

Impact of Demonetization on Increased Use of Plastic Money With Special Reference to Vellore District of Tamil Nadu – India

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Abstract

The purpose of the present demonetization study on the greater use of plastic money, we refer to the act of eliminating the authorization of paper and currency as "Legal Offer". It means that old coins, including bills and coins, must be restored with new or completely new coins, such as Rs. 2000 and Rs. 500 note that was not previously available. This was a gigantic and precise decision taken, as some said in a timely manner that it is a "master coup" or a "surgical attack" against black money. As a result, the appropriate number of citizens in the country has changed from cash to plastic money (debit / credit cards). The use of credit and debit cards has accelerated after the demonetization initiative. There is a great future for the use of plastic money in India. Unlike providing greater convenience to customers, plastic money can also guarantee the secrecy and integrity of transactions to customers. For the growth of plastic cards in the Indian market, plastic card issuers should provide greater security in customer service. This study focuses mainly on the impact of demonetization on the increased use of plastic money during the period. The selected sample consisted of consumers, including students, working professionals, government officials, housewives and the elderly. Primary data have been collected using a structured questionnaire of 450 respondents selected as random bases. Research tools for the analysis of the data collected were analyzed with SPSS. Statistical tools such as percentage, Pearson's correlation coefficient and unidirectional ANOVA have been used for data analysis. It will facilitate the effective allocation of resources with less chance of corruption. In addition, there will be no manufacturing of plastic money that has a useful life of more than four to five times the cash.

Keywords: Demonetization, Currency, Plastic Money, Debit Card, Service Security.

Introduction

Demonetization is not happening for the first time in India. In early 1946, the 1000 and 10,000 banknotes were demonetized in order to eradicate the unaccounted for money. Banknotes with the denomination of 1000, 5000 and 10,000 were reintroduced in 1954 and once again they were demonetized in January 1978. After some 36 years,

The demonetization took place in 2016. There are several unorganized

sectors in India that completely based on the cash economy. "In a historic move that will add record strength in the fight against corruption, black money, money laundering, terrorism and the financing of terrorists and counterfeit banknotes, the Government of India has decided that the five One hundred thousand rupee notes will cease to be legal tender from midnight on the 8th. November 2016. The Government has accepted the RBI's recommendations to issue Two thousand rupee notes and new five hundred rupee notes will also be placed. Circulation. "- Prime Minister, Mr. Modi, on the implementation of demonetization on November 8th 2016. The following table shows the volume and value of banknotes in India

Plastic money will bring us benefits as well as problems. One major benefit of digital cash is its increased efficiency which will open new business opportunities especially for small businesses on the other hand it will bring in problems like taxation and money laundering, instability of foreign exchange rate, disturbance of money supply and the possibility of financial crisis etc. Plastic money are being designed are Credit cards, Debit Cards, Digital Cash and Electronic fund transfers.

Review of the Literature

The study focuses on the concept and methods of cashless transactions in India. In addition, the study examines the benefits and limitations of the cashless economy for the general public and also cashless transactions help develop the Indian economy is stronger (Rudresha C.E, 2019). Therefore, each and every one must access and use the digital-based transaction. The Government will need more financial education campaign efforts from time to time so that the population becomes aware of the benefits of electronic payments.

This study focuses primarily on the impact of demonetization on the increased use of plastic money during the demonetization period. The selected sample consisted of consumers, including students, working professionals, government officials, housewives and the elderly. In addition, there will be no counterfeit plastic money that has a useful life of more than four to five times the cash. From the study we can conclude that in the coming years people would prefer plastic money in a greater proportion than hard money (E. Megha et al., 2018).

In this research paper, it is found that most respondents use plastic money generally to buy and buy online and also to buy expensive products (Dr. M. Rifaya Meera et al., 2017). It was discovered that customers prefer plastic money over paper money and the greatest benefit that the card provides to customers is comfort and accessibility.

In these studies of Cashless Transaction: the methods, applications and challenges concluded that, like the demonetization applied by the Indian government, the government tried to get to know its people to conduct cashless transactions through various types of advertising methods, but still a large number of people are waiting for the introduction of transactions without cash (Deepika Kumari, 2016). This document is a study of transactions without cash, its different methods, advantages and challenges. This document will help you understand the basics of the transaction without cash.

In his demonetization studies - Transformation for Cashless India ', he concludes that cashless transactions will lead to electronic transactions. There has been a dramatic improvement in electronic transactions that can drive cybercrime, so we make people aware of ways to keep credit and debit cards safe and train them to teach them the steps to keep our transactions smoothly (BM Saini, 2015). We need a specially trained cyber police, forensic laboratories with state-of-the-art tools to gather evidence, prosecutors who understand the technology and cyber courts to punish cybercriminals. Hope India will be in the line of developed countries in the coming days.

In his research paper, the "Impact of plastic money on the banking trend in India" examined that plastic money refers to the credit or debit cards we use to make purchases. The study highlights the role of these cards as an electronic payment tool to be used by customers and discusses the penetration of these cards instead of cash and paper money. Indian customers find it easier to pay with plastic cards instead of carrying too much cash, which contributes to the growth of plastic money in the country (Patil Sushma, 2014).

In his research paper "Plastic Money a form of cashless payment system" he examined that plastic money, especially credit cards, is used by high-income groups. However, the fixed income group or the salaried classes are also beginning to use it. The installation was extended to both urban and rural areas (Manivannan, 2013).

Research Scope

The present study is an analysis of the study related to the impact of the increase in the demonetization of the use of plastic money in banking services, which consists of the government movement to challenge the threat of black money, corruption, terrorist financing and the false currency of the same notes. In the economy. The circulation of counterfeit coins remains a threat to India because it is a cash-based economy. False notes are being used for illegal activities.

Problem statement

Plastic money has also become part of the modern lifestyle of people today. All this highlights the scope and potential of plastic money as a payment instrument in India. The growing recognition of plastic money increases its use and acceptance in companies around the world. The success of the use of the card depends on the awareness of the cardholder about the characteristics and benefits of the cards, the various problems / risks related to the card, their level of satisfaction and the decision to choose the cards instead of cash. Promotional measures taken by the banking authorities and, above all, to what extent merchants are willing to accept it as a means of payment in commercial transactions. The present study is carried out to analyze the impact of demonetization on the greater use of Plastic Money in the Vellore district region.

Research Objectives

Examine consumer preference for using plastic money instead of liquid cash.

Analyze the risk associated with plastic money.

Evaluate the level of satisfaction of various modes of transactions without cash.

Assess the awareness and use of cashless payment by consumers after demonetization.

Research Limitations

This study is limited to the Vellore district only. For raw data, the non-response error cannot be discarded.

Obtaining information from interested parties is not an easy job, since they do not find time to spare and also feel reluctant.

Despite best efforts to minimize all limitations that may arise in the course of research there were time constraints for investigation.

Research Design And Methodology

The study is descriptive and is mainly based on primary data. Descriptive research explains the state of things as it exists in the present.

Sources of data: The primary data has been collected through a self-structured questionnaire of 450 respondents selected from the Vellore district. Secondary data related to the study have been collected from websites, books, magazines, magazines and periodicals.

Statistical Tools for Data Analysis

The data collected were analyzed using statistical packages for the social sciences (SPSS) and statistical tools such as percentage, Pearson's correlation coefficient and the unidirectional ANOVA were used for data analysis.

Percentage Analysis

Percentage analysis is the method to represent raw streams of data as a percentage (a part in 100 - percent) for better understanding of collected data.

Table 1: Demographic Profile

Demographic	Classifications	Frequency	Total	Percentage	Cum %
Gender	Men	258	450	57.3	100
	Women	192		42.7	
Age	18-22	0	450	0	100
	23-26	0		0	
	27-32	96		21.3	
	33-36	129		28.7	
	37-42	161		35.8	
	Above 43	64		14.2	
Education Qualification	Illiterate	128	450	28.4	100
	High school	64		14.2	
	Degree	96		21.3	
	Master's Degree	162		36.0	
	Others	0		0	

Marital Status	Married	322	450	71.6	100
	Single	128		28.4	
Profession	College Students	0	450	0	100
	Salaried Employee	226		50.2	
	Businessman	160		35.6	
	Senior Citizen	64		14.2	
Income	Below 30,000	32	450	7.1	100
	30,001- 40,000	225		50.0	
	40,001-50,000	161		35.8	
	50,001-60,000	32		7.1	
	Above 60, 001	0		0	

[Source: Primary Data]

Data Interpretation: Table 1 above shows that the age of the clients indicates that 35.8 percent, which belonged to the age group of 37-42 years, followed by the age group under 32 years. 21.3 percent, 57.3 and 42.7 percent Men and women respectively. The educational qualification of the respondents 28.4 percent who were illiterate 14.2 percent who were studied up to HSC, 21.3 percent who had degrees and 36.0 percent who responded are teachers. The wise classification of the marital status of the respondents shows that 71.6 percent of the clients were married and the remaining 28.4 percent of the unmarried. A maximum of 40 percent of the clients were salaried employees followed by professionals and 35.6 percent, made up of businessmen, and 14.2 percent were seniors representing 24.2 and 20.8 percent, respectively. The monthly income of the clients was Rs.30, 001-40,000 and 40,001-50,000, which

constitute 50.0 percent and 35.8 percent respectively.

Pearson's Correlation Coefficient

Correlation coefficients are used in statistics to portion how strong a relationship is between two variables, in this research, the two variables are Reasons for not preferring plastic money and Different modes of plastic money. One of the most commonly used formulae for Pearson's correlation coefficient is:

Hypothesis 0 (Ho): There is no relationship between reasons for not preferring plastic money and different modes of plastic money.

Hypothesis 1 (H1): There is a relationship between reasons for not preferring plastic money and different modes of plastic money.

Table 2: Relationship between reasons for not preferring plastic money and Different modes of plastic money.

Factors	Correlation Co-efficient	T Value	P value
Reasons for not preferring plastic money.	.446	23.6473	<0.001
Different modes of plastic money.			

[Source: Primary Data]

Data Interpretation: On the basis of above Table 2 results, P-Value is less than the 0.001, so the null hypothesis is rejected at 1% Level Significance. Hence it's concluded that there is a relationship between reasons for not preferring plastic money and different modes of plastic money. Based on correlation coefficient value .446 there is a positive correlation.

One - Way Anova

It means of two or more independent groups like Education and preference behind uses os plastic money, in order to

determine whether there is statistical evidence that the associated population means are significantly different.

Hypothesis 0 (Ho): There is no significant difference between the Education Qualification and Lack of awareness.

Hypothesis 1 (H1): There is a significant difference between the Education Qualification and Lack of awareness.

Table 3: Significant difference between the Education Qualification and Lack of awareness

Sources	Sum of square	df	Mean Square	F	Sig.
Between Groups	8.391	3	2.797	14.619	<.001
Within Groups	85.333	446	.191		
Total	93.724	449			

[Source: Primary Data]

Data Interpretation: On the basis of above Table 3 results, one can be interpreted that there is a statistically significant difference between groups as by one-way ANOVA. Since P-Value is less 0.001 the null hypothesis is rejected at 1%Level of significance.Hence conclude that there is a significant difference between education and Lack of awareness.

Research Findings

Demonetization Previously, cash was widely used as a form of payment.

Demonetization has acted as a motivator in digitalization.

People widely use plastic cards and Net Banking services to carry out their transactions.

People, even after the serious effects of demonetization, continue to use the digital payment service to settle their transactions.

The best parts of the respondents are of the opinion that plastic money is the safest mode of the transaction and creates about 66 percent of the entire population.

Most respondents preferred the PIN as security for the configuration of their plastic money.

There has been a valid struggle in the use of the bank's plastic card after demonetization.

Research suggestion

Cashless transaction activity took an important step to improve transparent economic development, improve financial inclusion and integrate the parallel economy with the mainstream. In the current scenario, the country needs to move away from traditional cash-based transactions to a digital or cashless payment system. Therefore, the following suggestions will help improve cashless transactions between consumers.

Banks should organize an intensive awareness program about the benefits and the need for a transaction without cash or digital payments to university students, higher education intuitions and common men.

Banks must organize camps in the village to educate people

about the digital payment system.

The Government of India should take the necessary measures to improve broadband speed and broad Internet coverage in all areas.

The government must continue and give some incentive benefits to those who use regular digital payments because it will motivate not only the regular user but also the new user.

Reserach Conclusion

The Government of India has implemented various transformations for sustainable and transparent economic development. Demonetization and digital payments are the most important among the reforms. The impact of demonetization was felt more in the social sector and the most affected were also the poor and the common people. Cashless transactions are not only a requirement, but also an emerging need today for transparent economic development. The cashless transaction system is growing day by day, as soon as the market globalizes and the growth of the banking sector, more and more people move from cash to the plastic money system. The cashless system is not only a requirement, but also a necessity of today's society. The entire online market basically depends on the cashless transaction system. The transition without cash is not only safer than the cash transaction, but it consumes less time and is not the hassle of carrying it, and the hassle of wear and tear like paper money. It also helps to record all transactions made. Therefore, it is undoubtedly said that the future transaction system is a cashless transaction system. Finally, we can conclude that in the coming years people would prefer plastic money in a greater proportion than hard money.

Future Research

As usual, all research has some future scope, the current study was not free from that scope either. First, due to time constraints, the sample size could not be increased from 450 by increasing the sample size, results may vary. The adjusted Chi square value indicates that there is a limitation and the need for a more in-depth study in this field.

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