



STUDY ON THE IMPACT OF DEMONETIZATION IN AND AROUND COIMBATORE CITY

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ABSTRACT

Demonetization is a demonstration by eliminating long-distance exchanges from old cash to new cash. This happens whenever there is an adjustment in public cash. Current types of currencies are abolished, abandoned and regularly exchanged for new banknotes and coins. From time to time, the country completely replaces old cash with other money. This paper contains the monetization of high value cash coupons highlighting the value of notes Rs 500 and Rs 1,000 and the remarkable progress by the Government of India. Reasons for Demonetization in India. This white paper addresses issues related to the monetization phase, provides precautions accordingly, and provides ideas for addressing the issues. This paper also intimates the story of demonization in India.

1. INTRODUCTION

Demonetization is a demonstration of eliminating long-distance use of old cash for new ones. This happens whenever there is an adjustment in the public wallet. Current types of currencies are abolished, abandoned and regularly exchanged for new banknotes and coins. From time to time, the country completely replaces old cash with other money.

Demonetization is a rare mediation in the economy, including removing the legitimate and unstable status of money.

Demonetization can cause a real downturn in the economy if it ends badly.

On 8 November, 2016, Head of State Narendra Modi reported a "demonization" to remove dark cash in circulation. The step, which banned 500 and 1,000 rupees banknotes, has so far disclosed 86% of India's cash.

OBJECTIVES:

- To study the difficulties of people faced during the time of demonetization and it's impact.
- To give suggestions to overcome the same situation in upcoming days.

2. REVIEW OF LITERATURE

- **Shukla, Bal Govind and Gupta, Hariom (2018)** In her essay, "Exploratory Study of Business Student Perspectives on Demonetization in India". Especially the city of Allahabad. "They use primary data in their studies, and people are active in all government initiatives aimed at eradicating corruption, black money, and other threats such as domestic terrorism and naxalite. I concluded that I would support.
- **Priyanka sharma(2018)**In her research, she emphasizes the importance of democratization, discusses the reasons for democratization, examines the extent of democratization, discusses the merits and demerits of demonetization on the Indian economy and makes proposals. .. This study is based on secondary data and includes secondary sources such as books, reviews, websites, journals and newspapers.
- **Gangu Naidu Mandala and Anoop Mohanty (2019)**In their research on demonetization, they showed the effects of demonetization in various areas such as GDP ratio, banking sector, stock market, real estate, etc. production and its impact on agriculture.
- **Dr. Mathur Neeti and Dr. Mandal Nivedita 2017** The government has flashed its decision to end legal tendering of the 500 and 1000 rupees banknotes. Policymakers on monetization are trying to reduce black money, normalize prices, create a corruption-free environment, stem the flow of money for illegal activities, force people to pay responsible for every rupees they own and pay

What is demonetization?

Demonetization is the process of stripping a currency of its status relative to fiat money. Occurs whenever the country's currency changes. One or more existing forms of money go out of circulation and are discarded, often in exchange for new coins or coins.

Demonetization:

On 8 November 2016, the government of India announced demonetization of all ₹500 and ₹1000 banknotes of the Mahatma series. We have also announced the release of new ₹500 and ₹2000 tickets in exchange for canceled tickets. Government of India, said that this move will limit the informal economy, increase cashless transactions and reduce the use of illegal and counterfeit cash to finance illegal activities, and terrorism. The Board of Directors of the Reserve Bank of India (RBI) met on 8 November 2016 at 5:30 pm to review a letter from the Ministry of Finance regarding demonetization. "The main reasons for the proposal cited in the government letter are:

- 1) From 2011 to 2016, The supply of Rupees 500 and 1,000 bills increased by 76% and 108% respectively, while the Indian economy grew by only 30% during this period; and
- 2) cash generally facilitates "black money". The Board informed that the measure was also considered to encourage greater financial inclusion and encourage greater digitization of the economy.

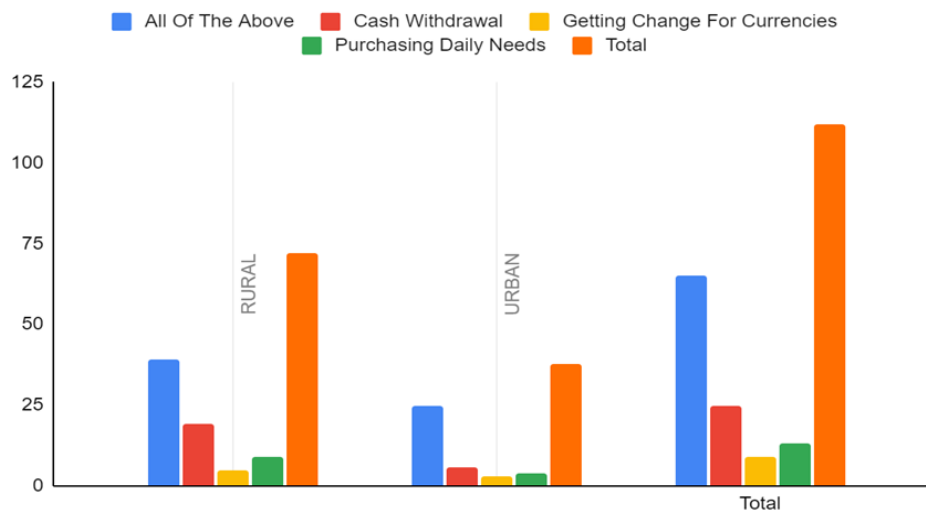
According to a report by the Reserve Bank of India (RBI) in 2018, around 99.3% of the canceled funds, aka Rs. Attempts to withdraw money from the economy have failed. The BSE SENSEX and NIFTY50 stock indexes fell more than 6% on the day after the published. This decision has reduced the country's industrial output and GDP growth rate. An estimated 1.5 million jobs were lost. The move has also led to a compelling increase in digital and cashless transactions across the country.

ANALYSIS:**RESIDENTIAL AREA* PROBLEMS FACED BY THEM**

Residential area	All the above	Cash withdrawal	Getting change for currencies	Purchasing daily needs	Total
Rural	39	19	5	9	72
Urban	25	6	3	4	38
Total	65	25	9	13	112

INTERPRETATION:

This table reveals of 112 responses 40 respondents in rural area and 25 respondents in urban area stated they face difficulties like cash withdrawal getting change for currencies purchasing daily needs during the period of demonetization.

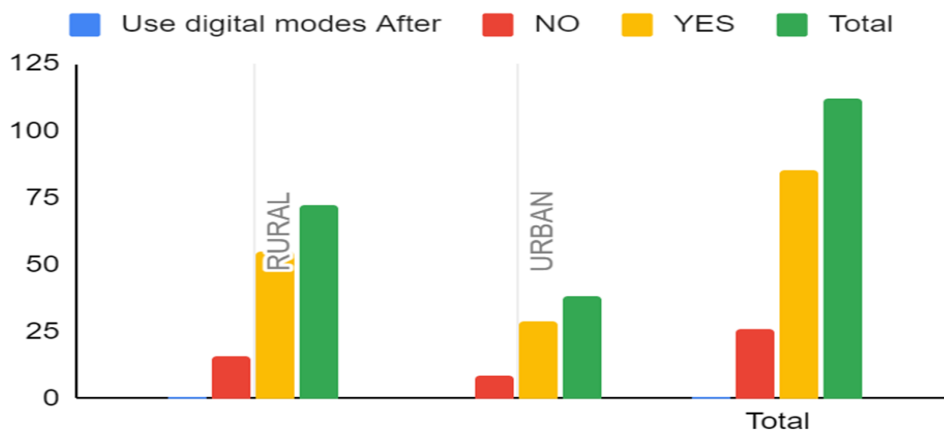


RESIDENTIAL AREA AND USEAGE OF DIGITAL MODE OF TRANSACTION AFTER 2016

Residential area	No	Yes	Total
Rural	16	55	72
Urban	9	29	38
Total	26	85	110

INTERPRETATION:

The table describes that 55 rural respondents and 20 urban respondents have increased the usage digital mode of transaction after demonetization followed by 16 rural respondents and 10 urban respondents have no interest in using digital mode of transactions.

**3. CONCLUSION**

Implementation of demonetization in India is a success in the long run. Taxpayer's percentage has increased after demonetization. Demonetization in 2016 is a great push for the digital economy. Digital transaction, fintech and insurance tech growth two wise after demonetization.

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