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THAKUR COLLEGE OF SCIENCE & COMMERCE **tcsc**

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A PROJECT REPORT ON:
DEMONETIZATION AND ITS IMPACT ON INDIAN ECONOMY

SUBMITTED BY:
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T.Y ACCOUNTING AND FINANCE (SEM VI)

SUBMITTED TO:
University of Mumbai



PROJECT GUIDE:
AKASH DESHMUKH
ACADEMIC YEAR 2019-2020



DECLARATION BY LEARNER

I the undersigned **SANSKAR ANIL SAXENA** here by, declare that the work embodied in this project work titled “**DEMONETIZATION AND ITS IMPACT ON INDIAN ECONOMY**” forms my own contribution to the research work carried out under the guidance of **Prof. AKASH DESHMUKH** is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

SANSKAR ANIL SAXENA

Certified by

Name and Signature of Guiding Teacher

AKASH DESHMUKH

DATE:

PLACE:



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CERTIFICATE

This is to certify that **SANSKAR ANIL SAXENA** has worked and duly completed his Project Work for the degree of Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce and his project is entitled, “**DEMONETIZATION AND ITS IMPACT ON INDIAN ECONOMY**” under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and facts reported by her personal findings and investigations.

COORDINATOR

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Name of the Student =Sanskar Anil Saxena class/div=TYBAF D2 Roll No.=8638 Mob.no.=

Task ID	Task Description	Task Duration in days	Start Date	End Date	03-Feb-20	05-Feb-20	08-Feb-20	10-Feb-20	13-Feb-20	17-Feb-20	20-Feb-20	24-Feb-20	02-Mar-20
1	Chapter No. 1: Introduction												
2	Chapter No. 2: Research Methodology												
3	Chapter No. 3: Literature Review												
4	Chapter No. 4: Data Analysis, Interpretation and Presentation												
5	Chapter No. 5: Conclusions and Suggestions												
6	Bibliography, Appendix												
7	First Draft												
8	Second Draft												
9	Final Draft												

important:

1. Referencing style APA 6th
2. The Project Report shall be bounded
3. The project report should be 80 to 100 pages
4. Gantt chart shall be filled by faculties only
5. The final draft shall be signed by guiding teacher
6. The faculties are allowed to link the tasks in gantt chart
7. Be sure to display start and end dates for each task
8. Account for time off, holidays and internal exams
9. To define the critical path, use lines to connect a task

Students signature

Dr. Nishikant Jha
coordinator B.Com (Accounting and Finance)

Project Guide=

Department=

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ABSTRACT

This paper entails the problems related to pre and post demonetization period and thereby to find out solutions and to provide suggestions in order to overcome the problem. A survey was conducted around 65 applicants responded actively. Demonetization is the process of withdrawal of a particular form of currency from circulation. The purpose of the study is to compare and analyse the impact of demonetization on Indian economy during pre and post period. The older denominations must be replaced with the new one's. This article also covers the various other countries who tried demonetization they are Nigeria, Ghana, Pakistan, Zimbabwe, North Korea, Soviet Union, Myanmar and Australia. The findings of the study reveals that India will achieve a significant growth by adopting the demonetization strategy and will create a huge positive impact on the entire economy in a long run. This paper also shows that it was quick step taken by the government of India without any measures which people had to face a lot of consequences in standing in the long queues to exchange their older denominations.

Keywords: Black Money, Black Market, Cashless transactions, Digital economy, Currency, Indian economy, Gross Domestic Product, International Financial Market.

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INTRODUCTION

“Demonetization is the act of stripping a currency unit of its status as legal tender.” The idea of demonetization was bought by prime minister of India Narendra Damodardas Modi to stop black money circulation. The old unit of currency must be demolished with the new ones. Its an effective way of curbing black money. On November 2016 the government took the great initiative to crack down on black money in the country. Fiji, Singapore and Philippines were the country after India who have opted for demonetization. The reserve bank of India has withdrawn the old Rs 500 and Rs1000 notes. People who had this higher value of notes were given an extended period till January 2017. It was an important decision taken by the pm of India against bureaucrats, politicians, business class people, terrorists, smugglers, drug dealers or the black marketing people who were engaged in unlawful activities which would lead an harmful impact on environment as these notes would no longer be legal tender from midnight, 8 th Nov 2016.

In India demonetization was required to track fake currency, tax avoidance, etc. So the curbing of black money can lead to positive impact in the countries economy. Its an process of removing black money completely. Its a step against parallel economy, so we need to cooperate with prime minister along with the government of India for this great decision taken by them. It will create a better future for the coming youths. Due to demonetization, India would turn cashless and everyone will start doing easy transactions, i.e credit card .

So the elimination of black money can lead to positive impact in many ways. The progress would lead to drastic change in all other factors. In India we can see that each and every citizen is above poverty line. More of black money can lead to change in country's economy.

Demonetization will help the Income Tax Department as money will be caught so the terror funding activities couldn't occur. Terrorism is a threat to our country, if black money is completely thrown out then there would be a reduction in the crime rate. Therefore our country will be in the safe hands and condition of living will be improved. Tax revenues are increased which is an benefit of demonetization. People had to face a lot of problems as it was a quick step taken without any preparations. IT Department were able to find black money at a larger scale.

Demonetization helps in catching illegal forms of money through various means. In India, due to demonetization there would be a lot of changes soon everyone will go cashless through online transactions, i.e. Debit card. Demonetisation helps to control inflation. It helps to promote cashless economy.

However the older denominations were allowed to get converted into euros for some period of time. It will help in smooth transition. In 2015,Zimbabwe also took this crucial step of demonetization to overcome the problem of hyper inflation. According to RBI reports on 31st march 2016,denominations of Rs 500 and Rs 1000 notes were consisting around 86% of the total cash and was having an approximate value of Rs 15.44 lakh crore. Demonetisation was an important step taken by the Pm to tackle problems such as terrorism, corruption and all means of illegal money. It will also help to remove fraudulent money.

This move proved very helpful in cleansing the formal economy of the country and discarding black money. Many previous attempts made have resulted into good and few recorded adverse effect on the country's economy. In the present Indian economic conditions, the long term impacts are left to be registered. The short term effect has brought a negative result in the country's economy. Luxury commodities were in shortage of prices which was bullish hit in the economy.Pm modi is also organising various campaigns like "jan dhan bhojana".These organizations work towards digital India. All transactions should be performed through cashless means.

In India ,there were many situations when higher denominations notes were curbed.RBI printed the highest value notes of rupees 10000 in the year 1938.After that government demonetized rupees 1000 and higher value notes in the year 1946.Higher value notes of rupees (rs1000,rs 5000,rs 10000) reintroduced in 1954 and all of them were demonetized to remove the black money of illegal tender.Rupees 2000 notes were first time introduced in the year 2016.Firstly denominations of rupees 500 was introduced in the year 1987 in order to control over the increasing value of notes.

Alongwith India many of the countries took this crucial step of demonetization in the history.Almost the countries who have done demonetization had some common objectives which would help to eradicate various problems such as black marketing,terrorism and corruption and hence their country's government also decided to take this important step to get relief from these problems.Here is the list of some countries that done demonetization:

List of countries in the world that done Demonetization

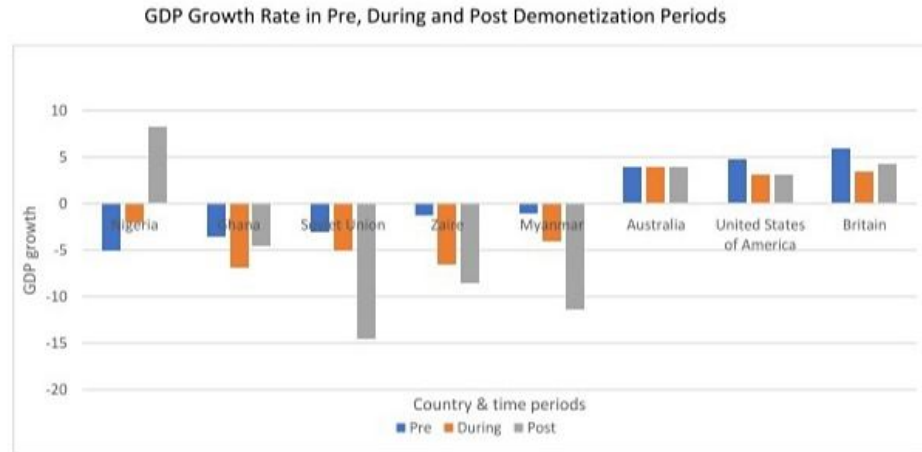
Country Name	Year	Objective	Results
Nigeria	1984	To fix debt and inflated economy	Economy Collapsed
Soviet Union	1991	Fight against corruption, Black marketing	The economic conditions of Usa were demolished
Ghana	1982	To curb black money	People turned to foreign currency
Myanmar	1987	To have a control on black money	led political miscommunications and many people died
North Korea	2010	To lower down the market of black Money	miserably failed

Zimbabwe	2010	Getting freedom from inflation	Failed
Australia	1996	To eradicate black money crisis and improve Security features	Success
Britain	1971	To bring uniformity in currency	Unsuccessful in other countries except Britain
Zaire	1990	A plan to withdraw outdated currency	Failed
USA	1969	Due to black money	Success

Pakistan	2015	To get rid from black money, Counterfeit currency	Messed Up
Germany	1923	Due to high domestic prices	Inflation fell
Philippines	2016	To preserve the integrity of currency	–

By investigating the table, we can observe that most of the countries which have earlier performed demonetization have remained unsuccessful in doing that. The main reasons behind the success could be the behaviour of Indian citizens to find out the way for a patriotic country and the belief of Indian people in their strong government. Other than this observation, we can see in the table.

GDP Growth Rate in Pre, During and Post Demonetization Periods



Data source- World Bank

By collecting the growth rates of the countries, which has done the demonetization, at the time of demonetization show that most of the countries lost growth due to that. Nigeria had a negative growth rate during demonetization and before demonetization year so their

Economy strained at that time but after the demonetization they grew at a higher rate. Other than this Australia was very much stable in growth rate point of view in pre and post demonetization period. United states and Britain felt a slowdown in the growth rate during demonetization year but after certain period of time they grew at a higher rate. Many other countries also done black money curbing step when had to face the problem of negative growth rates in the following years, so they couldn't succeed and their economy completely vanished. By this we can understand that it is pretty hard to sustain the growth, and we should be aware and alert of that fact and should take appropriate actions or measures, otherwise the same story would remain for us also.

REASONS BEHIND DEMONETIZATION

To tackle black money in the economy.

To lower the cash circulation in the country which “is directly related to corruption in our country.

To eliminate fake denominations and dodgy funds which are being used by terror groups to raise terrorism in India.

To fight Black money,corruption,terrorism and counterfeit currency with one single decision.



Definitions

“Demonetization is a drastic innovation into the economy that involves removing the legal tender status of a currency”.

“Demonetization can cause chaos or a serious downturn in an economy if it goes wrong.”

“Demonetization is a weapon used to stabilize a currency and fight inflation, to facilitate trade and access to markets, and to push informal economic activity into more transparency and away from black and grey markets”

Demonetization is an act of discarding the legal tender status of a currency unit in circulation. Anticipating positive changes on the liquidity structure as a whole, nations often adopt demonetization policy as a whole to maintain the balance of current economic system of the country. It will help to control hyperinflation and gives economy a boost in respective fields

EVASION ATTEMPTS AFTER

DEMONETIZATION

Converting black money into gold

Donations in temples and other

Multiple bank transactions

Booking large number of tickets in railways and airways

Depositing money in the accounts of their parents,relatives and friends

Enticing people with some percentage of money for exchange

WHY DEMONETIZATION BECAME MASTERSTROKE BY PM MODI

Boost deposit base and savings

Improve monetary transmission and reduce lending rates

The demonetization drive of higher denominated notes should give a push to cash deposits in Jan Dhan accounts

Benefits from higher income tax collections

Rise in GDP growth potential

Support government finance



NEGATIVE EFFECTS

Cash shortage

Stock market crash

Dumping of agricultural produce

Drop in industrial output

Queues outside the bank

People faced difficulties in marriage occasions and other

Many of the people do not have their bank accounts in rural areas



POSITIVE IMPACTS

Demonetization has a very positive impact of millions of human traffickers

Other sectors like drug trafficking, illegal dealing of money, funding of election and involvement of various terrorist groups effected badly.

Steps towards cashless economy

Real estate can see significant course of correction

Less chance of avoiding taxes

Parallel economy



Some positive effect of demonetization on the economy are as follows:

1. Break Down of Black Money:-Black money accumulation affects a country's economy in a negative way. It helps in shutting down the trading of goods or services which are runned through illegal means and thus destroying the savings and having a positive impact on its economy.

2. Real Estate:-Real Estate is one of the industry that runs largely on black money. Demonetization stops the flow of black money in the real estate sector to ensure a fair system.

3. Increase in Bank Deposits:-The circulation of the old currency notes are banned and those who are having these denomination notes should get their money deposited in the banks so that there is no wastage. Hence, cash amounting of millions of rupees get deposited in the banks.

4. Cutting Monetary Support for Terrorist Activities:-Anti-nationals support terrorist activities in the country by providing monetary support to the terrorist groups. This money helps helps them to purchase arms and ammunitions. Due to demonetizations funds which they were using would be completely vanished and thus promoting peace and harmony among people.

The idea behind demonetization was

- 1.To eradicate black money
- 2.To increase digital transaction
- 3.To remove counterfeit notes
- 4.To prevent Naxal activities and terrorist activities

Regarding black money government has told in parliament that 4.9 lakh crore rupees deposited in various accounts is under scrutiny .If this is true then the Indian government will get 2.5 lakh crore in taxes next year and 1.5 lakh every year in taxes in the future from this unearthed money.

The digital transactions has increased then dipped and now settled at 107 lakh crores in July in the year 2018.

Due to demonetization the Naxal and terrorist groups which were engaged in throwing stones has completely stopped .This can be assessed by the reduction in Naxal attacks and drastic reduction in stone pelting in Kashmir post demonetization which will help to maintain peace and unity among the citizens of the country. Demonetization is a disruptive economic tool in the hands of government which are also known as policy makers to control the cash flow in the economy.

Some negative impact of demonetization is as follows:

Liquidity crisis:

Demonetisation gave rise to liquidity problems in the economy as people found it difficult to get sufficient amount of cash to fulfil their basic needs. Marginal section of the society mainly depends on cash to meet their transactions held daily. Out of total currency in circulation 500 rupees notes constituted nearly 49% in terms of value. More the time is required to resupply Rs 500 notes, the more will be the time period of liquidity crisis.

Consumption:

Cash shortage adversely affected the consumption behaviour of people in India. The sales of consumer durables likely to be hampered in short-term, especially sales through unorganised channels are cash purchases. Most of the purchases by retailers are through cash which brought down their value of trade.

Decrease in GDP:

Withdrawal of higher denomination notes reduces the growth rate of the economy. Demonetization reduces consumption pattern, income, investment, etc. This may bring down in India's growth rate as the liquidity crisis itself may last 3-4 months.

The opposite of demonetization is remonetisation, in which a form of payment is restored as legal tender.

The sectors which faced problem by demonetization are

Banking, Automobiles, Cement, FMCG, Pharmaceutical and Agriculture.

Demonetization affected India's stock market also. BSE and NIFTY both crashed around 1689 and 541 points respectively in that week.

According to Investopedia, Demonetization is the act of stripping a currency unit of its nature as legal tender.

(ECONOMICTIMES.COM Nov 09, 2016)

Prime Minister announced that Rs 500 and Rs 1000 "will not be legal means of money from midnight tonight" and these will be "just worthless pieces of paper. PM also urged people to join this mahayajna against the ills of corruption

The sudden nature of the announcement-and the prolonged cash shortages in the weeks that followed-created significant disruption throughout the economy, threatening economic output.

The move was heavily criticized as poorly planned and unfair, and was met with protests, litigations and strikes.

The main motive was to extract the value of black money from corrupted people.

PROCESS TO EXCHANGE DEMONETISED CURRENCY NOTES

Process	With	Duration	Limit	Where	You Need
EXCHANGE	Old notes ..for New	10 Nov - 24 Nov 25 Nov - 30 Dec	₹ 4000 More than ₹ 4000	Bank & Post-office	Aadhaar card, Voter ID, Ration card, Passport, PAN
DEPOSIT	Old notes	10 Nov - 30 Dec	No Limit	Bank & Post-office	A valid Bank account or Post office Saving account
DEPOSIT	Old notes	31 Dec - 31 March	No limit	RBI Specified Office	ID proof, PAN & Deceleration Form
WITHDRAW	New notes	10 Nov onwards	Max ₹ 10000/day or Max ₹ 20000/week	Bank Counter Post-office	Withdrawal Slip or Cheque
WITHDRAW	New notes	10 Nov - 18 Nov 19 Nov - onwards	Max ₹ 2000/day Max ₹ 4000/day	ATM	ATM Card
SHOPPING	Old notes	8 Nov onwards	No value	No where	Only New Notes
SHOPPING	New notes	10 Nov onwards	No limit	Any where	New Notes
PAYMENTS	Old notes	8 Nov onwards	No value	No where	New Notes
PAYMENTS	New notes	10 Nov onwards	No limit	Any where	New Notes
PAYMENTS	Credit/Debit card/ Cheque/DD/online/ E-banking	All days	No limit	Any where	Valid transacting Medium



CHAPTER2:REVIEW OF LITERATURE

REVIEW OF LITERATURE

Guru and Shruti Kahani (2010), Researcher analyzed the black money income? Need for amendment in DTAA & ITEA and analysed that black money is spread everywhere in India up to a large extent which continuously stashed towards abroad in a very large amount. The researcher also identified how black money had caused menaces in our economy and in what ways it is used.

Tax Research Team (2016), the main objective is to analyse the impact of demonetization on Indian economy and it shows the impact of such a move on the availability of credit, spending level of activity and government finances.

Sukanta Sarkar (2010), conducted a study on the India's parallel economy : Causes, impacts and government initiatives in which the researcher focused on the existence of causes and impacts of black money in India. According to the study, the main reason behind the generation of black money is the Indian Political System that is the Indian government just focused on making committees rather than to implement it. The study concludes that laws should be implemented properly to curb black money in the economy.

Abhani Dhara K. (2017) posits that this Demonetisation is proving to be more successful than the previous two. The era is changing. People are using online banking as a mode of payment. Bank employees are giving their best to make the demonetisation a successful one. Their support matters a lot. Though the demonetisation move has failed to grab total black money in the economy, this has at least created fear in the minds of people holding black money. He concluded that demonetisation was a compulsory step to tackle the problem of black money, terrorism and corruption etc.

Veerakumar, K. (2017) posits that the announcement of demonetization of 500 and 1000 currency notes by the government is a big shock to the citizen of India. The highest currency notes are withdrawn from the economy to counter the problem of tax evasion, counterfeit currency and financing of terror activities. It is shown that huge money is being deposited into the bank accounts which are more than specified limits and are subject to penalties and taxes. Usage of e

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wallets, debit and credit card has been increased tremendously and this will create better cashless infrastructure.

Shah, Ayash Yousuf (2017) stated that Demonetization is one of the major steps in fighting against corruption, black money and terror funding. However, this decision was taken without proper preparation and it adversely impacted the public. Without printing enough new currency notes 86% of the currency notes were withdrawn thrashing all market transactions. Only common people had to face problems exchanging their notes, not the people who were targeted. With an intention to rid the country of black money and dig out tax defaulters and black money holders, the government has taken the step to demonetized Rs 500 and Rs 1000 notes. The sudden announcement of demonetisation and failing to plan properly has created chaos among the general public. Common people are facing problems buying with no money in their hands, wasting their time standing in endless queues could have easily been avoided with advance planning.

Shambhogue Girish Kumar,A.Prashant,Bhat,Swathi and Shettigar,Chethan(2016) defined currency ban as a move to stop counterfeit bank notes were allegedly used for terror financing, as well as a surgical strike to black money and corruption in the country. Demonetization leads to cash shortages in the country which proves detrimental to a number of small business, agriculture and transportation. The shortage of cash led to chaos and most people faced problems to exchange their bank notes due to long queues outside banks and ATM's across the country. This demonetization step was proved to be the biggest attack on black money and corruption in the history of Indian Economy and a movement towards digitalization. It also encourages digital payments. They concluded that Demonetization is advantageous in short, medium and long-term.

Muthulakshmi,E.Kamatchi(2017) in her paper entitled "Impacts of Demonetization on Indian Economy – Issues &Challenges" states that when money is withdrawn from the economy, the country will not be and meaningful impact. She also states that the demonetization move, on one hand, was a serious attack on black money,corruption,Hawala transaction, counterfeit currency and terror financing. On the other hand, it had a negative impact on various sectors like commodities such as gold and real estate.

Varshith J.R,(2016),In his study has stated that move to demonetize Rs 500 and Rs 1000 currency tenders by the union government of India during the year of 2016 was a laudable and historic effort to clean up the decade's long corruption and black money. As Indian citizens we all should be proud of the fact that we elected a government which was capable of taking such brave decision for the long term betterment of the country's economy. In the present economic situation black money has inflated prices in real estate, gold and a few other sectors, making it a challenge for a common Indian citizen to invest. However the government's attempt to eradicate black money will significantly lower the prices in the economy.

Shukla,Bal Govind and Gupta,Hariom (2018) in their paper entitled "An Exploratory Study of Business Students Perspectives On Demonetization in India. With Special Reference to Allahabad City". They used primary data for their study and concluded that the people actively support any initiative taken by the government which are basically targeted to eradicate corruption, black money, and any other threats like terrorism and naxalism in the country.

P.Patnaik,(2016),stated that the black money is generated through evasion of taxes on income from lawful activities and money created from illegal activities. In the absence of steps to control and curb the generation of black money. Demonetization is a futile exercise. Demonetization has been effected is leading to a riot such kind of situation in the nation. We demand that the government ensure that common people have immediate access to enough money to pay for their daily needs and health emergencies. Failing which we demand the rollback of demonetization to enable the common person to make adequate arrangements for daily needs. The Government role behind it, is to undertake honest tax administration and not to treat the common person like a criminal making him/her stand in line and filling forms to access his/her own legitimate money.

P.Kumar.Vijay,(2016),in his study reviewed that the term demonetization is not new to Indian economy. The highest demonetization note ever printed by the Reserve Bank of India was Rs 10000 note in 1938 and again in 1954.But these notes were demonetized in January 1946 and again in January 1978,according to RBI data statement. The Reserve Bank of India manages currency in India and derives its role in currency management on the basis of the Reserve Bank of India Act 1934 and a new redesigned series of Rs 500 banknote in addition to a new denomination of Rs 2000 banknote is in circulation since November 10,2016.The decision was taken to curb the illegal means of money which was used for corruption in the country.

Dr. Mathur Neeti, Dr. Mandal Nivedita, Dr. Kalyani Sushil

On the government announced its decision to discontinue the legal tender status of Rs. 500 and Rs. 1000 notes. The behind the demonetization policy attempt to curb black money, regularising prices, create corruption free environment, stop flow of funds to illegal activity, make people accountable for every rupee they possess and pay A study by the National Investigation Agency and the Indian Statistical Institute, conducted in 2016, estimated that fake Indian currency notes in circulation have a face value of before the recent decision of demonetization of 500 and 1000 rupee notes. The government has taken few steps in this direction much before its announcement. Government insisted people to open Bank account in Jan DhanYojana. They were asked to deposit all the money in their Jan Dhan accounts and do their future transaction through banking only. Another step that the government initiated was a declaration of the income and had given October 30, 2016 deadline for this purpose. Through this method, the government was able to wipe up a huge amount of undeclared income. It was a bold step of our government, many economic expert their opinions and several research studies are conducted on demonetisation. This provides a systematic review of literature on the demonetisation. Various empirical studies are carried out in India and rest of the world on demonetisation. The study is limited to twenty seven research studies and expert opinions on demonetisation. The aim of this paper is to do logical and structural appraisal of existing literature to determine the relevance of demonetisation in respect of its motives.

CHAPTER3:RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY:

The objectives are designed to have a particular direction to study like what aspect is to be studied. A topic can be studied from various parameters, the objectives designed for a project gives an hint that in what manner the topic is studied, what is the flow of project, what are the variables selected for the project, etc.

To discuss the various marketing strategies that can be adopted while facing an environmental change.

To design steps to tackle environmental change while the organization is facing a resource crisis.

To study the experience of impact of demonetization in various countries in past years;

To analyse the current immediate impact of demonetization on Indian economy.

To workout the probable consequences of Demonetization.

To understand meaning and reasons of demonetization.

To study the sector wise changes in the economy.

HYPOTHESIS OF THE STUDY:

Hypothesis is referred as the assumptions made by an individual to study the research project. These assumptions are made in a way to satisfy the objectives framed for the project. Framing of hypothesis is an important part of the research as in this step the research problem or the problem statement is designed on which the entire research is based.

The hypothesis or the research problem of the study is designed in such manner to find out the relationship between the variables, i.e. does the effect have any impact on the other. We can also say that following hypothesis will let us know how closely they are correlated with each other. In order to study this topic 2 hypothesis are framed.

Hypothesis 1:-

Ho: There is no significant relationship between pre and post demonetization period.

H1: There is significant relationship between pre and post demonetization period.

Hypothesis 2:-

Ho: There is no significant impact of money supply on Indian Economy during pre and post demonetization period.

H2: There is significant impact of money supply on Indian Economy during pre and post demonetization period.

RESEARCH GAP

A larger number of studies have been conducted on the subject at national as well as international level. Few researchers have tried to evaluate Impact of demonetization on the Indian economy. Therefore the present study aims measure the impact of Demonetization in pre and post period and also tells us how it has affected the various fields in the economy. A pie chart explains the role of demonetization on the Indian economy in certain period of time. Research gap helps to focus on the area which is yet to be explored or is under explored. It could be (size,type,location,etc.),research method, data collection or analysis of data and other variables and conditions. It is also considered as a missing piece in research literature.

SIGNIFICANCE OF THE RESEARCH

During the pre demonetization period,RBI has come out with its annual report giving a balance sheet of demonetization implemented 21 months ago. Of Rs 15.41 lakh crore demonetized currency notes of Rs 500 and Rs 1000 denominations, only Rs 10,720 crore did not reach to the Reserve Bank of India.

This means only 0.7 percent currency notes were junked in the exercise. While announcing demonetization on November 8 in 2016,PM Narendra Modi had outlined three broad objectives to curb black money, corruption and stop terrorism. These objectives have always been debateable for the lack of accurate verifiable data. Indian economy lost 1.5 percent of GDP in terms of growth. That alone was a loss of Rs 2.25 lakh crore a year.

During post demonetization RBI dividend reduced to half of the amount, and also India's money market had the overall circulation of banknotes worth Rs 17.97 lakh crore On November 4,2016.The banned denominations constituted 86.4% of the total money in circulation.Today,according to the RBI,overall banknotes in circulation are worth Rs 18.03 lakh crore(March 2018).This means the volume of currency in circulation is 9.9 percent more compared to March 2016-level.

DATA COLLECTION METHOD

The data collection method means the various sources from where the data has been collected by the researcher. There are several methods for data collection, especially in the surveys.

For the purpose of Research, the primary data was collected through a close ended questionnaire which was designed pre hand and an online survey was done using google forms. Close ended questionnaire is the best method for data collection as uniform observations are maintained through it.

For the purpose of secondary data collection, the researcher has used various materials such as newspapers, websites, articles, etc related to the topic. Due to unavailability and shortage of time books weren't used. The secondary sources helps to explain the review of literature of the project and helps to provide detailed information related to the topic.

RESEARCH DESIGN:

A research design is the detailed print which is used by the researcher to guide a research study towards its objectives. It helps to collect, measure and analyse the data.

The present study seeks to find out the people's opinion towards demonetization. The study also aims at findings out the impact of demonetization on each and every individual and also the impact on Banks, Indian economy.

The study on impact of demonetization is quantitative in nature. It is structured, standardized and a question based interview.

SCOPE OF THE RESEARCH

It is early to come to any conclusions. Few months results will not help to conclude the long term impact. Demonetization has a wider scope in the Indian economy in respective fields. Here I am mentioning only two fields.

Widened scope for Retailers: CDFI's executive director Krishnan Dharmarajan and principal architect of digital innovation lab led the study.

"We started our research two years back looking at how kirana stores go cashless-what are the drivers, what are the barriers and the cashless ecosystem around the Kirana stores. Our study was to find out how poor can be central to the technology –driven transaction", Dharmarajan said. Around 63 percent of the retailers wanted to go cashless, which was about 31% before the note ban. He also said that more digital interface would help create a transaction history for the small retailers and enable them to get loans from the banks. This would lead the way for more entrepreneurs in the market from different parts of the country.

Demonetization affects farmers: The first method to link the farmer with digital payments platform was introduction of Kisan Credit Card. Since then, various other schemes and programs have been launched to empower the farmer. Flexible loans in presence of adequate capital with the banks is indeed a matter of joy to the farmers. To sum up, flexible loans, quick funds transfers, easy access to funds through ATM's and concrete crop insurance policies are some of the amenities that the farmer will get within a certain period of time.

LIMITATIONS OF THE STUDY:

Limitations of a research project arise when there are uncontrollable variables which are difficult in controlling it. It helps to maintain accuracy of the output. However, for this study only 65 responses were taken into consideration.

The period of research was short hence the researcher was unable to gather more responses.

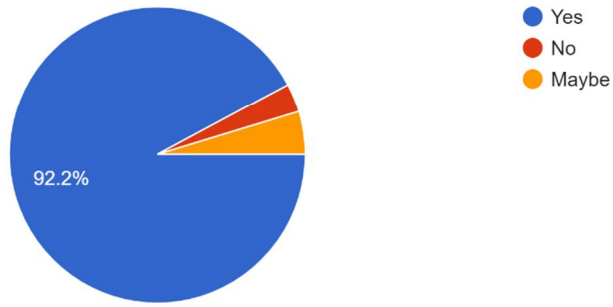
The research sample size was limited.

The applicants responded to the set of questions enthusiastically. The set of questions designed by the researcher helps to derive the actual desired output for the solution.

CHAPTER4:DATA ANALYSIS

Do you know about demonetization?

64 responses

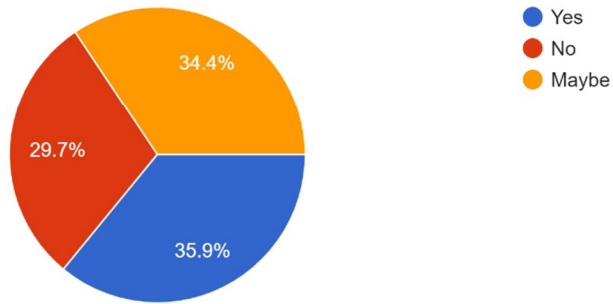


YES	NO
92.2%	nil

The applicants were asked whether they know about demonetization, to which 92.2% applicants responded as yes .Few applicants were not aware and few were not sure.

Is it the last resort to clean economy?

64 responses

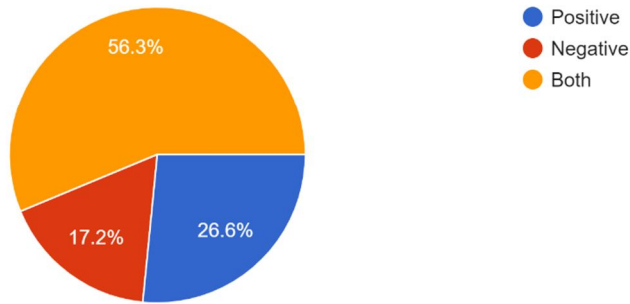


YES	NO	MAYBE
35.9%	29.7%	34.4%

Out of all the applicants, 35.9% mentioned as Yes, 34.4% mentioned as maybe. However 29.7% did not agree.

Is there a positive or negative economic impact of demonetization?

64 responses

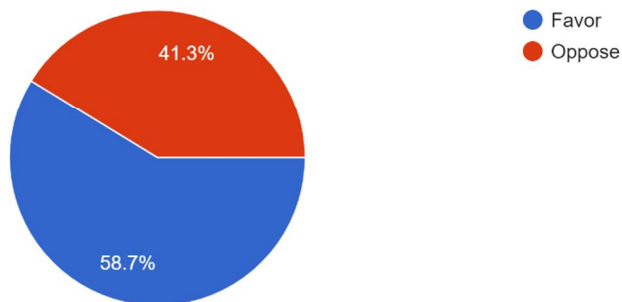


POSITIVE	NEGATIVE	BOTH
26.6%	17.2%	56.3%

Applicants were asked whether there was a positive or a negative impact of demonetization, where only 26.6% applicants mentioned as positive impact, 17.2% mentioned as negative and majorly 56.3% applicants agreed with both positive and negative economic impact of demonetization.

In developing countries would you favor it or oppose it?

63 responses

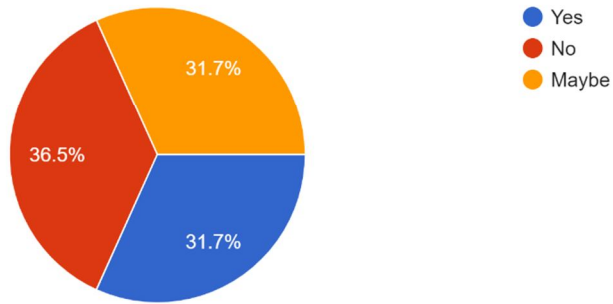


FAVOR	OPPOSE
58.7%	41.3%

Out of all the applicants, 58.7% mentioned as they will favour the demonetisation process whereas 41.3% wanted to oppose the demonetisation.

Did it reduce the corruption in India?

63 responses

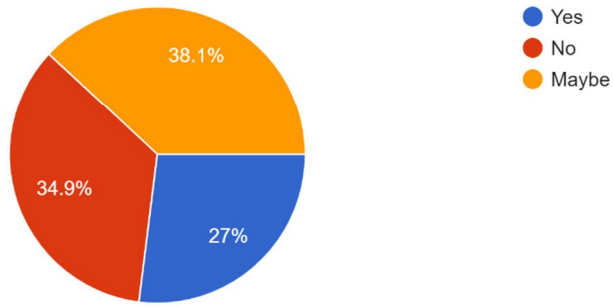


YES	NO	MAYBE
31.7%	36.5%	31.7%

Where corruption came into the picture in India, 31.7% applicants responded as Yes and equally responded as Maybe and 36.5% applicants did not agree with it.

Does demonetization helps to stabilise the economy?

63 responses

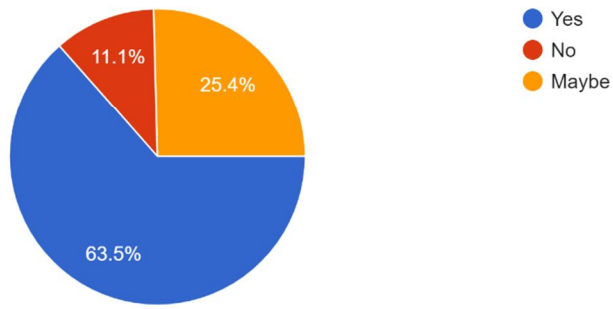


YES	NO	MAYBE
27%	34.9%	38.1%

As per the responses received 38.1% applicants mentioned as Maybe,34.9% applicants responded as No and only 27% applicants agreed to it.

Could it had been implemented in better ways?

63 responses

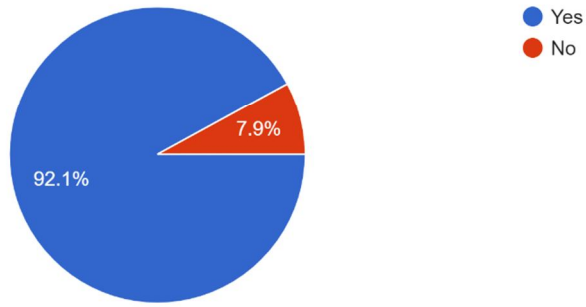


YES	NO	MAYBE
63.5%	11.1%	25.4%

Out of all the responses,63.5% applicants majorly agreed with it,25.4% said as Maybe and 11.1% responded as No.

Do you support digitalize India?

63 responses

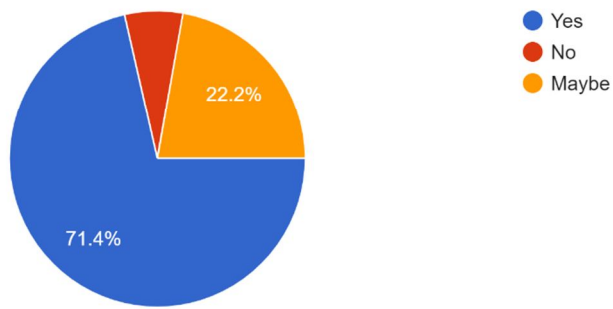


YES	NO
92.1%	7.9%

Out of all the responses, majorly 92.1% people support digitalized India and about 7.9% are against it.

Has demonetization affected the retail sector?

63 responses

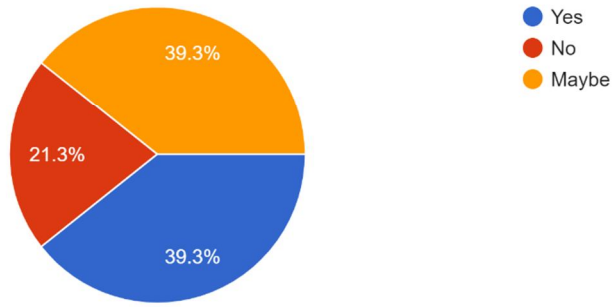


YES	NO	MAYBE
71.4%	Nil	22.2%

Out of all the responses, 71.4% majorly said that demonetization has affected the retail sector and 22.2% responded as Maybe whereas 6.3% people are responding as No.

Did the government of India take the right step to curb black money from the nation?

61 responses



YES	NO	MAYBE
39.3%	21.3%	39.3%

Out of all the responses, 39.3% agreed with the decision and equally 39.3% applicants responded as maybe whereas 21.3% applicants did not agree with the decision taken by the government of India.

CHAPTER 5: FINDINGS

The data was collected from primary and secondary sources. For the only primary a survey was done online and 65 responses were collected by the researcher, whereas secondary data was collected from multiple websites and journals.

The findings of primary data were as follows:

In the View of respondents it is learnt that demonetization was not only the last resort to clean economy but also had both positive and negative economic impact.

Respondents have agreed that in developing countries demonetization could be favoured rather than opposing it .

As per the Indian market and Society, demonetization can be favourable to reduce the corruption in India and stabilise the economy to a major extent.

It was seen that the common man had to suffer due to quick implementation made by the government as there were long queues seen outside the bank for many days. However on the other hand the black was curbed through many corrupted civilians.

It has also led to a digitalized India where we can see many retailers and wholesalers supporting digital money transfer and supporting the country to “go cashless”.

It was a major step taken by the government of India to curb the black money and also few more steps can be taken in similar and different ways to end the corruption completely.

CHAPTER6:CONCLUSION

Through the survey and data collected it is concluded that, demonetisation is a bit serious problem. The move by the government to demonetise the old denominations with the new ones has surprised the country. The move was an effort to handle the threat of illegal money, corruption, terror funding and counterfeit currency. According to the survey, people agree that demonetisation is a good effort taken by the government of India, it would bring about a positive impact on Indian economy as it encourages the digital modes of payment such as E-wallets and apps, online transactions. It is a move towards cashless economy. Demonetization is beneficial for the economy in the medium to long term. The decision taken by the government of India was quick so some were against it. However according to the survey, majority of the applicants responded that demonetisation hasn't reduce corruption in India. And major strengths of Indians believe that demonetization will help to stabilize the economy.

CHAPTER7: SUGGESTIONS

Demonetization was a measure step taken by the government of India to deal with black money which was is in abundance in Indian market and society.

All ATM's should have both withdrawal and deposit facilities, regular and biometric facility.

Educate everyone about the use of e-wallet and Debit and Credit Cards.

Camps should be organised at village levels and city levels at each and every corners.

Give every businessman, who has current account with banks, swipe machine at the earliest possible.

Incentivize savings and private Investment.

Cut down on lending Rates.

Scrap the income tax in a decent manner.

Simplification of GST

End the raid culture

Agriculture needs global push

Roll back the customs duty on gold.

CHAPTER8: Bibliography

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APPENDIX-1

Questionnaires:

- 1.Which other countries are the examples who had demonetization in their economy?
- 2.What are the theories about it?
- 3.What are the expected gains in future?
- 4.What about problems faced by people?
- 5.Why so much of secrecy was required?
- 6.What are the other areas where such reforms are needed?
- 7.Is it political gimmick?
- 8.Why opposition is opposing it?
- 9.What are the other measures that government should take to supplement the demonetization?
- 10.Did the demonetization cause inconvenience to you?
- 11.How do you manage the cash shortage?
- 12.What was the impact to your purchasing power?
- 13.Is there any changes related to terror funding after a crucial step of demonetization during post period?
- 14.Did demonetization brought any change in money supply in the Indian Economy?
- 15.Has demonetization affected the prices of petrol during post period as compared to pre period?
- 16.Did demonetization affect the value of gold in the market?

“People, who change after change, will survive;

People who change with change, will succeed;

People who cause the change will lead.”

“Black Money pays for suffering”.

CHANGE IS
HARD AT FIRST,
MESSY IN THE
MIDDLE AND
GORGEOUS AT THE END