

Perception of Bank Employees towards step by step demonetisation process of Government of India with special reference to Ernakulam District, Kerala

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ABSTRACT

India is undergoing on the consequences of old 500 and 1000 denomination changes w.e.f Nov 2016 as the first step of demonetisation process. This decision caused a surprising sensation in the whole world. The move was also termed as extraordinary by some, but this is not the first time the RBI has demonetised currency. Rs 1,000 and Rs 10,000 banknotes were demonetised in 1946. These two denominations were reintroduced in 1954 along with currency notes of Rs 5,000, and all the three were again demonetised in January 1978. Moreover, in 2014 RBI had demonetized all currencies, which are printed before 2005. Since the recent demonetisation is termed as the first step of the currency less country, every citizen in India is eagerly awaiting for nearby happenings in India. This study is aimed to analyze the perception of bank employees who will play an important role in demonetisation process. The main objective of this study is to know their viewpoints with respect to demonetisation and also aimed to study the problems faced by them during recent the currency freezing decision by Govt. of India. 21 samples were taken, data collected through Likert Scaling and T Test, Pearson's Coefficient Correlation and Percentage Analysis are used to analyse the data. It will also help the concerned authority knows the perception of a relevant group who have played their important role since Nov. 9th 2016. Important finding of this study is that a negative correlation is existed between demonetisation and Government's image and a proper convincing is required with the support of statistics to prove that the decision was good and also to regain the image of Government.

Keywords: Demonetisation, Bank employees, perception and Government's image,

INTRODUCTION:

India is one of the top developing country in all aspects like Health, Education, IT, etc. 2016 Nov. 8th was a remarkable date in Indian history where our P M Narendra Modi has officially announced that 500 and 1000 denomination currencies are banned in India. Thousands of people have queued outside banks after high denomination notes were outlawed and these banned notes account for 80 per cent of the currency in circulation. Nearly half of India's ATM machines were shut on next day after the fire by our Prime Minister. He also mentioned that this is the first step for complete demonetisation and he requested and motivated public to use online trading.

Banks and bank employees are the interesting players who could positively contribute to this decision. Prime Minister also appreciated the bank staffs for their endless service throughout the day in all day during this period. But, here, the researcher has made an attempt to analyse these bank officials perception towards complete demonetisation process on the basis of the pain met by them during November and December 2016.

LITERATURE REVIEW:

M Singh (2016) says that the demonetisation of high denomination notes (HDNs) by the government as the “making of a mammoth tragedy”. SenAmarthya (2016) says that it’s (demonetisation) a disaster on economy of trust. In the last 20 years, the country has been growing very fast. But it is all based on acceptance of each other’s word. By taking despotic action and saying we had promised, but won’t fulfil our promise, you hit at the root of this. The Economist (2016) reported that the vast majority of transactions in India takes place in cash; many escape book-keepers’ notice. Economists reckon that India’s black economy accounts for at least 20% of GDP. Such off-the-books activity shields fortunes from taxation and allows corruption to flourish. Past efforts to attract black money into the light—using tax amnesties, for example—have had little effect. S Dhume (2016) stated that the long-term effects of India’s demonetization gambit remain unclear, largely because no other major economy has attempted such an experiment except during a crisis. But with growth slowing and job losses rising, the short-term prognosis appears grim. These points summarises that demonetisation is not a good decision.

S Rai (2016) reported that National Investigation Agency and the Indian Statistical Institute (2016) estimated that fake Indian currency notes in circulation have a face value of Rs 400 crore. This is an incidence of fake currency by 0.022%. The scale of counterfeiting of the Indian rupee is not out of line with what is seen in other countries, and the procedures adopted worldwide to address this include investigative actions against counterfeiters, phased replacement of the old series of notes with new notes that have better security features, etc. De-monetization is generally not seen as a tool for dealing with counterfeiting. We must also not forget that the counterfeiters will now get to work on the new 500/2000 rupee notes, while India will likely never do a demonetisation again.

DhirajNayyar (2016) opined that demonetisation is for the long run for countries like India. There is a new emphasis on the “personal” sector (moving away from a singular obsession with the public sector or private sector jobs to productive self-employment), through schemes like Start up India and Stand-up India and through a commitment to get the government out of the business of doing business. But the success of all of that depends on rooting out the hold of crony capitalists in the system. Demonetisation is an important step in dislocating those who don’t play by the rules of the game. Mahesh Peri (2016) suggested that we could have achieved the purpose set out for demonetisation with far lesser cost, lesser pain albeit with greater effort. He also put forward 10 sustainable steps to cleanse India of black money.

METHODOLOGY:

Statement of the Problem:

India is not the first country who has taken demonetisation decision. Many other countries like Nigeria in 1984, Ghana in 1982, Pakistan in 2016, North Korea in 2010 and Myanmar in 1987 had experimented the same decision where many of the cases are not fruitful. Apart from these, Australia is the first country to release polymer (plastic) notes to stop widespread counterfeiting. Since the purpose was to replace paper with plastic and only the material changed, it did not have any side-effects on the economy. (source: India times)

In this context everyone have a curiosity about the results of this decision in India. Ordinary people are also worried about their day to day affairs. Our P M already declared that the pathetic situation will change by Dec. 30th 2016, but people are in queue in banks and ATM’s. There are also some restrictions on cash withdrawals from banks. If this is the situation by two currencies freezing, we can’t imagine the complete demonetisation in India.

This spectacular decision will be successful if all the concerned parties play their role effectively. Bank officials are one of the leading players in this segment. If they are not co-operated positively this decision will be a flop. In this situation, it is necessary to know their perception towards the demonetisation and whether they have faced any problems during the currency cancellation, the first step.

OBJECTIVES OF THE STUDY:

1. To study the viewpoints of bank employees regarding the chances of complete demonetisation in India.
2. To know the political impact of the currency cancellation decision in the minds of bank employees.
3. To study the relationship between bank staff and customers and between bank staffs during currency cancellation period.
4. To check whether the objective of elimination of black money from the society is accomplished or not by currency cancellation.

HYPOTHESIS:

H1: There exists a significant relationship between demonetisation and currency cancellation decision

H1: There exists a significant relationship between successful demonetisation and government's positive image

H1: There exists a significant relationship between the relevance of demonetisation and black money

RESEARCH DESIGN & SAMPLING:

Descriptive Research Design has used by the researcher because we can observe the present situation and describe the things that are happening. Population is the bank employees in Ernakulam District, Kerala. 21 samples have been selected through convenience sampling.

DATA COLLECTION AND ANALYSIS METHOD:

Likert Scaling (5 point scale) is used to collect the data and T Test, Pearson's Coefficient Correlation and percentage analysis are used to analyze the data.

SCOPE FOR FURTHER RESEARCH:

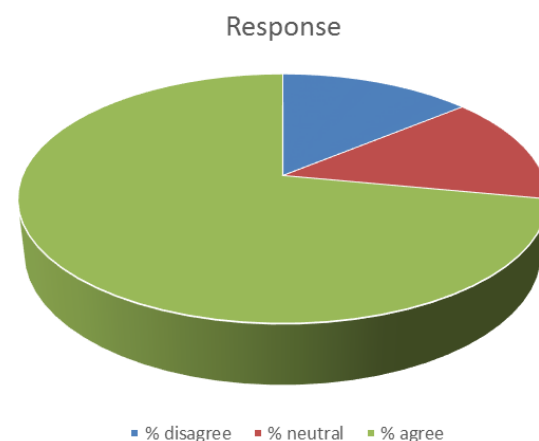
This research work is focused only on Ernakulam District and followed through convenience sampling. Therefore the findings of the study may not generalize. It enables a detailed study on the same topic to generalize the research findings.

DATA ANALYSIS

Functioning of banks:

We have witnessed a huge queue in front of all banks at the time of currency cancellation in India. Bank employees work hardly on those days and people are also worried about the exchange of their old notes. This data gives a picture about the functioning of banks have got trouble and more headaches on them or not on these days. 72% opined that the regular functioning of banks became more trouble during the period of currency cancellation and only 14% have a different opinion that there was no such problems.

Figure 1: Figure shows the opinion of bank staffs about the regular functioning of banks had become troubled this decision has created more headaches to banks during the currency cancellation period.

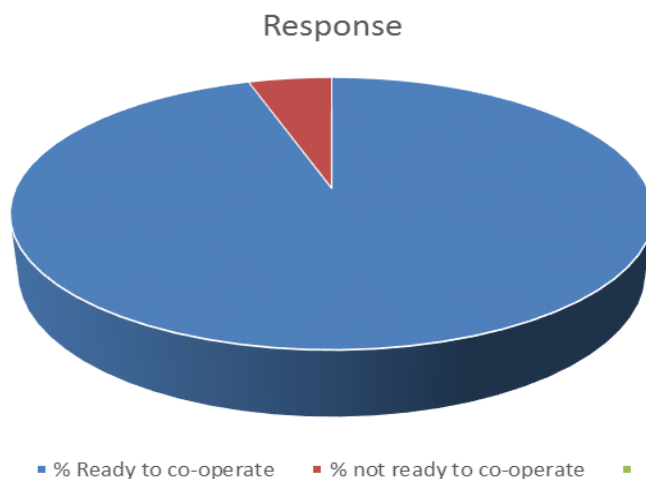


Source: primary data

Co-operation by bank staffs:

Though there are some problems with banks, the staff members' co-operation to demonetisation is an interesting thought. Amazingly 95% of employees are expressed their readiness and complete co-operation with this movement and only 5% are not ready to co-operate.

Figure 2: Figure shows the readiness of employees to co-operate with the decision of demonetisation.



Source: primary data

Revising of currency cancellation decision:

Suppose if we have the power to rethink on the currency cancellation decision, such as either freeze/cancel or go ahead with the same, our response will be interesting. Since the public has a different opinion, we can assess the opinion of bank staffs here. 62% said that they will not cancel the decision, 24% opined that they will cancel and remaining 14% haven't any opinion. This reveals that bank employees are thinking that this decision to cancel the 500 and 1000 denomination notes in India is a very good decision.

Table 1: Table shows response with regards to withdrawal of currency cancellation decision if they have the power.

Response	Number	Percentage
Strongly disagree	5	23.80
Disagree	8	38.10
Neither disagree nor agree	3	14.29
Agree	3	14.29
Strongly agree	2	09.52
Total	21	100

Source: primary data

Bank-Customer relationship and relationship between bank employees:

One of the key factors behind the success of every organisation is the good relationship between banks and customers and between the staff members. If any spark on these points has generated, obviously it will affect the functioning of staff members. Let's check about the relationship. 53% said that the relationship between both customers and colleagues got problems due to the currency cancellation decision especially during those days.

Table 2: Table shows Bank-Customer relationship and the relationship between bank employees got trouble on currency cancellation period.

Response	Number	Percentage
Strongly disagree	2	09.50
Disagree	4	19.00
Neither disagree nor agree	4	19.00
Agree	9	43.00
Strongly agree	2	09.50
Total	21	100

Source: Primary Data

TESTING OF HYPOTHESIS:

H1: There exists a significant relationship between demonetisation and currency cancellation decision

Correlations

		Relevance of Demonetisation	Currency Cancellation Decision
Relevance of Demonetization	Pearson Correlation	1	.584**
	Sig. (2-tailed)		.000
	N	100	100
Currency Cancellation Decision	Pearson Correlation	.584**	1
	Sig. (2-tailed)	.000	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Inference:

The results indicate that the p value of the Pearson's coefficient of correlation 0.584 is 0.000 which is less than 1 percent level of significance. Hence it can be concluded that there exists a significant correlation between demonetization and currency cancellation.

H1: There exists a significant relationship between successful demonetisation and government's positive image

Correlations

		Successful Demonetisation	Government's Positive Image
Successful Demonetisation	Pearson Correlation	1	-.680**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	136.000	-85.000
	Covariance	1.374	-.859
	N	100	100
Government's Positive Image	Pearson Correlation	-.680**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	-85.000	115.000
	Covariance	-.859	1.162
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Inference:

The results indicate that the p value of the Pearson's coefficient of correlation -0.680 is 0.000 which is less than 1 percent level of significance. Hence it can be concluded that there exists a significant correlation between successful demonetisation and government's positive image

H1: There exists a significant relationship between the relevance of demonetisation and black money

Correlations

		Relevance of Demonetisation	Black Money
Relevance of Demonetisation	Pearson Correlation	1	.664**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	159.000	68.000
	Covariance	1.606	.687
	N	100	100
Black Money	Pearson Correlation	.664**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	68.000	66.000
	Covariance	.687	.667
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Inference:

The results indicate that the p value of the Pearson's coefficient of correlation 0.664 is 0.000 which is less than 1 percent level of significance. Hence it can be concluded that there exists a significant correlation between the relevance of demonetisation and black money.

LIMITATIONS:

1. The findings of the study may not generalize because this study is focused on a limited area.
2. All the recommendations and conclusion are drawn from the bank staff's response and we are not sure that all the responses are genuine.

FINDINGS & DISCUSSIONS:

1. One of the major difficulties found during the days of currency cancellation was banks functioning were in trouble. This may be the result of lack of planning. It has also created some problems in the relationship between bankers and between banker and customer. 53% has opined that they had the problems. It is true that crucial decisions like currency cancellation should be sudden and should not give sufficient time to convert black money to white. Since second and fourth Saturdays are holidays for bank Government or bank authorities can take initiatives to organize various programmes like pleasure trip, family get together, etc which gives relief to pain they have taken.
2. Bank officials said that currency cancellation is a good decision and if they have the power they will not revise the decision. 62% opined that they went ahead with the decision already taken. Testing of hypothesis also stated that there exists a positive correlation between demonetisation and currency cancellation and between demonetisation and black money. So, it can be suggested that Indian Government can take decision of complete demonetisation.
3. Another hypothesis testing reveals an important point that a negative correlation is existed between demonetisation and Government's image. It may be due to problems faced by public during currency cancellation. It is recommended that a proper convincing is required with the support of statistics to prove that the decision was good and also to regain the image of Government.

CONCLUSION:

This study results that bank employees have a positive perception towards the step by step demonetisation process in India. Though they have faced many problems like heavy work load, problems in the relationship between bank staffs as well as between bank staffs and customers, the ultimate objective of the decision is really optimistic. Indian Government can go ahead with the decision and banking sector will offer the complete support.

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