



A DEMOGRAPHICAL PERSPECTIVE OF DEMONETIZATION AND CASHLESS ECONOMY IN BENGALURU CITY.

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ABSTRACT

Demonetization is the act of stripping a currency unit of its status as legal tender. The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Recently India has faced a similar situation. In the month of November 2016, PM Modi had banned the circulation of Rs.500 and Rs.1000 notes because of increase of crimes in illegal activities in India and replaced those old notes with new 500 and 2000 rupee notes. This created chaos in the country, even though it was done for a good cause, people did face millions of problems. It might be students not attending classes as they were stuck in queue, labours not getting their daily wages, real estate business crashing down and what not. This situation also had good side like people started to prefer online payment. Retailer shops, auto drivers, cab drivers, hotels etc started offering services like Paytm etc. Which helped us a lot, and also encouraged people towards cashless economy? People who neglected these services like net banking, paytm, flipkart, paying bills online etc., before, they eagerly learnt them and started using those services. People starts finding alternative for cash. This also educated country about a cashless economy. So tomorrow if India has to face a situation like this, they won't panic and complain, they will face it.

In this study we aimed to find out what people in Bengaluru city thinks about India being a cashless economy. Will that be a boon for the country or a bane for our country; and also what does different age group think about the cashless economy.

Keywords: Demonetization, Cashless Economy, Currency.

1. INTRODUCTION:

India is not new to the word **Demonetization**. It is seeing the process of banning old currency and establishing new one from generations. It is mostly done to stop illegal activities like black money, fake currency, crimes etc. In past 70 years, India has faced demonetization not once but thrice. First was in the year 1946, when 500,1000,10000 Notes were declared illegal tender. Second time it happened in the year 1978 under Janata Dal (Morajai Desai Leadership). However, both the times demonitisation wasn't a success. **The currency in circulation that were demonetized during 1978 was less than 1%.** Even the percentages of people who are aware of those higher denomination notes were very less. Very few rich people had those 1000, 5000 and 10000 notes that were to be exchanged after the demonetization and the third time was in the year 2016, where P.M. Modi banned old 500 and 1000 notes and introduced new 500 and 2000 notes. It was done to stop few illegal activities and crimes.

Demonetization had both good and bad effects to the citizens. To talk about good part. At one stroke the Prime Minister has choked the supply of black money stacked inside the country, which led to slight balance in the economy. Crime rates decreased as their main source was black money. Real estate business crashed. People started using digital and plastic money more which was economic

development etc.

One of the good thing out of demonetization is India turning towards cashless economy. People started using services like paytm, freecharge, jio money etc. For paying bills, recharging your phones, cabs and autos etc. Now even though there is enough supply of cash in economy, people also opt to pay online very often, it may be transfer of money, paying bills, shopping online they use both cash and plastic/digital money.

In this project, we will find out a demographical perspective of demonetization and cashless economy in Bengaluru city.

2. RESEARCH DESIGN

a) Statement of the Problem:

Demonetization was a huge issue in the year 2016. In a period of 3 months we have seen many economic developments. One among them was people turning towards cashless economy. When people realised supply of cash in the economy was less, their immediate alternative was online services like net banking, Paytm, Freecharge, Jio money, Ola money etc. And those people who had no knowledge about such services they learned how to access the services and helped others to learn. It is very interesting to know the people's perception about India going cashless after demonetization.

b) **Literature Review:**1. **UNDERSTANDING CASHLESS PAYMENTS IN INDIA BY BAPPADITYA MUKHOPADHYAY**

In this paper, apart from identifying some of these benefits for India, there are two major issues we address: the share of cashless –both in terms of transactions as well as value and the factors that affect them most. This provides a roadmap to increasing the share of cashless transactions in the economy. The sources say that more than half of these accounts are “dormant,” that is, had no activity over the past one year. This paper analyzes the key steps in making India gradually migrate towards a cashless economy.

Source: <http://link.springer.com/article/10.1186/s40854-016-0047-4>

Mukhopadhyay, Bappaditya. "Understanding cashless payments in India." *Financial Innovation* 2.1 (2016): 27.

2. **CASHLESS INDIA: DREAM OF FUTURE INDIA BY DR MAHESH. U. DARU:**

This paper speaks about how India is going cashless, how the mobile technology has flourished throughout the developing world much faster than any other technology. The latest offspring of mobile technology is mobile money. Then he speaks about scenario of cashless India, relationship between Indian banking system and cashless economy, benefits, challenges and measures. He concluded the paper saying the idea of India going cashless is great but will take lot of time.

Source:
<http://euroasiapub.org/wp-content/uploads/2017/01/13/FMDec-4340-2.pdf>

Daru, Mahesh U. "CASHLESS INDIA: DREAM OF FUTURE INDIA."

3. **PROMOTING CASHLESS PAYMENTS IN INDIA BY BAPPADITYA MUKHOPADHYAY**

This paper estimates the amount of cashless transactions that is prevalent in India. It uses survey data conducted in 2014 (from World Bank Findex) as well as household and enterprise survey conducted in 2009-10 to estimate the same. Information captured from the latter survey is also used to identify the bottlenecks and enablers of cashless payments in India. The paper presents a predictive model as well as proposes a theoretical framework to outline policy directions to promote cashless. This paper estimates the amount of cashless transactions that is prevalent in India. It uses survey data conducted in 2014 (from World Bank Findex) as well as household and enterprise survey conducted in 2009-10 to estimate the same. Information captured from the latter survey is also used to identify the bottlenecks and enablers of cashless payments in India. The paper presents a predictive model as well as proposes a theoretical framework to outline policy directions to promote cashless.

Source: <https://www.researchgate.net/publication/26214>

4523_Moving_from_Cash_to_Cashless_Challenges_and_Opportunities_for_India

4. **DEMONETISATION: SHIFTING GEARS FROM PHYSICAL CASH TO DIGITAL CASH:**

BY: Shweta Mehta Research Scholar

MBA Kruti Patel Research Scholar

MBA Krupa Mehta Research Scholar

Demonetization means to the suspension of current currency units and reinstate those currency units with new currency units. In this paper researchers aim to study the advantages and disadvantages of demonetization and its impact on Indian banking sector. The author spoke about history of demonetization, need of demonetization, the pros, cons, impact. They concluded saying that India can't go completely cashless but use both.

Source: http://www.voiceofresearch.org/doc/Dec-2016/Dec-2016_14.pdf

Mehta, Shweta, Kruti Patel, and Krupa Mehta. *Demonetisation: Shifting Gears From Physical Cash To Digital Cash*. No. 2016-12-14. 2016.

c) **Objectives:**

Our main objective of this study is to understand the perception of people of different demographics regarding the cashless economy demonetization.

d) **Scope:**

Our study is restricted to Bengaluru city.

e) **Limitations:**

The limitation factors for our study are:

- ❖ Time constraint in sense of collecting data.
- ❖ Biased answers from the respondents.
- ❖ Not willing to disclose certain information.
- ❖ Huge sample size.

- **Type of research:** This study is descriptive in nature.
- **Sample size:** 80
- **Sample design:** Sampling method used is convenient sampling.
- **Data Collection Tool:** A structured questionnaire was prepared for data collection.
- **Profile of the respondents:** people from the different demographics in Bengaluru city.
- **Collecting data:** Primary data was collected.
- **Method of analysis:** Responses of the respondents were analysed using SPSS software.

f) **Research Methodology:****Hypothesis:**

Set 1

H0: There is no significant difference between the income of the respondents and them supporting demonetization

H1: There is a significant difference between the income of the respondents and them supporting demonetization

Set 2

H0: There is no significant difference between the educational qualification of the respondents and them supporting demonetization

H1: There is a significant difference between the educational qualification of the respondents and them supporting demonetization

Set 3

H0: Perception towards Demonetization is not gender specific

H1: Perception towards Demonetization is gender specific

Set 4

H0: Support towards cashless economy is independent of the educational qualifications on respondents

H1: Support towards cashless economy is dependent of the educational qualifications on respondents.

Set 5

H0: There is no significant difference between the convenience of respondents to use plastic money and their support towards Demonetization

H1: There is significant difference between the convenience of respondents to use plastic money and their support towards Demonetization.

4. DATA ANALYSIS AND INTERPRETATION**Gender**

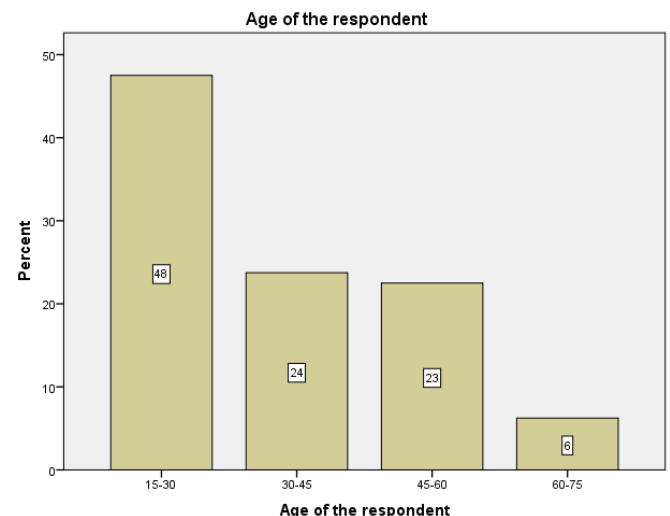
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	48	60.0	60.0	60.0
Female	32	40.0	40.0	100.0
Total	80	100.0	100.0	



From the above table and graph, it can be found that majority of the respondents are males.

Age of the respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 15-30	38	47.5	47.5	47.5
30-45	19	23.8	23.8	71.3
45-60	18	22.5	22.5	93.8
60-75	5	6.3	6.3	100.0
Total	80	100.0	100.0	

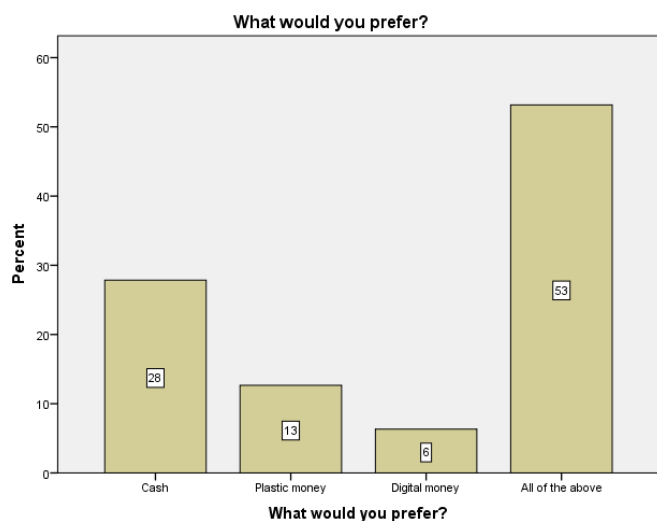


From the above table and graph, we can see that majority of respondents fall in the age group of 15-30 years.

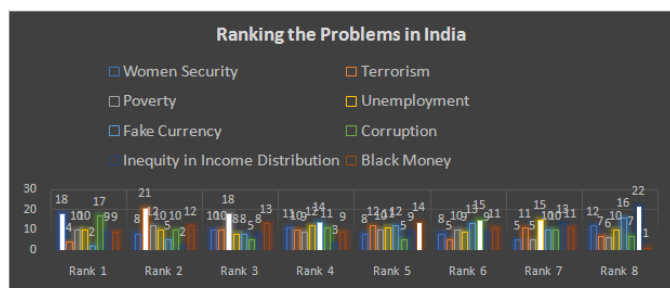
What would you prefer?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Cash	22	27.5	27.8	27.8
Plastic money	10	12.5	12.7	40.5

Digital money	5	6.3	6.3	46.8
All of the above	42	52.5	53.2	100.0
Total	79	98.8	100.0	
System	1	1.3		
Total	80	100.0		



From the above table and graph, we can see that most of the respondents prefer to use all the three that is cash, plastic money and digital money. Whereas very least number of them would prefer digital money.



From the above bar diagram we can interpret that Women security was given the highest number of Rank 1 followed by Terrorism on Rank 2, Poverty on Rank 3, Fake currency on Rank 4, Black money on Rank 5, Corruption on Rank 6, Unemployment on Rank 7, Inequity in income distribution on Rank 8.

Hypothesis testing:

Set 1

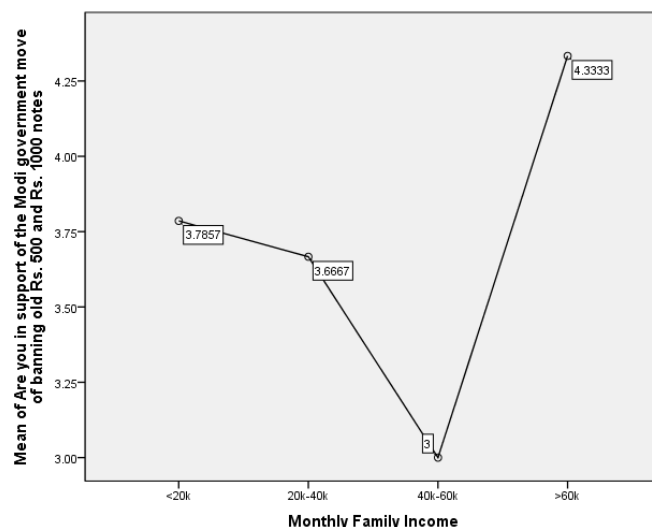
H0: There is no significant difference between the income of the respondents and them supporting demonetization

H1: There is a significant difference between the income of the respondents and them supporting demonetization

ANOVA

Are you in support of the Modi government move of banning old Rs. 500 and Rs. 1000 notes

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	16.130	3	5.377	5.215	.003
Within Groups	78.357	76	1.031		
Total	94.488	79			



From the above table, it can be seen that at 5% significance level ($p\text{-value} < 0.05$) there is a significant difference between the income of the respondents and them supporting demonetization. Therefore, H0 can be rejected.

Respondents who have a family income of 40k-60k are the ones who are not in support of demonetization.

Set 2

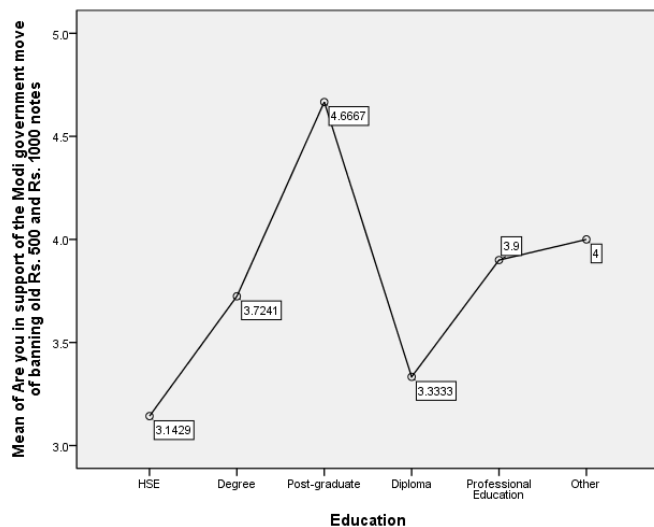
H0: There is no significant difference between the educational qualification of the respondents and them supporting demonetization

H1: There is a significant difference between the educational qualification of the respondents and them supporting demonetization

ANOVA

Are you in support of the Modi government move of banning old Rs. 500 and Rs. 1000 notes

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.699	5	3.540	3.411	.008
Within Groups	76.788	74	1.038		
Total	94.488	79			



From the above table, it can be seen that at 5% significance level ($p\text{-value} < 0.05$) there is a significant difference between the educational qualification of the respondents and them supporting demonetization. Therefore, H_0 can be rejected.

Respondents who have done their PG are most in support towards demonetization.

Set 3

H_0 : Perception towards Demonetization is not gender specific

H_1 : Perception towards Demonetization is gender specific

Group Statistics						
	Gender	N	Mean	Std. Deviation	Std. Error Mean	Sig. (2-tailed)
Are you in support of the Modi government move of banning old Rs. 500 and Rs. 1000 notes	Male	48	3.60	1.086	.157	.741
	Female	32	3.69	1.120	.198	.742

Since the significance value ($p\text{-value}$) > 0.05 , the Null Hypothesis is accepted which indicates that the perception towards demonetization is not gender specific.

Set 4

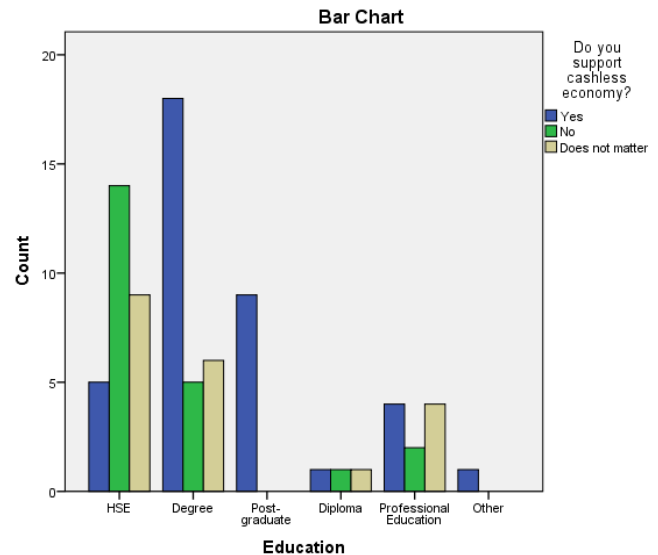
H_0 : Support towards cashless economy is independent of the educational qualifications on respondents

H_1 : Support towards cashless economy is dependent of the educational qualifications on respondents

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)

Pearson Chi-Square	26.050 ^a	10	.004
Likelihood Ratio	30.423	10	.001
Linear-by-Linear Association	1.476	1	.224
N of Valid Cases	80		



From the above table, it can be seen that at 5% significance level ($p\text{-value} < 0.05$) there is a significant difference between the educational qualifications of the respondents and their support towards cashless economy. Therefore, H_0 can be rejected. Respondents who have pursued only their HSE are not in support of cashless economy, however majority of the respondents who have pursued their degree and PG are in support of cashless economy. However, for an equal number of respondents who have done their professional education having or not having a cashless economy does not matter.

Set 5

H_0 : There is no significant difference between the convenience of respondents to use plastic money and their support towards Demonetization

H_1 : There is significant difference between the convenience of respondents to use plastic money and their support towards Demonetization

Correlations

	Are you in support of the Modi government move of banning old Rs. 500 and Rs. 1000 notes	Using plastic money is convenient.

Are you in support of the Modi government move of banning old Rs. 500 and Rs. 1000 notes	Pearson Correlation	1	.296**
	Sig. (2-tailed)		.008
	N	80	80
Using plastic money is convenient.	Pearson Correlation	.296**	1
	Sig. (2-tailed)	.008	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

From the above table, it can be seen that at 1% significance level ($p\text{-value} < 0.01$) there is a significant difference between the convenience of respondents to use plastic money and their support towards Demonetization. Therefore, H_0 can be rejected.

FINDINGS

1. Respondents who have a family income of 40k-60k are the ones who are not in support of demonetization.
2. Respondents who have done their PG are most in support towards demonetization.
3. As per the survey the perception towards demonetization is not gender specific.
4. Respondents who have pursued only their HSE are not in support of cashless economy, however majority of the respondents who have pursued their degree and PG are in support of cashless economy, respondents who have done their professional education having or not having a cashless economy does not matter.
5. Most of the respondents are males.
6. Most of the respondents fall in the age group of 15-30 years.
7. Most of the of respondents were private employees. Then followed by Students with 23%, Own business with 20%, and Homemaker with 16%.
8. Most of them were in the support of this move, whereas 11% were not in support of this move.
9. Most of the correspondents that is 61% of them thought that online transaction was helpful during demonetization. Whereas 17% felt that it was not helpful.
10. It clearly depicts that majority of 53% of respondents disagreed with the fact that doing online transaction is difficult.
11. More than half of the respondents were convenient in using plastic money. Whereas only 12% disagreed to it.
12. The analysis shows that 48% of the respondents are in support of cashless economy.
13. Most of the respondents prefer to use all the three that is cash, plastic money and digital money. Whereas very least number of them would prefer digital money.
14. As Per the survey report, we can interpret that people ranked Women security as the highest number of Rank 1

followed by Terrorism on Rank 2, Poverty on Rank 3, Fake currency on Rank 4, Black money on Rank 5, Corruption on Rank 6, Unemployment on Rank 7, Inequity in income distribution on Rank 8.

RECOMMENDATIONS:

1. The analysis shows that 48% of the respondents are in support of cashless economy. that means 52% are still reluctant or not convenient. So, we can't expect any radical changes. It must change gradually.
2. In our study people who are not educated properly they dint support cashless economy as they are not educated about it. So, we have first educate them about it clearly and help them use.
3. There are also people who have their own ATM cards, Paytm accounts, net banking services etc. but make their family use it instead of them as they never had necessity to use. So, we should motivate such people.
4. There are people who use internet but never thought of using online transactions or online services instead of cash. We have to motivate them and give them knowledge of their benefits.
5. Government have to encourage them in local shop keepers, food stalls, vendors etc. to provider online services to promote cashless economy.

CONCLUSION

We have reached the conclusion that most of them agree with Demonetization. Though there were exceptions like people with family income of 40k-60k did not support of demonetization. As people are not educated their opinions are biased so they don't have clear idea about cashless economy, so they are not supporting the idea. Whereas, people who are highly educated support the concept of cashless economy. People also agreed that online services did help during the period of demonetization. More than half of the respondents were convenient in using plastic money. The analysis shows that 48% of the respondents are in support of cashless economy and Most of the respondents prefer to use all the three that is cash, plastic money and digital money. Whereas very least number of them would prefer digital money. So this is clear that people prefer using online services but not ready to go completely cashless. They see the situation then make their move

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