



“A Study on Consequences of Demonetization on Banking Sector with Reference to Banks in Ahmednagar District”

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ARTICLE INFO	ABSTRACT
	<p>The biggest decision by Prime Minister of India Mr.Narendra Modi was taken on the evening of 8th Nov 2016 by ceasing the 500 and 1000 rupees notes from 9th Nov 2016. Demonetization is the act of stripping a currency unit of its status as legal tender. It is a process of removing a currency from general usage or circulation of money in a country. Demonetization is a tool to fight with inflation, black money corpus, corruption and crime content, dismantling a cash dependent economy and help trade. The policy of Government of India to ban on 500 rupees and 1000 rupees currency note becomes one of the critical decision. Demonetizations is not new curve to India, demonetization took twice before in the year 1946 and 1978 by then ruling Janata Party. Denomination has highly impacted on each and every corner of economic mechanism of India. Demonetization is the process of stripping a currency unit of its status as legal exchange. The role of banking sector is pivotal. But ever since demonetization took place banking sector highly affected during that span of time. State of confusion, overcrowded bank branches in every belt of India, stoppage of Automated Teller Machine (ATM) function, wait and watch situation, complete stagnancy in the transaction etc these are the basic trauma faced by account holders on a larger scale with faster pace..</p> <p>Key words- Demonetization, Currency, Economic mechanism.</p>

INTRODUCTION-

Ever since demonetization took place entire economy comes in trouble on heavy scale.

Banks are the backbone to the financial system banking play crucial role in daily lives. Banks perform vital catalyst by collecting deposits, sanctioning debt; perform financial intermediation by pooling savings channelizing them into investments through maturity and risk transformations, thereby keeping the economy's growth engine active. After demonetization banking sector faced a lot of problem. Money is the life blood of every economy. With the growth of civilization and mankind, the needs of human beings increased. In order to fulfill humans unlimited wants barter system emerged. But over a period of time, the invention of money became a strong pillar to build an economy.

Money exchange appears to be more convenient than barter because it obviates the “double coincidence of wants” and is capable of sustaining relatively complex economy. Money exchange facilitates ease of doing business, facilitates taxation and national integration. All activities such as production, exchange, distribution, services etc. form an economy. It is called formal economy. An informal economy is neither economic activity/activities that is neither taxed nor monitored by Government, contrasted with a formal economy. Presence of corruption, black money, counterfeit currency, poor governance etc. promotes and establishes parallel economy. considering above all demonetization impact heavily on employment, SSI (Small Scale Industry), GDP growth at faster pace.

REVIEW OF LITERATURE-

1) According to Bhalchandra kango

There has been huge hurry is going on to join our economy to corporate world. so that demonetization and G,S,T concept propel by the government. In India more than 80% sector is unorganized sector to make them

digital and cashless would directly beneficial to the corporate world but in this scenario common man problems totally neglected.

2) According to the Business Standard - Between 2016 and 2018, **five million people lost their jobs** and the labor force participation started declining suddenly between September and December 2016 for both urban and rural men. The rate of decline slowed down entire labour phenomenon heavily.

3) According to the Business Standard- In 2017-18, the amount spent on **milk and milk products (M&MP)** dropped 10 per cent. Households, hotels, and halwai shops spent Rs 6 trillion on M&MP in 2016-17, consumption expenditure reduced to Rs 5.4 trillion in 2017-18, the data released by the National Statistical Office (NSO) showed.

OBJECTIVES OF THE STUDY-

- What is Demonetization ?
- What will be its effects and impact on various section of Banks and Indian economy?
- To define role of digital platform and to analyse awareness among people
- To find out positive and negative impact of currency ban

• Research methodology-

The study is based on Primary and secondary data. Responses recorded with the help of questionnaire from the employee of various banks of ahmednagar district. secondary data collected from various other research paper, Books, Newspaper, Journal and Magazine article and Media Reports

- **Research Design**-For this study I had used descriptive research method to analysed data thoroughly .with the help of research design complete analysis of the topic take place
- **Sample design**-If researcher is going through the total population for the research that it may take huge amount of time. Convenient sampling method is used across the ahmednagar district.
- **Data collection**- For this study mostly primary data collection has been used by me. Personally visited respondents to record responses.
- **Sampling unit**- Respondents asked to fill up questionnaire are the sampling units. These comprise of 10 selected banks of Ahmednagar district.
- **Sample size**- Total sample size is 50.

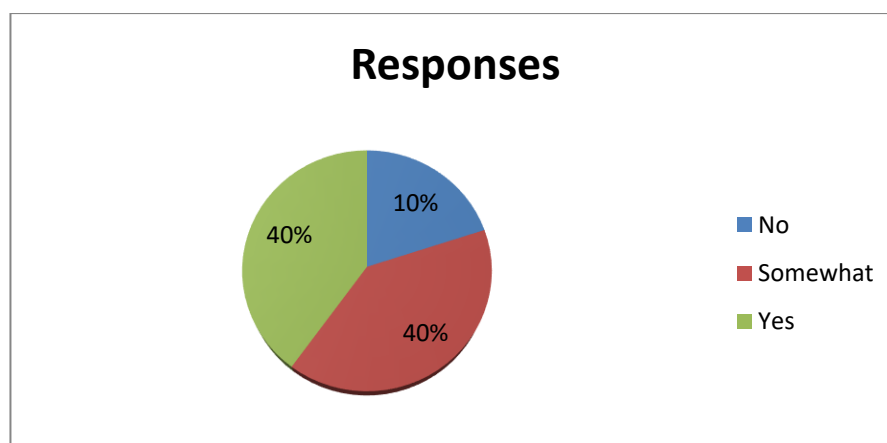
Hypothesis-

- Ho- There is Positive impact of demonetization on the Indian economy
- H1- There is Negative impact of demonetization on the Indian economy

Data Analysis and Interpretation-

1. Do you think that Demonetization helped to curb out corruption on larger scale in India?

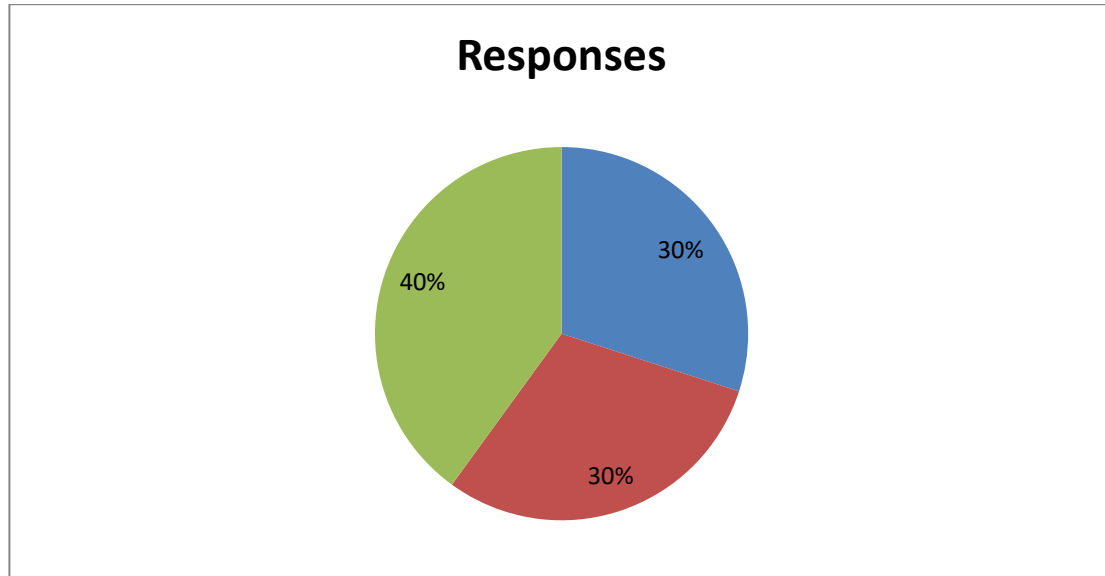
Option	Responses	In %
No	10	20
Somewhat	20	40
Yes	20	40



Interpretation-As per responses from this question we can interpret that the responses for two option have equal percentage status. Demonetization has helped to curb corruption on large scale in india this move is helpful because it helped to reduce black money transaction this move also help to make india a digital india. plastic card usage also increased. hence this move is not productive because it create barriers to a common man on larger scale.

2. Did you think that Demonetization create currency inconvenience dilemma among citizens of a country?

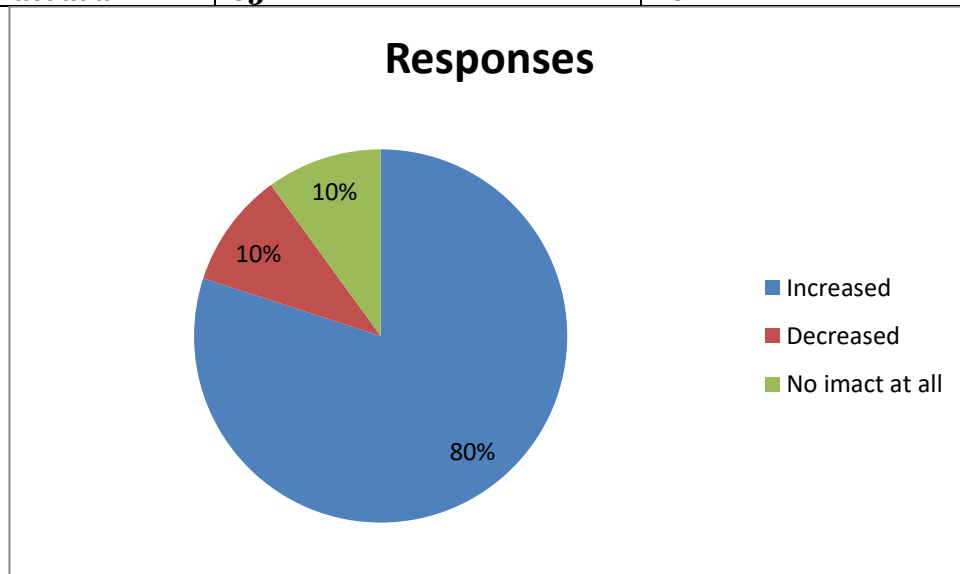
Option	Responses	In %
Not at all	15	30
Somewhat	25	30
Yes	20	40



Interpretation-Through the responses we can interpret that demonetization create inconvenience dilemma among common people on heavy scale. People were forced to stand in queues for hours and even day. bank employee faced serious stress due to sudden overload in Banks some of them even suffered serious health problem.

3. Impact of demonetization on the usage of online business transaction?

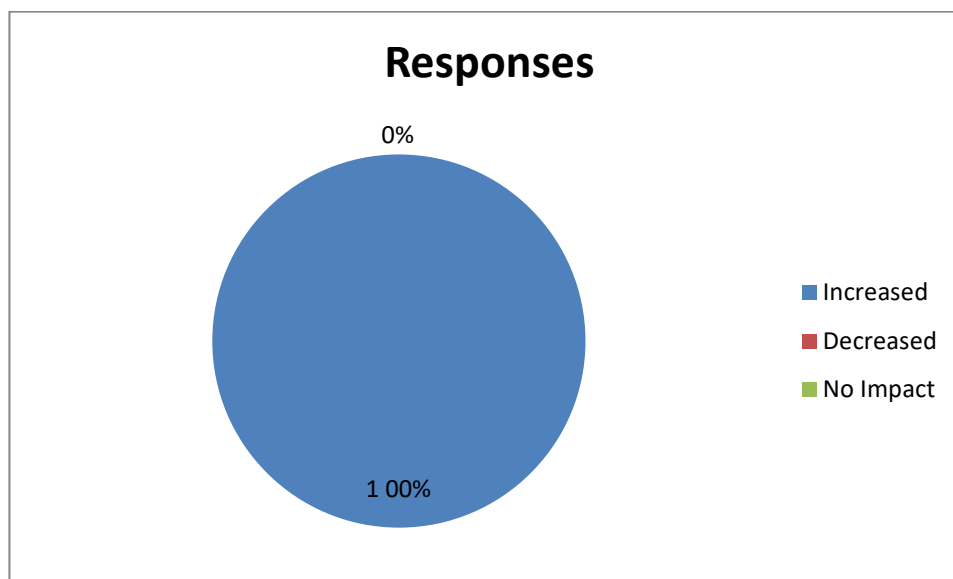
Option	Responses	In %
Increased	40	80
Decreased	05	10
No impact at all	05	10



Interpretation-Through the responses we can interpret that functioning of digital platform increased through ATM, Paytm, Google pay apps to fulfill their cash requirement.

4. What is the impact of currency denomination on Debit and credit card?

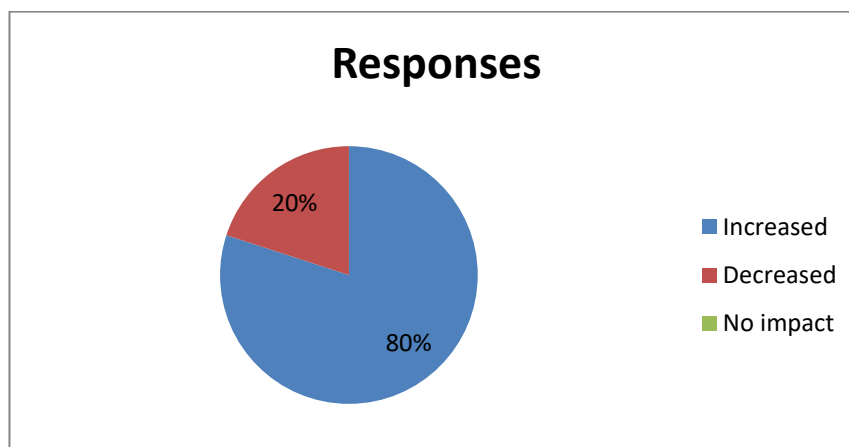
Option	Responses	In%
Increased	50	100
Decreased	0	0
No Impact	0	0



Interpretation -As per above chart concerned people believes that the role of debit card, credit card increased heavily due to decrease supply of cash people prefer online banking on larger scale

5. Did Demonetization will impacted ATM functioning of a country?

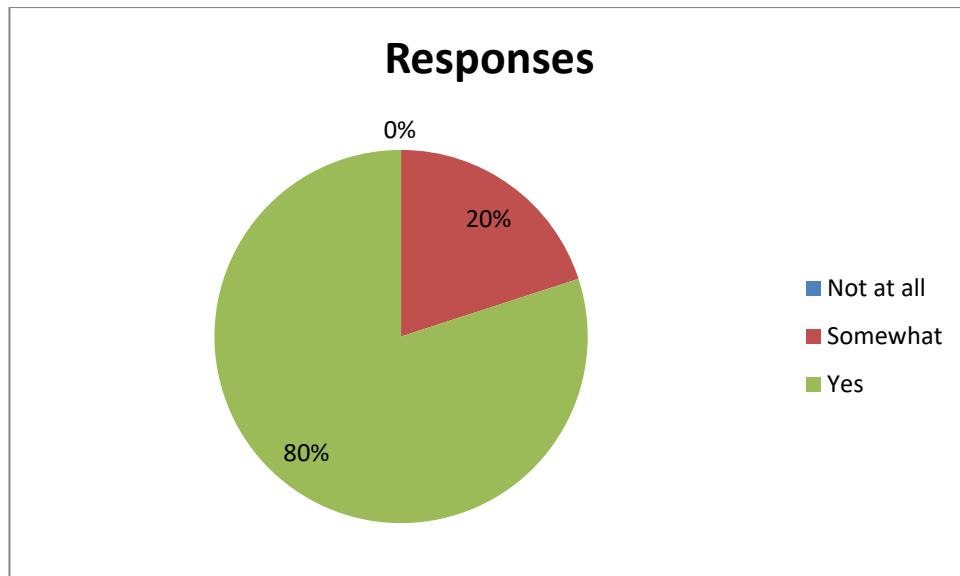
Option	Responses	In%
Increased	40	80
Decreased	10	20
No impact	0	0



Interpretation- Through above responses we can clearly says that functioning of ATM increased after demonetization. Customer visited ATM many time to dispense Cash.

6. Do you think currency ban impacted positively on Banking sector on larger scale?

Option	Responses	In%
Not at all	0	0
Somewhat	10	20
Yes	40	80



Interpretation -Above responses we can clearly say that the bank employee who fulfill questionnaire believe that there is heavy positive impact of currency ban as the result shows that frequency of using internet banking,online banking increased on heavy mode.

Indian economy and Demonetization-

1.Pros and Cons of Demonetization on Indian economy.

Pros-

- GDP rejuvenate
- Price mechanism
- Metropolitan city and demonetization
- Rejuvenate financial scope
- Restriction on gold and real estate mechanism

Cons -

- Currency crunch
- Disruption in transaction stance
- Disruption in transaction stance
- Slow economic pain
- Bank barriers
- Slow economic pain

Findings-

- Demonetization helps to curb corruption as well as black money on larger scale
- The functioning of digital platform gear up the channel of internet banking,online banking on larger scale.
- The role of debit card,credit card,Paytm,Googlepay increased on a larger scale..
- The entire economy gets proper boost with the help of currency ban.
- Possibility of increasing GDP of our country.

Suggestions-

- Need to improve internet literacy among people
- Technical problems must solved by bank immediately.
- Internet network problems in rural area occur,s that problem must be control by telecom industry sector

LIMITATIONS OF THE STUDY

- The biasness can always be there
- Secondary data may be lacking in accuracy or they may not be completely current or dependable
- Demonetization topic is new so less article,Research paper availability
- Demonetization impact always be variable according to different sector of an economy.
- Banks unable to provide entire economic statistics .

CONCLUSION-

The role of demonetization affect entire economy of a country. We adopt mix economy but economy hamper and create dilemma among common person of a country because our economy also depend on common person escalation of income, farmers productive income and so on. though india adopt digital fabric phenomenon but internet accessibility, affordability of utilization of internet, could not percolate in village sector of india. considering this aspect most of the citizen of a country depend on cash oriented economy rather than digital economy. This sudden move of government of India create huge hit among middle class people of a country

If government successfully clears all the problems, drawbacks associated with the demonetization, this demonetization will become the successful economic revolution in India and we can expect a better tomorrow with corruption free India.

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