Customer perception towards demonetization in Bangalore, India

Sr. Lalitha Thomas
Jyoti Nivas College Autonomous, Bangalore, India

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Demonetization, Money Laundering and Digital India

Abstract

Demonetization is the process of withdrawal of a particular form of currency from circulation. Demonetization becomes necessary whenever there is a change in the national currency. The old unit of currency must be retrieved and replaced with a new currency unit. It involves either introducing new notes or coins of the same denomination or completely replacing the old denominations with the new denomination which is usually carried out as an ambush on the black market. Indian Government implemented demonetization when there is a need of change of currency in the economy or withdrawal of a particular currency from the circulation and this happened thrice in the country. The main intension behind this is to eradicate money laundering. In this paper an attempt is made to study the customer's level of awareness towards demonetization, at the same time the challenges faced and how it has eradicated with the Modi objective of Digital India. A sample of 100 respondents was selected by using convenience sampling (Bangalore, India) for the study.

1. Introduction

On 9 November 2016, Prime Minister Modi announced that the INR 500 and INR 1,000 currency notes were no longer legitimate means of payment, and that the people were given the opportunity to exchange the old notes for newly-developed INR 500 and INR 2,000 INR notes until the end of the year. All incidences of extraordinary deposit growth were to be subjected to a tax investigation by the authorities. 86% of the currency in circulation was replaced and this resulted in a huge monetary squeeze. The plan was an attempt by the government to clear the stock of counterfeit money from the economy, which has allegedly been used to fund criminal activities, such as terrorism and drug trafficking. In addition, the scheme aimed to draw a large part of the black economy into the banked and taxable part of the economy (overall tax revenue to GDP is meager 11%). The demonetization plan could be beneficial for India in the long run, as it will lift government revenues due to a broader tax base and less tax evasion. In addition, the operation will foster the use of bank accounts and digital payments, making the Indian economy less cash-dependent and improve efficiency and productivity.

The first instance was in 1946 and the second in 1978 when an ordinance was promulgated to phase out notes with denomination of Rs 1,000, Rs 5,000 and Rs 10,000. The media in terms of numbers was limited in 1946 and 1978 when compared to 2016. But given the importance of the decisions, it did trigger coverage. The Rs.10, 000 notes were the largest currency denomination ever printed by the Reserve Bank of India, introduced for the first time in 1938. All three notes were reintroduced in 1954.

In the early 1970, the Wanchoo committee, a direct tax inquiry committee set up by the government, suggested demonetization as a measure to unearth and counter the spread of black money. However, the public nature of the recommendation sparked black money hoarders to act fast and rid themselves of high denominations before the government was able to clamp down on them. Then in 1977, the Janata Party coalition government came into power. A year into the government's term, party leader Morarji Desai was more bullish about cracking down on counterfeits and black money. The High Denomination Bank Notes (Demonetisation) Act, instated by the ruling party on Jan. 16, 1978, deemed the Rs. 1,000, Rs. 5,000 and Rs10,000 notes illegal for the second time.

1.1 Literature Review

Sudhakar Patra Professor, (2016) Dept. of Economics, Berhampur University, Ganjam, Odisha. In Asian Resonance Estimate, Impact and Control of Black Money in India. Black money is defined as assets or resources which have neither been reported to the public authorities at the time of their generation nor disclosed at any point of time during their possession. It includes money earned from such as drug

trafficking, smuggling, arms trafficking, sexual exploitation and prostitution etc. corruption and commercial tax evasion such as under reporting revenues and inflating expenses (Ministry of Finance, Government of India, report "White Paper on Black Money", 2012). In India, Black money refers to funds earned on the black market, on which income and other taxes have not been paid (Chopra, 2010). The first source of black money includes activities which are not permitted by the law, such as drug trade, terrorism, corruption and all of which are not legal in India. The Second source of black money is those which may have been generated through a lawful activity but accumulated by failing to declare income and pay taxes duly. Some of this black money ends up in illicit financial flows across international borders, such as deposits in Swiss accounts.

Sukanta Sarkar (2010) conducted a study on the parallel economy in India: Causes, impacts and government initiatives in which the researcher focused on the existence of causes and impacts of black money in India. According to the study, the main reason behind the generation of black money is, the Indian Political System i.e. Indian government focused only on making committees rather than to implement it. The study concludes that laws should be implemented properly to control black money in the economy. Alvares, Cliford (2009) in their reports "The problem regarding fake currency in India." It is said that the country's battle against fake currency is not getting easier and many fakes go undetected. It is also stated that counterfeiters hitherto had restricted printing facilities which made it easier to discover fakes. Ashish Das, and Rakhi Agarwal, (2010) in their article "Cashless Payment System in India - A Roadmap" Cash as a mode of payment and is an expensive proposition for the Government. The country needs to move away from cash- based to a cashless (electronic) payment system. This will help reduce currency management cost, track transactions, check tax avoidance / fraud etc. enhance financial inclusion and integrate the parallel economy with main stream.

Tax Research Team (2016) in their working paper stated in favor of demonetization. The main objective is to analyze the impact of demonetization on Indian economy. This paper shows the impact of such a move on the availability of credit, spending, level of activities and government finances. Gupta N. (2017) Demonetization, economic crisis, and social psychiatry: Indian Journal of Social Psychiatry 33:1-4 An immediate concern, and also a not-so-delayed aftermath of "demonetization" to emerge, was its impact on the healthcare system and concerns related to its potential impact on the mental health of the individuals. Deaths have been linked to demonetization and denial of healthcare services, especially in the private sector, were reported in the initial few weeks when the cash crunch was severe. The other major concern among mental health professionals was the development of psychological morbidity was so much, that it was also a subject of discussion and debate among mental health professionals in the recently held World Congress of Social Psychiatry in New Delhi from 30th November to 4th December 2016. Additionally, around the same time, and within 3 weeks of the demonetization announcement, a few reports had appeared in various newspapers reporting psychological and behavioural changes (stress, irritability, aggressive behaviour, etc.) to the extent of psychological morbidity (anxiety, panic attacks, depression, etc.) primarily due to lack of money or the numerous and frequent changes being made by the government.

In my opinion, probably, the above-mentioned factors are operating concurrently. However, additionally, there is a fourth potentially significant factor, that is, during the 50-day period following the post demonetization announcement. A steady slew of currency related to announcements continued to flow in from the RBI, IT officials, and/or the government which kept the public focused on the economic windfall-cum-upheaval. The continuous financial squeeze, trying to make ends meet/run households, doing various financial permutations, and so on, due to which the "problem-solving" coping strategies came to the fore and also kept the persons distracted and/or involved so that significant distress and/or dysfunction on a sustained basis was unable to develop.

2. Research methodology

2.1 Statement of the Problem

Lessons from demonetization guides one to how to redefine economy of a country by overcoming the earlier causes of failures. Demonetization obliviously brings many inconveniences to common people, but it is only for a short term. However, the long-term benefits of demonetization override the short-term challenges. The demonetization had great significant and immediate impact on the state of the Indian

economy. In this paper, an attempt has been made to study the Impact of Demonetization in Bangalore. A sample of 100 respondents were randomly selected. It is found that four variables namely gender, age, annual income, occupation have significant association with the impact of demonetization.

2.2 Need and Importance of the Study

Prime Minister Shri Narendra Modi quoted the following reasons for demonetization during a television address to the nation on 08.11.2016: "In a historical move that will add record strength in the fight against corruption, black money, money laundering, terrorism and financing of terrorists as well as counterfeit notes, the Government of India has decided that the five hundred and one thousand rupee notes (notes that high-value bills are used in money laundering schemes, racketeering, etc.,) will no longer be legal tender from midnight of 8th November 2016. The Government has accepted the recommendations of the RBI to issue Two Thousand Rupee notes and new notes of Five Hundred Rupees will also be placed in circulation." Another reason for demonetization is to minimize Fiscal Deficit. It has subsidiary benefits as it will take out the counterfeit notes from circulation and the unaccounted money, if does not come out, it will not be of any use. Demonetization will stop Hawala trade too.

2.3 Objectives of the Research

1. To study the Impact of Demonetization on Bangalore Residents, India
2. To find out the tendency of customers towards demonetization (in favor or against)
3. To determine the important factors from respondent's perspective behind the implementation of demonetization

2.4 Type of Research: Descriptive Research

2.5 Sampling

Population – Bangalore Residents

Sampling Technique – Convenience Sampling

Sample Size – 100 respondents belonging to different educational qualification, income background, and type of family and different age groups along with their level of awareness.

Data Sources– Primary data source especially Questionnaire is used for collecting the information about the awareness and impact of demonetization. Whereas Secondary data sources like Journals, Magazines etc., assisted in writing Literature Review and Introduction to Demonetization.

Tools Used for Analysis – Percentage Method, Chi-Square and Run Test using SPSS software.

3. Discussions and conclusions

3.1. Frequency Distribution Tables

3.1.1 Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	36	36	36	36
	Male	64	64	64	100
	Total	100	100	100	

Majority of the respondents are male (around 64%)

3.1.2 Age Group					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	31	31	31	31
	31-40	25	25	25	56
	41-50	27	27	27	83
	51-60	17	17	17	100
	Total	100	100	100	

Majority of the respondents are in the age group of 21 to 50 years

3.1.3 Marital Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	70	70.0	70.0	70.0
	Unmarried	30	30.0	30.0	100.0
	Total	100	100.0	100.0	

70% of the respondents in the sample are Married

3.1.4 Educational Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	3	3.0	3.0	3.0
	Others	10	10.0	10.0	13.0
	Post Graduate	42	42.0	42.0	55.0
	Under Graduate	39	39.0	39.0	94.0
	Up To PUC	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Approximately 95% of the respondents are educated

3.1.5 Occupation					
		Frequency	Percent	Valid Percent	Cumulative Percent
	Business	22	22	22	22
	Employed	61	61	61	83
	Others	17	17	17	100
Valid	Total	100	100	100	

Out of 100 respondents, 61% of samples are employed

3.1.6 Bank Employees services provided during demonetization (By Extending the services beyond the office hours)					
		Frequency	Percent	Valid Percent	Cumulative Percent
	Average	39	39	39	39
	Great	29	29	29	68
	Intensive	32	32	32	100
Valid	Total	100	100	100	

The respondents are happy about the services rendered by banks and their employees during demonetization

3.1.7 Percentage of Financial transactions executed using traditional methods during demonetization					
		Frequency	Percent	Valid Percent	Cumulative Percent
	Less Than 10%	39	39	39	39
	10% To Less Than 30%	41	41	41	80
	30% To Less Than 50%	20	20	20	100
	50% - 100%	0	0	0	100
Valid	Total	100	100	100	

In the beginning of demonetization, due to limited amount of withdrawal, majority of the transactions are routed through digital transactions.

3.1.8 Mode of Payments preferred and executed during demonetization					
		Frequency	Percent	Valid Percent	Cumulative Percent
	Cash	35	35	35	35
	Cashless	65	65	65	100
Valid	Total	100	100	100	

As stated above due to limited availability of cash, majority of transactions executed using cashless payments using Paytm's, Credit cards/debit cards etc.,

3.1.9 Buying behavior of customers at the time of demonetization					
		Frequency	Percent	Valid Percent	Cumulative Percent
	E commerce	29	29	29	29
	M commerce	50	50	50	79
	Traditional method of buying	21	21	21	100
Valid	Total	100	100	100	

Majority of the respondents around 79% preferred the transactions through E/M commerce

3.1.10 Insufficiency and delay in availability of new currency in the banks in the earlier days					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	30	30	30	30
	A	24	24	24	54
	N	11	11	11	65
	DA	17	17	17	82
	SDA	18	18	18	100
	Total	100	100	100	

This poll strongly suggests that there had been huge delays in the availability of currency from the banks. But what remains unclear is that whether this is banks fault or the fault of the distributors of the currency to the banks.

(Note: SA – Strongly Agree, A – Agree, N – Neutral, DA – Disagree and SDA – Strongly Disagree)

3.1.11 ATM's Loaded with New Currencies after few days					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	33	33	33	33
	A	37	37	37	70
	N	0	0	0	70
	DA	14	14	14	84
	SDA	16	16	16	100
	Total	100	100	100	

This poll also strongly suggests that there had been huge delays in the availability of currency from the ATMs in the beginning for few days but later the problem have been rectified.

3.1.12 Banking Employees extended their service beyond the working hours during Demonetization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	24	24	24	24
	A	55	55	55	79
	N	7	7	7	86
	DA	10	10	10	96
	SDA	4	4	4	100
	Total	100	100	100	

A staggering 79% of the customers agreed that there was extended working hours on weekdays. This extended working hour has positively impacted customers as it may have helped in clearing transactions. It may have also benefited the working class and office goers in a huge manner as they could adjust their work timings.

3.1.13 Minimum Withdrawal of Rs. 4000 is sufficient for the customers during initial days of Demonetization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	17	17	17	17
	A	20	20	20	37
	N	4	4	4	41
	DA	30	30	30	71
	SDA	29	29	29	100

	Total	100	100	100	

On Interacting with the respondents, it was clear that because of insufficient fund they used e-payment methods in the form of debit/credit cards, Paytm's etc., hence Rs.4000 seemed to be an insufficient amount to these group of customers.

3.1.14 Demonetization helped to evade corruption and black money					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	48	48	48	48
	A	29	29	29	77
	N	10	10	10	87
	DA	10	10	10	97
	SDA	3	3	3	100
	Total	100	100	100	

A total of 77% have agreed to the question that demonetization has worked its charm and curbed black money and corruption.

3.1.15 Acceptance of Inconvenience faced during Demonetization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	41	41	41	41
	A	37	37	37	78
	N	8	8	8	86
	DA	10	10	10	96
	SDA	4	4	4	100
	Total	100	100	100	

78% of the respondents have agreed in favor of the statement i.e. they did not mind the inconvenience faced in the process of sweeping away the black money and corruption

3.2 Chi Square Test

Test 1

Null Hypothesis: There is no impact of Age, Gender and Occupation on the level of acceptance of services offered by banks and ATM's during Demonetization

Alternative Hypothesis: There is an impact of Age, Gender and Occupation on the level of acceptance of services offered by banks and ATM's during Demonetization

Table 3.2.1 Level of Acceptance on the Services offered by Banks

AGE	Chi-Square Tests				Symmetric Measures			
		Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.
	Pearson Chi-Square	2.212[a]	2	0.331	Nominal by Nominal	Phi	0.149	0.331
	Likelihood Ratio	2.329	2	0.312		Cramer's	0.149	0.331
	N of Valid Cases	100			N of Valid Cases		100	
	a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.92.				a. Not assuming the null hypothesis.			
					b. Using the asymptotic standard error assuming the null hypothesis.			
GENDER	Chi-Square Tests				Symmetric Measures			
		Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.

	Pearson Chi-Square	3.752[a]	6	0.71	Nominal by Nominal	Phi	0.194	0.71
	Likelihood Ratio	3.905	6	0.69		Cramer's	0.137	0.71
	N of Valid Cases	100			N of Valid Cases		100	
	a. 1 cells (8.3%) have expected count less than 5. The minimum expected count is 4.93.				a. Not assuming the null hypothesis.			
					b. Using the asymptotic standard error assuming the null hypothesis.			
OCCUPATION	Chi-Square Tests				Symmetric Measures			
		Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.
	Pearson Chi-Square	11.745[a]	4	0.019	Nominal by Nominal	Phi	0.343	0.019
	Likelihood Ratio	11.657	4	0.02		Cramer's	0.242	0.019
	N of Valid Cases	100			N of Valid Cases		100	
	a. 1 cells (11.1%) have expected count less than 5. The minimum expected count is 4.93.				a. Not assuming the null hypothesis.			
					b. Using the asymptotic standard error assuming the null hypothesis.			

The P-Statistics value is more than alpha (5%) for Age and Gender, which means the result is statistically not significant, so therefore accept Null Hypothesis. Whereas in case of Occupation there is an association between levels of acceptance of services offered by banks and ATM during Demonetization because who's P-value is less than α.

d. Test 4:

Null Hypothesis: There is no relation between Age, Gender and Occupation on frequency of using traditional method of executing the transactions using traditional method during demonetization.

Alternative Hypothesis: There is a relation between Age, Gender and Occupation on frequency of using traditional method of executing the transactions using traditional method during demonetization.

Table 3.2.2 Traditional Method of Executing the Transactions

GENDER	Chi-Square Tests				Symmetric Measures			
		Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.
	Pearson Chi-quare	1.380[a]	2	0.502	Nominal by Nominal	Phi	0.117	0.502
	Likelihood Ratio	1.485	2	0.476		Cramer's	0.117	0.502
	N of Valid Cases	100			N of Valid Cases		100	
	a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.60.				a. Not assuming the null hypothesis.			
					b. Using the asymptotic standard error assuming the null hypothesis.			
OCCUPATION	Chi-Square Tests				Symmetric Measures			
		Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.
	Pearson Chi-quare	2.044[a]	4	0.728	Nominal by Nominal	Phi	0.143	0.728
	Likelihood Ratio	2.03	4	0.73		Cramer's	0.101	0.728
	N of Valid Cases	100			N of Valid Cases		100	
	a. 2 cells (22.2%) have expected count less than 5. The minimum expected count is 1.70.				a. Not assuming the null hypothesis.			
					b. Using the asymptotic standard error assuming the null hypothesis.			
AGE	Chi-Square Tests				Symmetric Measures			
		Value	df	Asymp. Sig. (2-sided)			Value	Approx. Sig.

	Pearson Chi-quare	2.691[a]	6	0.846	Nominal by Nominal	Phi	0.164	0.846
	Likelihood Ratio	2.635	6	0.853		Cramer's	0.116	0.846
	N of Valid Cases	100			N of Valid Cases		100	
	a. 1 cells (8.3%) have expected count less than 5. The minimum expected count is 3.40.				a. Not assuming the null hypothesis.			
					b. Using the asymptotic standard error assuming the null hypothesis.			

None of the statistical value is less than 5%, Accept Null Hypothesis. There is no relation between Age, Gender and Occupation on frequency of using traditional method of executing the transactions using traditional method during demonetization.

e. Test 5:

H0: There is no significant relationship between various variables of demographic profile and level of impact on demonetization of respondents.

H1: There is significant relationship between various variables of demographic profile and level of impact on demonetization of respondents

Table 3.2.3: Level of Awareness

Variables	Level of Awareness			Total	χ^2 Value	Table Value	Remarks
	Low	Moderate	High				
Gender							
Male	13	23	28	64	7.634	5.991	S
Female	8	12	16	36			
Annual Income							
Up to Rs.2,50,000	5	3	6	14	21.823	9.488	S
Rs.2,50,001 - Rs.5,00,000	10	19	13	42			
Above Rs.5,00,000	14	18	12	44			
Type of family							
Nuclear Family	18	34	12	64	3.598	5.991	NS
Joint family	7	20	9	36			

The above table depicts the relationship between selected demographic variables and Level of Impact of demonetization of the respondents. The calculated Chi-square value is less than the table value at five percent level, there does not exists any significant association between type of family of the respondents and level of impact on demonetization. Thus, the null hypothesis is accepted. The calculated Chi-square value is greater than the table value at five percent level there exist a significant association between gender, annual income and level of impact on demonetization. Thus, the null hypothesis is rejected.

3.3 Run Test:

Test 1:

The Run test is used to see whether the sample is randomly chosen or not. The null and alternative hypotheses for run test are formulated as follows:

H0: The Sample is randomly selected

H1: The Sample is not randomly selected

Table 3.3.1 The Pattern of Arrival of Respondents

M	M	M	M	F	M	M	F	M	F	M	M	F	F
M	F	F	F	F	M	F	F	M	F	M	F	M	F
M	M	M	F	M	F	F	F	M	F	F	M	F	F
M	M	M	F	M	M	F	M	M	M	M	M	M	F
F	M	M	M	F	M	M	M	M	M	M	M	M	F

M	F	M	F	M	M	M	M	M	M	F	M	M	M
M	M	M	F	M	F	F	M	M	F	M	M	M	M
M	F												

The total number of runs r = 50
Observations above the median (n1) = 64
Observations below the median (n2) =36
Total number of observations (n) =100
Test statistics is calculated using the formula

$Z = \frac{G - u_G}{\sigma_G}$; $u_G = \frac{2 n_1 n_2}{n} + 1$ = mean of G = 47.08; $\sigma_G = standard\ deviation\ of\ G = \sqrt{\frac{2 n_1 n_2 (2 n_1 n_2 - n)}{n^2 (n-1)}}$

= 4.5807
The Z statistic is: Z = 0.6374
At a 5 percent significance level, the critical value of z is given by 1.96. Calculated Z value (0.6374) falls in the acceptance region, hence Null Hypothesis is accepted. Therefore, it is stated that the samples are randomly selected.
Test 2:
Second run test is computed to test whether the pattern of respondents towards demonetization in favor or against is random or not. The respective null and alternative hypothesis is as follows:
H0: The pattern of sequence of respondents in favor/against demonetization is not random.
H1: The pattern of sequence of respondents in favor/against is random.
Table 3.3.2 The pattern of respondents in favor/against demonetization

F	F	A	F	F	F	A	A	A	A	A	F	F	A
A	A	F	F	A	A	A	A	A	A	F	F	A	A
A	A	A	A	F	F	F	A	A	A	F	A	F	F
F	F	A	A	A	A	F	F	F	A	A	A	F	F
F	F	A	F	F	F	A	A	A	A	A	F	F	A
A	A	F	F	A	A	A	A	A	A	F	F	A	A
A	A	A	A	F	F	F	A	A	A	F	A	F	F
F	F												

The total number of runs r = 33
Observations above the median (n1) =43
Observations below the median (n2) =57
Total number of observations (n) =100
Test statistics is calculated using the formula

$Z = \frac{G - u_G}{\sigma_G}$; $u_G = \frac{2 n_1 n_2}{n} + 1$ = mean of G = 50.02 and

$\sigma_G = standard\ deviation\ of\ G = \sqrt{\frac{2 n_1 n_2 (2 n_1 n_2 - n)}{n^2 (n-1)}}$ = 4.876

The z statistic is: Z = |-3.52|
At a 5 percent significance level, the critical value of z is given by 1.96. Calculated z value (3.52) falls outside the acceptance region, hence NULL HYPOTHESIS IS REJECTED. Therefore, the sequence of the response is random.

3.4 Summated Rating Scale / Conjoint Analysis:
Table 3.4.1 Ranking order of factors impacting the customers on demonetization

Factors	5	4	3	2	1	Total	Mean Score	Rank
Demonetization helps to Destroy Black money in India	4	10	14	18	54	100	3.74	1
Demonetization helps to destroy corruption, illegal activities etc.,	6	12	14	26	42	100	3.68	2
Implementation of Electronic Payment	20	30	14	24	12	100	3.22	5

People are affected by demonetization	22	38	16	16	8	100	3.7	3
High impact on Real estate, gold rate, stock Exchanges	28	38	8	8	18	100	3.5	4

The above table shows about the weighted average of each factor regarding the impact of demonetization on the customers. The weights were computed based on the responses. From the calculated weighted average, "demonetization helps to destroy black money" this has been marked as the first rank by the respondents and it is followed by "Demonetization helps to destroy corruption, illegal activities" etc. The 5th rank has been marked for, "high impact on real estate, gold rate, stock exchanges".

Conclusion

The problem with economic initiatives like demonetization is that no one can really tell how much it has worked or impacted. This is because the disruption cannot happen in a vacuum, hence its impact on common man can be isolated from the impact of other forces at work in the economy. A better way to assess the success or failure of a measure like demonetization is to assess it in terms of what were claimed to be its goals. After conducting a detailed survey, it can be concluded that the customer was negatively impacted during demonetization. However, most number of customers did not mind facing inconvenience to fight to curb corruption, black money and counterfeiting of currency, thereby satisfying the goal of demonetization undertaken by the Modi Government. The initiation taken by Modi Government to eradicate black money, fake currency, terrorism, money laundering etc., is an excellent idea. But initially the system failed due to non-availability of fund. It is suggested that if the government is planning similar action in the future, it must make sure that RBI must circulate sufficient new currencies to the banks in lieu with the action. It is recommended that the government should create awareness program on digital payments. At the time of demonetization, the rural people were affected more compared to the urban people because of their insufficient knowledge on executing their transactions through digital payments. However, the real picture of India will be restructured through demonetization and Indian economy will emerge as one of the strongest economy in the world in a short period of time.

4. Research limitations and directions for further research

4.1 Limitations of the Study

The study is restricted to the selected sample (Bangalore) and hence the result of the study cannot be generalized.

Some of the respondents were hesitant to give information.

4.2 Directions for further study

The current study is limited to Bangalore zone, the research can be extended by covering wide geographical area under consideration by considering samples across India. The study can be further diversified to know the impact of demonetization on various sectors, otherwise pre and post impact of demonetization on various industries (India) and how is it affecting the economic growth.

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