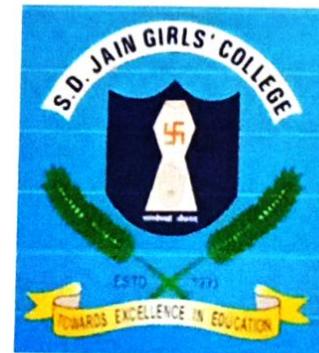


**S. D. JAIN GIRLS' COLLEGE**  
**DIMAPUR: NAGALAND**  
**"A STUDY ON IMPACT OF DEMONETIZATION ON INDIAN ECONOMY"**  
**A Project Report**  
**Submitted in partial fulfilment of the requirements of**  
**B.Com (Mgt) under Nagaland University**



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*Muni*  
17/03/2020

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## DECLARATION

This is to certify that the project Report entitled, "Impact of Demonetization on Indian Economy" is submitted in fulfilment of the requirement for the award of degree B.com (Management) in S.D. Jain Girl's College under Nagaland. The work is original and the acknowledgement has been made in the text to all other material use.

Date: 12/03/20

Name of the Student

Gudiya Sah

APPROVED BY

Samir Das.

(Supervisor)

## CERTIFICATE

This is to certify that the project entitled "Impact of demonetization on Indian economy" is submitted by Miss Gudiya Sah in fulfilment of requirement for the award of degree B.Com (Management) S.D. Jain Girl's College under Nagaland University is a record of the candidate's own work carried out under my supervision. The matter embodied in this project is original and not used for any other purpose.

Date: 10/03/20

*Sarmin Das.*  
Supervisor:

## **ACKNOWLEDGEMENT**

I have effort in this project. However, it would have not been possible without the kind support and help of many individuals and organisations. I would like to extent my sincere thanks to all of them.

I am highly indebted to Mr. K.C Rout and for their guidance and constant supervision as well as for providing necessary information regarding the project and also for their support in completing the project.

I would like to express my gratitude towards my parents, family and friends for their kind co-operation and encouragement which help me in completion of this project.

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## ABSTRACT

Indian government has occupied a bold conclusion on note ban on 8<sup>th</sup> November 2016. Central government was a sensible, well-thought out and well-implemented step, and whether it would actually destroy all the current black money. Here I have used the opinions of great skilled on economics, monetary economist and intellectual candidates. The government's demonetization change is going to have "a positive impact on the economy, including GDP". The steps that the government had taken were the right steps which were being applied in the right manner. As far as the Indian economy is anxious, including on India's GDP, it is going to be a positive impact.

Indian has carried out demonetization exercise twice before, in 1946 and 1978 episode, currency worth INR 1.46 ban (1.7% of total notes in circulation was demonetized. Of this

Worth 1.0 ban (or 68%) was tendered back. In 1978 the value of demonetization was very small (only 0.1% of GDP). However, the 2016 demonetization effort covers 86% of the total currency in circulation (11% of GDP). On 8<sup>th</sup> November 2016 night at 8:15 P.M Prime Minister of India in his unscheduled television address to nation announced that the currency notes of Rs500 and Rs 1000 demonetization 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.

**CHAPTER 1**  
**INTRODUCTION**

## **INTRODUCTION**

Demonetization is the act of shifting the present currency in another form. The old units should be emeritus and exchange by new currency. In other words demonetization means either presenting new notes or coins of the same currency or fully substituting the old currency into new currency. There is one important thing happen in economics, which is demonetization, in which system of payment is renovated as legal tender. There are so many details, why government demonetizes their nation's currency. Some details like fighting inflation, resist exploitation, and dress a cash system in the country. In November 2016, The Indian government has taken a bold step to demonetize Rs.500 and Rs.1000. Currency notes, these two main denominated notes accounted 80% of the currency supply. The government's main objectives of note ban is, to exterminate fake currency, battle tax elusion, destroy the black money, and terrorist funding activities, and to inspire the country towards the cashless economy. This decision taken by government is for happiness of the nation, but so many questions comes in mind that, would note ban choice actually eliminate the black money, if does then at what degree black money will come out.

Demonetization may have had "Considerable negative effect" in the first few days but the situation now has enhanced and it has a positive impact on the economy. "As far as the consequence on the economy is anxious, it will have a substantial negative effect in the first few days after the policy was publicized in November. But since then the condition has better rather meaningfully and we are seeing a strong pickup in demand of many of our products now,"

There is fair quantity of cash inserted into the economy and more is being inserted regularly.

## **THE HISTORY OF DEMONETIZATION AROUND THE WORLD**

In the world history, one can see several instances of the demonetization which were implemented in various countries of the world. Many of these countries accepted the policy of demonetization which was targeted to make the country's failing economy strong. The following segment briefly discusses some of the countries which underwent the purge of demonetization.

1. Britain: Before 1971, pound and penny currencies were used to be circulated in Britain but to bring uniformity in currency; the government stopped circulation of old currency in 1971, and introduced coins of 5 and 10 pounds. Though, government was

continuously working towards this big change from last 2 years in the meantime they also prepared the citizens in advance of this impending change. Though Britain underwent demonetization but it had little impact upon the people and economy as of such, as the government gave sufficient time to people to have their money exchange and also money was made available in all banks to ensure a smooth functioning of the country's economy.

2. Congo: Dictator Mobutu made some changes with currency of Congo for the smooth running of economy during 1990s. However, these changes didn't give any better result of its economy, as Congo was strife with corruption and ethnic war which resulted in prices of necessity goods rise exorbitantly and share market saw a heavy downfall. This sudden call of demonetization led the people of the country support the black market and they started investing in physical assets which obviously made the economy weak.
3. Myanmar: In 1987, military invalidated around 80% value of money to curb black market. The decision led to economic disruption which paralyzed daily activities and inflation rose up with it commodities began disappearing sooner from markets which in turn led to mass protests and clashes with the military government that killed thousands of people.

This call of demonetization by the Burmese government proved very costly for the country and many economist calls it a poor decision as small traders and common public were the worst affected during this demonetization implementation.

4. Nigeria: The process of demonetizing the currency in Nigeria was done during the government in 1984; Nigeria introduced new currency and banned the old notes.<sup>6</sup>
5. Russian: Mikhail Gorbachev ordered to withdraw large rouble bills from circulation to take over the black market. However this attempt to recall the notes didn't go well as the citizens resulted into a coup attempt which brought down his authority and further led to the Soviet Union breakup.

## **THE IMPACT OF DEMONETIZATION AROUND THE WORLD**

As discussed within the previous section, various countries of the world underwent the purge of demonetization. Though in some countries the impact of demonetization was barely noticed as the government had adequate buffer stock of cash in place and also had prepared the common masses for this change, but some countries implement demonetization without any proper safety

in place, in views of a renewed strong economy, however this in turn became the worst nightmare for them and resulted in the decline of some governments and people were left grappling with little or no money which were not been circulated yet.

The move of demonetization was criticized by the global economists who argued that the implementation of such measures can be hazardous and potentially lethal to a country growth and economy for the next few years but if the government aims to brings transparency and curb.

## **HISTORY OF DEMONETIZATION IN INDIA**

The first wave of demonetization occurred in the year 1946 on 12<sup>th</sup> January Rs.1000 and Rs.10000 which were in circulation were demonetized primarily to stop unaccounted money. The government through this drive collected Rs. 134crore of the total Rs 143crore available in the market (according to RBI estimates), only Rs 9crore was not exchange therefore demonetized. It turned out to become more like a currency conversion drive as a government couldn't achieve much of profit in the cash-strapped economy at that time.

The second wave of demonetization happened in the year 1978, during the reign of Moraji Desai, when the wanchoo committee appointed by the government decided to recall the re-introduced Rs. 1,000 , Rs.5000 and Rs. 10000 entirely from the cash system as the country was going through a difficult time. In 1965, despite India winning the Indo-Pak war, the military expenditure pushed inflation close to 7%

The third wave of demonetization was occurred in the year 2016 on November 8<sup>th</sup>, Narendra Modi led government had controlled the inflation, made India more investment friendly, and getting strong leaders on board, we didn't have much of a problem like in 1946 and 1978. It was a kind of Swacch Bharat Abhiyans drive by the government to get more perspective points and reduce black money effect on the economy controlled by some powerful politician and businessmen. The master stroke of this demonetization was the announcement was done by Prime Minister of India at 8pm IST rather by the RBI in the morning. Most of the business 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 holders couldn't find a way out of funnel the black money, making it a fool proof plan to nab all the holders under the tax radar.

## **IMPACT OF DEMONETIZATION ON INDIAN ECONOMY**

Government of India demonetized the currency as a tool to fight against corruption and black money, which are the major problem of Indian economy. The present demonetization will be having some effects on Indian economy. Some of the major effects of demonetization as follow.

- Effect on Parallel Economy: One of the major objectives of demonetization is to fight against the black money. With the demonetization the black money within the economy will be blocked as the owners of the black money in the form of Rs 500 and Rs 1000 notes cannot replace it and deposit it in the banks as it is not having the proper documents. In this way the parallel economy will be affected to a greater extent which is the positive impact of demonetization.
- Short Run Effect on Money Supply: Money supply will be reduced in the market due to withdrawal of currency notes from circulation. This effect will be the short run impact of demonetization. The problem of money supply will be solved when the new will be solved when the new currency notes widely notes circulated in the market.
- Effect on consumption: Decrease in money supply as a result of demonetization is also having an impact on production and consumption. Due to decrease in money supply production decrease and it affect the consumption negatively.
- Fall in the Prices: prices for different goods will fall with demonetization of currency. The prices of consumer goods and the prices of real estate sector are expected to fall.
- Increase in Bank Deposits: The demonetization increase the deposits in current account and savings bank account. As government announced the demonetization, the money held by the household sector for the emergency purpose will be deposited with the banks, which will increase the deposits in the banks.
- Increase in Alternative Modes of Transactions: Due to demonetization the cash transaction are facing a reduction, which increase the others alternative modes of transactions like use of credit card debit card online payment
- blow on the anti-social activities. Due to the demonetization funding of anti-social activities, smuggling can be curbed. These anti-social and transaction etc.

- GDP will Decrease in the Short Run: GDP will be hurt due to demonetization. GDP of Indian may fall as a result of demonetization. The extent of fall may be very less and it's exists only for a short duration of time. This fall may affect the growth of the economy.
- Effect on Anti-Social Activities: Demonetization is a mighty activities weaker the economy. It is difficult to the anti-social activities to recover from this. So the anti-social activities can be curbed to a greater extent.
- Effect on Other Units of the Economy: demonetization will have short run impact on agriculture, small traders, small vender, etc. As agriculturists are dealing with the perishable commodity, not having other mode of payment other than cash transaction and lack of demand will affect the farmers negatively.

## **IMPACT OF DEMONETIZATION ON COMMON PEOPLE**

Demonetization has affected common people in many ways. First of all it suddenly announced by Indian Prime Minister Narendra Modi

They stood in queue for long time to deposit withdraw new currency. The whole country became cashless because of a sudden announcement. People have to stood in ATM queue for whole day even in nights too. Common people do not keep lot of physical money at home so they have to go to the bank and stood in ques. Because of change in currency, most of the important stuff got stuck in the middle. For instance marriage of someone or may be individual about to buy something expensive and etc.

- Agricultural sector: There are two types of impact of demonetization on Indian Agricultural Impact:-
  1. Short Term Impact : As cash is the primary mode of transaction in agricultural sector, demonetization is bound to cause temporary stress in the system. Sale, transport, marketing and distribution of ready produce to wholesale centres or mandis , is dominantly cash dependent. Demonetization, breaks in the supply chains feedback to farmers as sales fall, increased wastage of perishables , lower revenues that show up as trade dues instead of cash in hand and when credited into bank accounts with limited access affect the sector . In the transitional phase, farm produces with limited shelf-life fruits and vegetables, which significantly contribute

to overall farm output, will be hit due to cashlessness. Similarly, payments of wages to farm labours and rentals for farm implements will too become difficult considering to the banking system. So basically the Indian Agriculture has to go through rough time with the announcement if demonetization in the country.

2. Long Term Impact : As for the long term Impact of demonetization I believe this move has the potential of bringing about transformation changes in the sector like better access to credit for farmers, elimination of middlemen, which is one of the major causes of poor condition Indian farmers as their profit is immensely reduced due to the commission of the middlemen, direct transfer of subsidies to farmers and ultimately linking the Indian farmers to the global agricultural market. If the Indian farmers are linked to the global market it could generate a great amount of revenues for the country.
- Business sector: the small and medium Business sector in India has a heavy influence on the economy. It provides employment to millions of people every year and contributes a healthy eight percent to the country's GDP. When a major economics decision like demonetization is implemented, it is necessary to study the impact it could possibly have on the economics of this sector.

Most small and medium sector family run business in India. The small and medium sector market can be categorized into two sectors

- Businesses created by entrepreneurs who smelt the opportunity and moved fast to launch and become successful quickly.
- Business that came in late but could become reasonably successful because of the huge potential that remained untapped.

## **OBJECTIVES OF DEMONETIZATION**

After the Prime Minister Narendra Modi announcement of demonetization, Urjit Patel the Governor of the Reserve Bank of India and Shaktikanta Das the Economics Affairs Secretary held a press conference and explain the purpose of demonetizing the 500 and 1000 banknotes was as follows

- To track fake currency.
- To cut off the supply line money, arms and immunizations to terror funding.
- To transform Indian economy into cashless economy. To bring tax evasion to halt.
- To unearth and curb the black money.
- To curb illegal and unethical business activities such as, the black marketing, food adulteration, marketing of spurious goods, human trafficking, smuggling of gold and drugs.
- To give boost to white economy.
- Encourage deposit base and saving.

## **MERITS OF DEMONETIZATION**

- No More Black Money in India: Black money is the biggest difficult of any economy and it is also measured as the main ailment of any economy. Black money is a parallel economy which makes substance of any country weaker . In Indian economy there is around of Rs. 3 lakh Crore black money inserted and the fact is that total amount mixing in the Indian economy is RS. 17 Lakh Crore. This single action of demonetization will whichever take the black money into black account or it will extinguish it.
- End of Fake currency: As per the ISI (Indian Statistical Institute), the movement of fake currency in Indian economy is Rs.400 crores at every point of time. It was also stated that the Rs.70 crore fake currency also being inserted every year to Indian economy. Demonetization will also put an end to it as technologies will be able to socialize old previous notes.
- More Bank Deposits and higher GDP: Most of us know the fact thats 86% of Indian currency is in form of 500 and 1000 notes. Demonetization of these 500 and 1000 notes

will make people deposit 500 and 1000 notes in bank account which will take them in movement of money in Indian Economy. According to the statement by RBI they have composed over 5.2 trillion of money till 18<sup>th</sup> November. This credit made in banks can improvement Indian GDP to 0.5%- 1.5%. Largest public sector bank of India which is SBI has received Rs.1.27 trillion cash deposits.

## **DEMERITS OF DEMONETIZATION**

1. The biggest disadvantages of demonetization has been the chaos and frenzy it created among common people initially. Everyone was rushing to get rid of demonetised notes while inadequate supply of new notes affected the day to day budgets of citizens. Banks and ATMs witnessed suffered temporary financial losses. The situation was even worse in rural India where people struggled to exchanges and withdraw cash due to lack of enough number of banks and ATMs in their vicinity.
2. Another disadvantage is that destruction of old currency units and printing of new currency units involve costs which has to be borne by the government and if the costs are higher than benefits then there is no use of demonetization.
3. Another problem is that this move was targeted towards black money but many people who had not kept cash as their black money and rotated or used that money in other asset classes like real estate, gold and so on were not affected by demonetization.

## **OBJECTIVES OF THE STUDY**

- ❖ To gain the knowledge about the whole demonetization move in India
- ❖ To understand its impact on the Indian economy.
- ❖ To understand the changes in the government policies to promote digital mode of payment.
- ❖ To understand the benefits of the government by the demonetization.
- ❖ To understand the preferences and opinions of general public over demonetization.

## **SCOPE OF THE STUDY**

The research study was conducted to identify the problems faced by government because of the circulation of high demonetization notes beyond the required limit. The study revealed that nearly 87% of the total Indian currency which was in circulation was high demo demonetization notes of Rs. 500 and Rs. 1000. And more over most of the fake currency in circulation was also in high demonetization currency notes of Rs.500 and Rs.1000.

## **NEED OF THE STUDY**

This project study is to analyse the impact of demonetization on common people and Indian economy as a whole and also how it helped to curb fake currency, unaccounted money , corruption and terror funding .

## **LIMITATION OF THE STUDY**

- The study is restricted to the selected sample of Coimbatore District and hence the result of the study cannot be generalized.
- The statistical methods used to analyze the data have their own limitation.

All the limitation of primary data are applicable to this study.

## **LITERATURE REVIEW**

On the government announced its decision to discontinue the legal tender status of Rs.500and Rs.1000 notes. The behind the demonetization policy attempt to curb black money, regularizing prices, create corruption free environment, stop flow of funds to illegal activity, make people accountable for every rupee they possess and pay a study by the National Investigation Agency

and the Indian Statistical Institute, conducted in 2016, estimated that fake Indian currency notes in circulation have a face value of before the recent decision of demonetization of 500 and 1000 rupees notes. The government has taken a few steps in this direction much before its announcement. Government insisted people to open Bank account in Jan Dhan Yojana. They were asked to deposit all the money in their Jan Dhan Accounts and to do their future transaction through banking only. Another step that the government initiated was a declaration of the income and had given October 30, 2016 deadline for this purpose. Through this method, the government was able to wipe up a huge amount of undeclared income. It was a bold step of our government, many economic expert their opinions and several research studies are conducted on demonetization. This provides a systemic review of literature on the demonetization. Various empirical studies are carried out in India and rest of the world on demonetization. The study is limited to twenty seven research studies and expert opinions on demonetization. The aim of this paper is to do logical and structure appraisal of existing literature to determine the relevance of demonetization in respect of its motives.

**CHAPTER 2**  
**RESEARCH METHODOLOGY**

## **RESEARCH METHODOLOGY**

Research refers to search for knowledge. It is an art of the scientific investigation. Research comprise definite problem. The research design ascetically states the procedures of data collection and analysis of information relevant to the problem. I have selected my study in descriptive research which includes survey, facts. The method used for present study was survey method.

## **SOURCES OF DATA COLLECTION**

Research will be based on two (2) sources:

- Primary data
- Secondary data

**Primary data:** The primary data was collected by personal interviews with customers and also with the help of questionnaire. the data have been presented with the help of pie-chart.

**Secondary data:** The secondary data have been collected from the magazines, books as well as from the Internet websites.

**Sample size:** For the study, sample size of 30 respondents was selected.

### **Statistical tools used:**

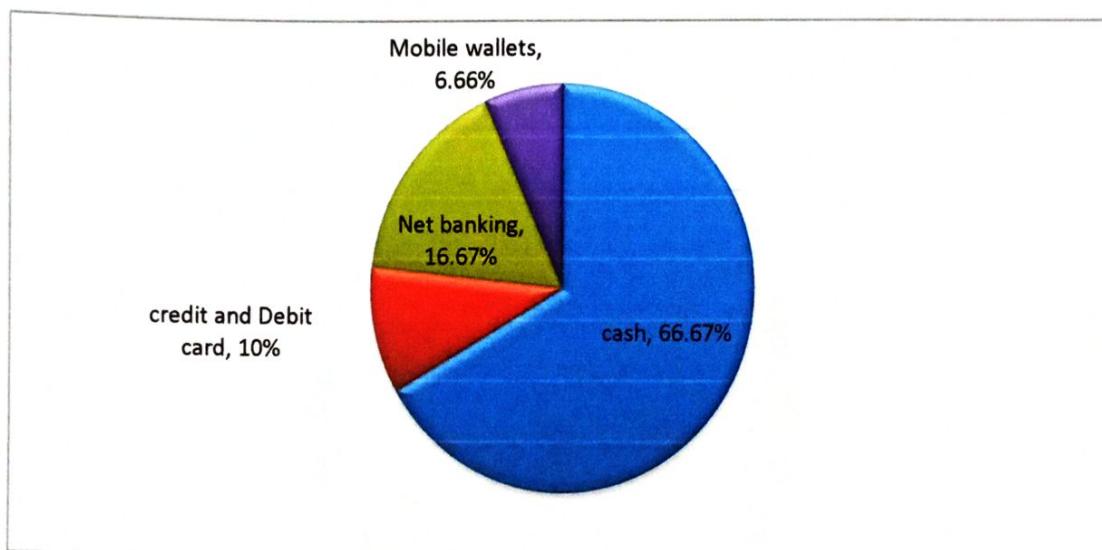
- Questionnaire
- Pie Charts

**CHAPTER 3**  
**DATA PROCESSING AND ANALYSIS**

## DATA PROCESSING AND ANALYSIS

1. Which method of payment did you use the most before demonetization?

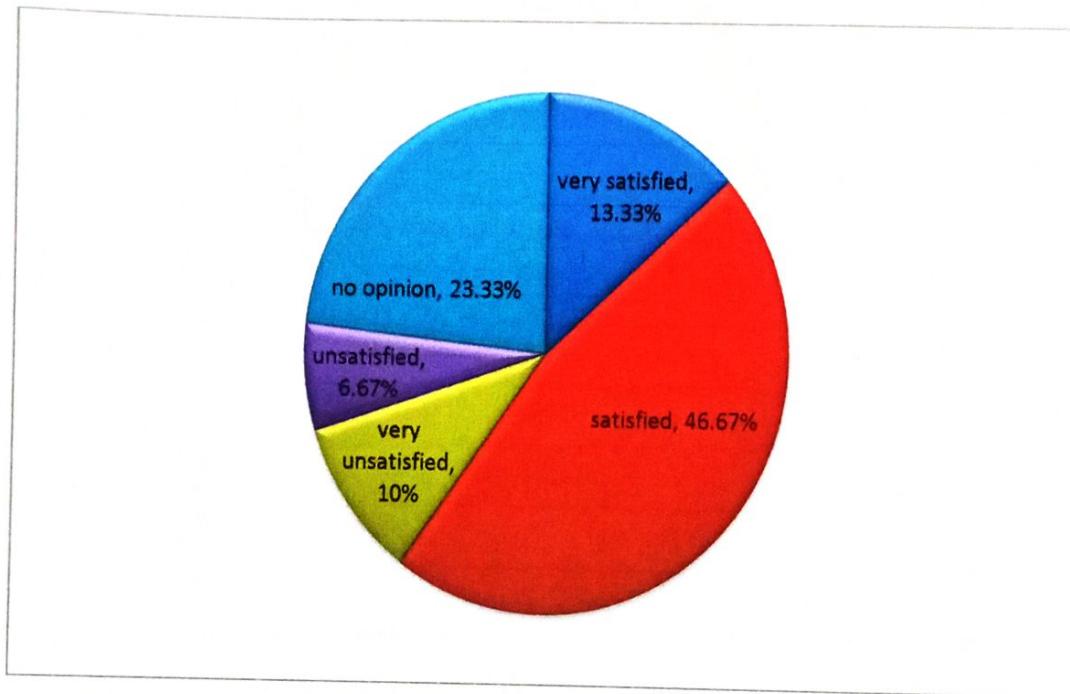
Particular	No. Of respondents	Percentages
Cash	20	66.67%
Credit and Debit Card	3	10 %
Net Banking	5	16.67%
Mobile Wallets	2	6.66%
Total	30	100%



**Interpretation:** 66.67% of the respondents used cash payment before demonetization, 10% of the respondents used credit and debit card before demonetization, 16.67% of the respondents used net banking before demonetization, 6.66% of the respondents used mobile wallets before demonetization.

2. What is your opinion on demonetization as a policy?

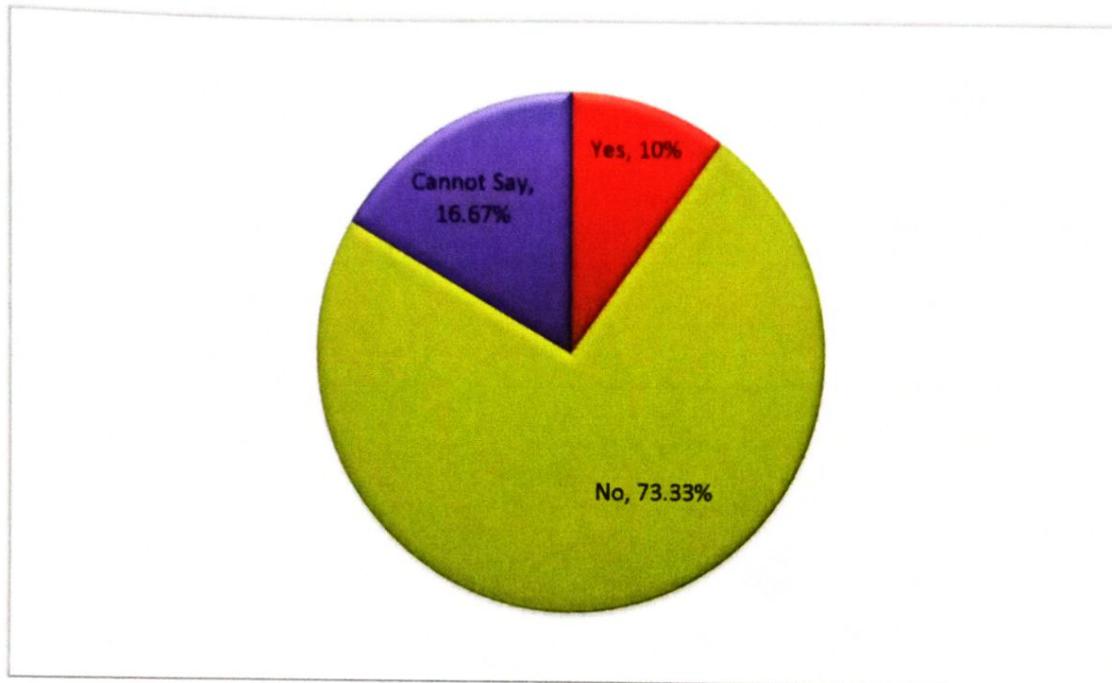
Particulars	No. Of respondents	Percentages
Very satisfied	4	13.33%
Satisfied	14	46.67%
Very unsatisfied	3	10%
Unsatisfied	2	6.67%
No opinion	7	23.33%
Total	30	100%



**Interpretation:** 13.33% of the respondents are very satisfied on demonetization as a policy, 46.67% of the respondents are satisfied on demonetization as a policy , 10% of the respondents are very unsatisfied on demonetization as a policy, 6.675 of the respondents are unsatisfied on demonetization as a policy, 23.33% of the respondents have no opinion on demonetization as a policy.

3 .Do you think demonetization has proven beneficial to the government?

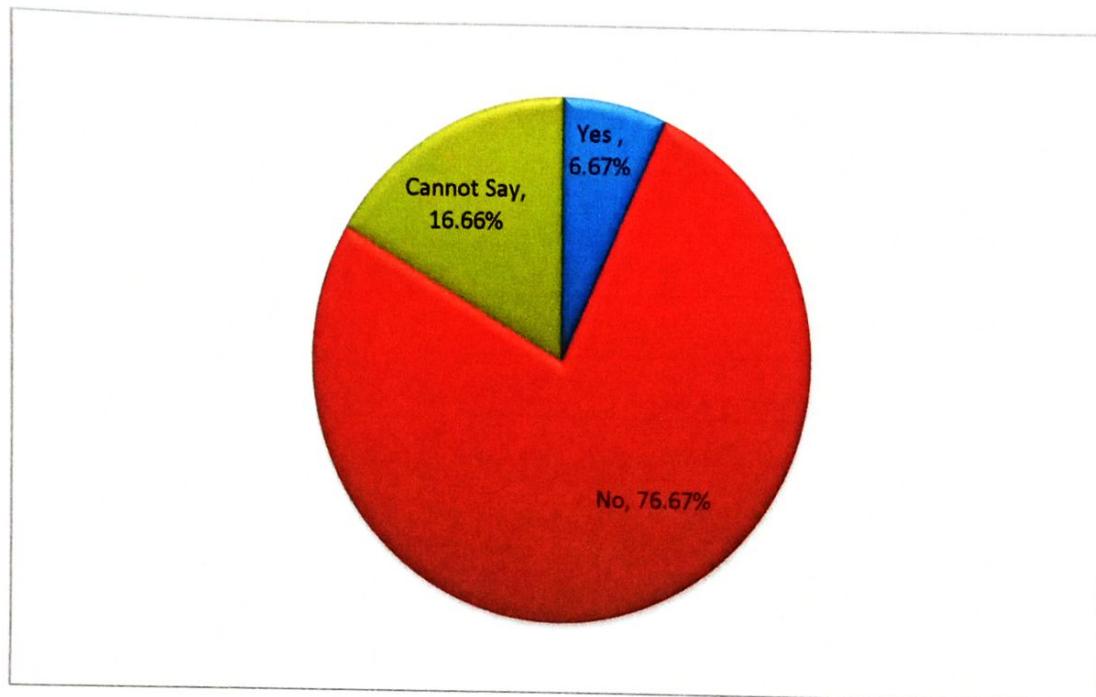
Particulars	No. Of respondents	Percentage
Yes	3	10%
No	22	73.33%
Cannot say	5	16.67%
Total	30	100%



**Interpretation:** 10% of the respondents think demonetization has proven beneficial to the government, 73.33% of the respondents think demonetization has not proven beneficial to the government, 16.67% of the respondents have no opinion

4. Do you feel demonetization has helped curb money?

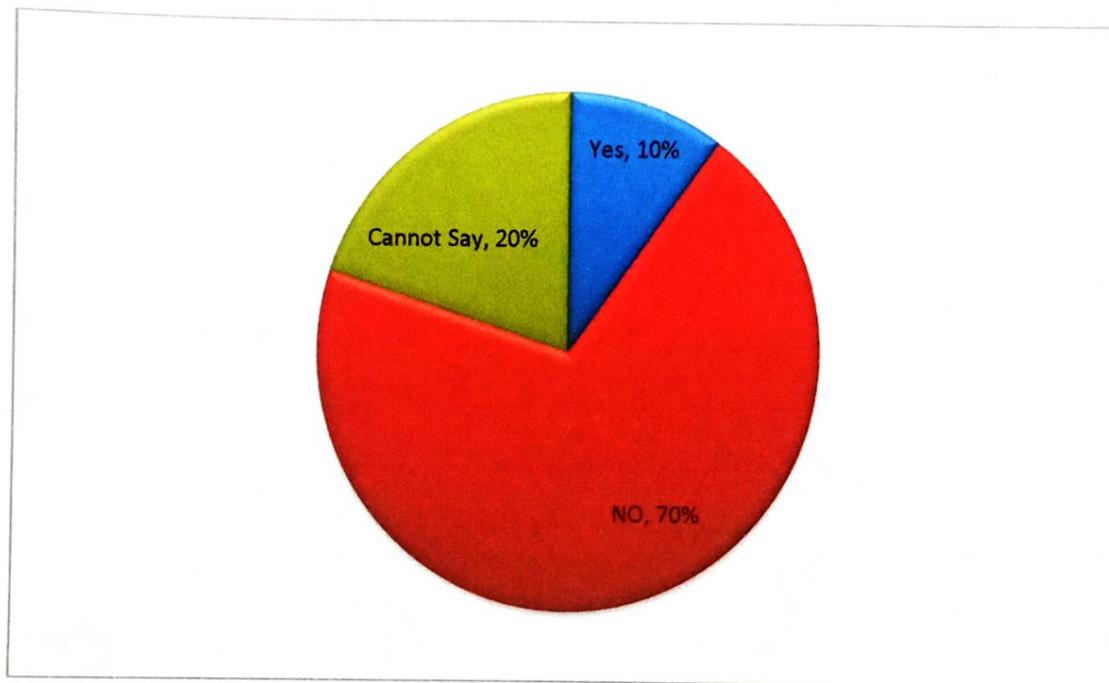
Particulars	No.of respondents	percentage
Yes	2	6.67%
No	23	76.67%
Cannot say	5	16.66%
Total	30	100%



**Interpretation:** 6.67% of the respondents feel demonetization has helped to curb money, 76.67% of the respondents does not feel demonetization has helped to curb money, 16.66% of the respondents have no opinion.

5. Do you feel demonetization has helped cure corruption?

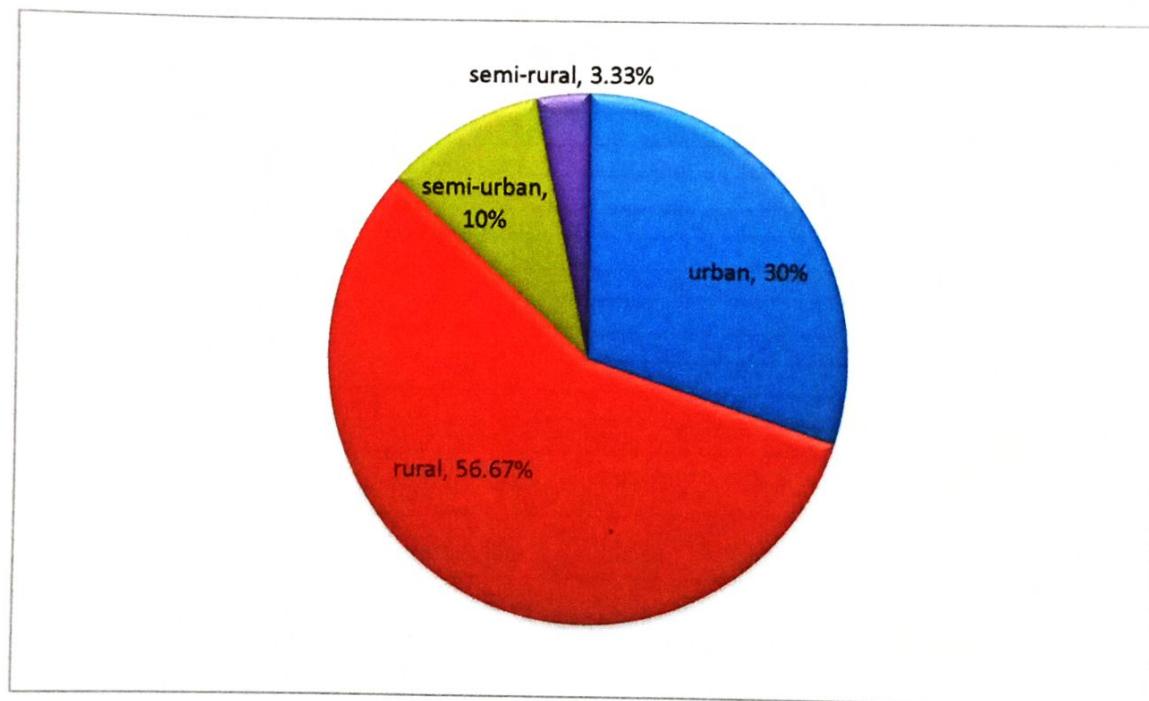
Particulars	No. Of respondents	Percentage
Yes	3	10%
No	21	70%
Cannot say	6	20%
Total	30	100%



**Interpretation:** 10% of the respondents think demonetization has helped to cure corruption, 70% of the respondents does not think demonetization has helped to cured corruption, 20% of the respondents have no opinion.

6. Which among this areas according to you has been affected the most?

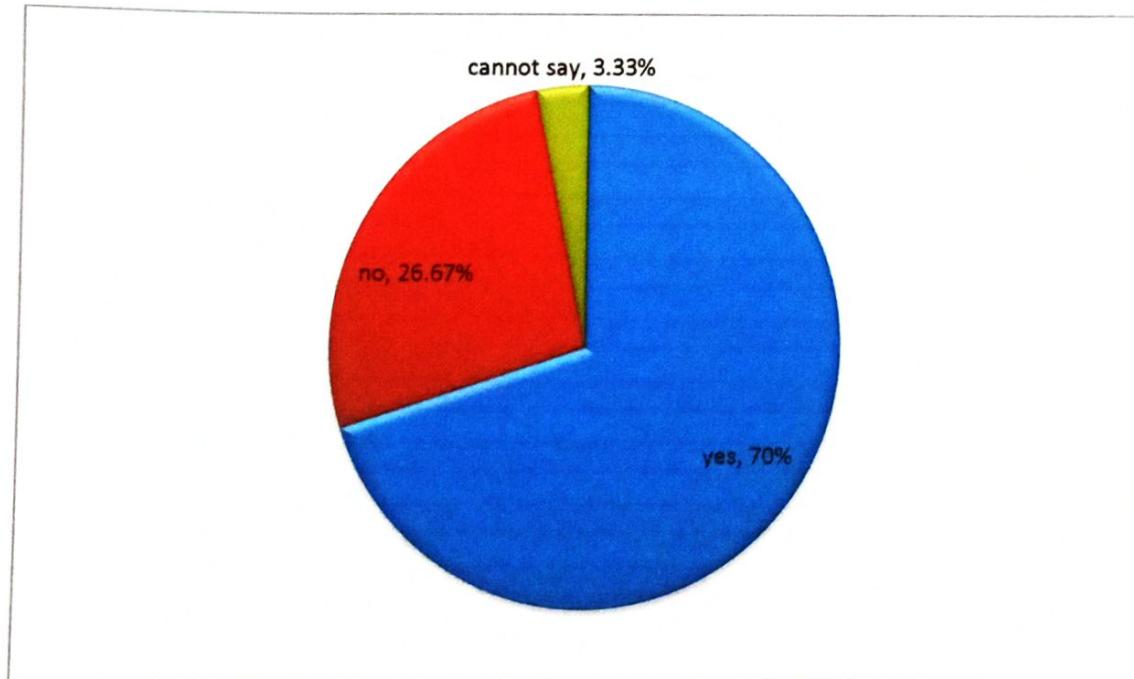
Particulars	No. Of respondent	Percentage
Urban	9	30%
Rural	17	56.67%
Semi-urban	3	10%
Semi-rural	1	3.33%
Total	30	100%



**Interpretation:** 30% of the respondents say that urban area has been affected the most, 56.67% of the respondents say that rural area has been affected the most, 10% of the respondent say that semi- urban arca has been affected the most,3.33% of the respondents say that semi-rural area has been affected the most.

7. Was it inconvenient to stand in the queues at bank and ATMs?

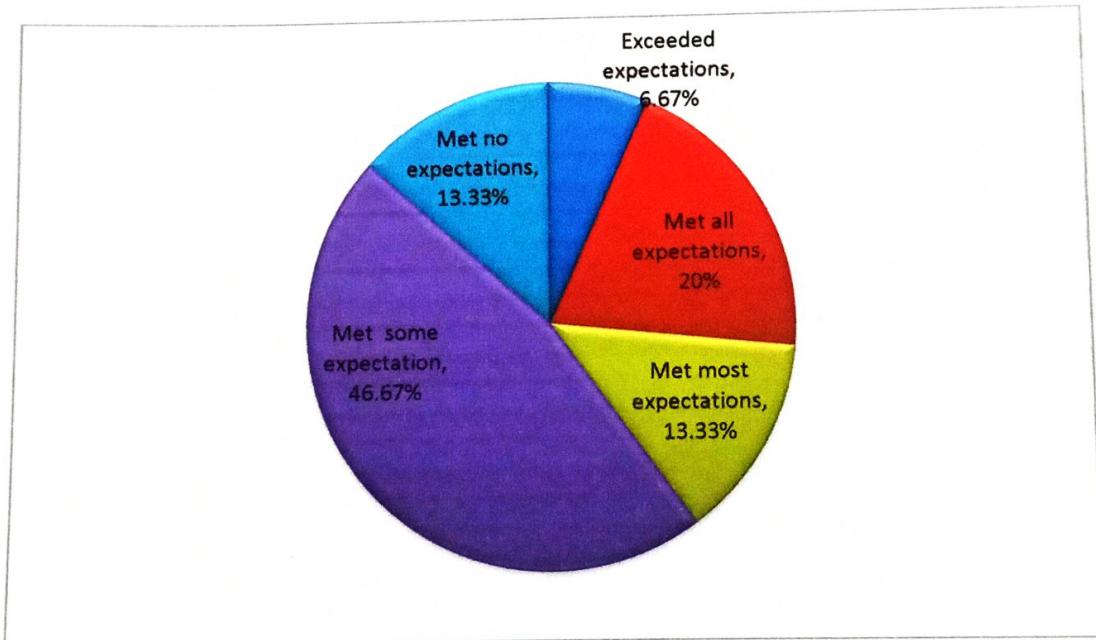
Particulars	No. Of the respondent	Percentage
Yes	21	70%
No	8	26.67%
Cannot say	1	3.33%
Total	30	100%



**Interpretation:** 70% of the respondents felt inconvenient to stand in queues, 26.67% of the respondents felt no inconvenience to stand in queues, 3.33% of the respondents has no opinion.

8. Has the impact of demonetization met your expectation?

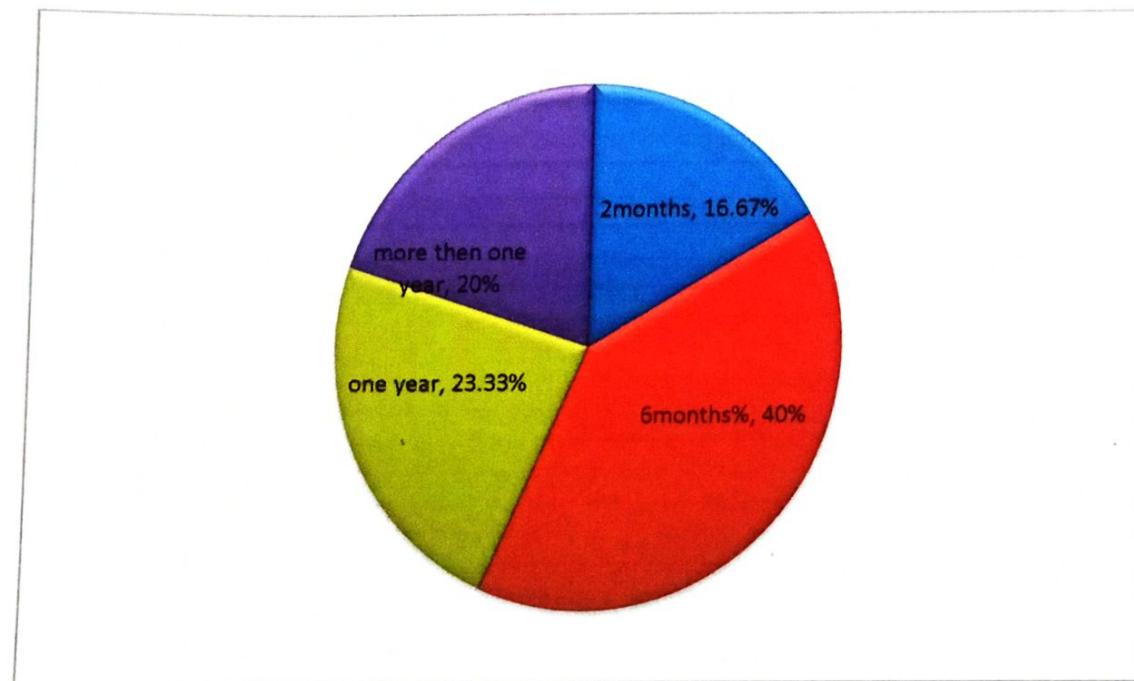
Particulars	No. Of respondents	Percentage
Exceeded Expectations	2	6.67%
Met all expectations	6	20%
Met most expectations	4	13.33%
Met some expectations	14	46.67%
Met no expectations	4	13.33%
Total	30	100%



**Interpretation:** According to 6.67% of the respondents demonetization has exceeded their expectations, to 20% of the respondents it met all their expectations to 13.33% of the respondents it met most expectations, 46.67% of the respondents met some expectation and to 13.33% of the respondents it met no expectations

9. How long would it taken for everything to return to normal?

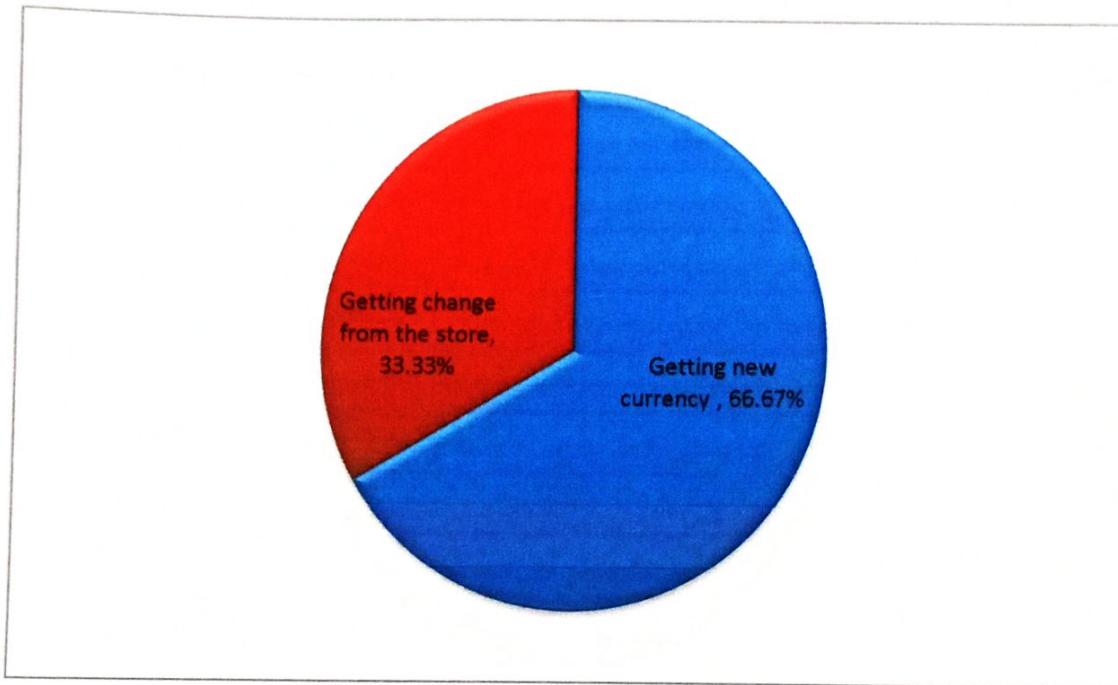
Particulars	No. of respondents	Percentage
2months	5	16.67%
6months	12	40%
One year	7	23.33%
More than one year	6	20%
Total	30	100%



**Interpretation:** 16.67% of the respondents say that it took 2 months for everything to return to normal, 40% of the respondents say that it took 6 months for everything to return to normal, 23.33% of the respondents say that it took one year for everything to return to normal , 20% of the respondents say that it took more than one year for everything to return to normal.

10. What were the main problem faced by you when demonetization was announced?

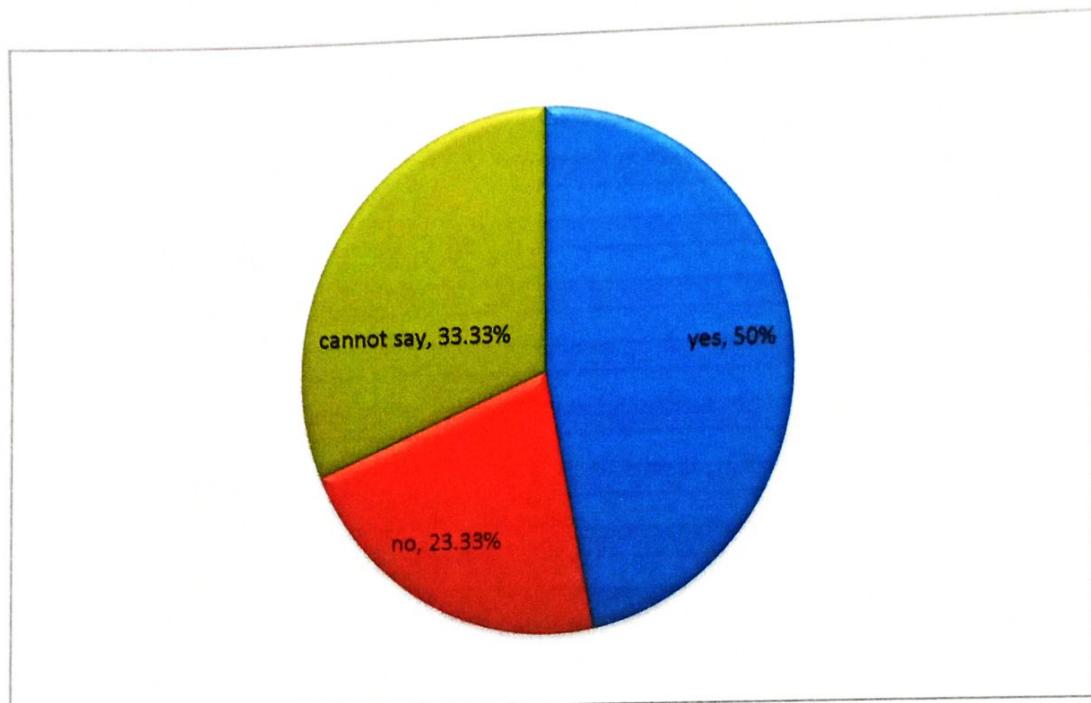
Particulars	No. of respondents	Percentage
Getting new currency	20	66.67%
Getting change from the store	10	33.33%
Total	30	100%



**Interpretation:** 66.67% of the respondents say that they faced problem for getting new currency, 33.33% of the respondents say that they faced problem for getting change from the store

11. Did demonetization make things easier for you now?

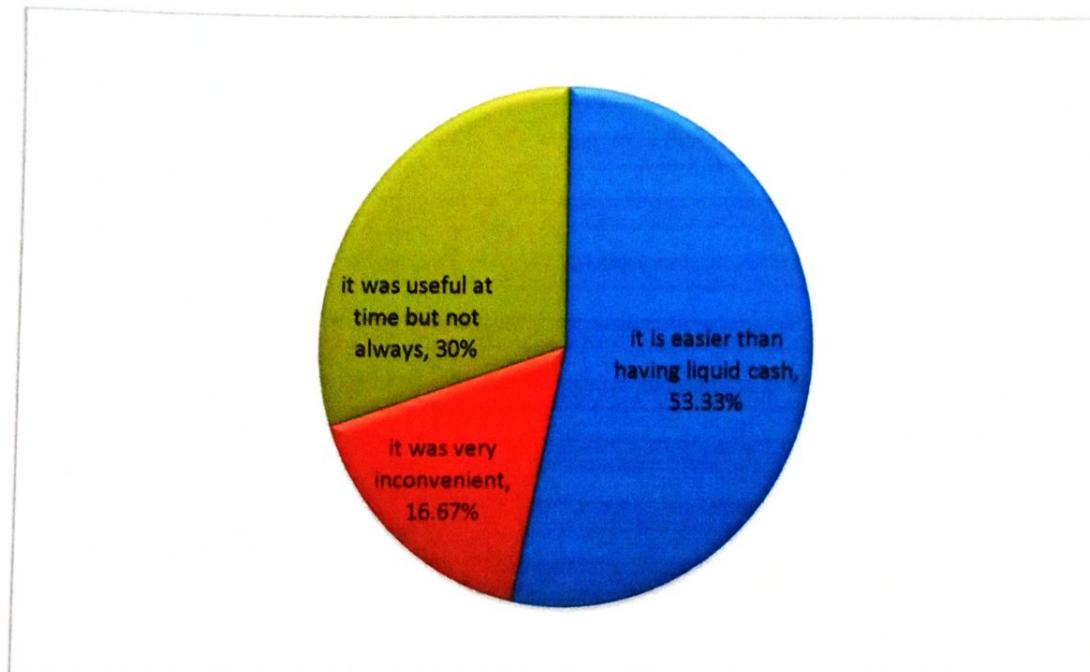
Particulars	No. Of respondents	Percentage
Yes	15	50%
No	7	23.33%
Cannot say	8	33.33%
Total	30	100%



**Interpretation :** According to 50% of the respondents demonetization has made things easier for them now, According to 23.33% of the respondents demonetization has not made things easier now and 26.67% of the respondents don't have any opinion about it.

12. How did u feel about moving into digitalization?

Particulars	No. Of respondents	Percentage
It is easier than having liquid cash	16	53.33%
It was very inconvenient	5	16.67%
It was useful at time not always	9	30%
Total	30	100%



**Interpretation:** 53.33% of the respondents say that moving into demonetization is easier than having liquid cash, 16.67% of the respondents say that it was very always.

**CHAPTER 4**  
**FINDINGS**

## **FINDING**

1. According to the data collected, it is clear that most of the respondents used cash payment before demonetization.
2. The problem faced by majority of the respondents is getting new currency from banks by standing in queues for hours.
3. 53.33% of the respondent felt easier about moving into digitalization than having liquid cash.
4. Almost half of the respondent felt that the impact of demonetization met some of their expectations.
5. 70% of the respondents think that demonetization has not helped to curbed corruption in India.

**CHAPTER 5**  
**CONCULSION**

## **CONCULSION**

The move by the government to demonetise old currency and replacing it with the new one has taken the country by surprise. The move was an effort to handle the threat of illegal money, corruption, terror funding and counterfeit currency. The decision regarding demonetising the old currency was considered as a surgical strike against the undeclared money in the history of the Indian economy, it may be a move towards the cashless economy. The demonetization is followed by a liquidity crunch in the country, banks and ATMs across the country faced severe cash shortages with detrimental effects on various small business, agriculture and transportation. Currency ban by the government of India created chaos in short- term as most people with old currency notes faced difficulties exchanging them in long queues outside banks and ATMs across India. The total value of the old currency notes in the circulation was to tune of Rs 14.2 trillion, which constitute about 86% of the total value in circulation. The back money has either been accounted by playing heavy taxes and penalties or has reached the bank accounts through direct or indirect channels. Demonetization would bring a positive impact on Indian economy as it encourages the digital mode of payment like E-Wallets and apps, online transaction using E-banking, usage of plastic money etc Demonetization is beneficial for the economy in the medium to long-term.

**CHAPTER 6**  
**RECOMMENDATION**

## RECOMMENDATION

Demonetization has affected every Indian to some or large extent. Huge queues outside banks and post offices shows the merciful position of people of India. This drastic step has been taken by government of India to tackle black money which is in abundance in Indian market and society. Intentions of Government of India looks good but implementation of the idea and execution could not become successful. Even Governments and Reserve Bank of India may not think about the difficulties while planning and actual converting the idea into reality.

Anyway step has been. Now the question is how to make this move and movement successful so that purpose of demonetization has to be achieved as well as people remains at happy end while this revolution.

Suggestions that will helpful to cope with demonetization crises.

- Government should educate everyone about the use of e-wallet and Debit and credit cards. Proper classes about the use of e-wallet and cards should be taken at each and every office, organization, companies etc. Whether private or government. Camps can be held at village levels and city levels at each and every corners. Social workers, panchayat members and staff should come forward in explaining the use of digital media for buying commodities in the market.
- Give every businessman, who has current account with banks, swipe machine at the earliest possible. Tragedy in many banks branches still do not provide facility of giving swipe machines to the clients. Immediate steps to be taken by the concerned authorities to equip banks with these machines so that it can be distributed to the traders. Also proper training should be given to the traders about its use.

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## QUESTIONNAIRE

Dear sir\Madam

I Gudiya Sah, a student of Management, Nagaland University is undergoing "Impact of Demonetization on Indian Economy".

This research is a part of B.Com Curriculum and I will appreciate if you could kindly help me by filling up this questionnaire. The information provided by you will be used solely for academic.

Yours Sincerely

Gudiya Sah

### **Demographic question**

Name.....

Gender: Male

Female

Age: Below25

25-40

40-60

Above60

Education qualification: High school

Graduate

Postgraduate

Occupation: Student

Serviceman

Businessman

Other

Marital Status : Married

Unmarried

Monthly household income: Below20000

20000-40000

above80000

### **Public Perception Survey**

1. Which method of payment did you use the most before demonetization?
  - a. Cash
  - b. Credit and Debit Card
  - c. Net Banking
  - d. Mobile Wallets
2. What is your opinion on demonetization as a policy?
  - a. Very Satisfied
  - b. Satisfied
  - c. Very unsatisfied
  - d. Unsatisfied
  - e. No opinion

3. Do you think demonetization has proven beneficial to the government ?
  - a. Yes
  - b. No
  - c. Cannot Say
4. Do you feel demonetization has helped curb money?
  - a. Yes
  - b. No
  - c. Cannot Say
5. Do you think demonetization has helped cured corruption?
  - a. Yes
  - b. No
  - c. Cannot say
6. Which among this according to you has been affected the most?
  - a. Urban
  - b. Rural
  - c. Semi-urban
  - d. Semi-rural
7. Was it inconvenient to stand in the queues at bank and ATMs?
  - a. Yes
  - b. No
  - c. Cannot Say
8. Has the impact of demonetization met your expectation?
  - a. Exceeded Expectations
  - b. Met all expectations
  - c. Met most expectations
  - d. Met some expectations
  - e. Met no expectation

9. How long would it taken for everything to return to normal?

- a. 2months
- b. 6months
- c. One year
- d. More than one year

10. What were the main problem faced by you when demonetization faced by you when demonetization was announced?

- a. Getting new currency
- b. Getting change from the store

11. Did demonetization make things easier for you now?

- a. Yes
- b. No
- c. Cannot Say

12. How did you feel about moving into digitalization?

- a. It is easier than having liquid cash
- b. It was very inconvenient
- c. It was useful at times but not always