

Research Paper on Impact of Demonetization is the Uses of Plastic Money with Special Reference to Steel City Hisar

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Abstract – Our society is moving into a brand new era where money is outlawed and a cashless society is turning into a truth? The India government is continuously introducing reforms to improve the usage rate of plastic money, to meet the changing needs of the economy, and to satisfy the demands of the consumer and wholesale market. Time requires the change in usage of hard money as with time composition of digitalization, technology and environment is changing with which citizens should adapt with for the progress of country. Keeping all this in mind government is arranging different programmes for awareness and usage of plastic money. Researcher has tried to find out awareness and frequency of usage of plastic money through a questionnaire filled from two hundred (N=200) respondents from rural and urban areas of Hisar district of Haryana. It was found that awareness differs on basis of demographics and even frequency of usage of plastic was found to be lower than awareness. Which are the main problem facing by the people?

Keywords-Plastic money, Digitalization, Demonetization, Fraud

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1. INTRODUCTION

Plastic money is a very recent context replacing the traditional concept of paying through cash. With the introduction of demonetization this concept has been increasingly put into use. By the arrival of the concept of plastic money, consumers prefer plastic money over cash transactions for purchase of goods and service either physically or virtually, by the means of cards such as credit cards, debit cards, prepaid balance cards, smart cards, etc.

Declaration of 86 percent of currency notes as illegal tender in just a blink of time on 8th day of November 2016 mandated the creation of interruption in daily lives. It is one of the big steps initiated by the government in addressing the various issues like black money, counterfeit currency, corruption, terrorism etc.

Apart from these issues, one of the main aims of the government is to transform the parallel economy in to digital economy. Even though the withdrawal of rupees 1000 and rupees 500 notes from circulation has disturbed the normal life of people it is expected to help the economy to move to digitalization as people will more depend on plastic money, net banking, ewallets, m-wallets etc Demonetization has made many states in the country to go for digital banking. The number of credit and debit card users

in India is climbing fast, and rising affluence is likely to erode Indians' lingering reluctance to spend on credit. Indians have traditionally valued thrift and frugality. But the spread of affluence in the wake of rapid economic growth is challenging these values, at least for many middle-class and high income families. One sign of this is the phenomenal growth in the number of credit and debit cards in India in the past three years, the number of credit cards has more than doubled and the number of debit cards has almost quadrupled.

However, despite these impressive rates of growth, the Indian market for financial cards is only beginning to show its enormous potential. Future growth will be driven by rising consumerism, intensifying competition among card issuers and an expanding financial architecture although a culture of credit-based purchasing may take some time to develop. Indian shoppers are making use of plastic cards more than ever before. Several banks give credit and debit cards to their customers. Seeing the wide promotion and recognition, Plastic money is gaining reception in rural India. HDFC Bank, the second largest non-public investor within the country, has started giving credit cards even at its rural branches.

2. OBJECTIVES OF STUDY

- 1) To know the card holders in the Hisar district and future prospects.
- 2) To know the problems faced by respondents using plastic money.
- 3) To know the plastic money is safe or not.
- 4) To study the factors affecting customers perception towards plastic money.
- 5) To know relation between gender and their plastic money usage level.

3. METHOD AND PROCEDURE

3.1 Data Analysis Tools:

The study selected the sample that consisted of customers of the native markets of cities. The sample was chosen by the Stratified sampling technique in such the way that it consisted of customers as well as students, operating professionals, officialdom, house manufacturers and senior voters in urban and rural area. The sample size selected was two hundred. 3.2 Data Collection: Both types of data i.e. primary data as well as secondary are used in the present study. Primary data were collected through the structured questionnaire. The secondary data were collected from various articles, journals, books and websites, etc. 3.3 Scope of the Study: The present study is restricted to analysis the perception of the customers towards plastic money in the area of Hisar district of Haryana state only. India is majorly cash based economy. Close to 98% of the total transaction by volume and 65% of transaction by value are done in cash which makes it extremely difficult for the government to keep a track of all these transactions which lead to corruption and increase the black money in the country. To eradicate the black money from the country the government announced banning the legal tender of Rs. 500 and Rs. 1000 notes. Thus there arises a need to study the impact of demonetization in Haryana district. There is also a need to know how far the people can find opportunities by accepting other mode of payments and they are satisfied or not.

4. SAMPLE UNIT: 200 RESPONDENTS IN HISAR DISTRICT

Urban Rural Males 50 50 Females 50 50

5. ANALYSIS AND INTERPRETATION OF DATA:

Plastic money holder

Urban Respondent Rural respondent MALE
FEMALE MALE FEMALE % YES 48 39 42 22 75.5
NO 2 11 8 28 24.5

User of plastic money

Urban Rural Male Female Male Female % YES 45
30 30 12 58.5 NO 5 20 20 38 41.5 Observation:
From the table 1 and 2 more of the males are using
debit and credit cards as compared to the females.
And urban area more holds and uses the card.

It also shows that when 76% people holds the card
but actually used 59% peoples. If we see the rural
woman where only 24% women are used the card.

Demonetization leading to use plastic money

Sr no Response Total respondents % 1 YES 62
77.5% 2 NO 18 22.5%

Observation: From the above table it is observed
that 77.5% of respondents agree that
demonetization will lead to digitalization. But at the
same time remaining 22.5% has an opinion that it
will not. According to them demonetization is not a
continuous process. Once the flow of currency
increases, the economy will again back to normal.

Is plastic money safest way of transaction?

NO.OF RRESPONDENT % YES 67 67% NO 33
33% Abovetable clearly depicts respondents'
responses of "is plastic money safe". It is observed
from the table that maximum number of
respondents is of the opinion that plastic money is
the safest mode of transaction constituting 67% of
the total population. The remaining 33% of the total
population are of the opinion that plastic money is
not the safest mode of transaction. The results
exhibits that there are certain concern about safety
of use of plastic currency.

Are you concerned about the hazard of misuse of cards?

NO.OF RESPONDENT % YES 83 83% NO 17
17% This table clearly show that 83% people
worried misuse of cards. The cyber security needs
to take some sincere steps to ensure prevention of
misuse of cards. As majority of respondents are
worried about its misuse.

Reasons for not preferring plastic money

Option NO RESPONDENTS % Urban rural Urban
Rural Lack of knowledge 6 22 30% 55% Lack of
trust 11 8 55% 20% Due to hidden charges 3 2
15% 5% Facilities 0 8 0 20%

TOTAL 20 40 100 100

This table clearly depicts the reason for not preferring plastic money. The maximum number of respondents in this category does not prefer plastic money due to lack of trust constituting 55% and in rural area there has lack of knowledge and no facilities regarding debit and credit card.

6. FINDINGS

1. More than 78% of respondents strongly agree that the demonetization will lead to digitalization and there will be tremendous increase in use of plastic money.
2. As a part of making India a digital economy and a less cash society the government has announced benefits to customers using plastic money as payment mode.
3. Looking at the recognition, immense use and worry of misuse and fraud, the government should come up with some measures to bring appropriate amendments in Cyber Laws
4. They ought to give high quality coaching to personnel entrusted with responsibility of cyber safety. Shortage of cyber police personnel is another space wherever in government should do something on pressing basis to tackle the matter. Above all, there's a requirement for self-responsibility at the hand of public generally.
5. Overall usage of plastic money was found to be very low many respondents in rural area where not even known to features of ATM cards.

Overcoming Challenges

The government and other responsible authorities have to ensure more widespread availability of Pos machines. Basic cyber safety training and tips should be provided and card holders have to be sensitized about the sensitive nature of bank card information. Making linking of phone numbers to accounts should be made mandatory for easy and timely SMS alert facility. Linking of Aadhaar cards to bank accounts is a way to ensure authenticity of account and card holders. The most important step to be taken is provision of infrastructural facilities like technical knowledge and internet facilities to all the people in order to widen the coverage of plastic money in the country. Card holders have to self-discipline to not fall prey to unnecessary expenditures and debt traps. Budgeted and methodical use of plastic money can prove productive for the people and the country as a whole.

7. CONCLUSION

Demonetization is a general measure to control the problems like black money, counterfeit notes, though there are specific measures to solve these problems. The government is in process of controlling the situation by increasing the circulation of new currency notes. So our efforts should be focused towards popularizing ebanking and advantage in using plastic money.

Government should take initiative to make available the plastic money to its public especially the rural population and educate them regarding digitalization and its advantage as most of the rural population still depend on cash. The decision of government will definitely give better results in the long run. To make dream 'digital economy' happen, there is need for more organized studies across India so as to find out the preferences for use of plastic money and the challenges. The 1st objective of the study was to understand the awareness of plastic cards among the purchasers. The findings reveal that majority of respondents use plastic card in one kind or another and out of them, they have been using it for more than three years but rural area less uses the card. The second objective was to check customer's problem to use plastic money and find that fear of fraud in urban area and lack of knowledge in rural area. And also find that the government's demonetization move last year, there has been a steady rise in digital payments in India. Paying electronically is convenient, easy, and also helps curb the spread of black money. With increasing number of people using credit cards and debit cards for payments, there has also been a rise in fraudsters looking to cheat people and steal their money.

8. RECOMMENDATIONS

Government should focus more on these rural areas as the basic financial literacy is not achieved by many of them. More of campaigns are required, financial educations weeks or months to be organized. Successful implementation of financial literacy programmes is most required. And the government should come up with some measures to bring appropriate amendments in Cyber Laws.

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