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Research Article

PEOPLE'S PERCEPTION ON DEMONETIZATION- A STUDY OF SOLAN TOWN OF HP

Ankush* and Sharma D.D

Department of Social Sciences, Dr. Yashwant Singh Parmar University of Horticulture and Forestry, (UHF, Nauni, Solan)

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ABSTRACT

The study was conducted on a random sample of 75 respondents purposively selected from Solan Town of Himachal Pradesh in order to determine their perception on demonetization. The study revealed that a majority of the respondents (40%) had Neutral perception towards demonetization. Only 29 percent of the respondents were found to have Favourable perception towards demonetization. So far as 'the association of respondents' selected socio-personal traits with their perception on demonetization was concerned, it was found that except respondents' gender, the other three variables namely age, educational status and occupation had no significant association with their perception on demonetization. The study implies that concerted efforts should be made by the Government authorities to transform the Neutral perception of the people towards favourable one on demonetization through the use of various mass media like radio, TV, newspapers, debates on TV, panel discussion etc. in order to educate and motivate the people to have positive attitude towards demonetization.

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INTRODUCTION

Demonetization refers to an act of stripping a currency unit of its status as legal tender. It is a process by which a series of currency cease to be legal tender from a given time, that is, series of currency can't be expected as valid tender. Generally it occurs whenever any Nation decides to change its currency- the current form of money is pulled back from its circulation and get retired often to be replaced with the new currency notes and coins. Due to increase in fake currency in the country and huge cash holding, there was fear of parallel economy in the country. Consequently, the government of India decided to go with demonetization with effect from 8th November 2016 with the purpose to address black money in the economy, to control the cash circulation in the country relevant to corruption and to remove fake currency and dodgy funds used by the terror groups to fund terrorism in India. The Reserve Bank of India was asked to issue new currency notes of 2000/- and 500/- from November 10th 2016 keeping the remaining currency notes as such legal tender. In fact, the move was aimed at resolving the problems of corruption, black money, counterfeit notes so that the formal economic system could be cleansed. More than two and half years have gone after its implementation in the country but what has been the people opinion towards demonetization was the burning question for

which the present study entitled, "People's Perception on Demonetization- A Study of Solan Town of HP" was undertaken with the following specific objectives:

Objectives

1. To determine people's perception towards demonetization.
2. To find out the relationship between the respondents' selected socio-personal traits and their perception on demonetization.

MATERIAL AND METHODS

The methodological procedures followed in the study have been discussed as under

Location of the Study

The study was conducted in purposively selected Solan city of Himachal Pradesh, because of its cosmopolitan nature and the city is well known as for mushroom cultivation. Moreover, the researcher was well acquainted with the respondents and, therefore, did not feel any problem in eliciting authentic information/data from them.

Sampling procedure

For the purpose of present investigation, the respondents were classified into three categories viz; Small

*Corresponding author: Ankush

Department of Social Sciences, Dr. Yashwant Singh Parmar University of Horticulture and Forestry, (UHF, Nauni, Solan)

Businessmen/Shopkeepers, Servicemen and College / University Students. A random sample of 25 respondents was taken from each category to make the total sample size as 75. The data were collected with the help of well structured and pre-tested interview schedule by personally interviewing the respondents.

Measurement of Variable

Dependent Variable

Perception on Demonetization

Respondents' perception on demonetization was measured with the help of scale developed for the purpose. The scale consisting of 23 statements were formulated by consulting relevant literature, social scientists/experts having rich experience; and following the criteria as laid down by Edwards and Kilpatrick (1948). It was also ensured that the scale should contain both negative and positive statements. The perception of the respondents on demonetization was obtained on five point continuum scale viz; Strongly agree, Agree, Undecided/Don't know, Disagree and Strongly disagree with respective score of 5, 4, 3, 2, and 1 for positive statements. The scoring was reversed in case of negative statements. The frequency under each column of five point continuum scale was multiplied with its respective score in order to get total score of the respondent on all 23 statements. The total score of respondents ranged from 23 to 115. Mean score and standard deviation (SD) were also computed. On the basis of mean score and standard deviation, the respondents were classified in to the following three categories:-

Favourable: $> (\bar{x}+SD)$

Neutral: $= (\bar{x}\pm SD)$

Unfavourable: $< (\bar{x}-SD)$

The total score under each statement of all the respondents was also computed and divided by the total number of respondents in order to determine the Mean Perception Score on demonetization. The data were tabulated, analyzed and interpreted by applying suitable statistical test like percentage, frequency, chi-square test etc. and the results are presented in tables under different sub heads.

RESULTS AND DISCUSSION

The main findings of the study are given as under

Demographic profile

The demographic profile of respondents is given in Table 1.

Table 1 Respondents' Socio Personal Profile (n=75)

S. No.	Socio-personal Characteristics	Frequency	Percentage
1.	Age (Years)		
	20-25	30	40.00
	25-30	18	24.00
	30-35	13	17.33
	Above 35	14	18.67
2.	Gender		
	Male	55	73.33
	Female	20	26.67
3.	Educational Status		
	Metric	2	2.67
	Secondary	7	9.33
	Graduate	19	25.33
	Post Graduate	47	62.67
4.	Occupation		
	Service	25	33.33
	Business	25	33.33
	Student/Self-employed	25	33.33

It is clear from the data that a majority of the respondent (73.33%) were male whereas the remaining were female, about 2/3rd of them were post graduate and one fourth, that is, 25 percent were graduate. A substantial percentage of them (64%) were in the age group of 20-30 years. So far as occupation is concerned, the respondents were equally distributed (33.33%) in the service, business and student/self employed category.

Perception towards Demonetization

The respondents were asked what they felt towards demonetization, that is, what their opinion on demonetization was, the responses has been depicted in Table 2.

It is evident from the data that majority of the respondents (77.30%) were agreed that the most prominent benefit of demonetization was that 'the People like private money lenders, real estate dealers, jewellers, foreign currency dealer etc. cannot hold huge amounts of unaccounted money due to demonetization', 'It has helped in increasing bank deposits (68%)', 'It has eliminated fake currency in the country (66.70%)', 'It has helped in removing black marketing to a greater extent (54.70%)'. However, they also perceived that 'Demonetization has not shown expected result in reducing level of corruption (61%)', and 'it has increased inflation in the country (64%)'. A substantial percentage of respondents were Agree to Strongly Agree on the statement at S. No. 15,16, 20 and 24, that is, Due to demonetization more and more income will get disclosed, thus increase in direct tax collection(84%), It helps for the implementation of electronic payment (90%), 'There was a surgical attack on the fake currency (61.40%)', and 'With the increase of direct tax collections the government will be in a better position to rationalize indirect taxes (54.7%)'. However, there were still certain respondents who were critical that demonetization has created more difficulties to the public, with more negative results than positive ones (46.70%), and actually it has no effect as the black money holders may return back to market once the currency supply became normalised (56%). However, those who were Undecided on the statements like 'Demonetization will increase employment in the country', 'It will increase investment in the country', 'it has helped in creating social justice', and 'the people can get loans at low rate of interest due to demonetization', were found to be 44%, 46.70%, 65.30%and 30.70 percent respectively.

Overall mean perception score of 3.44 about demonetization indicates that the respondents had Neutral attitude/perception towards demonetization. In other words, it implies that the respondent were neither in favour nor against demonetization in the country. Sharline (2016) also remarked that demonetization may likely to create long term benefits, medium to long term Current account and Saving account (CASA) ratio could improve, demonetization may reduce cash transaction in the real estates and future inflation may decrease due to less cash transaction.

Overall Perception Towards Demonetization

On the basis of total score, mean score and standard deviation the respondents were classified into three categories viz: Favourable, Neutral and Unfavourable and the result are shown in Table 3.

Table 2 Respondents' perception towards demonetization. (n=75)

S. No	Statements	SA		A		UD		DA		SDA		MPS
		F	%	F	%	F	%	F	%	F	%	
1	Demonetization has helped in removing black marketing to a greater extent.	4	5.3	41	54.7	8	10.7	21	28.0	1	1.3	3.3
2	Demonetization has eliminated fake currency in the country.	9	12.0	50	66.7	3	4.0	13	17.3	0	0.0	3.7
3	Demonetization has increased circulation of money in the country/economy.	4	5.3	27	36.0	15	20.0	25	33.3	4	5.3	3.0
4	It has acted as a stopper in the storage of money/currency.	2	2.7	29	38.7	23	30.7	20	26.7	1	1.3	3.1
5	Demonetization has no effect on corruption	7	9.3	15	20.0	23	30.7	30	40.0	0	0.0	3.0
6	Demonetization has helped in increasing bank deposits	4	5.3	51	68.0	10	13.3	10	13.3	0	0.0	3.7
7	Demonetization has increased the lending capacity of the commercial banks.	9	12.0	40	53.3	12	16.0	14	18.7	0	0.0	3.6
8	The people can get loans at low rate of interest due to demonetization	0	0.0	18	24.0	23	30.7	34	45.3	0	0.0	2.8
9	People like private money lenders, real estate dealers, jewellers, foreign currency dealer etc. cannot hold huge amounts of unaccounted money due to demonetization.	10	13.3	58	77.3	5	6.7	2	2.7	0	0.0	4.0
10	Demonetization has not shown expected results in reducing corruption level.	15	20.0	46	61.3	10	13.3	4	5.3	0	0.0	4.0
11	Demonetization has increased inflation in the country.	12	16.0	48	64.0	9	12.0	6	8.0	0	0.0	3.9
12	Due to demonetization the number of income tax payers has increased.	18	24.0	31	41.3	18	24.0	7	9.3	1	1.3	3.8
13	Due to demonetization the person from where black money generated can be identified.	23	30.7	32	42.7	9	12.0	9	12.0	2	2.7	3.9
14	Demonetization has helped in creating social justice.	2	2.7	10	13.3	49	65.3	13	17.3	1	1.3	3.0
15	Due to demonetization there was a surgical attack on the fake currency.	14	18.7	32	42.7	7	9.3	20	26.7	2	2.7	3.5
16	Demonetization is nothing more than reaping (taking) a political advantage in election.	18	24.0	16	21.3	7	9.3	23	30.7	11	14.7	3.1
17	Demonetization has no effect as the black money holders may return back to market once the currency supply is normalised.	6	8.0	16	21.3	11	14.7	30	40.0	12	16.0	2.7
18	It has no effect as the black money holders had already converted (got changed) their old currency notes.	3	4.0	32	42.7	9	12.0	24	32.0	7	9.3	3.0
19	It helps for the implementation of electronic payment	26	34.7	42	56.0	6	8.0	1	1.3	0	0.0	4.2
20	Demonetization will increase employment in the country	6	8.0	10	13.3	33	44.0	25	33.3	1	1.3	2.9
21	It will increase investment in the country	5	6.7	13	17.3	35	46.7	21	28.0	1	1.3	3.0
22	Demonetization has created more difficulties to the public, with more negative result than positive	21	28.0	41	54.7	13	17.3	0	0.0	0	0.0	4.1
23	Due to demonetization more and more income will get disclosed, thus increase in direct tax collection	19	25.3	44	58.7	5	6.7	7	9.3	0	0.0	4.0

*Overall mean perception score = 3.44

Table 3 Respondents' overall perception towards demonetization.

Perception Status	Frequency	Percentage
Favourable	22	29.33
Neutral	30	40.00
Unfavourable	23	30.67

It is clear from the data that, 40 percent of the respondent had 'Neutral perception' and only 29.33 percent had 'Favourable attitude' towards demonetization. About 1/3rd of them (31.70%) were found to have Unfavourable perception towards demonetization. Therefore, the study implies that 71 percent of the respondents had **Neutral to Unfavourable** attitude towards demonetization. Hence, concerted efforts are needed from the administrators, policy makers and executives to find out the

reasons for this Neutral and Unfavourable perception towards demonetization so that some corrective measures/steps can be taken in the right time to educate the people. Sarkar (2010) in his study on the parallel economy in India: Causes, impacts and Government initiatives also reported that the main reason behind the generation of black money was the Indian Political System i.e. Indian govt. just focused on making committees rather than implementing it. The author recommended that laws should be implemented properly to control black money in the economy.

Relationship Between Respondents' Selected Socio-Personal Traits and Perception on Demonetization.

In order to determine the relationship between the respondents' selected socio-personal traits and their perception on demonetization, χ^2 -test was applied and the results are given in Tables 4 to 7.

Table 4 Respondents' Age Vs Perception on demonetization

Age	Level of Perception			$\chi^2 = 3.93^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
20-25	8 (10.67)	11 (14.67)	11 (14.67)	
25-30	3 (4.00)	9 (12.00)	6 (8.00)	
30-35	5 (6.67)	5 (6.67)	3 (4.00)	
Above 35	6 (8.00)	5 (6.67)	3 (4.00)	
Total	22 (29.33)	30 (40.00)	23 (30.67)	

As is evident from the data, the percentage of those respondents who had Favourable attitude towards demonetization, there were 15 percent in the age group of 20-30 years as compared to those who were above 35 years of age (8%). This indicates that the younger one had more Favourable attitude towards demonetization. About 30 percent of the respondents in the age group of 20-25 years and 11 percent in the age group of 30-35 had Unfavourable to Neutral attitude towards demonetization.

The calculated value of chi-square 3.93 indicates that there was no association of significant level between the respondents' age and their perception on demonetization. In other words, age was found to be independent on their perception on demonetization.

Table 5 Respondents' Gender Vs Perception on demonetization

Gender	Level of Perception			$\chi^2 = 4.92^*$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
Male	19 (25.33)	18 (24.00)	18 (24.00)	
Female	3 (4.00)	12 (16.00)	5 (6.67)	
Total	22 (29.33)	30 (40.00)	23 (30.67)	

*Significant at 10% level

A cursory look at the data in the Table 5 indicated that 25 percent male respondents and only 4 percent female respondents had Favourable perception towards demonetization, whereas 24 percent male and 7 percent female respondents were found to have Unfavourable perception on demonetization. It was astonishing to note that there was still 40 percent respondents who had Neutral perception towards demonetization, that is neither they were in favour not against the demonetization. The value of calculated chi-square 4.92 at 2 degree of freedom and at 10 percent level of significance clearly indicates that gender was positively and significantly

associated with the perception of respondents on demonetization.

Table 6 Respondents' Educational status Vs Perception on demonetization

Gender	Level of Perception			$\chi^2 = 2.97^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
Metric	1 (1.33)	0 (0.00)	1 (1.33)	
Secondary	3 (4.00)	3 (4.00)	1 (1.33)	
Graduate	6 (8.00)	8 (10.67)	5 (6.67)	
Post Graduate	12 (16.00)	19 (25.33)	16 (21.33)	
Total	22 (29.33)	30 (40.00)	23 (30.67)	

It has been observed from the data in Table 6 that the respondents who had Graduate and Post graduate (24%) had more Favourable perception towards demonetization as compares to those who were metric and secondary passed (5%), those who were found to have Unfavourable were found to be 31 percent. In all, about 71 percent of respondents were found to have Unfavourable to Neutral attitude towards demonetization. Therefore, the study Neutral that concrete steps should be taken by concerned government authority to transform their Unfavourable/Neutral perception to Favourable one by organising reorientation training program and mass media debates etc on the benefits of demonetization.

Chi-square value 2.97 indicates that there was no association of significant level between the educational status and perception on demonetization.

Table 7 Respondents' Occupation Vs Perception on demonetization

Gender	Level of Perception			$\chi^2 = 2.06^{NS}$
	Favourable (%)	Neutral (%)	Unfavourable (%)	
Student/Self-employed	8 (10.67)	10 (13.33)	7 (9.33)	
Service	9 (12.00)	8 (10.67)	8 (10.67)	
Business	5 (6.67)	12 (16.00)	8 (10.67)	
Total	22 (29.33)	30 (40.00)	23 (30.67)	

It has been noticed from the Table 7 that the percentage of those respondents who had Favourable perception towards demonetization was more in service category (12%) followed by student/self employed (10.67%) and businessmen (6.67%). However, the percentages of those in service and business category who have Neutral and Unfavourable attitude on demonetization were more or less equal 10.67 percent each.

The calculated chi-square value of 2.06 was found to be non significant which indicated that the respondents occupation had no significant association with the perception on demonetization.

Hence, it can be concluded from the discussion of the above Tables that except respondents' gender, the other three variables namely age, educational status and occupation had no significant association with their perception on demonetization.

CONCLUSION

It has been concluded from the study that a majority of the respondents had **Neutral perception** on demonetization. About one third of the respondent had unfavourable perception towards demonetization. Hence, the study implies that honest, sincere and committed endeavours are required by the government authorities to transform the Neutral and

unfavourable attitude of people towards favourable one through the use various mass media and orientation programmes for the people.

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