Opinion study on demonetization among petty shop holders at Chatram bus stand, Tiruchirappalli

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Abstract
Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency. There are multiple reasons why nations demonetize their local units of currency like, to combat inflation and corruption and crime to discourage a cash-dependent economy also to facilitate trade and commerce in our India. The aim of this research project was to know the opinion about the Petty Shop Holders those who are facing lots of money transaction issues due to demonetization

Keywords: Demonetization, petty shops, currency

Introduction
Historically, previous Indian governments had demonetized bank notes. In January 1946, banknotes of 1,000 and 10,000 rupees were withdrawn and new notes of 1,000, 5,000 and 10,000 rupees were introduced in 1954. The Janata Party coalition government had again demonetized banknotes of 1,000, 5,000 and 10,000 rupees on 16 January 1978 as a means of curbing counterfeit money and black money.

In 2012, the Central Board of Direct Taxes had recommended against demonetization, saying in a report that "demonetization may not be a solution for tackling black money or economy, which is largely held in the form of benami properties, bullion and jewellery". According to data from income tax probes, black money holders keep only 6% or less of their ill-gotten wealth as cash, hence targeting this cash may not be a successful strategy. On 28 October 2016 the total banknotes in circulation in India was 17.77 trillion (US$260 billion). In terms of value, the annual report of Reserve Bank of India (RBI) of 31 March 2016 stated that total banknotes in circulation valued to 16.42 trillion (US$240 billion) of which nearly 86% (around 14.18 trillion (US$210 billion)) were 500 and 1,000 banknotes. In terms of volume, the report stated that 24% (around 22.03 billion) of the total 90266 million banknotes were in circulation. In the past, the Bharatiya Janata Party (BJP) had opposed demonetization. BJP spokesperson Meenakshi Lekhi had said in 2014 that "The aam aadmi (general population), those who are illiterate and have no access to banking facilities, will be the ones to be hit by such diversionary measures." The Government of India devised an Income Declaration Scheme (IDS), which opened on 1 June and ended on 30 September 2016. Under the scheme, the black money holders could come clean by declaring the assets, paying the tax and penalty of 45% thereafter. The Honorable Prime Minister Mr.Modi said that the queues due to demonetization were the last queues that would end all other queues.

Breaking down 'demonetization'
There are multiple reasons why nations demonetize their local units of currency. Some reasons include to combat inflation, to combat corruption, and to discourage a cash system. The process of demonetization involves either introducing new notes or coins of the same currency or completely replacing the old currency with new currency. In 2016, the Indian government decided to demonetize the 500- and 1000- rupee notes, the two biggest denomination notes. These notes accounted for 86% of the country’s cash supply. The government’s goal was to eradicate counterfeit currency, fight tax evasion, eliminate black
money gotten from money laundering and terrorist financing activities, and promote a cashless economy. By making the larger denomination notes worthless, individuals and entities with huge sums of black money gotten from parallel cash systems were forced to convert the money at a bank which is by law required to acquire tax information from the entity. If the entity could not provide proof of making any tax payments on the cash, a tax penalty of 200% of the tax owed was imposed.

**Indian 500 and 1000 rupee note demonetisation**

The demonetization of 500 and 1,000 banknotes was a policy enacted by the Government of India on 8 November 2016, ceasing the usage of all 500 (US$7.40) and 1,000 (US$15) banknotes of the Mahatma Gandhi Series as legal tender in India after 9 November 2016. The announcement was made by the Prime Minister of India Narendra Modi in an unscheduled live televised address at 20:15 Indian Standard Time (IST) on 8 November. In the announcement, Modi declared that use of all 500 and 1,000 banknotes of the Mahatma Gandhi Series would be invalid after midnight of that day, and announced the issuance of new 500 and 2,000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes. However, the banknote denominations of 100, 50, 20, 10 and 5 of the Mahatma Gandhi Series and 2 and 1 remained legal tender and were unaffected by the policy. The government claimed that the demonetization was an effort to stop counterfeiting of the country because overnight all the money you have become a piece of paper which has no value if you do not exchange it with new currency units or deposit it in the banks. In order to understand demonetization better let’s look at advantages and disadvantages of demonetization.

**Exchanging old notes**

The Reserve Bank of India laid down a detailed procedure for the exchange of the demonetized banknotes with new 500 and 2,000 banknotes of the Mahatma Gandhi New Series and 100 banknotes of the preceding Mahatma Gandhi Series. Following are the key points:

- Cash withdrawals from bank accounts were restricted to 10,000 per day and 20,000 per week per account from 10 to 13 November 2016. This limit was increased to 24,000 per week from 14 November.
- For immediate cash needs, the old banknotes could be exchanged for the new 500 and 2,000 banknotes as well as 100 banknotes over the counter of bank branches by filling up a requisition form along with a valid ID proof. It was announced that this facility would be available until 30 December 2016.
- Initially, the limit was fixed at 4,000 per person from 8 to 13 November 2016.
- This limit was increased to 4,500 per person from 14 to 17 November 2016.
- The limit was reduced to 2,000 per person from 18 November 2016.
- All exchange of banknotes was abruptly stopped from 25 November 2016.
- Initially, all ATMs were dispensing banknotes of only 50 and 100 denominations and cash withdrawals from ATMs were restricted to 2,000 per day. From 14 November onwards, ATMs recalibrated to dispense new 500 and 2000 notes will allow a maximum withdrawal of 2,500 per day, while other ATMs dispensing banknotes of only 50 and 100 denominations will allow a maximum withdrawal of 2000 per day.

However, exceptions were given to petrol, CNG and gas stations, government hospitals, railway and airline booking counters, state-government recognized dairies and ration stores, and crematoriums to accept the old 500 and 1,000 banknotes until 11 November 2016, which was later extended to 14 November 2016 and once again to 24 November 2016. International airports were also instructed to facilitate an exchange of notes amounting to a total value of 5,000 for foreign tourists and out-bound passengers. Under the revised guidelines issued on 17 November 2016, families were allowed to withdraw 250,000 for wedding expenses from one account provided it was KYC compliant. The rules were also changed for farmers who are permitted to withdraw 25,000 per week from their accounts against crop loan.

**Advantages of demonetization**

1. The biggest advantages of demonetization is that it helps the government to track people who are having large sum of unaccounted cash or cash on which no income tax has been paid because many people who earn black money as cash in their houses or in some secret place which is very difficult to find and when demonetization happens all that cash is of no value and such people have two opinion one is to deposit the money in bank accounts and pay taxes such amount and second opinion is to let the value of that cash reduce to zero.
2. Since black money is used for illegal activities like terrorism funding, gambling, money laundering and also inflating the price of major assets classes like real estate, gold and to demonetization all such activities will get reduced for some time and also it will take years for people to generate that amount of black money again and hence in a way it helps in putting an end this circle of people doing illegal activities to earn black money and using that black money to do more illegal activities.
3. Another benefit is that due to people disclosing their income by depositing money in their bank accounts government gets a good amount of tax revenue which can be used by the government towards the betterment of society by providing good infrastructure, hospitals, education institutions, roads and many facilities for poor and needy sections of society.

**List of countries that tried demonetization before India**

2. Ghana 1982
3. Pakistan 2016
4. Zimbabwe
5. North Korea 2010
6. Soviet Union
7. Australia

**Demonetization advantages and disadvantages**

Demonetization refers to discontinuing of current currency units and replacing those currency units with new currency units. It is a major decision and it impacts all the citizens of the country because overnight all the money you have become a piece of paper which has no value if you do not exchange it with new currency units or deposit it in the banks. In order to understand demonetization better let’s look at advantages and disadvantages of demonetization.
Disadvantages of demonetization
1. The biggest disadvantage of demonetization is that once people in the country get to know about it than initially for few days there is chaos and frenzy among public as every wants to get rid of demonetized notes which in turn sometimes can lead to law and order problem and chaotic situation especially in banks and ATMs which are the only medium to change the old currency units to new currency units.
2. Another disadvantages is that destruction of old currency units and printing of new currency new 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 majority of times this move is targeted towards black money but if people have not kept cash as their black money and rotated or used that money in other assets classes like real estate, gold and so on then there is no guarantee that demonetization will help in catching corrupt people.

Review of literature
Bibek Deb Roy interview to India Today, member of the Niti Ayog Bibek Deb Roy responded to the critics of demonetization and said that critics are unaware of the situation on ground, the extent of financial inclusion that has been undertaken by the Modi government, and how the revenue generated will help in enhancing public investment. DebRoy told PTI that economists who live out of India normally do not have access to the latest data, and are hence more prone to drawing conclusions that may not hold true in the present situation. Dr., Manmohan Singh Former Prime Minister Manmohan Singh slammed the demonetization of Rs 500 and Rs 1,000 notes and called it a "monumental misadventure" that might bring GDP down by 2 per cent." In my opinion that the way the scheme has been implemented will hurt agricultural growth in our country, will hurt small industry, and will hurt all those people who are in the informal sector of the economy. And my own feeling is that the national income, that is the GDP, can decline by about 2 per cent as a result of what has been done. This is an underestimate," Dr Singh said. Dr Singh also highlighted how this move was affecting the people from marginalized sector. He said: "Prime Minister has said that we should wait for 50 days. Well, 50 days is a short period. But for those who are poor and from the deprived sections of the society even 50 days torture can bring about disastrous effects. And that's why about 60 to 65 people have lost their lives, maybe more. And what has been done can weaken and erode people's confidence in the currency system and in the banking system."

Objectives of the study
To analyses the problem of demonetization among the respondents for money transaction.
To know the level of awareness and opinion about demonetization among the respondents.
To suggest the suitable measure to overcome the problem of demonetization.

Need of the study
Demonetization is one of the new term and action which was done during 2016. Due to this sudden action people suffered more but they accept the changes to bring out the black money. Demonetization is removing the currency from the general usage. This action reduces the daily income of the people. There were several economic problems during this period so the researcher selects the topic to know about the opinion on demonetization among the Petti Shop holders at Tiruchirappalli district, Tamilnadu State.

Universe of the study
The universe of the study was comprised a Petti Shop holders who resided their shop at Chatram bus stand Tiruchirappalli district, Tamilnadu State.

Universe and sample
In Chatram bus stand there are 46 Petti Shop holders were engaged in sales their product under rent. Among 46 respondents the researcher selected 40 shops for data collection and remaining 6 were included as pre-testing. Hence the census methods were adopted for data collection.

Distribution of the respondent's daily income before Demonetization.

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rs1,000-2,500</td>
<td>12</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>Rs2,500-5,000</td>
<td>13</td>
<td>32.5%</td>
</tr>
<tr>
<td>3</td>
<td>Rs5,000 &amp; above</td>
<td>15</td>
<td>37.5%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it shows that less than half of the respondents(30%) daily income was Rs.1,000-2,500 meanwhile less than half of the respondents (32.5%) daily income was Rs.2,500-5,000 and less than half of the respondents (37.5%) daily income was Rs.5,000& above.

Distribution of the respondents by knowing the announcement of Demonetization.

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15 minutes</td>
<td>10</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>30 minutes</td>
<td>18</td>
<td>45%</td>
</tr>
<tr>
<td>3</td>
<td>1 hour</td>
<td>12</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it shows that less than half of the respondents (25%) know the announcement within 15 minutes meanwhile nearly half of the respondents (45%) know within 30 minutes and less than half of the respondents (30%) know within 1 hour.

Distribution of the respondent’s opinion about government action.

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Correct</td>
<td>12</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>Not Correct</td>
<td>8</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>No Opinion</td>
<td>20</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it shows that less than half of the respondents (30%) say that government’s action is correct meanwhile less than half of the respondents (20%) say that government action is not correct and half of the respondents (37.5%) are not interested to say their opinion.
Findings
1. Majority of the respondents 57.5% were at the age of between 30-35yrs.
2. Majority of the respondents 47.5% were completed their secondary level of education.
3. Majority of the respondents 52.5% income were between Rs20,000 to Rs30,000.
4. Majority of the respondents 52.5% were male.
5. Majority of the respondents 65% doesn’t know the word Demonetization.
6. Majority of the respondents 37.5% daily earn before Demonetization were Rs.5000 and above.
7. Majority of the respondents 90% purchase their materials through direct currency.
8. Majority of the respondent 45% knows the announcement of demonetization within 30 minutes.
9. Majority of the respondents 82.5% gets tension on the announcement of demonetization.
10. Majority of the respondents 55% had money on the particular day of announcement were more than Rs 5000.
11. Majority of the respondents 90% know the announcement that people can change the money till 31st December.
12. Majority of the respondents 50% doesn’t want to share their opinion about government action.
13. Majority of the respondents 70% opinion were if the action was with some safety measures it would be success.
14. Majority of the respondents 60% doesn’t have confident that demonetization will abolish the fake note.
15. Majority of the respondent 62.5% has hope that demonetization will abolish the black money
16. Majority of the respondent’s 80% daily income was affect due to demonetization.
17. Majority of the respondents 50% has hope that Indian economic statues will increase.
18. Majority of the respondent 50% want to wait and see the result whether debit of India will reduce or not.
19. Majority of the respondents 55% says that common people’s saving money will not reduce the debit of India.
20. Majority of the respondents 67.5% doesn’t accept the new 2000 rupee note.
21. Majority of the respondents 90% sales affect when they go for bank.
22. Majority of the respondents 85% was not satisfied of taking limited amount of money in bank.
23. Majority of the respondents 57.5% says that opposition of political parties against demonetization was not correct.
24. Majority of the respondents 55% says that demonetization process can be know to the ruling parties before the announcement.
25. Majority of the respondents 57.5% says that marking of ink in the hand is not needed.
26. Majority of the respondents 37.5% doesn’t accept the cashless transaction process.
27. Majority of the respondents 70% says that common people’s daily needs will not be possible through E. Transaction.
28. Majority of the respondents 60% accept that through E. Transaction process individual person’s income will be monitored.
29. Majority of the respondents 95% says that E. Transaction is not possible for the daily wages.
30. Majority of the respondents 55% welcome the limitation of single person income of rupee 2 ½ lakhs.
31. Majority of the respondents 57.5% has hope that demonetization make change in the society.
32. Majority of the respondents 50% accept the information which was given through media is correct.
33. Majority of the respondents 75% has hope on reduce of common things price.
34. Majority of the respondents 57.5% says that price of the gold will be reduce.
35. Majority of the respondents 92.5% faced the problem of cash shortage.

Suggestion
1. Safety measures may be done before the action to reduce the crowd in bank.
2. The new 2000 rupees can’t be acceptable. It is too difficult to convert into changes. It also create a currency shortage problem.
3. New 1000 rupee will reduce the currency shortage problem but till now it was not introduced.
4. Limitation of taking money of 4000 per day was not sufficient for common people needs it can be up to 8000 per day.
5. Government can give more time to change the old note.
6. It will lead the people to move for cashless transaction process.
7. Rupees Note can be introduced with more safety measures.
8. Temporary camp for changing money can provide for the rural people to change the currency.
9. The announcement can be said before 12 or 10 hours before, it may help the people to arrange the money for their daily needs.
10. The government can take time to print the new currency to issue them for the people then they may announce the demonetization.

Conclusion
Demonetization process is one of the important changing processes in the history of India. It reduces the funding activity of the terrorist which help to collaborate the peace of the country. People suffered a lot for changing the old currency but they accept the suffering for changing the money. People don’t have hope that cashless transaction will be possible for the common people to fulfill their daily...
needs. More are less demonetization is somewhat visually successful process to bring out the black money and the fake money out but there is no actions taken on the person who were caught of having black money.

Reference
7. www.investopedia.com>term>demonetization