

A STUDY ON CUSTOMER OPINION TOWARDS DEMONETIZATION IN NATIONALIZED BANKING SERVICES IN PUDUCHERRY TOWN

Dr.C.ARJUNAN

Head In-charge

Department of Management Studies
Pondicherry University Community College
Puducherry - 605 009

Abstract

The first bank in India to be set up on modern lines was in 1770 by a British agencies house. The earliest but short-lived effort to establish a central bank was in 1773. The Reserve Bank of India was initially established in 1935 by an Act promulgated by the Government of India. Nationalization of 14 commercial banks in 1969 was a revolution in the history of banking in India. Six more commercial banks were nationalized in 1980. In November 8 2016, the Indian government decided to demonetize the Rs.500 and Rs.100 rupee notes, the two biggest demonetization in its currency system, these notes accounted for 86 per cent of the country's circulating cash. The Government's goal was to compare India's thriving under grand economy on several fronts; eradicate counterfeit currency, fight tax evasion, eliminate black money from money laundering and terrorist financing activities and to cashless economy. This paper discusses impact of demonetization in nationalized banking services in Puducherry town.

Key words: Banking services, demonetization, impact of demonetization, etc.

1. Introduction

In India, the modern sense of banking was originated in the last decade of the 18th century. Among the first bank i.e. the Bank of Hindustan was established in 1770. The largest bank, and the oldest still in existence, is the State Bank of India. It originated as the Bank of Calcutta in June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks founded by a presidency government. The other two were then Bank of Bombay and Bank of Madras. The three banks were merged in 1921 to form the Imperial Bank of India. This upon India's independence becomes the State Bank of India in 1955. For many years the presidency banks has acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935 under the Reserve Bank of India Act 1934.

2. Demonetization

The term demonetization has become a household name since the government pulled the old Rs.500 and Rs.1000 notes out of circulation. While as per dictionary demonetization mean ending something that is no longer the legal tender of a country, demonetization for us means that Reserve Bank of India has withdrawn the old Rs.500 and Rs.1000 notes as a policy enacted by the Government of India on 8 November 2016 clearing the usage of all Rs.500 and Rs.1000 bank notes from 8 November 2016. All notes in lower denomination of Rs.100, Rs.50, Rs.20, Rs.10, Rs.5 and all coins continued to be valued and new notes of Rs.2000 Rs.500 were introduced.

3. Importance of the study

The banking industry occupied key place in Indian economy in terms of investment. This industry is with several objectives such as promoting industrialization. In 2016, the government design to demonetization to Rs.500, Rs.1000 note to bigger demonetization in its currencies system. These note account for 86 percentages of the countries circulating cash. This emphasizes the necessity of demonetization identifying the nature cash inflate and problem of demonetization. Hence, the in depth study on various aspects of demonetization like policy, issue note in the safety measure and control the black money which make help in control in the black money in the country.

4. Objectives of the study

1. To study about the technical changes in banking sector.
2. To analyze the demonetization in general and study area.
3. To find out the problems faced by the customers towards demonetization.
4. To offer summary of findings, suggestions and conclusion.

5. Scope of the study

This study throws light on the impact of demonetization of nationalized banking services Puducherry Town. An attempt has been made to find out the factors that affect the customers. This study will helpful to draw up a further policy for improving customer needs.

6. Research methodology

The validity of any research is based on the systematic method of data collection and analysis. The present study used primary data. The primary data have been collected has 130 banking customers from 13 nationalization banks in Puducherry town by using convenience sampling method. The secondary data were gathered from books, internet, library, news papers, unpublished report and university library. The study was conducted for the period of two months from November 2018 to December 2018.

7. Data analysis and interpretation

TABLE 1
Percentage Analysis

S.No.	Particulars	No. of respondents	% of respondents
	Gender		
1.	Female	60	46
2.	Male	70	54
	Total	130	100
	Age		
1.	Below 25 years	35	27
2.	26-30 years	23	18
3.	31-35 years	22	17
4.	Above 36 years	50	38
	Total	130	100
	Marital Status		
1.	Married	97	75
2.	Unmarried	33	25
	Total	130	100
	Educational Qualification		
1.	Illiterate	20	15
2.	School level	30	24
3.	UG	33	25
4.	PG	25	19
5.	Professional	23	17
	Total	130	100
	Occupational Status		
1.	Government employee	17	14
2.	Daily wages	25	19
3.	Farmer	13	10
4.	Self-employee	20	15
5.	Housewife	22	17
6.	Private employee	33	25
	Total	130	100
	Family Income		
1.	Below Rs.15,000	65	50
2.	Rs.16,000-Rs.20,000	38	29
3.	Rs.21,000-Rs.25,000	12	9
4.	Above Rs.25,000	15	12
	Total	130	100
	Family members		
1.	Below 3 members	23	18
2.	4-6 members	93	71
3.	Above 6 members	14	11
	Total	130	100
	Name of Prime Bank		
1.	Indian Bank	35	27
2.	Bank of India	8	6
3.	State Bank of India	36	28
4.	Indian Overseas Bank	13	10
5.	UCO Bank	4	3
6.	Vijaya Bank	4	3
7.	Punjab National Bank	4	3

S.No.	Particulars	No. of respondents	% of respondents
8.	Union Bank of India	5	4
9.	Bank of Baroda	6	5
10.	Syndicate Bank	5	4
11.	Canara Bank	4	3
12.	Central Bank of India	3	2
13.	Corporation Bank	3	3
	Total	130	100
	Name of Bank Account		
1.	Current Account	5	4
2.	Savings Account	111	85
3.	Fixed Deposit	11	9
4.	Recurring Deposit	3	2
	Total	130	100
	Bank Account Years		
1.	Below 5 Years	76	58
2.	6-10 Years	33	25
3.	11-15 Years	10	8
4.	Above 16 Years	11	9
	Total	130	100
	Bank facility used at the time of demonetization		
1.	E Cheque	13	10
2.	EFT	5	4
3.	ECS	3	2
4.	ATM	99	76
5.	Point of Sale Terminal	7	3
6.	Tele Banking	6	5
	Total	130	100
	Time spend for exchange of money at the time of demonetization		
1.	Below 3 hours	43	33
2.	4 hours -5 hours	75	58
3.	Above 5 hours	12	9
	Total	130	100

TABLE2

Problems of Demonetization

S.No.	Particulars	Score	Rank
1.	Exchange of old note	823	II
2.	Withdrawal limit	873	I
3.	Cash shortage	699	V
4.	Increase the price of food item	649	IX
5.	Lack of plastic money	697	IV
6.	Unaware of use of plastic money	763	III
7.	Pensions are standing long queues in front of bank	729	IV
8.	Marriage functions are allowed cash withdrawals of Rs.2.5 lakhs	641	X
9.	Rural and formers are also facing and deal of hardship	658	VIII
10.	The public is inconvenienced for purchase daily necessities	687	VII

8. Findings

1. It is noted from the analysis that the majority (54%) of the respondents are male. The majority (38%) of the respondents belong to above 36 years.
2. It is found that the majority (75%) of the respondents are married. Among the respondents, 25% are graduates. Majority (25%) of the respondents are private employees.
3. Majority of respondents (50%) earning below Rs.15000 followed by (38%) of the respondents earned Rs.14000 to 20,000. Majority of the respondents have 4-6 family members.
4. Majority (28%) of the respondents' prime bank is State Bank of India. It is found that the majority (85%) of the respondents have savings bank account.
5. Majority (58%) of the respondents spend are 4 - 5 hours for exchange of money. Majority of the respondents' main problem is withdrawal limit.

9. Suggestions

1. Internet connectivity can be improved in many remote areas. It will help to do e-banking transaction and mobile banking transaction. Awareness can be created among poor people to use plastic money and e-banking.
2. Male respondents have perceived maximum level of impact towards demonetization. Since the female respondents account for 46 per cent, the policy making need to emphasize that there should be greater awareness about the demonetization among female.
3. The policymakers should provide necessary and suitable procedure and information about the different types of accounting.
4. The banking industry should improve the banking regular functions and RBI regularly information intimated to customers. There should be proper maintenance of the system issue of notes to the public.

10. Conclusion

Nationalized banks have opened up the new windows of opportunity of electronic banking transaction. The central government has taken initiatives to create awareness about demonetization. Reserve Bank of India has to announce demonetization for every five years. The finance industry is generally transforming from a cash based system to a paperless system which is more benefit and convenience for the digital customer. The banking sector should take necessary steps for easily cash withdraw from ATM and banks.

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