	7
Profession	9	9
Govt.. employee	24	24
Others	12	12
Total	100	100.0
Income of the respondents		
Variable	Frequency	Percentage
Below 10000	42	42
10000-20000	33	33
20000-30000	16	16
30000-50000	6	6
Above 50000	3	3
Total	100	100.0
Education of the respondents		
Variable	Frequency	Percentage
Literacy level	20	20
SSLC	28	28
Degree	26	26
PG	12	12
Other	14	14
Total	100	100

From table 1 it is observed that both male and female consist of 50% that is equal in number. 21% of the respondents were fall under the age below 25, 35% of the respondents are in the age group of 26-35, 25% of the respondents were fall under the age group 36-50 and rest of the 19% fall in the age group of above 50. Another inference from the table is that majority of the respondents doing kooli or daily wage earning work i.e. 29%. 19% respondents are doing agricultural activities, 9% doing business, 24% govt. employed 9% doing profession and 12% doing other works. The table also reveals that 42% of the respondents fall in the income of below Rs. 10,000, 33% of the respondents was fall under the income group of Rs.10,000-20,000, 16% of the

respondents were consist in the group of income Rs.20,000-30,000. 6% of the people fall under the income group of Rs.30, 000-50,000. Only 3% were in the income group of above Rs.50000. so the income information shows that majority of the respondents are middle income group. Another demographic factor of the respondents is educational qualification. Here we can also observe that 20% of the respondents have literacy level education, 28% of the respondents have SSLC, 26% are degree holders, 24% have under graduation qualification, 12% have post-graduation and rest of 14% have professional qualification. So we can infer that majority of the respondents have higher than matriculation education.

Table 2 : ATM Card holders

Variable	Frequency	Percentage
Yes	84	84
No	16	16
Total	100	100

Table 2. 0 shows number of ATM card holders. 84% of the respondents possess ATM card. Only 16% don't have ATM card

Table: 3 Bank account holders

Variable	Frequency	Percentage
Yes	100	100
No	00	00
Total	100	100

Table: 3 shows number of account holders. All the respondents are bank account holders.

Table: 4 support demonetisation

Variable	Frequency	Percentage
Yes	16	16
No	84	84
Total	100	100

Table: 4 shows opinion towards demonetisation. 84% of the respondents were support demonetisation.

Table: 5 currently doing cash less transaction

Variable	Frequency	Percentage
Yes	5	5
No	95	95
Total	100	100

Table: 5 shows current position of doing cash less transaction. Only 5% of the respondents are doing cash less transaction. It is inferences that majority of the people currently depending physical currency as their medium of transaction.

Table 6: Respondent's response and attitude towards demonetisation based on age

H_{01} : There is no relationship between age of the respondents and their attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500.

Statements	Sources of variation	Sum of squares	Df	Mean square	F	Sig.
Affects labour	Between groups	2.314	3	.771	.635	.594
	Within groups	116.686	96	1.215		
	Total	119.000	99			
Fake currency will reduce	Between groups	2.314	3	.771	.635	.594
	Within groups	116.686	96	1.215		
	Total	119.000	99			
It affect day to day affairs of people	Between groups	4.637	3	1.546	1.761	.160
	Within groups	84.273	96	.878		
	Total	88.910	99			
There will be long queue	Between groups	1.112	3	.371	.607	.612
	Within groups	58.648	96	.611		
	Total	59.760	99			
It will affect purchase of necessary goods	Between groups	1.112	3	.371	.607	.612
	Within groups	58.648	96	.611		
	Total	59.760	99			
It sentimentally affect	Between groups	6.230	3	2.077	1.663	.180
	Within groups	119.880	96	1.249		
	Total	126.110	99			

People fear about to loss of their money	Between groups	6.230	3	2.077	1.663	.180
	Within groups	119.880	96	1.249		
	Total	126.110	99			
It will help to reveal unaccounted money	Between groups	1.992	3	.664	.716	.545
	Within groups	88.968	96	.927		
	Total	90.960	99			
It is helpful for economic development	Between groups	1.382	3	.461	.253	.859
	Within groups	174.858	96	1.821		
	Total	176.240	99			
It will lead to cash less payment	Between groups	4.443	3	1.481	1.059	.370
	Within groups	134.307	96	1.399		
	Total	138.750	99			
It will not affect higher income people	Between groups	2.759	3	.920	.695	.557
	Within groups	127.001	96	1.323		
	Total	129.760	99			
There will be non-getting of wage	Between groups	2.759	3	.920	.695	.557
	Within groups	127.001	96	1.323		
	Total	129.760	99			

The above table shows that significant value of the respondents and their attitude and response for all statement is greater than 0.05 at 5% level of significance, so the null hypothesis is accepted. Hence towards demonetisation of Indian high value Rs.1000 and Rs.500. we can state that there is no relationship between age

Table7. Relationship between gender and attitude and response towards demonetisation

H₀: There is no significant difference between level of attitude and response towards demonetisation between male and female

Statement	Gender of the respondents	Number	Mean	Std. Deviation	T-value	Df	Sig. (2-tailed)
Affects labour	Male	50	4.28	1.089	-.182	98	.856
	Female	50	4.32	1.115			
Fake currency will reduce	Male	50	4.28	1.089	-.182	98	.856
	Female	50	4.32	1.115			
It affect day to day affairs of people	Male	50	4.44	.993	-.315	98	.753
	Female	50	4.50	.909			
There will be long queue	Male	50	4.58	.971	-1.291	98	.200
	Female	50	4.78	.507			
It will affect purchase of necessary goods	Male	50	4.58	.971	-1.291	98	.201
	Female	50	4.78	.507			
It sentimentally affect	Male	50	4.38	1.159	.441	98	.660
	Female	50	4.28	1.107			

People fear about to loss their money	Male	50	4.38	1.159	.441	98	.660
	Female	50	4.28	1.107			
It will help to reveal unaccounted money	Male	50	4.54	.930	.208	98	.836
	Female	50	4.50	.995			
It is helpful for economic development	Male	50	3.84	1.218	.598	98	.551
	Female	50	3.68	1.449			
It will lead to cash less payment	Male	50	4.46	.930	1.794	98	.076
	Female	50	4.04	1.370			
It will not affect higher income people	Male	50	4.34	1.118	.174	98	.862
	Female	50	4.30	1.182			
There will be non-getting of wage	Male	50	4.34	1.118	.174	98	.862
	Female	50	4.30	1.182			

The above table shows that t- value for all statement is greater than 0.05 at 5% level of significance, so null hypothesis is accepted. So we can state that no significant difference between attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500. between male and female.

FINDINGS

1. The demographic factors shows that majority of the respondents were fall in the age category of 26-35, 29% of the respondents are daily wage employees, the income of the respondent shows that 33% of the respondents have average income of between Rs.10,000 -20,000 and finally majority of the respondents have higher than matriculation education.
2. The study reveals 84% of the respondents have ATM card and 100% of the respondents possess bank account.
3. Majority of the respondents are currently depending paper currency as medium of exchange.
4. It is found that there is no relationship between age of the respondents and their level of attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500.
5. There is no significant difference between level of attitude and response towards demonetisation of Indian high value Rs.1000 and Rs.500 between male and female.

SUGGESTIONS

1. The study suggests that the government have to conduct campaign and propaganda of cashless transaction at village level and train the people to make use of cashless transactions.
2. Due to demonetisation people so fear about loss of their money which is genuine in nature. So govt. should try to resolve these kinds of problems.

SCOPE OF FUTURE RESEARCH

The study can be elaborate by different ways like including checking the impact of demonetisation in several areas of trade and commerce, or by increasing the number of samples. The study also can be expanding by considering more macroeconomic variables and relation with pre and post demonetisation in industry.

DISCUSSION AND CONCLUSION

The demonetisation undertaken by the government is a large shock to the economy. The impact of the shock in the medium term is a function of how much of the currency will be replaced at the end of the replacement process and the extent to which currency in circulation is extinguished. While it has been argued that the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy, this argument is based on impressions rather

than on facts. While the facts are not available to anybody, it would be foolhardy to argue that this is the only possibility.

It is highly affected the day to day life of common people especially rural people who were not aware about digital payment systems.

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