

DEMONETISATION AND ITS UPTURN ON BANK EMPLOYEES

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ABSTRACT

*“People who change after change will survive,
People who change with change will succeed
People who cause the change will lead”*
-Narendra Modi Prime Minister

Demonetization is a tool of government to eliminate the currency. It is used in very adverse situations. Demonetization is a process by which a series of currency will not be legal tender. The series of currency will not acceptable as valid currency. The same thing happens with the ₹500 and ₹1000 note demonetization. This paper throws light on demonetization and its upturn on bank employees. For this present study primary data has been used and the same has been collected from bank employees through questionnaire.

KEYWORDS

Demonetization; Bank; cash; employees.

INTRODUCTION

Demonetisation: A war on black money and a march towards a cashless economy. Demonetisation is the act of stripping a currency unit of its status as a legal tender. Demonetisation is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with new currency unit; it is merely a process of introducing new notes or coins of same currency or completely replacing the old currency with new currency.

“Demonetisation is just the beginning of long battle against black money and corruption” - P. M. Narendra Modi

It is a radical monetary step in which a currency unit’s status as a legal is declared invalid such a step, for e.g., was taken when the European monetary union nations decided to adopt euro as their currency. However, the old currencies were allowed to convert into Euros for a period of time in order to ensure smooth transition through ‘demonetisation’.

Zimbabwe, Fiji, Singapore and Philippines were other countries to be opted for currency demonetisation. On 8th Nov. 2016, the Government of India announced the demonetisation of all ₹500 and ₹1000 rupee bank notes of Mahatma Gandhi series. The government claimed that the action would curtail the shadow economy and crackdown on the use of illicit and counterfeit of cash to fund illegal activity and terrorism.

But the demonetisation is not new thing to us Indians but the sudden nature of announcement and the prolonged cash shortages in the weeks created significant disruption throughout the economy, threatening economic output.

BACKGROUND OF THE STUDY:

It is also known that demonetisation is not a new thing to us Indians as it has happened in past to combat corruption and minimise inflation.

- Demonetisation was 1st used by French in 1850-55. since, then many countries have use the world and the policy with immense restriction and discomfort, for it disrupts economics and population at large.
- India has demonetised 1st time on 12th Jan 1946 by ceasing the legal tender of 500,1000 and 10000 notes, but it was not a success, total notes of value Rs.143.97 crore were demonetised but only Rs.134.99 crore were exchanged and probably Rs.9.07 crore were not presented. New notes of 1000, 5000 and 10000 were later introduced in 1954.
- The 2nd time on 16 Jan 1978- This demonetisation was done by the 1st non-congress govt in independent India by Morarji Desai led Janata party, government had again demonetised 500, 1000 and 10000 rupee notes.
- In 2012, CBI had said that demonetisation would not be effective to curb black money, counterfeit cash because black money is largely held in the form of jewellery, benami properties etc., it is said that 6% or less is only held in cash form.
- And now this is the 3rd time- 8th Nov 2016, Demonetised all 500 and 1000 rupees notes and a promise that everything will be almost normal by 50 days ; this move is heavily criticized as poorly planned and unfair, which is led by protests, litigation and strikes.

Here there is no sufficient data about how the demonetisation that happened earlier has affected the bank employees.

STATEMENT OF THE PROBLEM:

Demonetisation has caused lot of problems not just to the common people but also to bank employees.

The problems caused to the common people and others include;

- Cash shortage- As it is known that many banks were not able to meet demand of exchange due to shortage of cash and restrictions imposed by the government in regard to the exchange and withdrawal.
- Deaths- people wanting to exchange their note had to stand in long queues for hours together, because of heat and rush it has caused deaths of many people
- Crash of stock market- Stock market indicates dropped down to lower rate i.e., 6 months low in the week following the announcement as the effect of demonetisation and U.S. presidential elections.

- Agriculture- It had severe impact on agriculture the price of agriculture crops got affected by demonetisation. Price of various agricultural product as reduced and farmers started dumping; burying the vegetables because of low rates they were not able to recover the least price of growing the crops.
- Transportation halts- Severe traffic jams were noticed in the main corridors of Mumbai, Delhi, Gujarat highways, through there were suspension of toll fee on all highways across India till 11 Nov, later until 14th Nov, again till 18 Nov then till 2nd Dec.
- Business- It has a great impact on business, there is fall of 30-40% in cigarette sales while there is 30% decline in e-commerce orders and demonetisation has increased the demand for swipe machine and point of sales.
- Raid and cash seizures- One would witness various cash seizures and raids happening all around the country after demonetisation huge amount of old 1000 rupee, new 2000 rupee notes were been seized from the houses of various politicians, jewellery traders etc

Forecast of GDP growth rate- Global analysts cut their forecasts of India's GDP growth rate due to demonetisation. India's GDP in 2016 is estimated to be US\$ 2.25 trillion; hence, each 1% reduction in growth rate a short fall of us \$ 22.5 billion for Indian economy.

OBJECTIVES OF THE STUDY

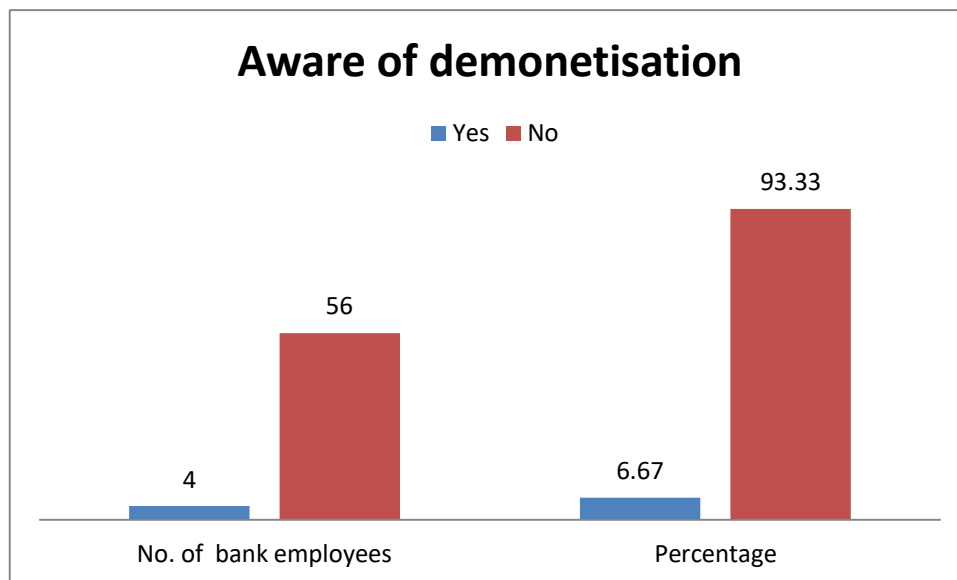
- To evaluate the effects of demonetisation
- To identify what role bank employees had to play in the initial days of demonetisation
- To analyse whether bank employees already had the knowledge of demonetisation
- To examine what problems they had to face after demonetisation.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: SHOWS THE NUMBER OF BANK EMPLOYEES AWARE OF DEMONETISATION BEFORE ITS INCURRENCE?

Were they aware of demonetisation	No. of bank employees	Percentage
Yes	4	6.67
No	56	93.33
Total	60	100

Source: Primary data.

CHART 1:

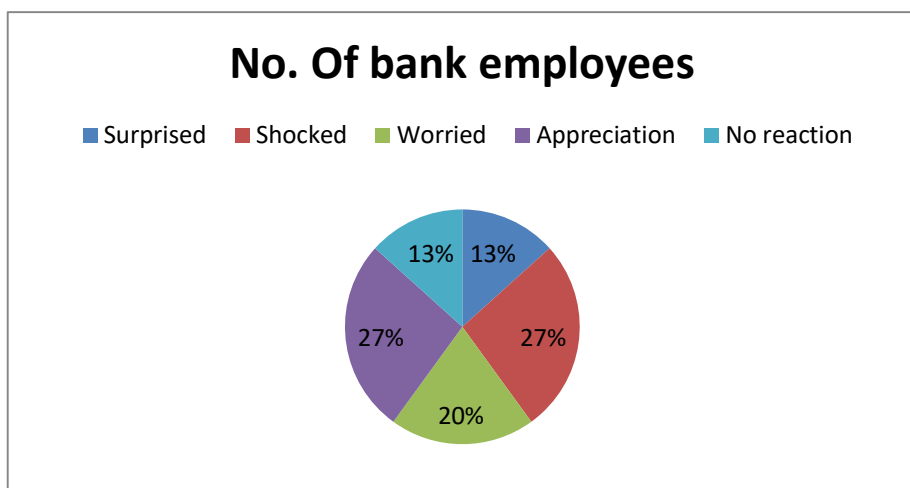
INTERPRETATION: Among the 60 bank employees about 4 bank employees were aware that demonetisation is going to happen through television and other media, but majority were not aware of it.

TABLE 2- SHOWS THE REACTION OF BANK EMPLOYEES TOWARDS DEMONETISATION?

Reactions	No. Of bank employees	Percentage
Surprised	8	13.33
Shocked	16	26.67
Worried	12	20
Appreciation	16	26.67
No reaction	8	13.33
Total	60	100

Source: Primary data.

CHART 2:



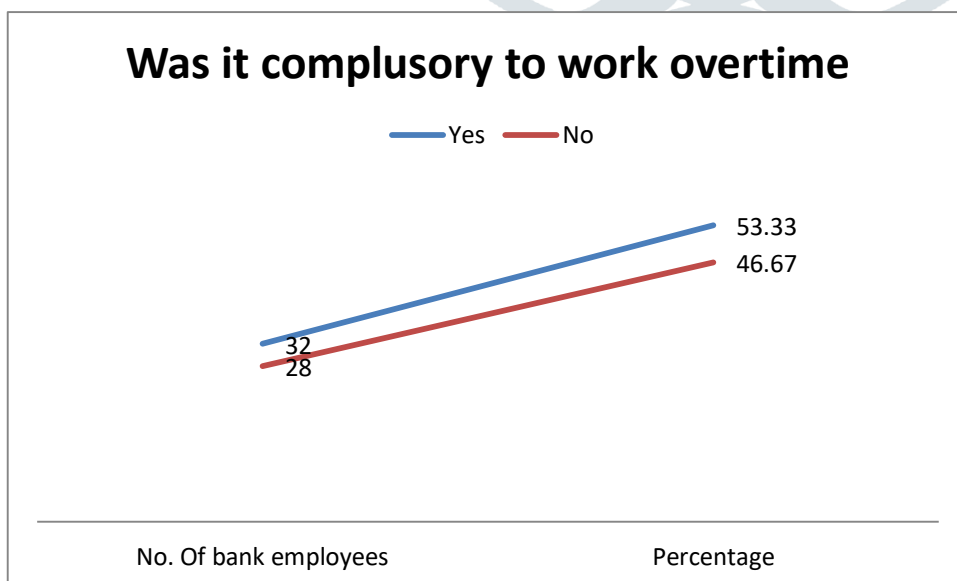
INTERPRETATION: The above chart shows the reactions of bank employees with respect to demonetisation, about 27% of bank employees appreciated and welcomed the decision and the same percentage of bank officials were shocked by the decision taken by government.

TABLE 3: SHOWS THE COMPLUSION MADE FOR THE BANK EMPLOYEES TO WORK OVERTIME?

Was it compulsory	No. Of bank employees	Percentage
Yes	32	53.33
No	28	46.67
Total	60	100

Source: Primary data.

CHART 3:



INTERPRETATION: The above chart shows that majority agreed that they had to work overtime, for satisfying the customers need and others (say 46.67%) employees said that there

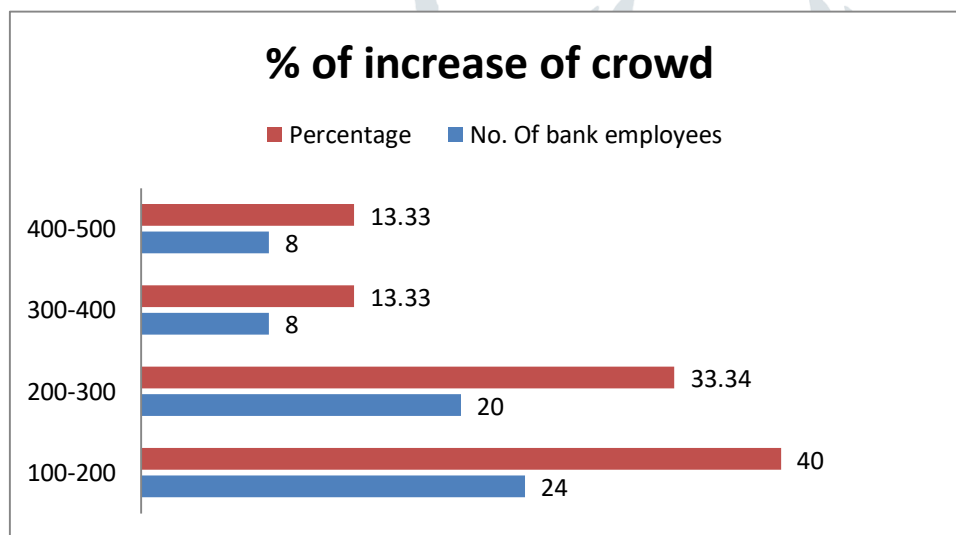
was no compulsion to work as they were enthusiastic about the economic activity for a good cause.

TABLE 4: SHOWS THE % BY WHICH CROWD INCREASED THAN THE NORMAL WORKING DAYS IN BANKS?

% of increase found	No. Of bank employees	Percentage
100-200	24	40
200-300	20	33.34
300-400	8	13.33
400-500	8	13.33
Total	60	100

Source: Primary data.

CHART 4:



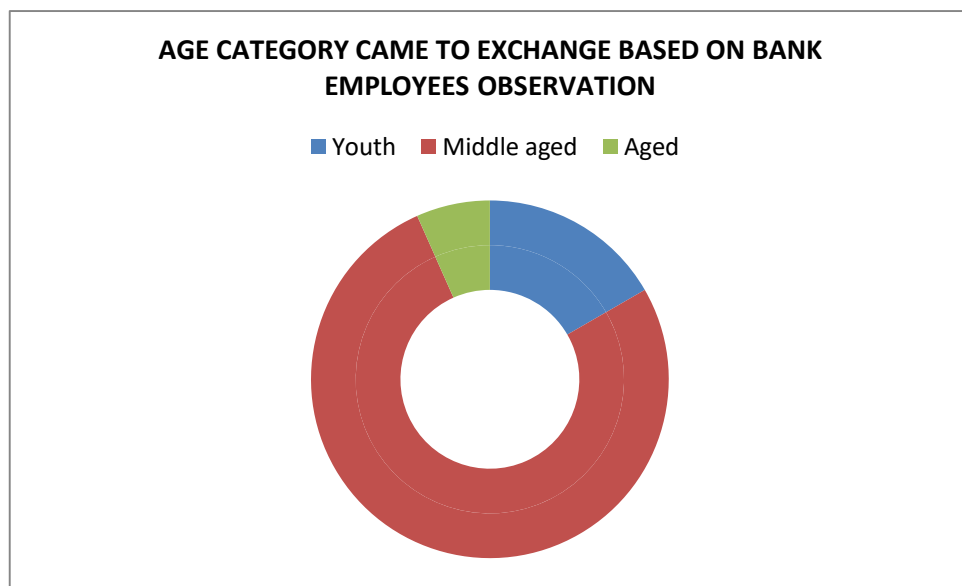
INTERPRETATION: The above chart shows that there was totally more than 100% increase of crowd in banks soon after the announcement of demonetisation.

TABLE 5: SHOWS WHICH AGE CATEGORY OF PEOPLE CAME TO BANK IN MORE NO. FOR EXCHANGE (based on bank employees observation)

Age category	Viewed by bank employees	Percentage
Youth	10	16.67
Middle aged	46	76.67
Aged	4	6.66
Total	60	100

Source: Primary data.

CHART 5:



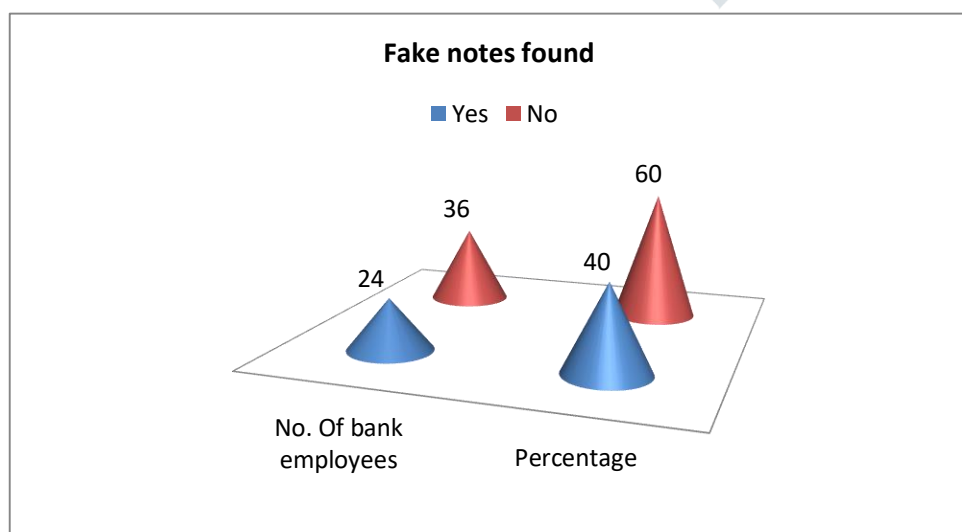
INTERPRETATION: Majority of cash exchange in the event of demonetisation was undertaken by middle aged people i.e., about 76.67% .Aged people were less in number.

TABLE 6: SHOWS WHETHER THERE WERE FAKE NOTES FOUND IN EXCHANGE/ DEPOSIT PROCESS?

Fake notes found	No. Of bank employees	Percentage
Yes	24	40
No	36	60
Total	60	100

Source: Primary data.

CHART 6:



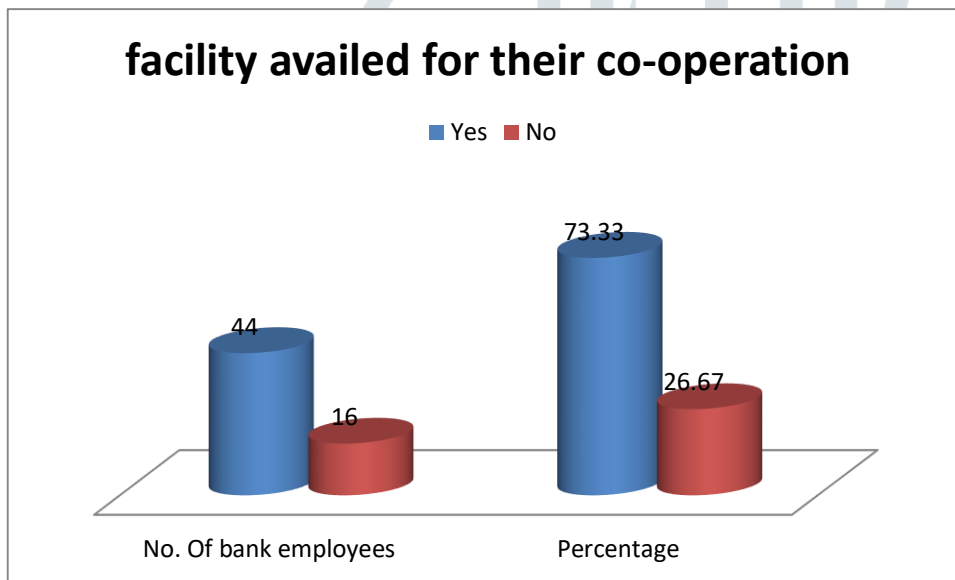
INTERPRETATION: The chart shows that about 60% of bank employees state that while exchanging or taking the deposit fake notes was not found, but 40% are of the opinion that not many but few fake notes were found in this process.

TABLE 7: SHOWS THE FACILITY AVAILED TO BANK EMPLOYEES FOR THEIR CO-OPERATION IN THE NOTE BAN EVENT?

Was the facility given	No. Of bank employees	Percentage
Yes	44	73.33
No	16	26.67
Total	60	100

Source: Primary data.

CHART 7:

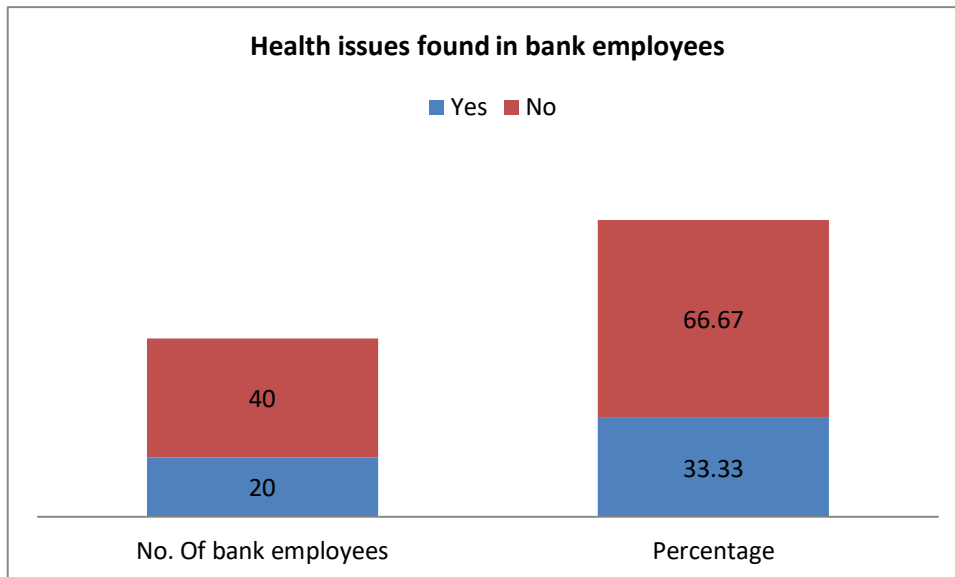


INTERPRETATION: About 73.33% say they got overtime allowance for whatever services they have rendered and food facility was also given to them, but 26.67% of employees are of the opinion it was not much facilitative to them.

TABLE 8: SHOWS THE HEALTH ISSUES FOR THE BANK EMPLOYEES DUE TO DEMONETISATION?

Health issues found	No. Of bank employees	Percentage
Yes	20	33.33
No	40	66.67
Total	60	100

Source: Primary data.

CHART 8:

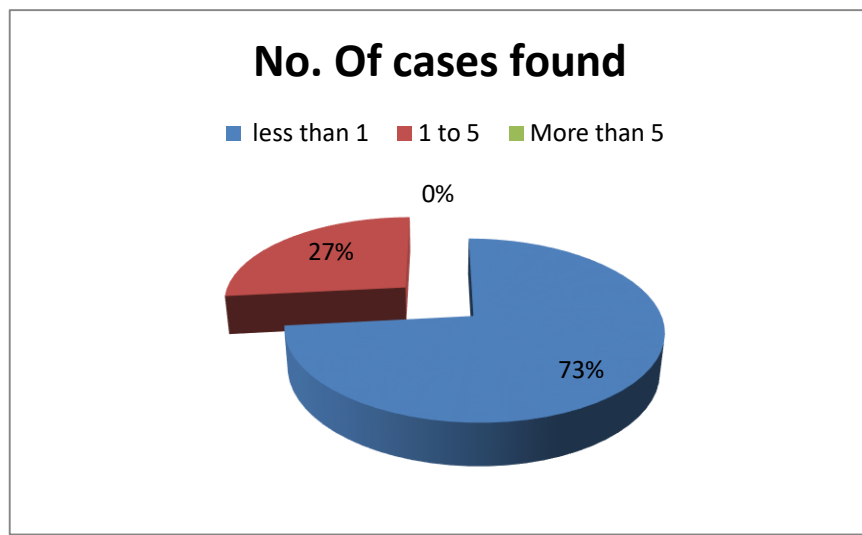
INTERPRETATION: Chart shows that majority of bank employees did not face any health related problem but some are of the opinion that they had to work for long so it caused a lot of stress.

TABLE 9: SHOWS HOW MANY PEOPLE APPROACHED TO DEPOSIT OR WITHDRAW LARGE SUM OF MONEY?

No. Of people approached	No. Of cases found	Percentage
less than 1	44	73.33
1 to 5	16	26.67
More than 5	0	0
Total	60	100

Source: Primary data.

CHART 9:



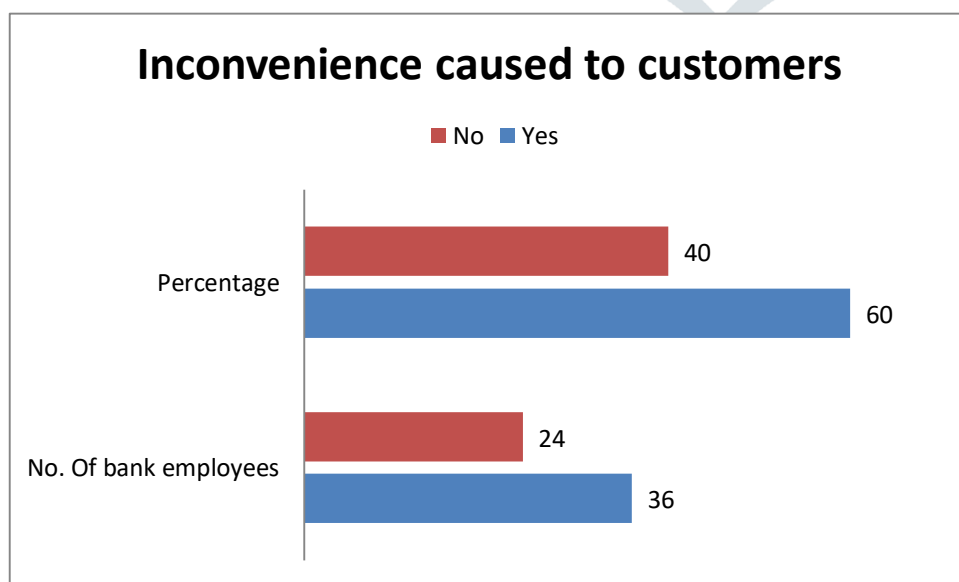
INTERPRETATION: The chart shows that most of bank employees did not happen to face the situation of large deposit or withdrawals, but around 26.67% bank employees could face the above situation they dealt as per RBI guidelines.

TABLE 10: SHOWS THE INCONVENIENCE CAUSED TO CUSTOMERS AS PER THE KNOWLEDGE OF BANK EMPLOYEES?

Inconvenience caused	No. Of bank employees	Percentage
Yes	36	60
No	24	40
Total	60	100

Source: Primary data.

CHART 10:



INTERPRETATION: Majority of bank employees are of the opinion that certainly there was shortage of new notes hence; this has caused inconvenience to them, apart from standing in queues for a long time has also caused some sort of inconvenience.

SUGGESTIONS:

- Survey has given that demonetisation was not known to bank employees, it was all of a sudden, there were no prior preparation, instead a day before demonetisation if bank employees were made known, they would have made up their mind set to handle such pressure.
- However, they had to work overtime and they were no additional cashier to support them, instead they could have made additional counters for exchange and deposit such that the work can be distributed with many.
- As there was more than 100% increase of people (crowd) than the normal working for exchange or deposit, they would have appointed additional staff to manage them.
- Though bank employees got the overtime allowance they were not satisfied for the pressure they had to handle, hence other allowance have to be given to them e.g., stress allowance or any other forms of bonus.
- Shortage of new and old denomination notes were also the major problem faced by both bank employees and customers. Hence, RBI would have increased minting more no. of both notes to satisfy the demand.
- Here in the survey bank employees has not disclosed the facts of breakdown of ATM machine but in reality there were more no. of breakdown, precautionary measure could have been take by the Government.
- There were some issue about the size of new notes which is an indicator of lack of proper planning w.r.t. to the event.
- Due to the insufficiency in no. of respondents the fact that there were misprints or fake notes found during the demonetisation period is not revealed in the survey, anyhow government has taken efficient measure to it that such things are not found now.
- Certainly the bank employees have given some preference to their family members and other relatives but they haven't disclosed it.
- Overall suggestion is that if at all the exchange period would have increased to some more months everything would have been much smoother.
- Though there was some lacuna in the planning done by govt, the survey brings out the positive support given by the bank employees.

CONCLUSION:

Now both the bank and bank employees are working normally, some of the bank employees are satisfied with the allowance what they received and some are not. Certainly, in the long run it will be beneficial to all.

- It has affected the illegal practices-as many cases have been brought to light with huge cash dealings of old notes to new notes.
- Tax and interest rates in the long run are expected to reduce.
- In the long run the GDP of the country will certainly progress.

Most of the bank employees have expressed their views through the questionnaire that it will be beneficial and they support the acts of government

Yet, some express their views that they did not get the required facilities from government for their support and co-operation not sufficient allowances were provided.

What we could say is that now there are sufficient no. Of new notes available, ATMs are working properly and other such facilities are also being made, we are moving towards digitalization. At the initial days there were some problems with demonetisation but now everything is normal and going good. Some incidence of corruption have come to light and some more to come.

Let's have a positive hope that it will bring a positive change in our society.

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