AN EMPIRICAL STUDY ON IMPACT OF THE DEMONETISATION AND CASHLESS TRANSACTION ON THE RESPONDENTS OF RAJKOT CITY

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ABSTRACT
In the present study researcher has been studied the study of demonetization on India. On 8th November 2016 night at 8.15 P M Prime Minister of India Mr. Narendra Modi in his unscheduled television address to the nation announced that the currency notes of rs. 500 and rs.1000 denomination will not be a legal tender money from midnight. Government took this step of demonetizing the currency as a tool to fight against black money and corruption in Indian Economy. The chaos was created in every strata of the society whether upper, middle or lower. Where some welcomed the move as it was seen for curbing black money, many are suffering by this movement. But the supreme sufferers of this move were the informal sector of Indian economy, where cashless transactions are minimal. Researcher has conducted this study to identify the impact of demonetization and cashless transaction on Rajkot city.

Keywords: Demonetization, cashless transactions Demonetization impact on Rajkot city

INTRODUCTION
On Nov 8, 2016, the Indian Government announced the demonetization of two major bills of Indian currency—INR 1000 and INR 500—which together accounted for 86% of cash in circulation in the Indian economy. In the subsequent weeks, this demonetization has had an enormous effect on the day to day lives of Indian people, including on their ability to purchase essential commodities and services, and has also been met with complex and unexpected implementation issues. Banks and ATMs across the nation are struggling to meet demand to exchange the old bills. Although the Indian Prime Minister had called on the public to bear a predicted 50 days of inconvenience before a return to normalcy, there is widespread panic and skepticism, and the Indian Supreme Court has warned of the possibility of riots due to the extreme difficulties people are facing in their daily lives with limited access to cash. The demonetization drive has effectively halted India’s informal economy in terms of payment of agricultural wages, construction labor wages, and payments at small business outlets and shops, and thus is affecting the lives of almost 400 million people. The government’s time limit for using old currencies to access selected public sector services, including public transport, government hospitals and pharmacies, has already expired. In the weeks following demonetization, reports highlighted that health services have been allegedly denied to patients Declaration of 86 percent of currency notes as illegal tender in just a blink of time on eve of 8th November 2016 mandated the creation of immediate interruption in daily lives. This movement rendered everyone surprised as this was momentous decision and unexpected one which was declared without any prior information in the evening at 8:15 p.m. addressed by our honorable Prime Minister Shri Narendra Modi. This concept of demonetization...
is not new. This move is targeted for flushing the stocks of “black money” out of our economy and getting them legitimate, banked and taxable so that it becomes a part of our economy.

On reviewing the microeconomic effects it somewhat proved to be beneficial: first, the uncollected revenue who lacked valid currencies, at various Nagar Nigam increased and second it was also a political move as it was a surgical strike on terror financing, forged notes circulation can also be restrained. However on macroeconomic level large number of population is considering this move as unfair due to the problems faced by them. Demonetization is defined as act of stripping a currency unit of its status as legal tender. It refers to cessation of current currency and replacing it with new currency. Demonetization is not a new concept; in the past also it has been utilized by various countries as well as India to curb currency some failed very badly with this move. Table 1 shows the countries which previously banned the notes and their effects on economy.

DEFINITIONS OF DEMONITIZATION

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

WHAT IS DEMONITIZATION

What is Demonetization? Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary, whenever there is a change of national currency. The old unit of currency must he retired and replaced with a new currency unit. The RBI and the Government are making several efforts to reduce the use of cash in the economy by promoting the digital/payment devices including prepaid instruments and cards. RBI’s effort to encourage these new variety of payment and settlement facilities aims to achieve the goal of a ‘less cash’ society. Here, the term less cash society and cashless transaction economy indicate the same thing of reducing cash transactions and settlement rather doing transactions digitally.

Cashless transaction economy doesn’t mean shortage of cash rather it indicates a culture of people settling transactions digitally. In a modern economy, money moves electronically. Hence the spread of digital payment culture along with the expansion of infrastructure facilities is needed to achieve the goal.

ILLEGAL CONVRTION OF BLACK MONEY

1. Depositing money in the accounts of their poor relatives and friends.
2. Enticing the people with some percentage of money for exchange.
3. Asking their employees to stand in the long queues in front of Banks and ATMs for getting money exchanged.
4. Hiring labors for some Rupees ranging from Rs 500/- to 700/- for becoming the part of long queues in front of banks/ ATMs.
5. Converting black money in to gold.
6. Paying a few months salaries in advance.
7. Paying back loans forcibly.
8. Using their influence / links with bank employees and so on.

WHAT IS CASHLESS TRANSACTION

With limited cash in hand and an indefinite crunch in sight, most people are rushing to cashless transactions. "Digital transactions bring in better transparency, scalability and accountability. The new
move will compel more merchants to accept digital money," says Abhay Doshi, Senior V-P & Head, Digital Services Platform Business, Flytxt.

The RBI classifies every mode of cashless fund transfer or transaction using cards or mobile phones as 'prepaid payment instrument'. These can be issued as smart cards, magnetic stripe cards, Net accounts, Net wallets, mobile accounts, mobile wallets or paper vouchers

SIGNIFICANCE OF THE STUDY

This study gives clear cut picture about the impact of demonetization and cashless transaction on Rajkot city.

OBJECTIVES OF THE STUDY

1. To identify the impact of demonetization on Rajkot city.
2. To identify the people response towards the cashless transactions
3. To find out peoples effort towards cashless society.

RESEARCH METHODOLOGY

The research design of a study outlines the nature of information required for the purpose of the study, the method of data collection, the technique used for the analysis and interpretation of the data for the study.

Types of the Study

This research work is in the form of empirical study, in which the researcher tried to study the overall impact of demonetization and cashless transaction on Rajkot city.

Sample Design

Keeping in view the problem and scope of the study, Convenience sampling method of choosing investors was adopted to select respondents in Rajkot city to represent an overall picture of the city.

Sample size

For this study the researcher has taken 100 respondents for the study. Convenient sampling method is used by the researcher.

Tools & Techniques

Use of statistical tools has become a normal phenomenon in any type of analysis. The researcher had picked up the tools and techniques to suit their requirements and it is based on data available to them. Under this research study percentage analysis is used.

TABLE 1: MALE AND FEMALE RATIO

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>64</td>
<td>64%</td>
</tr>
<tr>
<td>2</td>
<td>female</td>
<td>36</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data

The above table shows the gender wise classification of the respondents. From the above table it can be interpreted that majority of the respondents are males i.e.64% of the total respondents are males while females contribute only 36% of the total respondents.
FIGURE 1: MALE AND FEMALE RATIO

Table 2: OPINION RELATED DEMONETIZATION

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>84</td>
<td>84%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>16</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data

FIGURE 2: OPINION RELATED DEMONETIZATION
The above chart shows the respondents opinion towards the demonetization and cashless revolution in India and majority of respondents that is 84% are believes that this a good step it will defiantly bring good day. Only 16% respondents believe that it is a wrong step.

**TABLE 3: USAGE OF CASHLESS PAYMENT OR E PAYMENT**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>55</td>
<td>55%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>45</td>
<td>45%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data

The above chart shows the ratio of respondents who are using cashless payments in Rajkot city. As we can see in the chart and table we can interpret that most of the respondents are using cashless transaction like paytm baking app etc. 55% of respondents are using cashless transaction. And only 45% of respondents are not using cashless transaction.

**TABLE 4: PROBLEMS FACED UE TO DEMONITIZATION**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>37</td>
<td>37%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>63</td>
<td>63%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data
The above chart shows the ratio of respondents whether they are facing problem due to demonetization or not. As we can see in the chart and table we can interpret that most of the respondents that are 63% are not facing the problem due to demonetization they are overall happy about this decision, only 37% said yes they are facing problem due to demonetization and they are not happy with the decision.

### TABLE 5: USAGE OF CASHLESS TRANSACTIONS

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>72</td>
<td>72%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>28</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data
The above chart shows the ratio of respondents that after demonetization respondents are started doing cashless transaction or not. As we can see in the chart and table we can interpret that after the demonetization most of the people that is 72% are now doing cashless payment only 28% respondents are still using cash payment, rather than cashless payment.

LIMITATIONS OF THE STUDY
1. The data were collected using convenience sampling.
2. The study is limited to the Rajkot city only so, the generalization of conclusions of the study may not be universally applicable.
3. Biers of Researcher as well as Respondents are also limitation of this study.
4. The statistical techniques have their own limitation. They also apply this study.

ADVANTAGES OF CASHLESS TRANSACTION
1. It will be very convenient for everyone if cashless transactions are widely accepted. No hassle to carry cash and less risky. I have seen in other countries you hardly need to carry any cash as most of the transactions can be cashless.
2. You can view history of your expenses easily and manage your budget smartly.
3. All cashless transactions become above ground and visible / traceable. So they are taxable (less black money) and also encourage people to transact legally and pay taxes.
4. Tax collections will increase significantly and that revenue can be used for the benefit of society - building infrastructure, helping poor and less privileged people, education, health care etc. It can be used to lift Indians out of poverty and also fuel economic growth.
5. As tax collection increases; tax rates can be reduced (as tax net becomes wider) and tax rules simplified.
6. Any monetary help to poor and needy people can be through bank transfers (even payment for rural employment generation schemes like MNREGA). No instances of middle men siphoning off the aid and exploiting the poor. This is coupled with infrastructure so that those people can use the money in their bank accounts for cashless transactions (even using non-smart feature phones).
7. It will be difficult to have counterfeit currency and / or support criminal activities and terrorism.
8. Much better data of India’s GDP including informal and service sector to understand what sectors are growing and where support is needed.
9. Less need to print paper currency and replace it so reducing those costs.
10. Wealth stored with banks as savings accounts, FDs or investments is used for productive use (invested back in public and private sector by their banks) instead
of wealth lying unused as stacks of currency bills hidden under mattresses and in cupboards.

11. So conceptually cashless society is beneficial and that is why everyone is praising the decision.

12. There are teething pains for sure…mind that this is first time in recent history anywhere in the world such massive transformation is implemented in such a short period. It has taken other developed countries generations to move from reliance on cash to a cashless society.

13. Will there be frauds and generation of black money in a cashless society. Sure there will be as there will always be crooks who will try to misuse any system. It is just that it will be difficult. Security of data in cashless transactions will be a worry also and that is true everywhere in the world and a race where governments and banks are trying to make data secure by implementing new technologies and hackers are trying to find loopholes.

DISADVANTAGES OF CASHLESS TRANSACTION

1. No cash/currency at hand
2. If you lose it may take a long while to procure another.
3. Someone can steal your card buy stuff. (only if they know the PIN).
4. Cash is not under your control.
5. Impractical if you move to another country
6. Cards get expired and then you have to buy new one which takes long time.
7. You may forget pin.
8. Without cash there would be no instant payments for goods and services
9. Disadvantages of a cashless society consist of privacy issues and computer hackers.
10. Banks will be very powerful
11. it’s Very easy to lose the card

CONCLUSION

From the study researcher concludes that India is moving towards cashless society. But due to lacking knowledge of education and technology people are facing problem on cashless transaction in India. Hundred percent cashless society is not possible but somewhere now it can be seem the less cash society. People are now using the online baking applications and net banking options and people strongly believe that its good sings of development of India.

REFERENCES